

Report on Limited Review

Fluidra, S.A. and Subsidiaries
Interim Condensed Consolidated Financial Statements
and Interim Consolidated Management Report
for the six-month period ended
June 30, 2020



Translation of a report and consolidated financial statements originally issued in Spanish. In the event of discrepancy, the Spanish-language version prevails

REPORT ON LIMITED REVIEW OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of Fluidra, S.A.

Report on the interim condensed consolidated financial statements

Introduction

We have carried out a limited review of the accompanying interim condensed consolidated financial statements (hereinafter the interim financial statements) of Fluidra, S.A. (hereinafter the parent Company) and its Subsidiaries (hereinafter the Group), which comprise the balance sheet at June 30, 2020, the income statement, the statement of other comprehensive income, the statement of changes in equity, the cash flow statement, and the explanatory notes, all of which have been condensed and consolidated, for the six-month period then ended. The parent's Company Directors are responsible for the preparation of said interim financial statements in accordance with the requirements established by IAS 34, "Interim Financial Reporting," adopted by the European Union for the preparation of interim condensed financial reporting as per article 12 of Royal Decree 1362/2007. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of the review

We have performed our limited review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Reporting Performed by the Independent Auditor of the Entity." A limited review of interim financial statements consists of making inquiries, primarily of personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A limited review is substantially less in scope than an audit carried out in accordance with regulations on the auditing of accounts in force in Spain and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the accompanying interim financial statements.

Conclusion

Based on our limited review, which under no circumstances can be considered an audit of accounts, no matter come to our attention which would lead us to conclude that the accompanying interim financial statements for the six-month period ended June 30, 2020 have not been prepared, in all significant respects, in accordance with the requirements established in International Accounting Standard (IAS) 34, "Interim Financial Reporting," as adopted by the European Union in conformity with article 12 of Royal Decree 1362/2007 for the preparation of interim condensed financial statements.

Emphasis paragraph

We draw attention to the matter described in accompanying explanatory Note 2, which indicates that the above-mentioned accompanying interim financial statements do not include all the information that would be required for completed consolidated financial statements prepared in accordance with International Financial Reporting Standards, as adopted by the European Union. Therefore, the accompanying interim financial statements should be read in conjunction with Fluidra, S.A. and Subsidiaries consolidated financial statements for the year ended December 31, 2019. This does not modify our conclusion.

Report on other legal and regulatory requirements

The accompanying consolidated interim management report for the six-month period ended June 30, 2020 contains such explanations as the parent's Company Directors consider appropriate concerning significant events which occurred during this period and their effect on these interim financial statements, of which it is not an integral part, as well as on the information required in conformity with article 15 of Royal Decree 1362/2007. We have checked that the accounting information included in the abovementioned report agrees with the interim financial statements for the six-month period ended June 30, 2020. Our work is limited to verifying the consolidated interim management report in accordance with the scope described in this paragraph, and does not include the review of information other than that obtained from the accounting records of Fluidra, S.A. and Subsidiaries.

Paragraph on other issues

This report has been prepared at the request of the parent's Company Management with regard to the publication of the half yearly financial report required by article 119 of Royal Legislative Decree 4/2015, of October 23, approving the consolidated text of the Securities Market Law enacted by Royal Decree 1362/2007.

ERNST & YOUNG, S.L.

(Signed on the original in Spanish)

Alfredo Eguiagaray

July 31, 2020

FLUIDRA

FLUIDRA, S.A. AND SUBSIDIARIES

**Interim Condensed Consolidated Financial Statements
prepared in accordance with International Financial Reporting
Standards as adopted by the European Union**

30 June 2020

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2020 and 30 June 2019

(Expressed in thousands of euros)

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Fluidra, S.A. and Subsidiaries
Interim Condensed Consolidated Statement of Financial Position
30 June 2020 and 2019 and 31 December 2019

(Expressed in thousands of euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

<u>Assets</u>	<u>Notes</u>	<u>30/06/2020</u>	<u>30/06/2019</u>	<u>31/12/2019</u>
		(Limit. Rev.)	(Limit. Rev.)	(Audited)
Property, plant, and equipment	7	116,969	109,584	119,976
Investment property		3,131	3,204	3,166
Goodwill	8	1,112,658	1,093,978	1,103,856
Other intangible assets	7	713,236	761,337	736,185
Right-of-use assets	7	107,756	109,281	112,659
Investments accounted for using the equity method		-	8	-
Non-current financial assets	9	6,875	6,865	7,376
Other receivables		2,275	5,754	1,831
Deferred tax assets		81,682	83,862	85,588
Total non-current assets		<u>2,144,582</u>	<u>2,173,873</u>	<u>2,170,637</u>
Non-current assets held for sale	11	633	-	-
Inventories		273,772	307,228	259,471
Trade and other receivables		393,391	415,186	314,745
Other current financial assets	9	9,812	8,457	9,713
Derivative financial instruments	10	448	306	291
Cash and cash equivalents		172,551	183,687	242,240
Total current assets		<u>850,607</u>	<u>914,864</u>	<u>826,460</u>
TOTAL ASSETS		<u><u>2,995,189</u></u>	<u><u>3,088,737</u></u>	<u><u>2,997,097</u></u>
<u>Equity</u>				
Share capital		195,629	195,629	195,629
Share premium		1,148,591	1,148,591	1,148,591
Retained earnings and other reserves		172,594	129,536	113,208
Treasury shares		(14,493)	(10,411)	(14,000)
Other comprehensive income		(13,995)	(16,285)	(3,814)
Equity attributable to equity holders of the parent	12	<u>1,488,326</u>	<u>1,447,060</u>	<u>1,439,614</u>
Non-controlling interests		7,145	7,371	5,878
Total equity		<u><u>1,495,471</u></u>	<u><u>1,454,431</u></u>	<u><u>1,445,492</u></u>
<u>Liabilities</u>				
Bank borrowings and other marketable securities	15	733,449	854,677	857,035
Lease liabilities		97,027	85,280	98,587
Derivative financial instruments	10	21,622	16,517	14,951
Deferred tax liabilities		177,890	193,126	181,154
Provisions	14	10,808	15,550	11,406
Government grants		253	310	302
Other non-current liabilities		26,443	19,177	22,326
Total non-current liabilities		<u>1,067,492</u>	<u>1,184,637</u>	<u>1,185,761</u>
Liabilities linked to non-current assets held for sale	11	713	-	-
Bank borrowings and other marketable securities	15	53,542	68,264	21,862
Lease liabilities		21,959	22,418	23,173
Trade and other payables		325,175	332,128	291,564
Provisions	14	30,739	26,841	28,437
Derivative financial instruments	10	98	18	808
Total current liabilities		<u>432,226</u>	<u>449,669</u>	<u>365,844</u>
TOTAL EQUITY AND LIABILITIES		<u><u>2,995,189</u></u>	<u><u>3,088,737</u></u>	<u><u>2,997,097</u></u>

The accompanying notes are an integral part of the Interim Condensed Consolidated Financial Statements of Fluidra, S.A. and subsidiaries for the six-month period ended 30 June 2020 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Income Statement
for the six-month periods ended 30 June 2020 and 2019 and the year ended 31 December 2019
(Expressed in thousands of euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Notes	30/06/2020 (Limit. Rev.)	30/06/2019 (Limit. Rev.)	31/12/2019 (Audited)
Operating income				
Sales of goods and finished products	18	771,267	753,204	1,367,550
Income from the rendering of services	19	11,596	12,880	24,928
Work performed by the Group and capitalised as non-current assets		6,254	6,787	14,157
Total operating income		789,117	772,871	1,406,635
Operating expenses				
Change in inventories of finished products and work in progress and raw material supplies	17	(370,373)	(363,530)	(666,022)
Personnel expenses	20	(134,445)	(146,799)	(277,872)
Amortisation and depreciation expenses and impairment losses		(59,876)	(61,835)	(129,762)
Other operating expenses	21	(123,321)	(129,072)	(256,089)
Total operating expenses		(688,015)	(701,236)	(1,329,745)
Other gains and losses				
Profit/(loss) from sales of fixed assets		118	(1,115)	(1,364)
Total other gains and losses		118	(1,115)	(1,364)
Operating profit		101,220	70,520	75,526
Finance Income/(Cost)				
Finance income		6,218	996	2,803
Finance cost		(20,565)	(23,694)	(53,792)
Right-of-use finance cost		(2,495)	(2,324)	(4,929)
Exchange gains/(losses)		(4,138)	(757)	485
Net finance income/(cost)	22	(20,980)	(25,779)	(55,433)
Share of profit/(loss) for the year of entities accounted for using the equity method		-	(19)	-
Profit/(loss) before tax from continuing operations		80,240	44,722	20,093
Income tax expense				
Income tax expense	23	(22,800)	(13,221)	(5,982)
Profit/(loss) after tax from continuing operations		57,440	31,501	14,111
Profit/(loss) after tax from discontinued operations	11	-	(114)	(114)
Consolidated profit/(loss) after tax		57,440	31,387	13,997
Profit/(loss) attributable to non-controlling interests		2,562	2,724	5,675
Equity attributable to equity holders of the parent		54,878	28,663	8,322
From continuing operations		54,878	28,777	8,436
From discontinued operations		-	(114)	(114)
EBITDA	26	161,096	132,336	205,288
Basic and diluted earnings per share from continuing operations (euros)	13	0.28282	0.14794	0.04342
Basic and diluted earnings per share (euros)	13	0.28282	0.14736	0.04283

The accompanying notes are an integral part of the Interim Condensed Consolidated Financial Statements of Fluidra, S.A. and subsidiaries for the six-month period ended 30 June 2020 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Statement of Comprehensive Income
for the six-month periods ended 30 June 2020 and 2019
and the year ended 31 December 2019
(Expressed in thousands of euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	<u>30/06/2020</u>	<u>30/06/2019</u>	<u>31/12/2019</u>
Profit / (loss) for the year	57,440	31,387	13,997
Other comprehensive income:			
Items that will be reclassified to profit or loss			
Cash flow hedges	(6,733)	(8,661)	(7,029)
Actuarial gains and losses	(17)	-	(160)
Exchange differences on translation of foreign operations	(5,163)	(3,799)	6,932
Tax effect	<u>1,466</u>	<u>1,543</u>	<u>1,524</u>
Other comprehensive income for the year, net of tax	<u>(10,447)</u>	<u>(10,917)</u>	<u>1,267</u>
Total comprehensive income for the year	<u><u>46,993</u></u>	<u><u>20,470</u></u>	<u><u>15,264</u></u>
Total comprehensive income attributable to:			
Equity holders of the parent	44,697	17,660	9,790
From continuing operations	44,697	16,887	9,017
From discontinued operations	-	773	773
Non-controlling interests	<u>2,296</u>	<u>2,810</u>	<u>5,474</u>
	<u><u>46,993</u></u>	<u><u>20,470</u></u>	<u><u>15,264</u></u>

The accompanying notes are an integral part of the Interim Condensed Consolidated Financial Statements of Fluidra, S.A. and subsidiaries for the six-month period ended 30 June 2020 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Statement of Changes in Equity
for the six-month period ended 30 June 2020
(Expressed in thousands of euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Equity attributable to equity holders of the parent

	Capital	Share premium	Legal reserve	Accumulated gains	Treasury shares	Other comprehensive income		Total	Non-controlling interests	Total equity
						Exchange differences	Other			
Balance at 1 January 2020	195,629	1,148,591	40,140	73,068	(14,000)	8,006	(11,820)	1,439,614	5,878	1,445,492
Total comprehensive income for the year	-	-	-	54,878	-	(4,897)	(5,284)	44,697	2,296	46,993
Inclusion of entities	-	-	-	-	-	-	-	-	-	-
Change in ownership interest	-	-	-	-	-	-	-	-	32	32
Treasury shares	-	-	-	413	(493)	-	-	(80)	-	(80)
Equity-based payments	-	-	-	3,771	-	-	-	3,771	-	3,771
Other	-	-	-	324	-	-	-	324	-	324
Dividends	-	-	-	-	-	-	-	-	(1,061)	(1,061)
Balance at 30 June 2020	<u>195,629</u>	<u>1,148,591</u>	<u>40,140</u>	<u>132,454</u>	<u>(14,493)</u>	<u>3,109</u>	<u>(17,104)</u>	<u>1,488,326</u>	<u>7,145</u>	<u>1,495,471</u>

The accompanying notes are an integral part of the Interim Condensed Consolidated Financial Statements of Fluidra, S.A. and subsidiaries for the six-month period ended 30 June 2020 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Statement of Changes in Equity
for the six-month period ended 30 June 2019
(Expressed in thousands of euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Equity attributable to equity holders of the parent

	Equity attributable to equity holders of the parent					Other comprehensive income		Total	Non-controlling interests	Total equity
	Capital	Share premium	Legal reserve	Accumulated gains	Treasury shares	Exchange differences	Other			
Balance at 1 January 2019	195,629	1,148,591	40,140	67,119	(13,690)	871	(6,153)	1,432,507	8,214	1,440,721
Total comprehensive income for the year	-	-	-	28,663	-	(3,885)	(7,118)	17,660	2,810	20,470
Inclusion of entities	-	-	-	-	-	-	-	-	-	-
Change in ownership interest	-	-	-	2,952	-	-	-	2,952	(1,929)	1,023
Treasury shares	-	-	-	(8,813)	3,279	-	-	(5,534)	-	(5,534)
Equity-based payments	-	-	-	(525)	-	-	-	(525)	-	(525)
Other	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	(1,724)	(1,724)
Balance at 30 June 2019	<u>195,629</u>	<u>1,148,591</u>	<u>40,140</u>	<u>89,396</u>	<u>(10,411)</u>	<u>(3,014)</u>	<u>(13,271)</u>	<u>1,447,060</u>	<u>7,371</u>	<u>1,454,431</u>

The accompanying notes are an integral part of the Interim Condensed Consolidated Financial Statements of Fluidra, S.A. and subsidiaries for the six-month period ended 30 June 2020 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Statement of Cash Flows
for the six-month periods ended 30 June 2019 and 30 June 2019
(Expressed in thousands of euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	Note	2020	2019
<u>Cash flows from operating activities</u>			
Profit for the year before tax		80,240	44,608
<i>Adjustments for:</i>			
Amortisation/depreciation		58,946	61,835
Provision for bad debts		4,163	2,285
Provision for/(reversal of) impairment losses on assets		930	-
Provision for/(reversal of) impairment losses on financial assets		93	79
Provision for/(reversal of) losses on risks and expenses		2,814	726
Provision for/(reversal of) losses on inventories		691	2,874
Income from financial assets	22	(3,984)	(778)
Finance costs	22	22,866	25,682
Exchange (gains)/losses		4,138	757
Share in (profit)/loss for the year from associates accounted for using the equity method		-	19
(Profit)/loss from the sale of property, plant and equipment and other intangible assets		(118)	15
((Profit)/loss on the sale of subsidiaries	6	-	1,214
Government grants recognised in profit and loss		(50)	(56)
Adjustments to consideration paid against gains/losses on business combinations		(1,268)	-
Share-based payment expenses		3,771	6,902
((Profit)/loss from derivative financial instruments at fair value through profit or loss		(865)	5
Operating profit before changes in working capital		172,367	146,167
Changes in working capital, excluding effects of acquisitions and currency translation differences			
Increase/(decrease) in trade and other receivables		(88,974)	(119,170)
Increase/(decrease) in inventories		(13,665)	(58,873)
Increase/(decrease) in trade and other payables		28,435	58,084
Utilization of provisions		(652)	(553)
Cash from operating activities		97,511	25,655
Interest paid		(23,933)	(23,517)
Interest received		3,978	719
Corporate income tax paid		(11,573)	(1,093)
Net cash from operating activities (*)		<u>65,983</u>	<u>1,764</u>
<u>Cash flows from investing activities</u>			
From the sale of property, plant and equipment		681	1,879
From the sale of other intangible assets		134	20
From the sale of financial assets		2,318	1,106
From the sale of subsidiaries, net of cash utilized	6	-	25,983
Acquisition of property, plant and equipment		(8,577)	(13,905)
Acquisition of intangible assets		(8,222)	(9,341)
Acquisition of other financial assets		(2,106)	(4,305)
Payments for acquisitions of subsidiaries, net of cash and cash equivalents		(7,946)	-
Payments for acquisitions of subsidiaries in prior years	6	(6,997)	(1,432)
Net cash used in investing activities (*)		<u>(30,715)</u>	<u>5</u>
<u>Cash flows from financing activities</u>			
Payments for repurchase of treasury shares		(3,441)	(5,831)
Proceeds from the sale of treasury shares		3,360	297
Proceeds from grants		-	47
Proceeds from bank financing		66,831	30,770
Proceeds from bank borrowings		(157,872)	(19,057)
Lease liability payments		(10,586)	(4,975)
Dividends paid		(1,061)	(1,724)
Net cash from financing activities (*)		<u>(102,769)</u>	<u>(473)</u>
Net increase/(decrease) in cash and cash equivalents		(67,501)	1,296
Cash and cash equivalents at 1 January		242,240	181,233
Effect of currency translation differences on cash flows		(1,968)	1,158
Cash and cash equivalents at 30 June		<u>172,771</u>	<u>183,687</u>

(*) Includes the cash flows arising from continuing and discontinued operations (Note 11).

The accompanying notes are an integral part of the Interim Condensed Consolidated Financial Statements of Fluidra, S.A. and subsidiaries for the six-month period ended 30 June 2020 prepared in accordance with IFRS as adopted by the European Union.

Notes to the Interim Condensed Consolidated Financial Statements

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

1. Nature, principal activities and companies comprising the Group

Fluidra, S.A. (hereinafter the Company) was incorporated as a limited liability company for an indefinite period in Girona on 3 October 2002 under the name Aquaria de Inv. Corp., S.L., and changed to its current name on 17 September 2007.

The Company's corporate purpose and activity consists of the holding and use of equity shares, securities and other stock, and advising, managing and administering the companies in which the Company holds an ownership interest.

The Company is domiciled at Avenida Francesc Macià, nº 60, planta 20, in Sabadell (Barcelona).

The Group's activity consists of the manufacture and marketing of accessories and machinery for swimming-pools, irrigation and water treatment and purification.

Fluidra, S.A. is the parent company of the Group comprising the subsidiaries detailed in accompanying Appendix I (hereinafter Fluidra Group or the Group). Additionally, the Group holds ownership interest in other entities as detailed in Appendix I also. Group companies have been consolidated using their interim financial statements prepared/approved for issue by the corresponding managing bodies or Boards of Directors.

Share capital is represented by 195,629,070 ordinary shares with a par value of Euros 1 each, fully subscribed and paid up.

On 31 October 2007 Fluidra, S.A. (the Company) completed its initial public offering process through the public offering of 44,082,943 ordinary shares with a par value of Euro 1 each. These shares representing share capital are quoted on the Barcelona and Madrid stock exchanges, and also on the continuous market.

On 2 July 2018, and within the framework of the merger agreement between the Fluidra Group and the Zodiac Group, Fluidra, S.A. increased its share capital for a nominal amount of Euros 83,000,000 by issuing and circulating 83,000,000 ordinary shares of Euros 1 par value each, which were fully subscribed by Piscine Luxembourg Holdings 2 S.à.r.l. (penultimate shareholder of the Luxembourg company Zodiac Pool Solutions S.à.r.l., which is the parent of the Zodiac Group) without entitlement, as per article 304.2 of the Spanish Corporations Act, to any preferential subscription rights. The difference between the fair value of the equity received by Fluidra, S.A. by virtue of the merger and the par value was allocated to the share premium.

2. Basis of presentation

These interim condensed consolidated financial statements have been prepared from the accounting records of Fluidra, S.A. and the companies included in the Group. These interim condensed consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, specifically IAS 34 "Interim Financial Reporting", as adopted by the European Union (IFRS-EU) pursuant to article 12 of Royal Decree 1362/2007. These financial statements do not include all disclosures required for annual financial statements and shall be read together with the consolidated financial statements for the years ended 31 December 2019 and 2018 prepared in accordance with IFRS-EU.

a) Basis of presentation of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments and financial instruments at fair value through profit or loss.

Interim Condensed Consolidated Financial Statements
30 June 2020 and 30 June 2019
(Expressed in thousands of euros)

(b) Comparative information

For comparative purposes, the interim condensed consolidated financial statements include the consolidated figures for the six-month period ended 30 June 2020 in addition to those for the same period of the prior year for each item of the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement and the notes thereto, which have been obtained by consistently applying the IFRS-EU as required by the standards. Additionally, due to the seasonality of activities, for comparative purposes, the Company's Directors have considered it appropriate to include the figures for the year ended 31 December 2019 in the consolidated statement of financial position and the consolidated income statement.

All significant mandatory accounting principles have been applied.

The 2019 consolidated annual accounts were approved for issue by the shareholders in general meeting on 19 May 2020.

c) Significant accounting estimates and key assumptions and judgements when applying accounting policies

In the preparation of interim condensed consolidated financial statements in accordance with IFRS-EU IAS 34 "Interim Financial Reporting", Group Management is required to make judgements, estimates and assumptions affecting the adoption of the standards and the amounts of assets, liabilities, income and expenses. The estimates and assumptions adopted are based on historical experience and various other factors understood to be reasonable under the existing circumstances.

In the Group's interim condensed consolidated financial statements for the six-month periods ended 30 June 2020 and 2019, estimates were made by management of the Group and of the consolidated companies in order to quantify certain assets, liabilities, income, expenses and commitments reported herein. These estimates basically refer to:

- The useful life and fair value of the customer portfolio and other intangible assets.
- The assumptions used in determining the fair value/value in use of the Cash Generating Units (CGUs) or group of CGUs for the purposes of evaluating potential impairment of goodwill and other assets (see note 8).
- Assessment of technical and commercial feasibility of development projects in progress.
- Estimate of the expected credit losses from receivables and obsolete inventory.
- The fair value of financial instruments and of certain unquoted financial assets.
- Assumptions used in determining the fair values of assets, liabilities and contingent liabilities related to the business combination of Agrisilos, S.R.L., Riiot Labs NV/SA, Grand Effects and Fabtronics Australia Pty Ltd. Liabilities for contingent considerations correspond to level 3 fair value hierarchy in accordance with IFRS 13.
- The fair value of the commitment to the Company's management team related to the acquisition of an ownership interest in the Company's share capital.
- Estimates and judgements related to the provisions for litigation.
- Assessment of the recoverability of tax credits, including prior years' tax losses and rights to deduction. Deferred tax assets are recognised to the extent that future tax profit is available against which temporary differences can be charged, based on the management's assumptions about the amount of and payment schedules for future tax profit. Additionally, in the case of deferred tax assets related to investments in Group companies, their capitalisation takes into account whether they will be reversed in the foreseeable future.

Although these estimates are made on the basis of the best information available on the events analysed at 31 December 2020 and 2019, events may occur in the future which require these estimates to be adjusted (upwards or downwards) in the coming years or periods. Any effect of the adjustments made in future years shall be recognised prospectively.

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Additionally, the main judgements made by the Company's management in identifying and selecting the criteria applied in the measurement and classification of the main items presented in the interim condensed consolidated financial statements are as follows:

- Reasons supporting the transfer of risks and rewards in leases and in the recognition of disposals of financial assets and liabilities,
- Reasons supporting the classification of assets as investment property,
- Assessment criteria for impairment of financial assets,
- Judgements made to calculate the lease terms of agreements that can be renewed and,
- Reasons supporting the capitalisation of development projects.

d) Changes in IFRS-EU standards in 2020

The accounting standards used to prepare the accompanying interim consolidated financial statements are the same as those used to prepare the consolidated annual accounts for the year ended 31 December 2019, except for the new standards and any amendments that are applicable as of 1 January 2020, the main ones being as follows:

- Standards and interpretations approved by the European Union applied for the first time in 2019.
 - Revised version of the IFRS conceptual framework
 - Amendments to IFRS 3 – Business combinations
 - Amendments to IAS 1 and IAS 8 – Definition of materiality
 - Amendments to IFRS 9, IAS 39 and IFRS 17: Interest rate benchmark reform
- Standards and interpretations issued by the IASB but not applicable this year

The Group adopts the standards, interpretations and amendments to the standards issued by the IASB when they come into force, if applicable.

3. Relevant accounting principles applied

The accounting standards used to prepare the accompanying interim consolidated financial statements are the same as those used to prepare the consolidated annual accounts for the year ended 31 December 2019, since none of the standards, interpretations or modifications applicable for the first time this year have had an impact on the Group's accounting policies.

The Group intends to apply the standards, interpretations and amendments issued by the IASB whose application is not mandatory in the European Union when they enter into effect, to the extent applicable to the Group. Although the Group is currently analysing their impact based on the analyses carried out to date, the Group estimates that their first-time application will not have a significant impact on the annual accounts or interim condensed consolidated financial statements.

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4. Segment information

The Fluidra Group's organisational structure is organised into three divisions, two of them covering a geographical approach, which manage the Group's sales and distribution activity, and the third one, which comprises the manufacture and logistics chain for the whole Group. A manager is assigned to each division and they report directly to the Management Advisory Committee, maintaining regular contact to deal with operations, operating results and financial profit/(loss), forecasts and plans for each segment. The Management Advisory Committee monitors financial information based on the following division structure.

The Sales Divisions are ESA and North America.

The ESA segment (Europe, Southern Hemisphere & Asia) relates to Europe, Africa, Asia, Australia and South America, including mature markets showing more modest growth and a larger market share where the strategy is to improve profitability through operating leverage driven by the merger with the Zodiac Group and also other emerging markets with higher growth expectations and a greater focus on public pools and the construction of new pools.

The North America segment relates to markets in the USA and Canada and the focus is on increasing market share in the largest global pool market, taking advantage of growth in the smart pool market, customer loyalty and a wider range of products.

Lastly, the Operations division, which is mainly located in Spain, France and China, focuses on increasing cost efficiency through the rationalisation of production plant structure, improving quality, demand planning and the optimisation of industrial assets.

This organisational structure affects the identification of the cash generating units (CGUs) of the Group (Note 8) and the segment information.

In addition to the three segments mentioned above, the holding, real estate and/or services companies (where there are no operational or sales activities and which do not generate significant revenue to third parties) are included in the Shared Services caption. This breakdown is provided for the purposes of reconciling the segment information in the total consolidated figures in the financial statements, as it does not constitute an operating segment under IFRS 8.

The inter-segment selling prices are established based on standard terms and conditions available to unrelated third parties.

The difference between the sum of the items of the different business segments and the total thereof in the consolidated income statement corresponds to the "Shared services" caption and to the intra-segment consolidation adjustments, basically the sales between the Operations division and the Sales divisions, and their corresponding margin adjustment in inventories, as well as other adjustments derived from the business combinations and consolidation.

The Management Advisory Committee uses EBITDA (see note 26) to measure the segment results. Amortisation and depreciation and impairment losses are linked to the assets directly allocated to the segment activity, excluding the impact of allocating the acquisition price of business combinations and investment portfolio provisions. Net financial profit/(loss) and income tax expense are not allocated by segment, as these activities are dealt with by the Group's central departments.

Furthermore, in 2019 discontinued operations were not allocated to any segment since the operations were not managed by the Management of the respective segment.

Intangible assets, deferred taxes, goodwill and financial assets and liabilities are not allocated by segment, as they are dealt with at Group level. Each segment manages non-current property, plant and equipment and working capital (NWC), as defined in Appendix II.

A breakdown of the Group's segment information for the six-month periods ended 30 June 2020 and 2019 is shown in Appendix II to these interim condensed consolidated financial statements.

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5. **Seasonal transactions**

The Group presents a certain seasonality in sales and current assets and liabilities.

In the six-month period ended 30 June 2020, total sales represent 55.66% of sales in the last year.

The increases in inventories, trade receivables and trade payables between 31 December 2019 and 30 June 2020 are mainly due to the business' seasonality.

6. **Business combinations and sales of Group companies**

A breakdown of the transactions resulting in the most significant additions during the six-month period ended 30 June 2019 and 2018 is as follows:

2020

Fluidra Group Australia Pty Ltd., a wholly-owned subsidiary, owned indirectly by Fluidra, S.A., acquired 80% of the Australian company Fabtronics Australia Pty Ltd. on 14 February 2020.

Fabtronics has its registered address in Melbourne and is considered one of the leading companies in the Australian market for the design of electronic parts for pool equipment, with a particular emphasis on research and development in this industry. Fabtronics' sales figure in the year ended 30 June 2019 amounts to approximately 18 million Australian Dollars with EBITDA in the aforementioned period of approximately 6 million Australian Dollars.

The acquisition of this business has meant the acquisition of its technology, property, plant and equipment, inventories, employees and the other assets and liabilities related to this activity.

An initial amount of Euros 9,094 thousand has been paid for this acquisition and contingent amounts have been established mainly subject to the results that the acquired business obtains during 2020. The Group has recognised an amount of Euros 3,778 thousand related to this contingent consideration at the date of acquisition. The Group has estimated the fair value of this consideration based on the projections provided by Management. The agreement does not stipulate a maximum amount payable.

As a result of this acquisition, the Group has granted a put option to the minority shareholders for 20% and the minority shareholders have granted a call option to the Group, the exercising term of which falls between 15 February 2021 and 15 April 2023, and the price of which is largely subject to the development of new products. At acquisition date, the Group has recorded a non-current liability for the present amount of the price of said put option amounting to Euros 3,887 thousand, and no non-controlling interest has been recognised.

During the period comprised between the date of acquisition and 30 June 2020, the acquired business has generated consolidated total sales of goods and finished products amounting to Euros 631 thousand and consolidated total profit after tax amounting to Euros 218 thousand.

If the acquisition had occurred on 1 January 2020, the Group's sales of goods and finished products would have increased by Euros 210 thousand and consolidated profit after tax would have increased by Euros 364 thousand.

Due to commercial and management synergies, this acquisition has been integrated into the Europe CGU and the Southern Hemisphere.

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The breakdown of the consideration paid, of the fair value of the net assets acquired and goodwill for the business combinations carried out during the six-month period ended 30 June 2020 is as follows:

Consideration paid	
Cash paid	9,094
Contingent consideration	<u>7,665</u>
Total consideration paid	<u>16,759</u>
Fair value of net assets acquired	<u>7,608</u>
Goodwill	<u>9,151</u>

The intangible assets that have not been recorded separately from goodwill and have therefore been included in it since they do not meet the separability criterion required by IFRS-EU mainly relate to work force and synergies of the acquired business. The goodwill on this acquisition is not expected to be deductible for tax purposes.

The accounting of this business combination is not definitive.

The most significant difference that has arisen between the carrying amounts of the business acquired during the year and their fair values correspond to technology.

The fair value of technology is based on measurements made by an independent expert using the royalty relief method. The key assumptions used are based on the strategic plans approved by Management.

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The amounts that have been recorded in the consolidated statement of financial position at the date of acquisition of the assets, liabilities and contingent liabilities of the businesses acquired during the six-month period ended 30 June 2020, by significant categories, are as follows:

Property, plant and equipment	615
Other intangible assets	6,511
Non-current financial assets	210
Inventories	1,511
Trade and other receivables	935
Cash and cash equivalents	<u>1,148</u>
 Total assets	 10,930
 Deferred tax liabilities	 1,625
Non-current provisions	176
Bank borrowings and other marketable securities - current	2
Trade and other payables	1,444
Current provisions	<u>75</u>
 Total liabilities and contingent liabilities	 3,322
 Total net assets	 <u>7,608</u>
 Total net assets acquired	 <u>7,608</u>
 Paid in cash	 9,094
Cash and cash equivalents acquired	<u>1,148</u>
 Cash paid for the acquisitions	 <u>7,946</u>

In the six-month period ended 30 June 2020 cash has been disbursed in connection with the acquisition of subsidiaries in prior years and non-controlling interests for Euros 6,997 thousand.

2019

There were no business combinations in the six-month period ended 30 June 2019.

In compliance with the commitments undertaken by the Fluidra Group with the European Commission relating to the compatibility of the merger between the Fluidra Group and the Zodiac Group with the domestic market, on 31 January 2019 Aquatron Robotic Technology, Ltd, a subsidiary wholly owned by Fluidra, was transferred for Euros 41,384 thousand (this amount includes the non-operating cash surplus at the date of sale, as well as deferred collections).

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Details of the sale of the aforementioned company were as follows:

Amount received in cash	37,519
Deferred collections	<u>3,865</u>
Total	<u>41,384</u>
Total net assets sold	<u>42,598</u>
Loss on the Sale	<u>(1,214)</u>

The amounts that were derecognised in the consolidated statement of financial position at the date of disposal of the assets, liabilities and contingent liabilities of the businesses sold, by significant class, were as follows:

Property, plant and equipment	3,261
Goodwill	15,194
Other intangible assets	1,547
Non-current financial assets	23
Deferred tax assets	315
Inventories	9,208
Trade and other receivables	6,030
Other current financial assets	3,000
Derivative financial instruments	85
Cash and cash equivalents	<u>11,536</u>
Total assets	50,199
Deferred tax liabilities	218
Non-current provisions	84
Government grants	151
Trade and other payables	4,884
Current provisions	<u>2,264</u>
Total liabilities and contingent liabilities	7,601
Total net assets	<u>42,598</u>
Total net assets sold	<u>42,598</u>
Amount received in cash	37,519
Cash and cash equivalents sold	<u>11,536</u>
Net cash from the sale	<u>25,983</u>

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In the six-month period ended 30 June 2019 cash was disbursed in connection with the acquisition of subsidiaries in prior years and non-controlling interests for Euros 1,432 thousand.

7. Property, plant and equipment, Other intangible assets and Right of use assets

Movement in Other intangible assets during the first half of 2020 is as follows:

	Balances at 31.12.19	Business combinations (note 6)	Additions	Disposals	Impairment	Transfers	Translation differences	Balances at 30.06.20
Cost	921,508	6,540	8,222	(90)	(393)	44	117	935,948
Accumulated amortisation	(185,323)	(29)	(37,758)	75	-	(94)	417	(222,712)
Net carrying amount	<u>736,185</u>	<u>6,511</u>	<u>(29,536)</u>	<u>(15)</u>	<u>(393)</u>	<u>(50)</u>	<u>534</u>	<u>713,236</u>

These investments notably include additions due to expenses incurred in several development projects that the Group is currently carrying out for an amount of Euros 5,429 thousand (Euros 6,346 thousand during the same period ended 31 December 2019), which relate to product developments for responsible use of water.

Movement in Property, plant and equipment during the first half of 2020 is as follows:

	Balances at 31.12.19	Business combinations (note 6)	Additions	Disposals	Impairment	Transfers	Translation differences	Balances at 30.06.20
Cost	393,018	1,739	7,983	(2,678)	(74)	(1,036)	(3,316)	395,636
Accumulated amortisation	(273,042)	(1,124)	(9,658)	2,563	-	350	2,244	(278,667)
Net carrying amount	<u>119,976</u>	<u>615</u>	<u>(1,675)</u>	<u>(115)</u>	<u>(74)</u>	<u>(686)</u>	<u>(1,072)</u>	<u>116,969</u>

During the first half of 2020 there have been investments in molds for new products for an approximate amount of Euros 693 thousand (Euros 820 thousand during the same period ended 30 June 2019). Investments in several production plants and offices (Euros 4,366 thousand) and machinery to improve the production process (Euros 1,021 thousand) should be noted (Euros 8,675 thousand and Euros 1,528 thousand, respectively, during the same period ended 30 June 2019).

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Movement in Property, plant and equipment during the six-month period ended 30 June 2020 is as follows:

	Balances at 31.12.19	Additions	Disposals	Impairment	Transfers	Translation differences	Balances at 30.06.20
Cost	132,896	8,782	(3,641)	(463)	992	(2,398)	136,168
Accumulated amortisation	(20,237)	(11,494)	3,075	-	(256)	500	(28,412)
Net carrying amount	<u>112,659</u>	<u>(2,712)</u>	<u>(566)</u>	<u>(463)</u>	<u>736</u>	<u>(1,898)</u>	<u>107,756</u>

Additions under the Right of use assets caption in the six-month period ended 30 June 2020 have amounted to Euros 8,782 thousand and mainly relate to new facilities in Perpignan and the renegotiation of certain contracts.

Additions under the Right of use assets caption in the six-month period ended 30 June 2019 amounted to Euros 10,470 thousand and mainly related to a new production plant in Tijuana, offices in Australia and the renegotiation of certain contracts.

8. Goodwill and sale of Group companies

A breakdown of goodwill allocated by CGU or group of CGUs at 31 December 2019 and 30 June 2020 is as follows:

	Segment	30/06/2020	31/12/2019
Operations	Operations	186,562	186,562
North America	North America	523,853	522,174
Certikin International, LTD	ESA	3,346	3,552
Expansion	ESA	45,522	45,522
SIBO Fluidra Netherlands B.V.	ESA	5,048	5,048
Europe and the Southern hemisphere	ESA	348,327	340,998
Total		<u>1,112,658</u>	<u>1,103,856</u>

Movement in goodwill is mainly due to the currency translation differences arisen from the goodwill denominated in foreign currency, chiefly as a result of fluctuations in the exchange rates of the US dollar and the pound sterling, as well as the acquisition of Fabtronics Australia Pty Ltd (see note 6).

In light of the uncertainty existing around the impact of COVID-19, although there has been no significant impact to date in terms of a drop in sales at any CGU, the Group has performed an analysis of the potential impairment of all the CGUs. For the following CGUs: Operations, Certikin International, Expansion, SIBO Fluidra Netherlands, Europe and Southern Hemisphere a "worst case scenario" has been applied. This "worst case scenario" is not the most likely scenario considered by Management.

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In the case of the North America CGU, despite the good performance during the first half of the year, due to its significance, impairment has been assessed using different scenarios and weighing up said scenarios with different probabilities.

The recoverable amount of each CGU is determined based on the greater of fair value less disposal costs, calculated using a Level 3 methodology in line with the hierarchy established in IFRS 3, and continuing value in use.

To perform these calculations, in the case of the Operations CGUs; Certikin Internacional LTD; Expansion; SIBO Fluidra Netherlands; Europe and Southern Hemisphere, the most unfavourable scenario from among those considered by Group management has been used, taking into account the state of the markets and the macroeconomic forecasts in each geographical area.

The quantitative assumptions used for these scenarios are detailed below:

CGU	Sales CAGR (*) 2020-2024	EBITDA CAGR (*) 2020-2024
Operations	-1.72%	-1.01%
Certikin Internacional, LTD	-3.91%	-5.35%
Expansion	-4.10%	-7.50%
SIBO Fluidra Netherlands B.V.	-1.24%	-2.56%
Europe and the Southern hemisphere	-1.06%	-0.01%

(*) CAGR is the term used to represent the compound annual growth rate of the four-year periods used.

The conclusion of this analysis is that even in the most pessimistic scenario, there is no impairment in any of the CGUs prior to 30 June 2020.

In the case of the North America CGU, three different scenarios were weighed up:

CGU: North America	Sales CAGR (*) 2020-2024	EBITDA CAGR (*) 2020-2024
Pessimistic scenario	0.22%	2.72%
Medium scenario	4.58%	7.45%
Optimistic scenario	4.61%	7.48%

(*) CAGR is the term used to represent the compound annual growth rate of the four-year periods used.

The “pessimistic” scenario is based on a 27% drop in sales in 2021 with subsequent recovery in five years.

The “medium” scenario is based on a 12% drop in sales in 2021 with subsequent recovery in two years.

The “optimistic” scenario is the most likely case considered by Group Management and foresees steady performance in 2021, swiftly recovering the sales and profitability levels used for the impairment analysis at 2019 year end, which correspond to the inputs from the markets up to the date that these accounts are issued and that are aligned with the strategic plans approved by Management.

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The aforementioned scenarios have been weighted, obtaining a recoverable value greater than the carrying values.

The discount rates applied to cash flow projections used for the CGUs have been calculated based on risk-free rates (interest rates for sovereign debt of each country, always the one applicable to each market at 31 May), tax rate, market risk premiums, and debt spreads for the markets in which the CGUs operate. The discount rates applied before and after tax are detailed in the table below.

For the aforementioned analyses, Management has used projections on a four-year basis, extending these projections to a five-year period to progressively standardise flows using a long-term growth rate, depending on the different markets. These long-term growth rates (g) are detailed below.

2020:

CGU	g (**)	WACC (***)	WACC (****)
		2020	2020
Operations	1.90%	8.64%	11.06%
North America	1.81%	6.64%	9.00%
Certikin Internacional, LTD	1.90%	8.20%	10.21%
Expansion	2.10%	10.43%	12.84%
SIBO Fluidra Netherlands B.V.	1.64%	5.50%	7.41%
Europe and the Southern hemisphere	2.00%	7.49%	10.09%

(**) Perpetual growth rate.

(***) After-tax discount rate.

(****) Before-tax discount rate.

Additional changes in the assumptions used to determine recoverable value could alter the impairment estimate.

The Group's market capitalisation at 30 June 2020 amounts to Euros 2,300.6 million.

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9. **Current and non-current financial assets**

A breakdown of Other current and non-current financial assets is as follows:

	<u>Note</u>	<u>30/06/2020</u>	<u>31/12/2019</u>	<u>30/06/2019</u>
Financial assets at fair value through profit or loss		541	597	519
Deposits and guarantees		<u>6,334</u>	<u>6,779</u>	<u>6,346</u>
Total non-current		<u>6,875</u>	<u>7,376</u>	<u>6,865</u>
Deposits and guarantees		9,812	9,713	8,457
Derivative financial instruments	10	<u>448</u>	<u>291</u>	<u>306</u>
Total current		<u><u>10,260</u></u>	<u><u>10,004</u></u>	<u><u>8,763</u></u>

The Deposits and guarantees caption mainly includes term deposits that earn market interest rates and are classified in the Loans and receivables caption, as well as deposits and guarantees given as a result of rental contracts. These are measured following the criteria established for financial assets. The difference between the amount paid and fair value is recognised in the income statement as a prepayment over the lease term.

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10. **Derivative financial instruments**

A breakdown of derivative financial instruments is as follows:

	30/06/2020				
	Notional amount	Fair values			
		Assets		Liabilities	
		Non- current	Current	Non-current	Current
1) Derivatives held for trading					
<i>a) Exchange rate derivatives</i>					
Foreign currency contracts	41,651	-	448	-	98
Total derivatives traded on over-the-counter markets		-	448	-	98
Total derivatives held for trading		-	448	-	98
2) Hedging derivatives					
<i>a) Cash flow hedges</i>					
Interest rate swaps	595,438	-	-	21,622	-
Foreign currency swaps	-	-	-	-	-
Total hedging derivatives		-	-	21,622	-
Total recognised derivatives		-	448	21,622	98

(Note 9)

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	30/06/2019				
	Notional amount	Fair values			
		Assets		Liabilities	
		Non- current	Current	Non-current	Current
1) Derivatives held for trading					
<i>a) Exchange rate derivatives</i>					
Foreign currency contracts	18,801	-	306	-	
				18	
Total derivatives traded on over-the-counter markets		-	306	-	
Total derivatives held for trading		-	306	-	
				18	
2) Hedging derivatives					
<i>a) Cash flow hedges</i>					
Interest rate swaps	611,323	-	-	16,517	
Foreign currency swaps	-	-	-	-	
Total hedging derivatives		-	-	16,517	
				-	
Total recognised derivatives		-	306	16,517	
				18	

(Note 9)

The fair value of swaps, since they are derivatives not traded on organised markets, is calculated using the discounted value of expected cash flows due to the spread in rates, based on observable market conditions at the date of measurement (corresponding to the level 2 measurement method in accordance with IFRS 13).

The fair value of exchange rate derivatives has been estimated using the discounted cash flow method based on forward exchange rates available in public databases at the reporting date (corresponding to the level 2 measurement method in accordance with IFRS 13).

11. Non-current assets held for sale and liabilities linked to non-current assets held for sale

2020

On 30 June 2020 non-current assets held for sale and liabilities relating to non-current assets held for sale correspond to the dehumidifier and ventilator distribution and sale businesses run by the company SET Energietechnik GMBH, located in Hemmingen (Germany).

Since the Group has a binding agreement to sell these clearly identified assets and liabilities, the sale is deemed likely to go ahead and be completed within the year 2020, the accounting balances of these assets and liabilities have been reclassified to the caption "Non-current assets held for sale" and "Liabilities relating to non-current assets held for sale", in accordance with IFRS 5 "Non-current assets held for sale and discontinued operations". However, these have not been deemed discontinued operations since they do not

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represent a significant business line and, therefore, all income and expenses for the six-month period ended 30 June 2020 corresponding to this business are reflected in the related caption according to their nature.

Assets held for sale, less their related liabilities, have been measured at their carrying value or the expected sale amount less cost of sale, whichever is lower. This has led to the recognition of impairment on this account at 30 June 2020 amounting to Euros 1,370 thousand.

Details of the nature of the assets classified as held for sale and the related liabilities, at 30 June 2020, are as follows:

<u>Assets</u>	<u>30/06/2020</u>
Inventories	183
Trade and other receivables	230
Cash and cash equivalents	<u>220</u>
Total current assets	633
TOTAL ASSETS	<u><u>633</u></u>
<u>Liabilities</u>	
Lease liabilities	<u>328</u>
Total non-current liabilities	328
Lease liabilities	140
Trade and other payables	235
Provisions	<u>10</u>
Total current liabilities	385
TOTAL LIABILITIES	<u><u>713</u></u>

2019

On 27 June 2018 in relation to the merger between the Fluidra Group and the Zodiac Group, the European Commission deemed the merger compatible with the domestic market subject to compliance with certain obligations, including the sale of Aquatron Robotic Technology, Ltd., a wholly-owned subsidiary of Fluidra, to a suitable buyer.

The asset and liability balances of this company were transferred to “Non-current assets held for sale” and “Liabilities linked to non-current assets held for sale” in accordance with IFRS 5 “Non-current assets held for sale and discontinued operations”. Furthermore, they were deemed discontinued operations since they comprised items held for sale which represented a significant business line separate to the rest, therefore, all income and expenses corresponding to these businesses in the six-month period ended 30 June 2019 are presented in the caption Profit/(loss) after tax on discontinued operations.

On 31 January 2019 and as mentioned in note 6, these assets and liabilities were sold.

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Details of the nature of the consolidated income statement caption Gains/(losses) after tax on discontinued operations for the six-month period ended 30 June 2019, are as follows:

	<u>30/06/2019</u>
Operating income	
Sales of goods and finished products	1,799
Income from the rendering of services	1
Work performed by the Group and capitalised as non-current assets	<u>56</u>
Total operating income	1,856
Operating expenses	
Change in inventories of finished products and work in progress and raw material supplies	(824)
Personnel expenses	(387)
Amortisation and depreciation expenses and impairment losses	(117)
Other operating expenses	<u>(219)</u>
Total operating expenses	(1,547)
Other gains and losses	
Profit from sales of fixed assets	<u>-</u>
Total other gains and losses	-
Operating profit	<u>309</u>
Finance income / cost	
Finance income	120
Finance cost	(2)
Exchange gains/(losses)	<u>(534)</u>
Net finance income/(cost)	<u>(416)</u>
Share of profit/(loss) for the year of entities accounted for using the equity method	-
Profit/(loss) before tax from continuing operations	<u>(107)</u>
Income tax expense	(7)
Profit/(loss) after tax from discontinued operations	<u>(114)</u>
Profit / (loss) from discontinued operations attributable to non-controlling interests	-
Profit / (loss) from discontinued operations attributable to equity holders of the parent	(114)
EBITDA	<u>426</u>

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A breakdown of the statement of comprehensive income for this activity for the six-month period ended 30 June 2019 was as follows:

	<u>30/06/2019</u>
Profit / (loss) for the year	(114)
Other comprehensive income:	
Items that will not subsequently be reclassified to profit or loss	
Recalculation of the measurement of defined benefit plans	-
Tax effect	-
Items that will be reclassified to profit or loss	
Cash flow hedges	-
Exchange differences on translation of foreign operations	887
Tax effect	-
	<u>887</u>
Other comprehensive income for the year, net of tax	<u>887</u>
Total comprehensive income for the year	<u><u>773</u></u>
Total comprehensive income attributable to:	
Equity holders of the parent	773
Non-controlling interests	-
	<u><u>773</u></u>

The cash flows arising from discontinued operations in the consolidated statement of cash flows were:

	<u>30/06/2019</u>
Cash flows from:	
Operating activities	428
Investing activities	(65)
Financing activities	(11)

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12. **Equity**

A breakdown of equity and movement are shown in the consolidated statement of changes in equity.

a) Share capital

At 30 June 2020 Fluidra, S.A.'s share capital consists of 195,629,070 ordinary shares with a par value of Euros 1 each, fully subscribed. The shares are represented by book entries and are established as such by being recorded in the corresponding accounting record. All shares bear the same political and financial rights.

On 31 October 2007 Fluidra, S.A. (the Company) completed its initial public offering process through the public offering of 44,082,943 ordinary shares with a par value of Euro 1 each.

These shares representing share capital are quoted on the Barcelona and Madrid stock exchanges, and also on the continuous market.

The Company only knows the identity of its shareholders through the information that they voluntarily provide or in compliance with applicable regulations. In accordance with the Company's information, the structure of significant equity shares at 30 June 2020 is as follows:

	Ownership percentage
Rhône Capital L.L.C.	38.42%
Boyser, S.R.L.	8.13%
Dispur, S.L.	7.07%
Edrem, S.L.	6.92%
Piumoc Inversions, S.L.U.	5.07%
Maveor, S.L.	5.00%
Other shareholders	29.39%
	<u>100.00%</u>

On 3 November 2017, Fluidra, S.A., the syndicated shareholders of the Company, Piscine Luxembourg Holdings 1 S.à.r.l. and Piscine Luxembourg Holdings 2 S.à.r.l., as ultimate and penultimate holding companies, respectively, of the Luxembourgian company Zodiac Pool Solutions S.à.r.l., signed an investment agreement whereby they agreed to combine the businesses of the Fluidra Group and the Zodiac Group by means of a cross-border merger.

Specifically, the transaction described consisted of the cross-border takeover merger by Fluidra, S.A. (absorbing company) of Piscine Luxembourg Holdings 2 S.à.r.l. (absorbed company) in the terms set forth in articles 22 and thereafter of Act 3/2009 of 3 April, on structural modifications to corporations and articles 257 and thereafter of the Luxembourgian Corporations Law of 10 August 1915 (loi du 10 août 1915 sur les sociétés commerciales), with the termination by dissolution without liquidation, of the absorbed company and transfer en bloc of all of its equity to the absorbing company, which shall acquire, by universal succession, the entire equity and rights and obligations of the absorbed company, in the terms and conditions set forth in the join merger project.

The General Meeting of Shareholders of Fluidra, S.A. approved the merger on 20 February 2018 and it finally took effect on 2 July 2018.

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The rate of exchange at which the shares of Piscine Luxembourg Holdings 2 S.à r.l. were swappable for Fluidra, S.A. shares is as follows: 69,1666667 ordinary shares in Fluidra, S.A. at Euros 1 par value for each ordinary share in Piscine Luxembourg Holdings 2 S.à.r.l. of Euros 0,01 par value, with no additional monetary compensation. This rate of exchange was verified by an independent expert appointed by the Mercantile Registry.

By virtue of the merger and in accordance with the rate of exchange stated, Fluidra, S.A. issued 83,000,000 new ordinary shares at Euros 1 par value each, representing 42.43% of the share capital of Fluidra, S.A. after the merger, which were submitted to and subscribed by Piscine Luxembourg Holdings 1, S.à.r.l., sole shareholder of the absorbed company, controlled by Rhône Capital. Fluidra, S.A.'s other shareholders (including the Company itself by virtue of its own shares held) are joint owners of 57.7% of the share capital after the merger.

For accounting purposes, this merger was treated like a direct acquisition, wherein Fluidra, S.A. was considered the acquiring entity and the assets and liabilities of Piscine Luxembourg Holdings 2 S.à r.l. were measured at fair value, as the acquired entity (in accordance with IFRS 3 (amended) Business Combinations). The fair value received by Fluidra, S.A. as a result of the merger was Euros 1,138,760 thousand.

b) Share premium

This reserve can be freely distributed, except for the established in section f) of this note.

c) Legal reserve

According to the revised text of the Spanish Corporation Law, companies must transfer 10% of profits for the year to a legal reserve until this reserve is equivalent to at least 20% of capital.

The legal reserve may be used to increase capital in an amount equal to the portion of the balance that exceeds 10% of capital after the increase. Otherwise, until it exceeds 20% of share capital and provided there are no sufficient available reserves, the legal reserve may only be used to offset losses.

d) Parent company shares

Movement in treasury shares during the six-month period ended 30 June 2020 is as follows:

	Number	Euros	
		Face value	Average acquisition/disposal price
Balances at 01/01/2020	1,581,398	1,581,398	8.8527
Acquisitions	333,538	333,538	10.3156
Disposals	(328,723)	(328,723)	(102,348)
Balances at 30/06/2020	1,586,213	1,586,213	9.1372

The time and maximum percentage limits of treasury shares meet the statutory limits.

No Group company owns shares in the Parent.

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e) Recognised income and expense

This caption mainly includes the currency translation differences and gains and losses on the measurement at fair value of the hedging instrument that corresponds to the portion identified as an efficient hedge, net of tax effect, if any.

f) Dividends and limitations on the distribution of dividends

The Parent Company's voluntary reserves at 30 June 2020 amounting to Euros 259,657 thousand, as well as the share premium and profit/(loss) for the year, are subject however to the legal limitations on their distribution.

g) Capital management

The Group's capital management policy applied is in line with the policy described in the Group's consolidated annual accounts for the year ended 31 December 2019.

13. Earnings per share

a) Basic earnings

Basic earnings per share amounts are calculated by dividing consolidated profit / (loss) for the year attributable to equity holders of the Parent by the weighted average number of ordinary shares outstanding during the six-month period ended 30 June 2020 and 2019, excluding own shares.

A breakdown of the basic earnings per share calculation is as follows:

	<u>30.06.2020</u>	<u>31.12.2019</u>	<u>30.06.2019</u>
Profit for the period attributable to equity holders of the Parent (thousands of euros)	54,878	8,322	28,663
Weighted average number of ordinary shares outstanding	194,040,345	194,288,934	194,515,394
Basic earnings per share from continuing operations (euros)	0.28282	0.04342	0.14794
Basic earnings per share from discontinued operations (euros)	-	<u>(0.00059)</u>	<u>(0.00059)</u>

Profit for the year corresponds to the profit for the year attributable to equity holders of the Parent.

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The weighted average number of ordinary shares was calculated as follows:

	Number of shares		
	30.06.2020	31.12.2019	30.06.2019
Ordinary shares outstanding at 1 January	195,629,070	195,629,070	195,629,070
Effect of changes in treasury shares	(1,588,725)	(1,340,136)	(1,113,676)
Weighted average number of ordinary shares outstanding	<u>194,040,345</u>	<u>194,288,934</u>	<u>194,515,394</u>

b) Diluted earnings

Diluted earnings/(losses) per share are calculated by adjusting profit/(loss) for the year attributable to equity holders of the Parent and the weighted average number of ordinary shares outstanding for all dilutive effects inherent to potential ordinary shares. Given that there are no potential ordinary shares with dilutive effects, this calculation is not necessary.

14. Provisions

A breakdown of Other provisions is as follows:

	30.06.2020		31.12.2019		30.06.2019	
	Non-current	Current	Non-current	Current	Non-current	Current
Guarantees	-	30,739	-	28,437	-	26,841
Provisions for taxes	170	-	130	-	5,072	-
Provisions for obligations with employees	8,916	-	8,511	-	7,305	-
Litigation and other liabilities	<u>1,722</u>	<u>-</u>	<u>2,765</u>	<u>-</u>	<u>3,173</u>	<u>-</u>
Total	<u>10,808</u>	<u>30,739</u>	<u>11,406</u>	<u>28,437</u>	<u>15,550</u>	<u>26,841</u>

The Provisions caption includes, on the one hand, current provisions for warranties provided to cover potential incidents related to the products sold by the Group and, on the other hand, non-current provisions that are described in the following three captions: Provisions for taxes to cover potential risks related to tax obligations in the countries in which the Group operates; Provisions for commitments to employees recorded in accordance with employment legislation in some countries in which the Group operates in order to cover potential future employee compensation and benefits; and Provisions for litigation and other liabilities, which include provisions recorded by Group companies in connection with contingencies arisen as a result of their activities.

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15. **Bank borrowings and other marketable securities**

A breakdown of this caption in the consolidated statement of financial position is as follows:

	<u>30/06/2020</u>	<u>31/12/2019</u>	<u>30/06/2019</u>
Non-current borrowings	704,457	856,723	853,692
Bank borrowings	<u>28,992</u>	<u>312</u>	<u>985</u>
Total non-current	733,449	857,035	854,677
Bank loans	23,714	5,954	46,390
ABL credit facility	2,653	5,797	11,616
Non-current borrowings	5,337	7,454	7,608
Bank borrowings	15,686	2,657	2,560
Discount facilities	59	-	90
Other marketable securities	<u>6,093</u>	<u>-</u>	<u>-</u>
Total current	<u>53,542</u>	<u>21,862</u>	<u>68,264</u>
Total bank borrowings and other marketable securities	<u><u>786,991</u></u>	<u><u>878,897</u></u>	<u><u>922,941</u></u>

All the balances shown in the table above correspond to the financial liabilities at amortised cost category.

On 2 July 2018, the debt refinancing following the merger with the Zodiac Group took effect, as follows:

- Long-Term Euro Loan Tranche amounting to Euros 400 million.
- Long-Term USD Loan Tranche amounting to USD 500 million.
- Long-Term AUD Loan Tranche amounting to AUD 75 million.
- Multi-currency revolving credit facility amounting to Euros 130 million.
- ABL multi-currency credit facility (asset-based loan, mainly clients and inventories) amounting to USD 230 million.

The term agreed is 7 years for the loan in its three tranches with quarterly repayments of 0.25%, and repayment in full at the end of the term: 6 years in the case of the revolving credit facility, and 5 years for the ABL.

On 28 January 2020, the terms of the loan agreements have been renegotiated for the Euro and USD tranches of the long-term loan and the revolving multi-currency credit facility, leaving the remaining refinancing conditions unaltered.

This refinancing has entailed:

1. The voluntary partial repayment of Euros 90 million on the Euro tranche of the long-term loan with a reduction of 75 basis points in the interest rate.
2. The voluntary partial repayment of Euros 66.5 million on the USD tranche of the long-term loan with a reduction of 25 basis points in the interest rate spread.

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Based on the repricing of the interest rates already index-linked to the Euribor, Libor or BBSY at 1 month, the spreads were reduced from ranging between 2.25% and 3.75% depending on the tranche and currency, to between 2% and 3.75%; the revolving credit facility was reduced from between 2% and 2.5% based on the leverage ratio, to a spread of between 1.5% and 2%; and for the ABL credit facility between 1.50% and 2% based on the drawdown.

The Group is obliged to report to the lenders quarterly and there are certain standard limitations on increasing borrowings in loans and credit facilities of this kind. Furthermore the revolving credit facility is subject to compliance with certain financial ratios based on the requirement to keep the Financial Debt/EBITDA ratio below 5.65 when the facility is drawn down more than 40%. With regard to the ABL credit facility, there is a trigger for entering the settlement period based on whether over 90% of the loan or the total facility is drawn down over five consecutive days or in any event over thirty consecutive days.

In order to reduce financial costs and diversify sources of financing, Fluidra, S.A. set into action a promissory notes scheme on the Alternative Fixed Income Market (MARF). On 3 July 2019, the scheme was extended for a further year and for Euros 75 million. There is a debt amount of Euros 6,093 thousand at the close of the six-month period ended 30 June 2020, with an interest rate on the existing issuances of 0.30%. There was no debt amount at 30 June 2019.

This amount was recorded in Other marketable securities under the caption Bank borrowings and other marketable securities within current liabilities. In the six-month period ended 30 June 2020 a financial expense of Euros 12 thousand has accrued, which has been recorded under "Finance costs of other marketable securities" in the income statement (see note 22).

The following loan agreements have been signed during the first half of 2020:

	Company	Outstanding amount	
		2020	2019
Nominal loan of Euros 30,000 signed on 9 April 2020 with the guarantee of the ICO, with maturity on 9 April 2023 and an interest rate set at 1.42%, requested for the financing of extraordinary needs arising as a result of the impact of Covid19.	Fluidra Finco, S.L.	30,000	-
Nominal loan of Euros 13,800 thousand signed on 20 May 2020 with the guarantee of the French state, with maturity on 20 May 2021 and an interest rate set at 0%, requested for the financing of extraordinary needs arising as a result of the impact of Covid19.	ZPES Holding SAS	13,800	-

In addition, during May and June, new credit facilities were signed for Euros 55,000 and USD 25,000.

16. Risk management policy

The Group's risk management policies applied are in line with the policies described in the Group's consolidated annual accounts for the year ended 31 December 2019 prepared in accordance with IFRS-EU.

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17. Changes in inventories of finished goods and work in progress and raw material supplies

A breakdown of this income statement caption is as follows:

	<u>30.06.2020</u>	<u>30.06.2019</u>
Purchase of raw and related materials	349,976	374,167
Changes in inventories of raw materials, finished products and work in progress and goods for resale	19,706	(13,511)
Charge to the provision for obsolescence	<u>691</u>	<u>2,874</u>
Total	<u><u>370,373</u></u>	<u><u>363,530</u></u>

18. Sales of goods and finished products

A breakdown of sales of goods and finished products by business unit in the six month periods ended 30 June 2020 and 2019 is as follows:

	<u>30.06.2020</u>	<u>30.06.2019</u>
Residential	557,551	524,652
Commercial	46,211	52,305
Water treatment	103,477	105,462
Fluid handling	<u>41,742</u>	<u>43,097</u>
Pool & Wellness	748,981	725,516
Irrigation, Industrial and Other	22,286	27,688
Total	<u><u>771,267</u></u>	<u><u>753,204</u></u>

In the six-month period ended 30 June 2020, the Commercial Pool caption included Euros 5,079 thousand (Euros 2,359 thousand in the corresponding prior year period) relating to the execution of projects where the rendering of services is recognised based on the degree of completion at the closing date, as long as the result of the transaction can be reliably estimated.

A breakdown of sales of goods and finished products by geographical region (country of destination) in the six months ended 31 December 2020 and 2019 is as follows:

	<u>30.06.2020</u>	<u>30.06.2019</u>
Southern Europe	274,289	290,508
Rest of Europe	162,305	138,261
North America	231,739	209,313
Rest of the world	102,934	115,122
Total	<u><u>771,267</u></u>	<u><u>753,204</u></u>

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At 30 June 2020 there is a client in the US with sales to third parties of 13.68% of total sales (14.26% at 30 June 2019).

19. Income from the rendering of services

This caption includes the revenue from sales transportation services and other logistics services rendered by the Group.

20. Personnel expenses

A breakdown of employee benefit expenses in the six months ended 30 June 2020 and 2019 is as follows:

	<u>30.06.2020</u>	<u>30.06.2019</u>
Wages and salaries	107,236	117,030
Termination benefits	631	2,312
Social security expense	20,308	20,464
Other employee welfare expenses	<u>6,270</u>	<u>6,993</u>
	<u><u>134,445</u></u>	<u><u>146,799</u></u>

The average headcount during the six-month periods ended 30 June 2020 and 2019, by professional category, is as follows:

	<u>30.06.2020</u>	<u>30.06.2019</u>
Management	116	105
Sales, logistics and production staff	4,524	4,255
Administration and purchasing staff	<u>897</u>	<u>1,191</u>
	<u><u>5,537</u></u>	<u><u>5,551</u></u>

A breakdown of the Group's headcount at the end of the six-month periods ended 30 June 2020 and 2019, by gender, is as follows:

	<u>30.06.2020</u>	<u>30.06.2019</u>
Male	3,715	3,766
Female	<u>1,838</u>	<u>1,840</u>
	<u><u>5,553</u></u>	<u><u>5,606</u></u>

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21. Other operating expenses

A breakdown of Other expenses is as follows:

	<u>30.06.2020</u>	<u>30.06.2019</u>
Leases and fees	4,554	5,555
Repairs and maintenance	9,514	9,612
Independent professional services	13,444	15,732
Temporary employment agency expenses	8,647	9,563
Commissions	2,296	2,371
Sales transportation and logistics services	37,280	35,230
Insurance premiums	2,453	2,348
Bank services	351	941
Advertising and publicity	12,368	12,376
Utilities	5,715	6,257
Communications	2,519	2,066
Travel expenses	5,269	10,965
Taxes	2,156	2,184
Adjustments due to impairment of receivables	4,163	2,285
Guarantees	6,559	4,381
Other (*)	6,033	7,206
	<u>123,321</u>	<u>129,072</u>

(*) Includes remuneration paid to the Board of Directors, research and development expenses and other expenses.

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22. Finance income and cost

A breakdown of finance income and costs is as follows:

	<u>30.06.2020</u>	<u>30.06.2019</u>
Finance income		
Other finance income	3,984	778
Gains on the fair value of financial instruments	<u>2,234</u>	<u>218</u>
Total finance income	6,218	996
Finance cost		
Non-current interest on loans	(13,791)	(18,296)
Interest on debt (loans, policies and bills discounting)	(4,294)	(3,803)
Other finance costs	(2,274)	(1,259)
Losses on the fair value of financial instruments	(101)	(257)
Impairment losses on financial assets at amortised cost other than trade and other receivables	(93)	(79)
Finance costs of other marketable securities	<u>(12)</u>	<u>-</u>
Total finance cost	(20,565)	(23,694)
Right-of-use finance cost	(2,495)	(2,324)
Exchange gains/(losses)		
Exchange gains	12,488	10,826
Exchange losses	<u>(16,626)</u>	<u>(11,583)</u>
Total exchange gains / (losses)	(4,138)	(757)
Net profit / (loss)	<u><u>(20,980)</u></u>	<u><u>(25,779)</u></u>

At 30 June 2020, the “Gains on the fair value of financial instruments” caption includes Euros 1,369 thousand corresponding to the estimate at fair value of the contingent liabilities derived from acquisitions this year and in prior years.

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23. Deferred taxes and Income tax

During 2020 and 2019, the Group is being taxed under the consolidated tax return regime, through six tax subgroups: Fluidra, S.A., Zodiac Pool Solutions LLC, Fluidra Holdings Australia PTY LTD, ZPES Holdings, S.A.S., U.S. Pool Holdings Inc. and Fluidra Services Italia, S.R.L. The parent of each subgroup is the tax consolidation parent company which is responsible for the corresponding settlements to the tax authorities. The companies comprising each tax subgroup and the applicable tax rates are as follows:

<u>Fluidra, S.A. (25%)</u>	Innodrip, S.L.U.	<u>ZPES Holdings, S.A.S. (28%)</u>
	I.D. Electroquímica, S.L	
Fluidra Export, S.A.	Fluidra Finco, S.L.	Fluidra Commercial France, S.A.S.
Cepex, S.A.U.		Fluidra Industry France, S.A.R.L.
Fluidra Commercial, S.A.U.	<u>Zodiac Pool Solutions, LLC (23.1167%)</u>	Fluidra Assistance, S.A.S.
Fluidra Comercial España, S.A.U.		Piscines Techniques 2000, S.A.S.
Fluidra Industry, S.A.U.	Zodiac Pool Systems, LLC	Poolweb, S.A.S.
Fluidra J.V. Youli, S.L.	Cover Pools Incorporated	Zodiac Pool Solutions, S.A.S.
Fluidra Services España, S.L.U.	Fluidra Latam Export LLC (*)	Zodiac International, S.A.S.
Industrias Mecánicas Lago, S.A.U.		Zodiac Pool Care Europe, S.A.S.
Fluidra Industry España, S.L.U	<u>Fluidra Holdings Australia PTY LTD (30%)</u>	
Inquide, S.A.U.		<u>U.S. Pool Holdings, Inc. (26.23%)</u>
Metalast, S.A.U.	Fluidra Group Australia PTY LTD	
Poltank, S.A.U.	Fluidra Australia PTY LTD	Fluidra USA, Inc.
Fluidra Global Distribution, S.L.U.	Price Chemicals PTY LTD	Aquaproducts, Inc.
Sacopa, S.A.U.		Fluidra Projects USA, Inc.
Talleres del Agua, S.L.U.	<u>Fluidra Services Italia, S.R.L. (24%)</u>	
Togama, S.A.U.		
Trace Logistics, S.A.U.	Fluidra Commerciale Italia, S.p.a.	
Unistral Recambios, S.A.U.	Agrisilos, S.R.L.	
Fluidra Engineering Services, S.L.		

(*) Companies included in the tax subgroup in 2020.

The Company and the rest of subsidiaries (except for Fluidra Middle East FZE) are required to file an annual corporate income tax return.

On 30 March 2006 the Company made a capital increase through the non-monetary contribution of shares under the special tax regime set forth in Chapter VIII, Title VII of Royal Legislative Decree 4/2004, of 5 March, which enacts the Revised Text of the Spanish Corporate Income Tax Law.

Initially, the shareholders who contributed shares in the above-mentioned transaction availed themselves of said tax exemption, therefore transferring to the parent company their commitment to the tax authorities regarding the corresponding deferred tax, which amounted to Euros 7,790 thousand. However, on 31 March 2006 these shareholders signed a commitment to the Parent Company to return the entire amount subject to the exemption, which will be callable in the event that the equity shares linked to it are sold by the parent company or the corresponding tax is directly paid by the contributing shareholders in the event that they fully or partially sell the shares received as consideration for said contribution. Consequently, at 31 December 2006 the Company recognised a non-current deferred tax and a non-current account receivable for the above-mentioned amount. In the event that the Company generated a collection right to the contributing shareholders, the amount to be paid by the contributing shareholders will be offset with future dividends to be distributed by the Company. After the sale of shares carried out by the shareholders on 31 October 2007 due

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to the Company's initial public offering, the non-current deferred tax and the non-current account receivable were reduced to Euros 1,138 thousand, which are included in the Other non-current accounts receivable caption. At 30 June 2020 and 2019 both non-current deferred tax and non-current accounts receivable have not shown any variation.

A breakdown of the corporate income tax expense is as follows:

	<u>30.06.2020</u>	<u>30.06.2019</u>
Current tax		
for the year	24,010	18,957
Tax deductions	(284)	(401)
Prior years' adjustments	216	(1,134)
Provision for taxes	(81)	250
Other/ Withholding at source on income earned abroad	159	150
Deferred taxes		
Origination and reversal of temporary differences	(7,355)	(11,130)
Tax credit for unused tax loss carryforwards and deductions	6,092	6,822
Effect of the change in the tax rate	43	(293)
Total income tax expense	<u>22,800</u>	<u>13,221</u>

The reconciliation of current income tax with current net income tax liabilities is as follows:

	<u>30.06.2020</u>	<u>31.12.2019</u>	<u>30.06.2019</u>
Current tax	23,726	28,069	18,556
Withholdings and payments made on account during the year	(8,200)	(19,597)	(8,511)
Other	251	(2,339)	(1,473)
Transfer of provisions as per IFRIC 23	5,150	5,263	-
Translation differences	(167)	(5)	(45)
Additions from business combinations (Note 6)	363	-	-
Tax payable in 2019	(3,249)	-	-
Tax payable in 2018	-	(4,267)	(12,809)
	<u>17,874</u>	<u>7,124</u>	<u>(4,282)</u>

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The relationship between income tax expense and profit from continuing operations is as follows:

	<u>30.06.2020</u>	<u>30.06.2019</u>
Profit for the year before tax from continuing operations	80,240	44,722
Profit at 25%	20,060	11,181
Effect of applying different tax rates in other countries	(31)	2,678
Permanent differences	742	623
Offsetting of unrecognised loss carryforwards from prior years	(909)	(334)
Tax effect of unused loss carryforwards in current year	2,338	-
Differences in the income tax expense from prior years	216	(1,134)
Withholding at source on income earned abroad	159	150
Provision for taxes	(81)	250
Tax deductions generated in the year	(284)	(401)
Effect of the change in the tax rate	45	(293)
Other	545	501
Income tax expense	<u><u>22,800</u></u>	<u><u>13,221</u></u>

Deferred tax assets related to taxable income available for offset and unused deductions recorded in the Group's consolidated financial statements at 30 June 2020 and 2019 are as follows:

	<u>30.06.2020</u>	<u>30.06.2019</u>
Deductions	1,818	2,340
Tax loss carryforwards	<u>36,844</u>	<u>43,364</u>
	<u><u>38,662</u></u>	<u><u>45,704</u></u>

The Group has recognised these assets since it expects to offset them against future tax profit.

Group companies are open to inspection for all applicable taxes to which they are liable for the legal tax periods open to inspection in each country. The Group does not expect that any significant additional liabilities will arise for the companies in the event of a potential tax inspection.

The companies Talleres del Agua, S.L.U., Fluidra Commerciale Italia, S.P.A., Zodiac Pool Systems, LLC, Fluidra Global Distribution, S.L.U. and W.I.T. Egypt, Egyptian Limited Liability Company are currently undergoing inspections which are not expected to give rise to significant liabilities for the Fluidra group.

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The Spanish companies are open to inspection for the following tax periods:

Tax	Open tax periods
Corporate income tax	From 2015 to 2019
Value added tax	From 2017 to 2020
Personal income tax	From 2017 to 2020
Tax on Economic Activities	From 2017 to 2020

In April 2018 the Spanish tax authorities notified that partial verification and investigation proceedings had started on the income tax of the Parent of the tax group Fluidra, S.A. The years being inspected for the income tax are 2013-2016. These inspections covered checking the distribution among Group companies of costs relating to management support services and were completed throughout 2019 without revealing significant additional contingent liabilities to those already recorded.

In April 2019 the Spanish tax authorities notified that partial verification and investigation proceedings had started on the VAT obligations of Fluidra, S.A. The year being inspected for VAT is 2018. The deed of compliance with these inspections was signed on 27 February 2020. The Tax Authorities have not performed any adjustments and have refunded the amount charged, along with the corresponding interest in arrears.

The Company's Directors consider that, if there were additional inspections to the ones already mentioned, the possibility of additional contingent liabilities arising is remote and, the additional tax payable, if any, would not have a significant impact on the interim consolidated financial statements of the Group taken as a whole.

24. Related party balances and transactions

The breakdown of balances receivable from and payable to related parties and associates and their main characteristics is as follows:

	30.06.2020		31.12.2019		30.06.2019	
	Receivable balances	Payable balances	Receivable balances	Payable balances	Receivable balances	Payable balances
Customers	471	-	386	-	378	-
Debtors	189	-	36	-	40	-
Suppliers	-	826	-	620	-	1,291
Creditors	-	-	-	-	-	-
Total current	660	826	422	620	418	1,291

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a) Consolidated Group transactions with related parties

Current related-party transactions correspond to the Group's normal trading activity, have been carried out on a reasonable arm's length basis and mainly include the following transactions:

- a. Purchases of finished products, in particular purchases of spas and accessories from Iberspa, S.L. (with ownership interest by Boyser, S.R.L., Edrem, S.L., Dispur, S.L. and Aniol, S.L.).
- b. Lease contracts on buildings between the Group and Inmobiliaria Tralsa, S.A., Constralsa, S.L. and Stick Inmobiliere (with ownership interest by Boyser, S.R.L., Edrem, S.L., Dispur, S.L. and Aniol, S.L.) included under Lease payments / expenses for services and others amounting to Euros 1,124 thousand in the six-month period ended 30 June 2020 (Euros 1,278 thousand in the same period of the prior year).
- c. Sales of necessary components and materials produced by the Group for the manufacture of spas to Iberspa, S.L.
- d. Rendering of services by the Group to Iberspa, S.L.

The nature of the relationship with the above-mentioned related parties is the existence of significant shareholders in common.

The amounts of the consolidated Group transactions with related parties are as follows:

	30.06.2020		30.06.2019	
	Associates	Related parties	Associates	Related parties
Sales	414	557	203	624
Income from services	51	94	20	102
Purchases	196	(2,064)	-	(3,224)
Expenses for services and other	-	(1,143)	-	(1,369)

b) Information on the Parent Company's Directors and the Group's key management personnel

No advances or loans have been given to key management personnel or Directors.

The remuneration earned by key management personnel and Directors of the Company is as follows:

	30.06.2020	30.06.2019
Total key management personnel	5,229	5,357
Total Directors of the Parent company	2,972	3,427

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The members of the Parent Company's Board of Directors have earned a total of Euros 568 thousand in the six-month period ended 30 June 2020 (Euros 668 thousand in the same period of 2019) from the consolidated companies in which they act as board members. Additionally, for their executive duties, they have received Euros 2,404 thousand in the six-month period ended 30 June 2020 (Euros 2,759 thousand in the same period of 2019). Executive duties includes payment in kind relating to vehicles, life insurance, medical insurance and income from share plans. Similarly, the members of the Board of Directors have received Euros 51 thousand compensation for travel expenses (Euros 60 thousand in 2019).

The Company has life insurance policies whereby the Company has recognised an expense of Euros 71 thousand in the six-month period ended 30 June 2020 (Euros 44 thousand in the same period in 2019). These life insurance policies include an income supplement in the event of total permanent invalidity.

Furthermore, the Company has made contributions to benefit plans and pension plans amounting to Euros 62 thousand (Euros 52 thousand during the same period in 2019).

During the six-month period ended 30 June 2020, civil liability insurance premiums for all the Group's directors to cover damages arising in the performance of duties during the year have been paid amounting to Euros 42 thousand (Euros 30 thousand for the same period in 2019).

The Group's key management includes the executives that answer directly to the Board of Directors or senior management as well as the internal auditor.

On 27 June 2018 the General Meeting of Shareholders approved a long-term variable remuneration plan for executive directors and the executive team of Fluidra, S.A. and the subsidiaries comprising the consolidated group. This plan includes the delivery of Fluidra, S.A., shares, taking place following the merger.

The 2018-2022 plan entails the concession of a certain number of PSUs (point of sale units) which will be taken as a reference to determine the final number of shares to be delivered to the beneficiaries after a certain period of time, provided that certain strategic objectives of the Fluidra Group are met and the requirements set forth in the Regulations are fulfilled.

The specific number of shares in Fluidra, S.A. in terms of the PSUs on concession and attached to the compliance of the financial targets, will be established based on the following metrics:

- a) The evolution of Fluidra, S.A.'s Total Shareholder Return (TSR) in absolute terms.
- b) The evolution of the Fluidra Group's EBITDA.

For the purposes of measuring the evolution of the TSR, the initial value taken shall be the price per share in Fluidra, S.A. that was used to calculate the exchange equation resulting from the merger between the Fluidra and Zodiac Groups, i.e. Euros 8. The target EBITDA is the amount resulting from the approved Fluidra, S.A. strategic plan.

The 2018-2022 plan covers the years from 1 January 2018 to 31 December 2021 and there is, therefore, an additional period of one year up to 31 December 2022 during which the beneficiaries will remain on the plan.

The maximum number of shares to be distributed under the 2018-2022 plan is 5,737,979 shares.

At 30 June 2020 the best estimate of the fair value of the plan's total amount comes to approximately Euros 28,651 thousand, which will be settled in full in equity instruments. At 30 June 2020, an equity increase was recorded in this respect for the amount of Euros 2,670 thousand (Euros 3,650 thousand at 30 June 2019).

Additionally, certain members of Zodiac Group management held payment agreements based on shares in the company Piscine Luxembourg Holdings 1 S.à r.l. (LuxCo) signed between both parties during the first half of 2017 (the Original Plan). The merger agreements between Fluidra and LuxCo stipulated the replacement of this Original Plan with an alternative plan (the Replacement Plan) in the terms signed between Rhône Capital L.L.C. and beneficiary management staff, in order for the plan to be aligned with, and not to preclude, the objectives and schedule of the 2018-2022 Incentive Plan to be implemented by Fluidra.

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The Replacement Plan grants management staff three different instruments:

- Share units in LuxCo convertible to shares in Fluidra, S.A. or cash at the date of their liquidation by the management staff who are currently shareholders of LuxCo and subject to the Original Plan ("Common Equity roll-over").
- Share units in LuxCo convertible to shares in Fluidra, S.A. or cash at the date of their liquidation by the management staff who hold the MIV in an equivalent number of shares to the value of the MIV under the Original Plan ("MIV Interest roll-over").
- Restricted additional share units in LuxCo, convertible to shares in Fluidra, S.A. or cash at the liquidation date ("Restricted shares").

Generally speaking, the stated instruments are subject to conditions of permanency as employees of the Company, complying with Rhône Capital L.L.C.'s financial objectives, share lock-up periods and repurchase options in the event the member of management staff leaves the company. The periods of consolidation of rights and/or lock-in periods, whichever the case, depend on the total or partial departure of Rhône Capital L.L.C. from Fluidra, S.A. in line with the different tranches contained in the three aforementioned instruments of the plan. In all cases the commitments are payable entirely in Fluidra, S.A. shares or cash.

In accordance with IFRS 3, the change of plan in these circumstances should be analysed in order to determine to what extent the impact should be counted as services performed before the transaction, after it, or a combination of both. The services counted as before the transaction have been included in the price paid, whilst services counted as after the transaction date are taken to the Income Statement as salaries throughout the remaining period until the right accrues. In this case, although it impacts on the income statement by way of services rendered by management staff who are beneficiaries of the plan, Fluidra, S.A. is not required to settle the Replacement Plan since Rhône Capital L.L.C. is obliged to pay for the plan.

The best estimate of services counted after the transaction amounts to Euros 11,479 thousand. At 30 June 2020, an equity increase was recorded in this respect for the amount of Euros 1,101 thousand (Euros 3,252 thousand at 30 June 2019).

c) Transactions performed by the Directors of the Parent Company outside of its ordinary course of business or other than on an arm's length basis

During the six-month periods ended 30 June 2020 and 2019, the Directors of the Parent Company have not carried out any transactions with the Company or with group companies other than those conducted on an arm's length basis in the normal course of business.

d) Situations representing a conflict of interest for the Directors of the Parent Company.

Neither the Company's directors nor any persons related to them were party to any conflicts of interest requiring disclosure in these notes pursuant to the provisions of article 229 of the consolidated text of the Corporate Enterprises Act.

25. Other commitments and contingencies

At 30 June 2020 and 2019 the Group has not presented any mortgage guarantees.

At 30 June 2020, the Group has guarantees with financial institutions and other companies amounting to Euros 6,953 thousand (Euros 5,973 thousand in 2019).

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26. EBITDA

The consolidated income statement shows the amount corresponding to EBITDA, whose definition for the purpose of these financial statements is as follows:

Sales of goods and finished products + Income from services rendered + Work performed by the Group for its own non-current assets + Profit from sales of fixed assets – Change in inventories of finished products and work in progress and raw material supplies – Personnel expenses – Other operating expenses + Share in profit/(loss) for the year from associates accounted for using the equity method.

Calculation of EBITDA for 2020 and 2019

	<u>30.06.2020</u>	<u>30.06.2019</u>
Sales of goods and finished products	771,267	753,204
Income from services rendered	11,596	12,880
Work performed by the Group and capitalised as non-current assets	6,254	6,787
Profit/(loss) from sales of fixed assets	118	(1,115)
Change in inventories of finished products and work in progress and raw material supplies	(370,373)	(363,530)
Personnel expenses	(134,445)	(146,799)
Other operating expenses	(123,321)	(129,072)
Share in profit/(loss) for the year from associates accounted for using the equity method	-	(19)
EBITDA	<u><u>161,096</u></u>	<u><u>132,336</u></u>

27. Main accounting impacts of COVID-19

The emergence of the COVID-19 Coronavirus in China in January 2020, and its global expansion affecting many countries around the world, led to the outbreak being classified as a pandemic by the World Health Organization on 11 March 2020.

The Group has focused on continuously monitoring the crisis in order to minimise the impact, protecting the safety of our workers and providing consistency and support to our customers, as well as guaranteeing sufficient cash flow to enable normal operations.

The situation caused by COVID-19 has caused the Group to interrupt operations between March and May, to differing extents depending on the countries of operation. The necessary safety measures have been implemented and/or work-from-home arrangements where possible, in order to maintain operations, adopting measures such as: call & collect, click & collect, direct delivery and modified and flexible opening hours to minimise the impact on our sales figures.

The group has also been committed to supporting our communities during the crisis by manufacturing components for intensive care ventilators as well as personal protective equipment. In addition, a campaign has been launched to raise awareness, under the slogan “A swimming pool is a safe place”, since properly treated pool water can eliminate the virus. This campaign includes measures and advice on the safe use of both public and private swimming pools.

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In terms of quantitative impacts on sales in February, the Group was growing in double digits compared to the prior year, but due to the COVID-19 crisis, sales slowed down with a slightly above double-digit slump in March and a drop of almost 20% in April, followed by growth in May, particularly in the second half of the month once the re-opening conditions had been re-established to a relatively normal degree. This recovery has gain momentum in June with positive performance in the entire northern hemisphere. The overall big picture at the end of the first half of 2020 is a sales growth figure of +2.4%.

As mentioned in the previous paragraph, the Groups is recovering quickly in areas where the Covid restrictions are being lifted, recording strong, steady demand. Furthermore, recent studies suggest that the Group is experiencing a positive trend due to the cocooning effect of the stay-at-home orders issued because of the pandemic. Therefore, the Group estimates that the busy season this year, although shortened by the extraordinary circumstances, could be favourable.

In the current context of uncertainty, the Company has reviewed the areas where impacts may be felt, from an accounting standards standpoint, in terms of both the six-month closing and the next year end:

- Balance sheet and assessment of the going concern principle.

As the June closing figures indicate, sales performance does not suggest the continuity of the business is at risk, and it is further supported by long-term financing with a bullet repayment in 2025. As a precautionary measure, this financing has been reinforced with an extension of short-term loans and credit facilities amounting to Euros 98.8 million and Euros 25 million (see note 15).

At the end of the six-month period all covenants pertaining to the financing have been comfortably met, both in terms of long-term loans (Term Loan B) and short term (ABL credit facility and revolving credit facility).

Net financial debt (which includes lease liabilities) at the end of the six-month period is Euros 738 million, 13% below the prior year.

All the stress test scenarios assessed have shown the balance sheet to be sound and do not cast any doubt on the continuity of the business.

- Asset impairment (IAS36)

As a result of the impact of COVID-19, although there has been no significant impact in terms of a drop in sales at any CGU, the Group has performed an impairment analysis on all the CGUs on the basis of a worst case scenario exercise for the Operations CGUs; Certikin International; Expansion; SIBO Fluidra Netherlands; Europe and Southern Hemisphere. As a result of this analysis, the Group has concluded that there is no impairment at the end of the six-month period.

In the case of the North America CGU, due to its significance and the lower margin in the sensitivity analysis, impairment has been assessed using different scenarios and weighing up said scenarios with different probabilities.

Note 8 details the key assumptions used for the different CGUs.

- Estimated expected loss in trade accounts receivable

The Group evaluates the expected credit losses associated with the debt instruments recognised at amortised cost on a prospective basis.

For trade receivables, the Group applies the simplified approach under IFRS 9, which requires that losses expected over the life of the item are recognised from the initial recognition of the account receivable.

Due to the uncertain future of the macroeconomic situation in the majority of the markets where the Group operates, an incremental ratio has been applied to the historical rate of impairment. As a result of this increment, the impairment adjustment for trade accounts receivable has gone from 0.3% of sales in the first six months of last year to 0.5% of sales in the first half of this year.

- Other impacts

During the COVID-19 crisis, the measures adopted have included presenting furlough schemes (ERTE) in certain Spanish companies, temporary staff cuts in other regions, rent renegotiations, and other temporary remuneration cuts for management and directors. The Group has also reduced the Travel Expenses,

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Independent Professional Services and Advertising and Publicity captions. These measures have had a joint impact of a reduction of Euros 8 million.

The number of equity instruments to be consolidated in the long-term variable remuneration plan approved on 27 June 2018 has been re-estimated based on the Group's latest EBITDA evolution estimates, amounting to Euros 28,651 thousand at 30 June 2020, recording a positive impact of euros 760 thousand in the income statement.

The Group has assessed other possible impacts due to the current context, in the following areas: Deferred tax assets and tax loss carryforwards (IAS 12), provisions and contingent liabilities (IAS 37) and inventory measurement (IAS 2), concluding that there are not material impacts on the consolidated Interim Financial Statements caused by the current COVID-19 crisis.

28. Subsequent events

On 1 July 2020, Fluidra Commercial France, SAS, a wholly-owned subsidiary indirectly held by Fluidra, S.A., signed a share purchase agreement whereby it has acquired 100% of the share capital of the Belgian company Ayw Concept BV/SRL ("Aquafive").

Aquafive is a company domiciled in Wavre, Belgium, and through its wholly-owned subsidiary Pentagone APCD ("Pentagone"), it is a distributor of swimming pool products, including, inter alia, heaters, dehumidifiers and pool covers, as well as cleaning and pool treatment products. Aquafive has a long-standing relationship with the Fluidra Group and is the exclusive distributor of Zodiac products in the Benelux region (Belgium, the Netherlands and Luxembourg). Aquafive's sales figure in the year ended 31 December 2019 amounted to just over Euros 7 million, with EBITDA in the aforementioned period of approximately Euros 900 thousand.

The agreement signed values Aquafive and its subsidiary Pentagone at approximately Euros 4.8 million, including a deferred payment of Euros 1.5 million. The purchase price of 100% of share capital will be paid as follows: an initial payment made on the date of signing the agreement, for Euros 3.3 million; and, separately, three deferred payments of Euros 0.5 million each have been agreed for the following three years.

This acquisition, that will be integrated into the existing operations of Fluidra in Belgium, will enable the scope of the Group's product portfolio to expand, and provide a better service to the broad customer base.

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In accordance with art. 12 of R.D. 1362/2007 on 30 July 2020 the Board of Directors of Fluidra, S.A. approved for issue the interim condensed consolidated financial statements prepared in accordance with International Financial Reporting Standards as adopted by the European Union (which comprise the interim condensed consolidated statement of financial position, the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity, the interim condensed consolidated cash flow statement and the notes to the interim condensed consolidated financial statements) for the six-month periods ended 30 June 2020 and 2019. In witness whereof, they are hereby signed on this sheet by all the members of the Board of Directors, as well as by the secretary of the Board, Mr. Albert Collado Armengol, on each of the sheets comprising the aforementioned documents for identification purposes.

Mr. Eloy Planes Corts

Mr. Bruce Walker Brooks

Ms. Esther Berrozpe Galindo

Mr. Jorge Valentín Constans Fernández

Mr. Bernardo Corbera Serra

Piumoc Inversions, S.L.U.
Mr. Bernat Garrigós Castro

Mr. Michael Steven Langman

Mr. Gabriel López Escobar

Mr. Sebastien Simon Mazella Di Bosco

Mr. Brian McDonald

Mr. Oscar Serra Duffo

Mr. José Manuel Vargas Gómez

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the corporate name and purpose
of the subsidiaries, associates
and joint ventures directly or indirectly owned

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

Subsidiaries, accounted for using the full consolidation method

- Agrisilos, S.R.L., domiciled in Vescovato (Italy), is mainly engaged in the production, processing, assembly and marketing of plastic products and other materials for use in agricultural and industrial settings, swimming pools, swimming pool equipment and supplies, water treatment products, robotic cleaning devices and membranes for projects in the gas industry and, in general, products and accessories, spare parts, expandable structures and products relating to the wellness market, including maintenance, repair, management and other services relating to the abovementioned activities.
- AO Astral SNG, domiciled in Moscow (Russia), is mainly engaged in the purchase of pool materials for subsequent sale in the Russian market.
- Aqua Products Inc. domiciled in New Jersey (USA), is mainly engaged in the manufacture and distribution of electronic pool cleaners for public and private pools.
- Astral Aquadesign Limited Liability Company, domiciled in Moscow (Russia), is mainly engaged in the distribution, design, installation and project management of fountains and ponds.
- Astral Bazénové Prislusentsvi, S.R.O., domiciled in Praha-Vychod (Czech Republic), is mainly engaged in the marketing of pool accessories.
- Astral India Private, Limited, domiciled Mumbai (India), is mainly engaged in the marketing of pool material.
- Astralpool Cyprus, LTD, domiciled in Limassol (Cyprus), is mainly engaged in the distribution of pool-related products.
- Astralpool Hongkong, CO., Limited, domiciled in Hong Kong (Hong Kong), is mainly engaged in the marketing of pool-related accessories.
- Astralpool (Thailand) Co., Ltd, domiciled in Samuthprakarn (Thailand), is mainly engaged in the marketing of pool-related accessories.
- Astralpool UK Limited., domiciled in Hants (England), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.
- Cepex Mexico, S.A. de C.V., domiciled in Mexico City (Mexico), is mainly engaged in the marketing of fluid handling products.
- Cepex S.A.U., domiciled in Granollers (Barcelona, Spain), is mainly engaged in the manufacture, production and distribution of plastic material by injection system and, in particular, plastic parts for armature.
- Certikin International, Limited, domiciled in Witney Oxon (England), is engaged in the marketing of swimming-pool products.
- Certikin International (Ireland) Limited, domiciled in Dublin (Ireland), is mainly engaged in providing financial advisory services in the acquisition of new shares.
- Certikin Swimming Pool Products India Private Limited, domiciled in Bangalore (India), is mainly engaged in the marketing of swimming-pool products.
- Cover Pools Incorporated, domiciled in West Valley City (USA), is mainly engaged in the manufacture and distribution of automatic pool covers.

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- Fabtronics Australia Pty Ltd, domiciled in Braeside (Australia), is mainly engaged in the design and sale of electronic components.
- Fluidra Adriatic D.O.O., domiciled in Zagreb (Croatia) is mainly engaged in the purchase, sale and distribution of machinery, equipment, materials, products and special equipment for pool and water system maintenance.
- Fluidra Al Urdoun Fz, domiciled in Zarqa Free Zone (Jordan) is mainly engaged in the marketing of pool material.
- Fluidra Assistance, S.A.S., domiciled in Perpignan (France), is mainly engaged in the installation, assembly and implementation of all products and materials relating to pools and water treatment and the provision of post-sales services and the maintenance and installation of these products and materials.
- Fluidra Australia PTY LTD, domiciled in Melbourne (Australia), is mainly engaged in the purchase, sale and distribution of machinery, equipment, products and special equipment for pool and water system maintenance. This company is the parent of the Australia Group and fully owns Hurlcon Staffing Pty Ltd, Hurlcon Investments Pty Ltd, Hurlcon Research Pty Ltd, (dormant), in addition to Astral Pool Australia Pty Ltd.
- Fluidra Balkans JSC, domiciled in Plovdiv (Bulgaria) is mainly engaged in the purchase, sale and distribution of machinery, equipment, materials, products and special equipment for pool and water system maintenance.
- Fluidra Belgique, S.R.L., domiciled in Carcelles (Belgium), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.
- Fluidra BH D.O.O. Bijeljina, domiciled in Bijeljina (Bosnia and Herzegovina) is mainly engaged in the wholesale selling of swimming pool products.
- Fluidra Brasil Indústria e Comércio LTDA, domiciled in Itajaí (Brazil), is mainly engaged in the marketing, import, export and distribution of equipment, products and services for fluid handling, irrigation, swimming-pools and water treatment, as either partner or shareholder in other companies. Rendering of technical assistance services for machines, filters and industrial and electrical and electronic equipment. Rental of machines and industrial and/or electrical and electronic equipment.
- Fluidra Chile, S.A., domiciled in Santiago de Chile (Chile), is mainly engaged in the distribution and marketing of swimming-pool, irrigation and water treatment and purification products.
- Fluidra Colombia, S.A.S., domiciled in Funza (Colombia), is engaged in the purchase and sale, distribution, marketing, import, export of all types of machinery, equipment, components and machinery parts, tools, accessories and products for swimming-pools, irrigation and water treatment and purification in general, built with both metal materials and any type of plastic materials and plastic derivatives.
- Fluidra Comercial España, S.A.U., domiciled in Polinyà (Barcelona, Spain), is engaged in the manufacture, purchase and sale and distribution of all types of machinery, equipment, components and machinery spare parts, tools, accessories and products for swimming-pools, irrigation and water treatment and purification.
- Fluidra Comercial Portugal Unipessoal, Lda., domiciled in São Domingo da Rana (Portugal), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.

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of the subsidiaries, associates
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- Fluidra Commerciale Italia, S.P.A., domiciled in Brescia (Italy), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.
- Fluidra Commerciale France, S.A.S., domiciled in Perpignan (France) is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.
- Fluidra Commercial, S.A.U., domiciled in Sabadell (Barcelona, Spain) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.
- Fluidra Deutschland, GmbH, domiciled in Hirschberg (Germany) is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.
- Fluidra Egypt, Egyptian Limited Liability Company, domiciled in Cairo (Egypt), is mainly engaged in the marketing of swimming-pool accessories.
- Fluidra Engineering Services, S.L.U., domiciled in Sabadell (Barcelona, Spain) is engaged in the rendering of advisory services for group companies.
- Fluidra Export, S.A.U., domiciled in Polinyà (Barcelona, Spain), is engaged in both domestic and foreign marketing of all types of products and goods, mainly in the marketing of pool-related products, basically acquired from related parties.
- Fluidra Finco, S.L.U., domiciled in Sabadell (Barcelona, Spain), is engaged in the manufacture, purchase and sale and distribution of all types of products for swimming-pools, irrigation and water treatment and purification, as well as the marketing of such products both in the domestic market and abroad, and the representation of brands and commercial and industrial enterprises engaged in the manufacture of the aforementioned products. The company is also engaged in investing in all types of business and enterprises, and advising, managing and administering the companies in which it holds an ownership interest
- Fluidra Global Distribution, S.L.U., domiciled in Polinyà (Barcelona, Spain), is engaged in the purchase and sale of all types of swimming-pool products and their distribution to group companies.
- Fluidra Group Australia Pty Ltd (previously Zodiac Group Australia PTY, LTD), domiciled in Smithfield (Australia), is mainly engaged in the manufacture, assembly and distribution of swimming-pool equipment and other ancillary products.
- Fluidra Hellas, domiciled in Aspropyrgos (Greece), is mainly engaged in the distribution of pool-related products.
- Fluidra Holdings Australia Pty Ltd (previously Zodiac Pool Solutions LTY, LTD), domiciled in Smithfield (Australia) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.
- Fluidra Holdings South Africa Pty Ltd, domiciled in Johannesburg (South Africa) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.
- Fluidra India Private Limited, domiciled in Chennai (India), is mainly engaged in the marketing of pool material.

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the corporate name and purpose
of the subsidiaries, associates
and joint ventures directly or indirectly owned

- Fluidra Indonesia PT, domiciled in Jakarta (Indonesia) is engaged in the purchase and sale, import, export, storage, manufacture and, in general, marketing of all types of goods, equipment, components, machinery, accessories and chemical specialities for swimming-pools, irrigation and water treatment.
- Fluidra Industry España, S.A.U., domiciled in Sabadell (Barcelona, Spain) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.
- Fluidra Industry France, S.A.R.L., domiciled in Perpignan (France), is engaged in the manufacture of automatic pool covers.
- Fluidra Industry, S.A.U., domiciled in Sabadell (Barcelona, Spain) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.
- Fluidra JV Youli, S.L.U. domiciled in Sabadell (Barcelona, Spain), is engaged in the administration, management and operation of its interest in the share capital of the Chinese company Fluidra Youli Fluid Systems (Wenzhou) Co., LTD.
- Fluidra Kazakhstan Limited Liability Company, domiciled in Almaty City (Kazakhstan), is engaged in the purchase of swimming-pool material for subsequent sale in the domestic market.
- Fluidra Latam Export LLC, domiciled in Wilmington (US), is mainly engaged in distributing pool materials in the Latin American market.
- Fluidra Magyarország, Kft, domiciled in Budapest (Hungary), is mainly engaged in the marketing and assembly of machinery and accessories for swimming-pools, irrigation and water treatment and purification.
- Fluidra Malaysia SDN.BHD, domiciled in Johor (Malaysia) is mainly engaged in the marketing of swimming-pool material.
- Fluidra Maroc, S.A.R.L., domiciled in Casablanca (Morocco), is engaged in the import, export, manufacture, marketing, sale and distribution of spare parts for swimming-pools, irrigation and water treatment.
- Fluidra México, S.A. DE CV, domiciled in Mexico City (Mexico) is engaged in the purchase and sale, import, export, storage, manufacture and, in general, marketing of all types of goods, equipment, components, machinery, accessories and chemical specialities for swimming-pools, irrigation and water treatment.
- Fluidra Middle East Fze, domiciled in Jebel Ali (Dubai), is engaged in the marketing of equipment for swimming-pools and water treatment, as well as related accessories.
- Fluidra Montenegro DOO domiciled in Podgorica (Montenegro) is mainly engaged in the purchase, sale and distribution of machinery, equipment, materials, accessories, products and special equipment for pool and water system and irrigation maintenance.
- Fluidra (N.Z.) Limited (previously Zodiac Group (N.Z.) Limited, domiciled in North Shore City (New Zealand), is mainly engaged in the distribution and sale of pool material.
- Fluidra Nordic AB, domiciled in Mölndal (Sweden) is mainly engaged in the purchase, sale, import, export of product categories and products directly or indirectly required for the marketing of materials for swimming-pools, water treatment equipment and related activities.

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the corporate name and purpose
of the subsidiaries, associates
and joint ventures directly or indirectly owned

- Fluidra Nordic A/S (formerly Fluidra Danmark A/S), domiciled in Roedekro (Denmark), is engaged in the import of technical components and equipment for all types of water treatment processes.
- Fluidra Österreich GmbH "SSA", domiciled in Salzburg (Austria) is mainly engaged in the marketing of swimming-pool products.
- Fluidra Polska, SP. Z.O.O., domiciled in Wroclaw (Poland) is mainly engaged in the marketing of pool accessories.
- Fluidra Projects USA Inc. domiciled in Wilmington (USA), is engaged in the management, advice and performance of sports, leisure and health centre projects and works, through its own technical, personnel and organisational means or through third-party subcontracting.
- Fluidra Romania S.A., domiciled in Bucharest (Romania) is mainly engaged in the purchase, sale and distribution of machinery, equipment, materials, accessories, products and special equipment for pool and water system and irrigation maintenance.
- Fluidra Serbica, D.O.O. Beograd, domiciled in Belgrade (Serbia) is mainly engaged in the marketing of swimming-pool material.
- Fluidra Services España, S.L.U., domiciled in Granollers (Barcelona, Spain), is mainly engaged in the rendering of administrative services, legal, tax and financial advisory services, staff management and training and computer services.
- Fluidra Services France, S.A.S., domiciled in Perpignan (France), is mainly engaged in the rendering of administrative services, legal, tax and financial advisory services, staff management and training and computer services.
- Fluidra Services Italia, S.R.L., domiciled in Brescia (Italy), is engaged in the rendering of services and real estate activity.
- Fluidra Singapore, PTE LTD, domiciled in Singapore (Singapore), is mainly engaged in the marketing of pool-related accessories.
- Fluidra South Africa (Pty), Ltd, domiciled in Johannesburg (South Africa), is engaged in the manufacture, purchase and sale and distribution of all types of machinery, equipment, components and machinery spare parts, tools, accessories and products for swimming-pools, water treatment and fluid handling.
- Fluidra Switzerland, S.A., domiciled in Bedano (Switzerland) is mainly engaged in the marketing of pool material.
- Fluidra (Thailand) Co., Ltd, domiciled in Samuthprakarn (Thailand), is engaged in the holding and use of equity shares and securities.
- Fluidra Tr Su Ve Havuz Ekipmanlari AS, domiciled in Kartal (Turkey), is engaged in the import of equipment, chemical products and other secondary materials necessary for swimming-pools, and their subsequent distribution.
- Fluidra Tunisie, S.A.R.L., domiciled in El Manar (Tunisia), is mainly engaged in the performance of surveys and providing marketing advisory services.
- Fluidra USA, INC, domiciled in Jacksonville (USA), is engaged in the marketing of pool-related products and accessories.
- Fluidra Vietnam LTD, domiciled in Ho Chi Minh City (Vietnam) is engaged in advising, allocating and installing pool filtering systems and water applications, as well as the import, export and distribution of wholesale and retail products.

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the corporate name and purpose
of the subsidiaries, associates
and joint ventures directly or indirectly owned

- Fluidra Waterlinx Pty, Ltd, domiciled in Johannesburg (South Africa), is mainly engaged in the manufacture and distribution of swimming-pools, equipment and spa and garden accessories.
- I.D. Electroquímica, S.L., domiciled in Alicante (Alicante, Spain), is engaged in the sale of all types of process development machines and electrochemical reactors.
- Industrias Mecánicas Lago, S.A.U., domiciled in Sant Julià de Ramis (Girona, Spain), is engaged in the manufacture and marketing of liquid and fluid transfer pumps, swimming-pools and their accessories.
- Innodrip, S.L.U., domiciled in Sabadell (Barcelona, Spain) is engaged in the rendering of services aimed at the sustainable use of water.
- Inquide, S.A.U., domiciled in Polinyà (Barcelona, Spain), is mainly engaged in the manufacture of chemical products and specialities in general, excluding pharmaceutical products.
- Laghetto France, S.A.R.L., domiciled in Saint-Cannat (France), is mainly engaged in the purchase and sale of sports, leisure and pool materials and equipment and related accessories.
- Manufacturas Gre, S.A.U. (merged with Swimco Corp, S.L.U.), domiciled in Munguia (Vizcaya, Spain), is engaged in the manufacture and marketing of products, accessories and pool-related products.
- Me 2000, S.R.L., domiciled in Brescia (Italy), is engaged in property development and lease.
- Metalast, S.A.U., domiciled in Polinyà (Barcelona, Spain), is engaged in the manufacture of metal articles, boiler works, street furniture and wholesale sale of accessories.
- Ningbo Dongchuan Swimming Pool Equipment Co., LTD, domiciled in Ningbo (China), is engaged in the production and installation of swimming-pool equipment, brushes, plastic and aluminium products, industrial thermometer, water disinfection equipment and water testing equipment. Import and export of technology for own use or as an agent.
- Ningbo Linya Swimming Pool & Water Treatment Equip Co., Ltd., domiciled in Ningbo (China), is engaged in the design, research, development and production of swimming-pool and water disinfection equipment, pumps, dehumidifiers, metal products, plastic products and vitreous coatings.
- Piscine Luxembourg Holdings 3, S.A.R.L. (merged with Zodiac Pool Solutions, S.A.R.L.), domiciled in Luxembourg (Luxembourg) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.
- Piscines Techniques 2000, S.A.S., domiciled in Perpignan (France), is engaged in the sale of spare parts for swimming-pools; the purchase and sale of swimming-pool equipment and used water systems; the sale, distribution, marketing, repair and maintenance of swimming-pool equipment, gardening, irrigation and water treatment; and technical advice to swimming-pool and water professionals.
- Poltank, S.A.U., domiciled in Sant Jaume de Llierca (Girona, Spain), is engaged in the manufacture and marketing of swimming-pools filters by injection, projection and lamination.
- Poolweb, SAS, domiciled in Lyon (France), is engaged in the purchase and sale of equipment used in pools and other businesses related to water and relax, technical assistance to professionals in the field and creation and sale of computer programs related to the above activities.

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the corporate name and purpose
of the subsidiaries, associates
and joint ventures directly or indirectly owned

- Price Chemicals PTY LTD, domiciled in Melbourne (Australia) is engaged in the production and distribution of chemical products for swimming-pools and spas. It imports and locally produces its own brands of renowned chemical products in both the residential and commercial markets.
- Productes Elastomers, S.A., domiciled in Sant Joan Les Fonts (Girona, Spain), is engaged in the manufacture of rubber molded parts, as well as all types of natural and synthetic rubber; the execution and development of techniques for the maintenance of pressure rollers; their repair and trueing; and in general, the production, manufacture and processing of all types of rubber and plastic products.
- Riioot Labs NV/SA, domiciled in Seraing (Belgium), is mainly engaged in the design, development, manufacture, marketing and operation, by any means, including via the granting of patents and licences to third parties, of objects linked to the analysis and treatment of swimming-pool water quality and IT software relating to these objects and any similar, comparable or supplementary product.
- Sacopa, S.A.U., domiciled in Sant Jaume de Llierca (Girona, Spain), is mainly engaged in the processing, marketing and sale of plastic materials, as well as the manufacture, assembly, processing, purchase and sale and distribution of all types of lighting and decoration devices and tools. Foreign and domestic trading activities of all types of goods and products directly and indirectly related to the above products, their purchase and sale and distribution. Representation of domestic and foreign brands and commercial and industrial enterprises engaged in the manufacture of the aforementioned products.
- SET Energietechnik GMBH, domiciled in Hemmingen (Germany), is mainly engaged in the distribution and sale of dehumidifiers and fans.
- SIBO Fluidra Netherlands B.V., domiciled in Veghel (the Netherlands), is engaged in the manufacture and distribution of natural pools and water installations.
- Talleres del Agua, S.L.U., domiciled in Polígono Industrial de Barros, Ayuntamiento de los Corrales de Buelna (Cantabria, Spain), is engaged in the building, sale, installation, air-conditioning and maintenance of swimming-pools, as well as the manufacture, purchase and sale, import and export of all types of swimming-pool tools.
- Tenical Pool Service, S.L., domiciled in Boadilla del Monte (Madrid, Spain) is mainly engaged in rendering, coordinating and organising maintenance, cleaning and repairs services for refrigeration towers, heat pumps, saline chlorinators, pool purification engines and general water treatment equipment; preparing projects and studies for the maintenance, performance and exploration of all kinds of installations and purified and waste water supply, purification, transformation and treatment services; and research and development in these fields.
- Togama, S.A.U., domiciled in Villareal (Castellón, Spain), is engaged in the manufacture of ceramic for electric installations.
- Trace Logistics, S.A.U., domiciled in Maçanet de la Selva (Girona, Spain), is engaged in receiving third-party goods in consignment in its warehouses or premises for their storage, control and distribution to third parties at the request of its depositors; performing storage, loading and unloading duties and other supplementary activities that are necessary for managing the distribution of these goods in accordance with the instructions of the depositors and arranging and managing transport.
- Unistral Recambios, S.A.U., domiciled in Maçanet de la Selva (Girona, Spain), is engaged in the manufacture, purchase and sale and distribution of machinery, accessories, spare parts, parts and products for water treatment and purification in general.

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the corporate name and purpose
of the subsidiaries, associates
and joint ventures directly or indirectly owned

- Trace Logistics North, B.V., domiciled in Veghel (the Netherlands), is engaged in receiving third-party goods in consignment in its warehouses or premises for their storage, control and distribution to third parties at the request of its depositors; performing storage, loading and unloading activities and other supplementary activities that are necessary for managing the distribution of these goods in accordance with the instructions of the depositors and arranging and managing transport.
- Turcat Polyester Sanayi Ve Ticaret A.S., domiciled in Istanbul (Turkey), is engaged in the production, import, export and marketing of products and accessories, purification filters and chemical products.
- U.S. Pool Holdings, Inc, domiciled in Delaware (USA), is engaged in the holding and use of equity shares and securities.
- Veico. Com. Br Indústria e Comércio LTDA, domiciled in Ciudad de Brusque (Brazil), is engaged in the manufacture and marketing of all types of swimming-pool articles and accessories.
- W.I.T. Egypt, Egyptian Limited Liability Company, domiciled in Cairo (Egypt), is mainly engaged in the marketing of swimming-pool accessories.
- Ya Shi Tu Swimming Pool Equipment (Shanghai) Co, Ltd., domiciled in Tower E, Building 18, nº 238, Nandandong Road, Xu Hui District (Shanghai), is mainly engaged in the marketing of swimming-pool products.
- Zodiac International, S.A.S., domiciled in Bron (France) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.
- Zodiac Pool Care Europe, S.A.S., domiciled in Bron (France), is engaged in the distribution and sale of pool-related products and accessories.
- Zodiac Pool Care South Africa (Proprietary) Limited, domiciled in Centurion (South Africa), is engaged in the manufacture, distribution and sale of pool equipment and products and chemical specialities.
- Zodiac Pool Deutschland GMBH., domiciled in Brobstheim (Germany), is engaged in the distribution and sale of pool-related products and accessories.
- Zodiac Pool Solutions, LLC, domiciled in Carlsbad (USA) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.
- Zodiac Pool Solutions, S.A.S., domiciled in Bron (France) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.
- Zodiac Pool Systems Canada, INC, domiciled in Vancouver (Canada), is engaged in the distribution and sale of pool-related products and accessories.
- Zodiac Pool Systems, LLC, domiciled in Carlsbad (USA), is mainly engaged in the manufacture and distribution of several Group brands relating to pool equipment.
- Zodiac Swimming Pool Equipment (Shenzen), Co, Ltd, domiciled in Shenzen (China), is mainly engaged in the rendering of technical services for pool and spa equipment; the distribution, sale, import and export of pool and spa products and elements and post-sales services.

FLUIDRA, S.A.
AND SUBSIDIARIES

Details of the corporate name and purpose
of the subsidiaries, associates
and joint ventures directly or indirectly owned

- ZPES Holdings, S.A.S., domiciled in Bron (France) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.
- ZPNA Holdings, S.A.S., domiciled in Bron (France) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.

Associates consolidated using the equity method

- Astral Nigeria, Ltd., domiciled in Surulere-Lagos (Nigeria), is engaged in the marketing of swimming-pool products.
- OCM Products Limited, domiciled in Wigan (England), is mainly engaged in the production and marketing of swimming-pool filtering products in both the residential and commercial markets.

Fluidra, S.A. and subsidiaries

Subsidiaries
30 June 2020

% Ownership interest	
Direct	Indirect

List of subsidiaries accounted for using the full consolidation method

FLUIRA FINCO, S.L.	100%	
FLUIDRA COMMERCIAL, S.A.U.	100%	
AO ASTRAL SNG	90%	
ASTRAL AQUADESIGN Limited Liability Company	58.50%	
ASTRAL BAZENOVE PRISLUSENTSVI, S.R.O.	100%	
ASTRAL INDIA PRIVATE, LIMITED	100%	
FLUIDRA INDIA PRIVATE LIMITED	100%	
ASTRALPOOL CYPRUS, LTD	90%	
ASTRALPOOL HONGKONG, CO., LIMITED	100%	
FLUIDRA SWITZERLAND, S.A.	100%	
ASTRALPOOL UK LIMITED	100%	
CEPEX MEXICO, S.A. DE C.V.	100%	
CERTIKIN INTERNATIONAL, LIMITED	100%	
CERTIKIN INTERNATIONAL (IRELAND) LIMITED	100%	
CERTIKIN SWIMMING POOL PRODUCTS INDIA PRIVATE LIMITED	100%	
FLUIDRA ADRIATIC D.O.O.	100%	
FLUIDRA BALKANS JSC	61.16%	
FLUIDRA BRASIL INDÚSTRIA E COMÉRCIO LTDA	100%	
VEICO. COM. BR INDÚSTRIA E COMÉRCIO LTDA	100%	
FLUIDRA CHILE, S.A.	100%	
FLUIDRA COLOMBIA, S.A.S	100%	
FLUIDRA COMERCIAL ESPAÑA, S.A.U.	100%	
TECNICAL POOL SERVICE, S.L.	67.5%	
FLUIDRA NORDIC A/S	100%	(Formerly Fluidra Danmark A/S)
FLUIDRA DEUTSCHLAND GmbH	100%	
FLUIDRA EGYPT, Egyptian Limited Liability Company	90%	
W.I.T. EGYPT, Egyptian Limited Liability Company	89.99%	
FLUIDRA ENGINEERING SERVICES, S.L.U.	100%	
FLUIDRA EXPORT, S.A.U.	100%	
FLUIDRA GLOBAL DISTRIBUTION, S.L.U.	100%	
FLUIDRA HELLAS, S.A.	86.96%	
FLUIDRA HOLDINGS SOUTH AFRICA PTY LTD	100%	
ZODIAC POOL CARE SOUTH AFRICA (PROPRIETARY) LIMITED	100%	
FLUIDRA WATERLINX PTY, LTD	100%	
FLUIDRA INDONESIA PT.	100%	
FLUIDRA JV YOULI, S.L.U.	100%	
FLUIDRA KAZAKHSTAN Limited Liability Company	51%	
FLUIDRA MAGYARORSZÁG Kft.	95%	
FLUIDRA MALAYSIA SDN.BHD.	100%	
FLUIDRA MAROC, S.A.R.L.	90%	
FLUIDRA MEXICO, S.A. DE C.V.	100%	
FLUIDRA MIDDLE EAST FZE	100%	
FLUIDRA AL URDOUN FZ	70%	
FLUIDRA MONTENEGRO DOO	60%	
FLUIDRA ÖSTERREICH GmbH "SSA"	98.5%	
FLUIDRA POLSKA, SP. Z.O.O.	100%	

Fluidra, S.A. and subsidiaries

Subsidiaries
30 June 2020

FLUIDRA COMERCIAL PORTUGAL UNIPessoal, LDA.	100%
FLUIDRA ROMANIA S.A.	66.66%
FLUIDRA SERBICA, D.O.O. BEOGRAD	60%
FLUIDRA SERVICES ITALIA, S.R.L.	100%
FLUIDRA COMMERCIALE ITALIA, S.P.A.	100%
AGRISILOS, S.R.L.	90% (3) - 100%
LAGHETTO FRANCE, S.A.R.L.	90% (3) - 100%
FLUIDRA SINGAPORE, PTE LTD	100%
FLUIDRA SOUTH AFRICA (PTY) LTD	100%
FLUIDRA NORDIC AB	100%
FLUIDRA (THAILAND) CO, LTD	100%
ASTRALPOOL (THAILAND) CO., LTD	99%
FLUIDRA TR SU VE HAVUZ EKIPMANLARI AS	51%
TURCAT POLYESTER SANAYI VE TICARET A.S.	75.50%
FLUIDRA VIETNAM LTD	100%
RIIOT LABS NV/SA	90% (3) - 100%
SIBO FLUIDRA NETHERLANDS B.V.	70% (3) - 100%
YA SHI TU SWIMMING POOL EQUIPMENT (SHANGHAI) Co, Ltd	100%
ZODIAC POOL DEUTSCHLAND GMBH	100%
SET ENERGIETECHNICK GMBH	100%
FLUIDRA HOLDINGS AUSTRALIA PTY LTD	100% Previously Zodiac Pool Solutions Pty Ltd
FLUIDRA GROUP AUSTRALIA PTY LTD	100% Previously Zodiac Group Australia Pty Ltd
FLUIDRA (N.Z.) LIMITED	100% Previously Zodiac Group (N.Z.) Limited
FABTRONICS AUSTRALIA PTY LTD	80% (5) / (3) - 100%
FLUIDRA AUSTRALIA PTY LTD	100% (2)
PRICE CHEMICALS PTY LTD	100%
FLUIDRA TUNISIE, SARL	100%
FLUIDRA BH D.O.O. BIJELJINA	60%
UNISTRAL RECAMBIO, S.A.U.	100%
FLUIDRA INDUSTRY ESPAÑA, S.A.U.	100%
CEPEX S.A.U.	100%
METALAST, S.A.U.	100%
NINGBO LINYA SWIMMING POOL & WATER TREATMENT EQUIP. CO., LTD	100%
POLTANK, S.A.U.	100%
SACOPA, S.A.U.	100%
I.D. ELECTROQUÍMICA, S.L.	100%
FLUIDRA INDUSTRY S.A.U.	100%
INDUSTRIAS MECANICAS LAGO, S.A.U.	100%
INQUIDE, S.A.U.	100%
NINGBO DONGCHUAN SWIMMING POOL EQUIPMENT CO., LTD	70%
PRODUCTES ELASTOMERS, S.A.	70%
TALLERES DEL AGUA, S.L.U.	100%
TOGAMA, S.A.U.	100%
U.S. POOL HOLDINGS, INC	100%
AQUA PRODUCTS INC	100%
FLUIDRA USA, INC	100%
FLUIDRA PROJECTS USA, INC	100%
MANUFACTURAS GRE, S.A.U.	100%
ME 2000, S.R.L.	100%

Fluidra, S.A. and subsidiaries

Subsidiaries
30 June 2020

TRACE LOGISTICS, S.A.U.	100%	
TRACE LOGISTICS NORTH BV	100%	(4)
FLUIDRA SERVICES ESPAÑA, S.L.U.	100%	
INNODRIP, S.L.U	100%	
PISCINE LUXEMBOURG HOLDINGS 3, S.A.R.L.	100%	Merged with Zodiac Pool Solutions, S.A.R.L.
ZPNA HOLDINGS SAS	100%	
ZODIAC POOL SOLUTIONS LLC	100%	
ZODIAC POOL SYSTEMS CANADA INC	100%	
ZODIAC POOL SYSTEMS LLC	100%	
COVER POOLS INCORPORATED	100%	
FLUIDRA LATAM EXPORT LLC	100%	
ZPES HOLDINGS SAS	100%	
ZODIAC POOL SOLUTIONS SAS	100%	
ZODIAC POOL CARE EUROPE SAS	100%	
ZODIAC SWIMMING POOL EQUIPMENT(SHENZEN) CO, LTD	100%	
ZODIAC INTERNATIONAL SAS	100%	
FLUIDRA SERVICES FRANCE, S.A.S.	100%	
FLUIDRA COMMERCIAL FRANCE, S.A.S.	100%	
FLUIDRA ASSISTANCE, S.A.S.	100%	
FLUIDRA BELGIQUE, S.R.L.	100%	
POOLWEB S.A.S.	100%	
FLUIDRA INDUSTRY FRANCE, S.A.R.L.	100%	
PISCINES TECHNIQUES 2000, S.A.S.	100%	

List of associates consolidated using the equity method

ASTRAL NIGERIA, LTD.	25%	(1)
OCM PRODUCTS LIMITED	50%	(1)

List of companies consolidated at cost

DISCOVERPOOLS COM, INC.	11%	(1)
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(1) Companies belonging to the Fluidra Commercial, S.A. and subsidiaries subgroup.

(2) Fluidra Australia Pty Ltd is a group of companies in which the parent fully owns the share capital of Astral Pool Holdings Pty Ltd, Hurlcon Staffing Pty Ltd, Hurlcon Investments Pty Ltd, Hurlcon Research Pty Ltd, and Hendy Manufacturing Pty Ltd.

(3) Companies that have been fully integrated in the consolidated annual accounts and the carrying value of their non-controlling interest has no longer been recognised.

(4) Newly-incorporated companies during the six-month period ended 30 June 2020.

(5) Companies acquired during the six-month period ended 30 June 2020.

(6) During the six-month period ended 30 June 2020, the Group has wound up the companies Loitech (Ningbo) Heating Equipment Co, Ltd and La Tienda Swimming Pool Maintenance LLC.

Fluidra S.A. and subsidiaries

Details of segment results
for the six-month period ended 30 June 2020
(Expressed in thousands of euros)

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

	ESA	NORTH AMERICA	OPERATIONS	Shared services	Adjustments & eliminations	Total consolidated figures
	30.06.2020	30.06.2020	30.06.2020	30.06.2020	30.06.2020	30.06.2020
Sales to third parties	509,016	220,043	42,148	60	-	771,267
Sales to third parties in USA	1,545	206,966	6,767	-	-	215,278
Sales to third parties in Spain	84,080	31	16,104	32	-	100,247
Sales to third parties in France	112,649	-	3,305	-	-	115,954
Inter-segment sales	88,047	10,366	264,736	-	(363,149)	-
Segment sales of goods and finished products	597,063	230,409	306,884	60	(363,149)	771,267
COGS	(400,626)	(112,253)	(211,210)	-	353,716	(370,373)
Gross profit	196,437	118,156	95,674	60	(9,433)	400,894
OPEX	(110,482)	(62,611)	(47,535)	(15,303)	296	(235,635)
Adjustments due to impairment of receivables	(4,145)	(4)	(37)	23	-	(4,163)
Amortisation and depreciation expenses and impairment losses	(12,858)	(6,272)	(7,283)	(3,788)	(29,675)	(59,876)
Operating profit/(loss) from reporting segments	68,952	49,269	40,819	(19,008)	(38,812)	101,220
Share in profit/(loss) of associates	-	-	-	-	-	-
EBITDA	81,810	55,541	48,102	(15,220)	(9,137)	161,096

OPEX = Employee benefit expense + Other operating costs — Income from the rendering of services — Work performed by the Group and capitalised as non-current assets — Profit/(loss) from sales of fixed assets — Adjustments due to impairment of receivables

COGS = Changes in inventories of finished goods and work in progress and raw material supplies

Fluidra S.A. and subsidiaries

Details of segment results
for the six-month period ended 30 June 2019
(Expressed in thousands of euros)

	ESA	NORTH AMERICA	OPERATIONS	Shared services	Adjustments & eliminations	Total consolidated figures
	30.06.2019	30.06.2019	30.06.2019	30.06.2019	30.06.2019	30.06.2019
Sales to third parties	515,321	193,518	44,318	47	-	753,204
Sales to third parties in USA	6,430	180,352	4,936	-	-	191,718
Sales to third parties in Spain	90,151	3	19,358	22	-	109,534
Sales to third parties in France	110,890	-	7,154	-	-	118,044
Inter-segment sales	49,730	8,341	239,229	-	(297,300)	-
Segment sales of goods and finished products	565,051	201,859	283,547	47	(297,300)	753,204
COGS	(369,408)	(102,458)	(187,608)	(1)	295,945	(363,530)
Gross profit	<u>195,643</u>	<u>99,401</u>	<u>95,939</u>	<u>46</u>	<u>(1,355)</u>	<u>389,674</u>
OPEX	(129,935)	(71,644)	(53,835)	(2,198)	2,578	(255,034)
Adjustments due to impairment of receivables	(1,915)	19	(109)	(200)	(80)	(2,285)
Amortisation and depreciation expenses and impairment losses	(12,862)	(7,623)	(7,069)	(4,017)	(30,264)	(61,835)
Operating profit/(loss) from reporting segments	<u>50,931</u>	<u>20,153</u>	<u>34,926</u>	<u>(6,369)</u>	<u>(29,121)</u>	<u>70,520</u>
Share in profit/(loss) of associates	-	-	-	-	(19)	(19)
EBITDA	<u>63,793</u>	<u>27,776</u>	<u>41,995</u>	<u>(2,352)</u>	<u>1,124</u>	<u>132,336</u>

OPEX = Employee benefit expense + Other operating costs — Income from the rendering of services — Work performed by the Group and capitalised as non-current assets — Profit/(loss) from sales of fixed assets — Adjustments due to impairment of receivables

COGS = Changes in inventories of finished goods and work in progress and raw material supplies

Fluidra S.A. and subsidiaries

Details of segment assets and liabilities
for the six-month period ended 30 June 2020
(Expressed in thousands of euros)

	<u>ESA</u>	<u>NORTH AMERICA</u>	<u>OPERATIONS</u>	<u>Shared services</u>	<u>Adjustments and Eliminations</u>	<u>Total consolidated figures</u>
	<u>30.06.2020</u>	<u>30.06.2020</u>	<u>30.06.2020</u>	<u>30.06.2020</u>	<u>30.06.2020</u>	<u>30.06.2020</u>
NON-CURRENT ASSETS						
Property, plant, and equipment	30,167	21,219	53,712	10,374	1,497	116,969
Property, plant and equipment in Spain	5,324	-	51,248	10,026	617	67,215
	<u>296,536</u>	<u>43,011</u>	<u>49,267</u>	<u>(5,698)</u>	<u>(41,128)</u>	<u>341,988</u>
NWC						
Inventories	144,516	62,445	96,359	-	(29,548)	273,772
Trade and other receivables	275,190	89,170	23,330	7,577	(1,876)	393,391
Trade and other payables	123,170	108,604	70,422	13,275	9,704	325,175

NWC = Inventories + Trade and other receivables – Trade and other payables

Fluidra S.A. and subsidiaries

Details of segment assets and liabilities
for the six-month period ended 30 June 2019
(Expressed in thousands of euros)

	ESA	NORTH AMERICA	OPERATIONS	Shared services	Adjustments and Eliminations	Total consolidated figures
	30.06.2019	30.06.2019	30.06.2019	30.06.2019	30.06.2019	30.06.2019
NON-CURRENT ASSETS						
Property, plant, and equipment	33,081	19,073	53,383	11,006	(6,959)	109,584
Property, plant and equipment in Spain	5,363	-	50,919	10,458	-	66,740
NWC	315,574	58,893	39,030	(3,852)	(19,159)	390,286
Inventories	160,287	75,002	95,005	-	(23,066)	307,228
Trade and other receivables	284,826	81,315	28,349	23,638	(2,942)	415,186
Trade and other payables	129,539	97,624	84,324	27,490	(6,849)	332,128

NWC = Inventories + Trade and other receivables – Trade and other payables

Fluidra, S.A. and Subsidiaries
Interim Consolidated Directors' Report

30 June 2020

(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

General business outlook

The Fluidra Group's turnover at the June 2020 close amounts to Euros 771.3 million, which reflects a 2.4% increase in comparison with the prior year (+2.8% at a constant exchange rate).

In terms of sales performance by geographical area, mention should be given to growth on the US market, at a rate of 10.7%, and Europe, with a growth rate of 17.4%, particularly driven by the German and Eastern European markets. The Southern European market has recorded an evolution of -5.6%, not fully recovering during the period due to the impact of the total closure of these markets due to the COVID-19 crisis, and the rest of the world recorded -10.6%, also due to the impact of COVID-19, largely in the Australian market.

In the progress of sales by business unit, the positive performance of the Pool&Wellness unit stands out (+3.2%), driven by positive performance in Residential Pools (+6.3%), stable performance in pool water treatment (-1.9%) and a drop of 11.7% in the commercial pools segment. The rest of the non-core families (Irrigation, Industrial and Others) registered a drop of 19.5%.

EBITDA was up by Euros 28.8 million, increasing from Euros 132.3 million last year to Euros 161.1 million this year.

The gross margin has remained stable with a slight increase from 51.7% in the prior year to 52.0% this year, mainly due to the price increases and cost initiatives that compensate for the negative mix effect.

Net operating expenses (personnel expenses, other operating costs net of income from the rendering of services, work performed by the Group and capitalised as non-current assets, profit/(loss) from sales of fixed assets and before impairment adjustments in accounts receivable) show a reduction of 7.6% with respect to the prior year, with a drop in personnel expenses of 8.4% caused by the temporary lay-offs and adjustments made to minimise the impact of the sales drop due to the temporary COVID-19 closures in certain markets (see Note 27). It should be noted that, in the first half of 2019, operating expenses were impacted by approximately Euros 8.9 million in expenses associated with obtaining synergies.

The evolution of the impairment adjustments in accounts receivable, with an increase of Euros 1.9 million, up from 0.3% of sales to 0.5% of sales mainly due to the possible impairment of the macroeconomic situation on the different markets where the Group operates.

In the depreciation and amortisation expenses and impairment losses line, there has been a decrease from Euros 61.8 million to Euros 59.9 million, mainly as a result of the amortisation of intangible assets from the acquisition of Zodiac.

The finance cost has gone from Euros -25.8 million in 2019 to Euros -21.0 million in 2020, mainly due to the voluntary repayment of the Euro and USD tranches of long-term loans carried out on 28 January 2020 (see Note 15).

Net profit/(loss) attributed to the Parent has increased from Euros 28.7 million to Euros 54.9 million, mainly due to the improvement in operating profits. In terms of percentage, that is from 3.82% to 7.12%.

With regard to the Group's consolidated balance sheet, there has been a notable drop of Euros 48.3 million in net working capital, despite the increase in sales. Inventories show a very positive evolution with a decrease of 10.9%; trade and other receivables show a reduction of 5.3%; and there has been a less severe drop in trade and other accounts payable, by 2.1%. Evolution with respect to the previous year end amounts to an increase of Euros 59.3 million due to the seasonal nature of the business.

Investments in property, plant and equipment and other intangible assets have decreased by Euros 7 million, reaching a figure of Euros 16.2 million in 2020, due to the containment of investments to strengthen the Group's balance sheet and tackle the possible effects of COVID-19.

Net Financial Debt (which includes lease liabilities) has dropped from Euros 847.9 million to Euros 738.0 million due to cash generation in the last 12 months. The variation in Net Financial Debt with respect to December 2019 has been a drop of Euros 18.8 million, caused by favourable profit performance, less investments and the aforementioned lower net working capital investment.

Fluidra, S.A. and Subsidiaries
Interim Consolidated Directors' Report
30 June 2020

Staff turnover has seen a reduction of 14 people with respect to the corresponding prior year period. The average headcount at 30 June 2020 is 5,537 people, with 66.9% male staff and 33.1% female staff.

As for the environment, Fluidra has kept its commitment to optimise the natural resources that it uses in production processes and to promote alternative energies. Additionally, one of the main focuses of R&D projects is the responsible use of water.

A breakdown of information on related-party transactions can be found in note 24 Related-party balances and transactions within the half-yearly financial report.

**LIABILITY STATEMENT OF COMPANY DIRECTORS FOR THE PURPOSES ENVISAGED UNDER
ARTICLE 11.B OF SPANISH ROYAL DECREE 1362/2007 OF 19 OCTOBER (REAL DECRETO 1362/2007)**

The members of the Board of Directors of Fluidra, S.A. (the “**Company**”), at the meeting of the Board of Directors held on 30 July 2020, state that, to the best of their knowledge, the condensed consolidated financial statements corresponding to the first half of 2020, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and of the companies that fall within the consolidated group taken as a whole, and that the interim management report includes a fair review of the information required.

In Sabadell, 30 July 2020

Mr. Eloy Planes Corts

Mr. Bruce Walker Brooks

Ms Esther Berrozpe Galindo

Mr. Jorge Valentín Constans Fernández

Mr. Bernardo Corbera Serra

Piumoc Inversions, S.L.U.
Mr. Bernat Garrigós Castro

Mr. Michael Steven Langman

Mr. Gabriel López Escobar

Mr. Sebastien Simon Mazella Di Bosco

Mr. Brian McDonald

Mr. Oscar Serra Duffo

Mr. José Manuel Vargas Gómez