

**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 2019**

(Free translation from the original 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.  
at therequest of the Management

### 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, 2019, 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, 2019 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 its Subsidiaries

consolidated financial statements for the year ended December 31, 2018. 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, 2019 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, 2019. 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 its 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, 2019

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

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

- **Consolidated Financial Statements**
  - Consolidated Statements of Financial Position
  - Consolidated Income Statements
  - Consolidated Statements of Comprehensive Income
  - Consolidated Statements of Changes in Equity
  - Consolidated Cash Flow Statements
  
- **Notes**
  1. Nature, principal activities and companies comprising the Group
  2. Basis of presentation
  3. Relevant accounting principles applied
  4. Segment information
  5. Seasonal transactions
  6. Business combinations and sales of Group companies
  7. Property, plant and equipment and Other intangible assets
  8. Goodwill
  9. Current and non-current financial assets
  10. Derivative financial instruments
  11. Non-current assets held for sale and liabilities relating to non-current assets held for sale and discontinued operations
  12. Equity
  13. Earnings per share
  14. Provisions
  15. Bank borrowings and Other marketable securities
  16. Risk management policy
  17. Changes in inventories of finished goods and work in progress and raw materials consumables
  18. Sales of goods and finished products
  19. Income from the rendering of services
  20. Employee benefits expense
  21. Other operating expenses
  22. Finance income and cost
  23. Deferred taxes and Income tax
  24. Related party balances and transactions
  25. Other commitments and contingencies
  26. EBITDA
  27. Subsequent events
  
- **Consolidated Directors' Report**
  
- **Appendices**
  - APPENDIX I           Details of the corporate name and purpose of the subsidiaries, associates and joint ventures directly or indirectly owned
  
  - APPENDIX II         Details of segment results  
Details of segment assets and liabilities

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Statements of Financial Position  
30 June 2019 and 2018 and 31 December 2018  
(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>30/06/2019</u><br>(Limit. Rev.) | <u>30/06/2018</u><br>(Limit. Rev.) | <u>31/12/2018</u><br>(Audited) |
|--|--------------|------------------------------------|------------------------------------|--------------------------------|
| Property, plant, and equipment                         | 7            | 109,584                            | 94,789                             | 116,222                        |
| Investment property                                    |              | 3,204                              | 3,259                              | 3,220                          |
| Goodwill   | 8            | 1,093,978                          | 177,990                            | 1,093,689                      |
| Other intangible assets                                | 7            | 761,337                            | 28,916                             | 787,325                        |
| Right of use assets                                    | 7            | 109,281                            | -                                  | -                              |
| Investments accounted for using the equity method      |              | 8                                  | 26                                 | 28                             |
| Non-current financial assets                           | 9            | 6,865                              | 4,417                              | 6,709                          |
| Other receivables                                      |              | 5,754                              | 3,333                              | 2,383                          |
| Deferred tax assets                                    |              | 83,862                             | 17,723                             | 85,020                         |
| Total non-current assets                               |              | 2,173,873                          | 330,453                            | 2,094,596                      |
| Non-current assets held for sale                       | 11           | -                                  | 37,190                             | 43,869                         |
| Inventories  |              | 307,228                            | 194,549                            | 253,330                        |
| Trade and other receivables                            |              | 415,186                            | 270,098                            | 312,070                        |
| Other current financial assets                         | 9            | 8,457                              | 4,579                              | 4,922                          |
| Derivative financial instruments                       | 10           | 306                                | 2,378                              | 356                            |
| Cash and cash equivalents                              |              | 183,687                            | 52,603                             | 170,061                        |
| Total current assets                                   |              | 914,864                            | 561,397                            | 784,608                        |
| TOTAL ASSETS   |              | <u>3,088,737</u>                   | <u>891,850</u>                     | <u>2,879,204</u>               |
| <u>Equity</u>  |              |                                    |                                    |                                |
| Capital  |              | 195,629                            | 112,629                            | 195,629                        |
| Share premium  |              | 1,148,591                          | 92,831                             | 1,148,591                      |
| Retained earnings and other reserves                   |              | 129,536                            | 169,280                            | 107,259                        |
| Treasury shares  |              | ( 10,411 )                         | ( 8,035 )                          | ( 13,690 )                     |
| Other comprehensive income                             |              | ( 16,285 )                         | ( 1,868 )                          | ( 5,282 )                      |
| Equity attributable to equity holders of the parent    | 12           | 1,447,060                          | 364,837                            | 1,432,507                      |
| Non-controlling interests                              |              | 7,371                              | 9,585                              | 8,214                          |
| Total equity   |              | <u>1,454,431</u>                   | <u>374,422</u>                     | <u>1,440,721</u>               |
| <u>Liabilities</u>                                     |              |                                    |                                    |                                |
| Bank borrowings and other marketable securities        | 15           | 854,677                            | 4,393                              | 856,454                        |
| Lease liabilities                                      |              | 85,280                             | -                                  | -                              |
| Derivative financial instruments                       | 10           | 16,517                             | -                                  | 7,870                          |
| Deferred tax liabilities                               |              | 193,126                            | 19,680                             | 199,266                        |
| Provisions   | 14           | 15,550                             | 11,551                             | 18,786                         |
| Government grants                                      |              | 310                                | 400                                | 352                            |
| Other non-current liabilities                          |              | 19,177                             | 25,151                             | 26,469                         |
| Total non-current liabilities                          |              | 1,184,637                          | 61,175                             | 1,109,197                      |
| Liabilities linked to non-current assets held for sale | 11           | -                                  | 7,662                              | 5,818                          |
| Bank borrowings and other marketable securities        | 15           | 68,264                             | 266,376                            | 51,593                         |
| Lease liabilities                                      |              | 22,418                             | -                                  | -                              |
| Trade and other payables                               |              | 332,128                            | 176,901                            | 247,736                        |
| Provisions   | 14           | 26,841                             | 5,295                              | 24,111                         |
| Derivative financial instruments                       | 10           | 18                                 | 19                                 | 28                             |
| Total current liabilities                              |              | 449,669                            | 456,253                            | 329,286                        |
| TOTAL EQUITY AND LIABILITIES                           |              | <u>3,088,737</u>                   | <u>891,850</u>                     | <u>2,879,204</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 2019 prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Income Statements for the six-month periods ended  
30 June 2019 and 2018 and the year ended 31 December 2018

(Expressed in thousands of euros)

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

|  | Notes | 30/06/2019<br>(Limit. Rev.) | 30/06/2018<br>(Limit. Rev.) | 31/12/2018<br>(Audited) |
|--|-------|-----------------------------|-----------------------------|-------------------------|
| <b>Operating income</b>  |       |                             |                             |                         |
| Sales of goods and finished products   | 18    | 753,204                     | 450,339                     | 1,029,641               |
| Income from the rendering of services  | 19    | 12,880                      | 9,251                       | 18,184                  |
| Work performed by the Group and capitalised as non-current assets                                |       | 6,787                       | 2,082                       | 7,854                   |
| Total operating income   |       | 772,871                     | 461,672                     | 1,055,679               |
| <b>Operating expenses</b>  |       |                             |                             |                         |
| Change in inventories of finished products and work in progress and raw materials consumables    | 17    | ( 363,530 )                 | ( 222,814 )                 | ( 538,250 )             |
| Employee benefits expense  | 20    | ( 146,799 )                 | ( 87,720 )                  | ( 222,952 )             |
| Amortisation and depreciation expenses and impairment losses                                     |       | ( 61,835 )                  | ( 15,910 )                  | ( 66,727 )              |
| Other operating expenses   | 21    | ( 129,072 )                 | ( 86,952 )                  | ( 229,585 )             |
| Total operating expenses   |       | ( 701,236 )                 | ( 413,396 )                 | ( 1,057,514 )           |
| <b>Other gains and losses</b>  |       |                             |                             |                         |
| Profit/(loss) from sales of fixed assets   | 6     | ( 1,115 )                   | ( 42 )                      | 406                     |
| Total other gains and losses   |       | ( 1,115 )                   | ( 42 )                      | 406                     |
| Operating profit   |       | 70,520                      | 48,234                      | ( 1,429 )               |
| <b>Finance income / cost</b>   |       |                             |                             |                         |
| Finance income   |       | 996                         | 3,936                       | 1,951                   |
| Finance cost   |       | ( 23,694 )                  | ( 5,689 )                   | ( 28,111 )              |
| Right of use finance cost  |       | ( 2,324 )                   | -                           | -                       |
| Exchange gains/(losses)  |       | ( 757 )                     | ( 2,728 )                   | ( 1,436 )               |
| Net finance income/(cost)  | 22    | ( 25,779 )                  | ( 4,481 )                   | ( 27,596 )              |
| <b>Share of profit/(loss) for the year<br/>of entities accounted for using the equity method</b> |       |                             |                             |                         |
|  |       | (19)                        | 42                          | 64                      |
| Profit/(loss) before tax from continuing operations  |       | 44,722                      | 43,795                      | ( 28,961 )              |
| <b>Income tax expense</b>  |       |                             |                             |                         |
|  | 23    | ( 13,221 )                  | ( 12,967 )                  | ( 3,856 )               |
| Profit/(loss) after tax from continuing operations   |       | 31,501                      | 30,828                      | ( 32,817 )              |
| Profit/(loss) after tax from discontinued operations   | 11    | ( 114 )                     | 2,654                       | 895                     |
| Consolidated profit/(loss) after tax   |       | 31,387                      | 33,482                      | ( 31,922 )              |
| Profit/(loss) attributable to non-controlling interests  |       | 2,724                       | 1,295                       | 2,000                   |
| Profit/(loss) attributable to equity holders of the parent                                       |       | 28,663                      | 32,187                      | ( 33,922 )              |
| From continuing operations   |       | 28,777                      | 29,533                      | ( 34,817 )              |
| From discontinued operations   |       | ( 114 )                     | 2,654                       | 895                     |
| EBITDA   | 26    | 132,336                     | 64,186                      | 65,362                  |
| <b>Basic and diluted earnings per share from continuing operations (euros)</b>                   |       |                             |                             |                         |
|  | 13    | 0.14794                     | 0.26612                     | ( 0.22859 )             |
| Basic and diluted earnings per share (euros)   | 13    | 0.14736                     | 0.29004                     | ( 0.22271 )             |

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 2019 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Statements of Comprehensive Income  
for the six-month periods ended 30 June 2019 and 2018  
and the year ended 31 December 2018

(Expressed in thousands of euros)

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

|  | <u>30/06/2019</u> | <u>30/06/2018</u> | <u>31/12/2018</u> |
|--|-------------------|-------------------|-------------------|
| Profit / (loss) for the period                                     | 31,387            | 33,482            | ( 31,922 )        |
| 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   | ( 8,661 )         | 1,086             | ( 6,790 )         |
| Actuarial gains and losses   | -                 | 50                | 11                |
| Exchange differences on translation of foreign operations          | ( 3,799 )         | ( 1,552 )         | 971               |
| Tax effect   | 1,543             | ( 271 )           | 1,567             |
| Other comprehensive income for the year, net of tax                | <u>( 10,917 )</u> | <u>( 687 )</u>    | <u>( 4,241 )</u>  |
| Total comprehensive income for the year                            | <u>20,470</u>     | <u>32,795</u>     | <u>( 36,163 )</u> |
| Total comprehensive income attributable to:                        |                   |                   |                   |
| equity holders of the parent                                       | 17,660            | 31,386            | ( 38,137 )        |
| From continuing operations   | 16,887            | 29,442            | ( 38,060 )        |
| From discontinued operations                                       | 773               | 1,944             | ( 77 )            |
| Non-controlling interests  | 2,810             | 1,409             | 1,974             |
|  | <u>20,470</u>     | <u>32,795</u>     | <u>( 36,163 )</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 2019 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Statements 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

|   | Capital        | Share premium    | Legal reserve | Accumulated gains | Treasury shares | Other comprehensive income       |                 | Total            | Non-controlling interests | Total equity     |
|---|----------------|------------------|---------------|-------------------|-----------------|----------------------------------|-----------------|------------------|---------------------------|------------------|
|   |                |                  |               |                   |                 | Currency translation 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 2019 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Statements of Changes in Equity  
for the six-month period ended 30 June 2018

(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   |
|---|----------------|---------------|---------------|-------------------|------------------|----------------------------------|---------------|----------------|---------------------------|----------------|
|   |                |               |               |                   |                  | Currency translation differences | Other         |                |                           |                |
| Balance at 1 January 2018               | 112,629        | 92,831        | 15,642        | 120,503           | ( 6,888 )        | ( 125 )                          | ( 942 )       | 333,650        | 10,034                    | 343,684        |
| Total comprehensive income for the year | -              | -             | -             | 32,187            | -                | ( 1,665 )                        | 864           | 31,386         | 1,409                     | 32,795         |
| Inclusion of entities                   | -              | -             | -             | -                 | -                | -                                | -             | -              | -                         | -              |
| Change in ownership interest            | -              | -             | -             | ( 501 )           | -                | -                                | -             | ( 501 )        | ( 186 )                   | ( 687 )        |
| Treasury shares                         | -              | -             | -             | 886               | ( 1,147 )        | -                                | -             | ( 261 )        | -                         | ( 261 )        |
| Equity-based payments                   | -              | -             | -             | 613               | -                | -                                | -             | 613            | -                         | 613            |
| Other                                   | -              | -             | 2,499         | ( 2,549 )         | -                | -                                | -             | ( 50 )         | -                         | ( 50 )         |
| Dividends                               | -              | -             | -             | -                 | -                | -                                | -             | -              | ( 1,672 )                 | ( 1,672 )      |
| Balance at 30 June 2018                 | <u>112,629</u> | <u>92,831</u> | <u>18,141</u> | <u>151,139</u>    | <u>( 8,035 )</u> | <u>( 1,790 )</u>                 | <u>( 78 )</u> | <u>364,837</u> | <u>9,585</u>              | <u>374,422</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 2019 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Statements of Cash Flows  
for the six-month periods ended June 30, 2019 and 2018  
(Expressed in thousands of euros)

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

|   | Note | 2019           | 2018              |
|---|------|----------------|-------------------|
| <u>Cash flows from operating activities</u>   |      |                |                   |
| Profit for the year before tax  |      | 44.608         | 46.481            |
| <i>Adjustments for:</i>   |      |                |                   |
| Amortization and depreciation   |      | 61.835         | 15.903            |
| Provision for bad debts   |      | 2.285          | 1.363             |
| Provision for / (reversal of) impairment losses on assets   |      | -              | 1.073             |
| Provision for / (reversal of) impairment losses on financial assets                               |      | 79             | 174               |
| Provision for / (reversal of) losses on risks and expenses  |      | 726            | 1.292             |
| Provision for / (reversal of) losses on inventories   |      | 2.874          | 449               |
| Income from financial assets  | 22   | ( 778 )        | ( 469 )           |
| Financial expenses  | 22   | 25.682         | 5.440             |
| (Income)/expenses from currency translation differences   |      | 757            | 2.353             |
| Share in (profit) / loss for the year from associates accounted for using the equity method       |      | 19             | ( 42 )            |
| (Profit) / loss on the sale of property, plant and equipment and other intangible assets          |      | 15             | 42                |
| (Profit) / loss on the sale of subsidiaries   | 6    | 1.214          | -                 |
| Government grants recognized in profit and loss   |      | ( 56 )         | ( 75 )            |
| Adjustments to consideration given against gains/losses on business combinations                  |      | -              | ( 362 )           |
| Share-based payment expenses  |      | 6.902          | 613               |
| (Gains)/losses from derivative financial instruments at fair value through profit or loss         |      | 5              | ( 3.099 )         |
|   |      | <u>146.167</u> | <u>71.136</u>     |
| Operating profit before changes in working capital  |      |                |                   |
| Changes in working capital excluding effects of acquisitions and currency translation differences |      |                |                   |
| Increase/(decrease) in trade and other receivables  |      | ( 119.170 )    | ( 124.529 )       |
| Increase/(decrease) in inventories  |      | ( 58.873 )     | ( 31.142 )        |
| Increase/(decrease) in trade and other payables   |      | 58.084         | 47.964            |
| Utilization of provisions   |      | ( 553 )        | ( 157 )           |
|   |      | <u>25.655</u>  | <u>( 36.728 )</u> |
| Cash from operating activities  |      |                |                   |
| Interest paid   |      | ( 23.517 )     | ( 4.139 )         |
| Interest received   |      | 719            | 469               |
| Corporate income tax paid   |      | ( 1.093 )      | ( 30 )            |
|   |      | <u>1.764</u>   | <u>( 40.428 )</u> |
| Net cash from operating activities (*)  |      |                |                   |
| <u>Cash flow from investing activities</u>  |      |                |                   |
| From the sale of property, plant and equipment  |      | 1.879          | 686               |
| From the sale of other intangible assets  |      | 20             | 74                |
| From the sale of financial assets   |      | 1.106          | 1.197             |
| Dividends received  |      | -              | 17                |
| From the sale of subsidiaries, net of cash utilized   | 6    | 25.983         | -                 |
| Acquisition of property, plant and equipment  |      | ( 13.905 )     | ( 8.360 )         |
| Acquisition of intangible assets  |      | ( 9.341 )      | ( 4.313 )         |
| Acquisition of other financial assets   |      | ( 4.305 )      | ( 2.264 )         |
| Payments for acquisitions of subsidiaries, net of cash and cash equivalents                       |      | -              | -                 |
| Payments for acquisitions of subsidiaries in prior years  | 6    | ( 1.432 )      | ( 8.744 )         |
|   |      | <u>5</u>       | <u>( 21.707 )</u> |
| Net cash used in investing activities (*)   |      |                |                   |
| <u>Cash flow from financing activities</u>  |      |                |                   |
| Payments from repurchase of treasury shares   |      | ( 5.831 )      | ( 1.649 )         |
| Proceeds from the sale of treasury shares   |      | 297            | 1.388             |
| Proceeds from grants  |      | 47             | -                 |
| Proceeds from bank financing  |      | 30.770         | 106.206           |
| Payments from bank borrowings   |      | ( 19.057 )     | ( 49.427 )        |
| Payments from leases liabilities  |      | ( 4.975 )      | -                 |
| Dividends paid  |      | ( 1.724 )      | ( 1.672 )         |
|   |      | <u>( 473 )</u> | <u>54.846</u>     |
| Net cash from financing activities (*)  |      |                |                   |
| Net increase/(decrease) in cash and cash equivalents  |      | 1.296          | ( 7.289 )         |
| Cash and cash equivalents at January 1  |      | 181.233        | 64.756            |
| Effect of currency translation differences on cash flow   |      | 1.158          | ( 429 )           |
|   |      | <u>183.687</u> | <u>57.038</u>     |
| Cash and cash equivalents at June 30  |      |                |                   |

(\*) 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 2019 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries  
Interim Condensed Consolidated Financial Statements  
30 June 2019 and 2018  
(expressed in thousands of euros)

**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 Euros 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 to any preferential subscription rights, as per article 304.2 of the Spanish Corporations Act. 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 International Financial Reporting Standards and particularly IAS 34 "Interim Financial Reporting" as adopted by the European Union (IFRS-EU) pursuant to article 12 of RD 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 2018 and 2017 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.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(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 2019 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 statement of cash flows 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 2018 in the consolidated statement of financial position and the consolidated income statement. In this exercise all chapters of the consolidated profit and loss account are affected by the merge with Zodiac Group, that had accounting effects from 2 July 2018. Therefore, the figures for the first half of the year are not comparative. If the acquisition had taken place on January 1, the sales of goods and finished products of the Group would have been 286.014 thousand euros higher and the consolidated profit after tax would have risen 54.841 thousand euros.

All significant mandatory accounting principles have been applied.

The 2018 consolidated annual accounts were approved for issue by the shareholders in general meeting on 8 May 2019.

**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 2019 and 2018, 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 intangible assets.
- The assumptions used in determining the fair value 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 Grupo Zodiac, I.D. Electroquímica, S.L., Fluidra Waterlinx Pty, Ltd, SIBO Fluidra Netherlands B.V., Agrisilos, S.R.L., Riiot Labs NV/SA and Grand Effects. 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.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

- 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 30 June 2019 and 2018, 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.

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 contracts with a renewal option and,
- Reasons supporting the capitalisation of development projects.

**d) Changes to IFRS-EU standards in 2019**

The accounting standards used to prepare the accompanying interim condensed consolidated financial statements are the same as those used to prepare the consolidated annual accounts for the year ended 31 December 2018, except for the new standards and any amendments that are applicable as of 1 January 2019, the main ones being as follows:

- Standards and interpretations approved by the European Union applied for the first time in 2019.
  - IFRS 16 Leases
  - IFRIC 23 Uncertainty over income tax treatments
  - Annual improvements to IFRS (2015-2017).
  - Amendments to IAS 19 Accounting for a defined benefit plan amendment, curtailment or settlement
  - Amendments to IAS 28 Non-current investments in associates and joint ventures
  - Amendments to IFRS 9 Prepayment features with negative compensation

Apart from IFRS 16, the remaining standards, interpretations and amendments have not had a significant impact on the interim condensed consolidated financial statements.

**IFRS 16 Leases**

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. This standard specifies the criteria for recognising, measuring, presenting and disclosing leases and requires lessees to use a single accounting model for all leases. The standard however does not substantially change lessor accounting compared to IAS 17. IFRS 16 has not therefore had a significant impact on the leases in which the Group is the lessor.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

The Group has applied IFRS 16 from the initial adoption date of 1 January 2019 using the modified retroactive method. Under this method, the cumulative effect of the initial application has been recorded as an adjustment to the opening balance of initial retained earnings for the six-month period ended 30 June 2019. The comparative figures for the prior year have not been restated.

For transition purposes, at the date of initial application the Group has decided to use the practical solution of applying IFRS 16 only to leases that have already been identified as such in accordance with previous standards (IAS 17 and IFRIC 4). The Group has also decided to apply the exemptions proposed by the standard to lease contracts ending within the 12 months following the date of initial application (short-term leases) and to lease contracts for which the underlying asset is of low value (low value assets).

The impact of adopting IFRS 16 is as follows:

|   | Amount<br><u>(thousands of euros)</u> |
|---|---------------------------------------|
| Rights of use assets  | 109,097                               |
| Property, plant, and equipment                                | ( 8,857 )                             |
| <b>NON-CURRENT ASSETS</b>                                     | <b>100,240</b>                        |
| Equity attributable to parent company                         | -                                     |
| Non-controlling interests                                     | -                                     |
| <b>EQUITY</b>   | <b>-</b>                              |
| Non-current lease liabilities                                 | 82,458                                |
| Bank borrowings and other marketable securities - non-current | ( 159 )                               |
| <b>NON-CURRENT LIABILITIES</b>                                | <b>82,299</b>                         |
| Current lease liabilities                                     | 19,312                                |
| Bank borrowings and other marketable securities - current     | ( 1,371 )                             |
| <b>CURRENT LIABILITIES</b>                                    | <b>17,941</b>                         |

Property, plant and equipment, amounting to Euros 8,857 thousand, relating to leases previously classified as finance leases, are included under rights of use. In addition to the lease liabilities recognised in the initial application at 1 January 2019, the Group had lease liabilities amounting to Euros 1,530 thousand relating to the lease contract liabilities previously classified as finance leases and included under Bank borrowings and other marketable securities.

**Nature of the impact of IFRS 16**

The Group acts as lessee of several plants, machinery, vehicles and other equipment. Prior to the adoption of IFRS 16, at the start of these contracts the Group assessed whether they were operating or finance leases. The lease was classified as a finance lease if substantially all the risks and rewards incidental to ownership of the asset were transferred. If this wasn't the case, it was classified as an operating lease.

Under finance leases, a fixed asset was recognised at the lower of the fair value of the asset and the present value of the minimum payments under the contract. The financial liability was subsequently recognised at amortised cost.

Under operating leases, no asset was recognised in the balance sheet, but an expense was recognised in the income statement on a straight-line basis over the lease term. Any prepayments or accrued income were recorded as a current accrual or an account payable, respectively.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

In contrast, with the adoption of IFRS 16, the Group applies a single recognition and measurement model for all leases in which it acts as lessee, except for low value assets and short-term leases.

The standard provides certain practical solutions and transition requirements that the Group have applied:

- Leases previously classified as finance leases

The Group has not changed the carrying amount of the assets and liabilities recognised at the date of initial application of the leases previously classified as finance leases. In other words, rights of use and lease liabilities are the same as the assets and lease liabilities recognised under IAS 17. The requirements of IFRS 16 for this kind of lease have therefore been applied from 1 January 2019 onwards.

- Leases previously classified as operating leases

The Group has recognised the rights of use and lease liabilities of leases previously classified as operating, except for short-term leases and leases relating to low value assets.

Lease liabilities have been calculated at the present value of outstanding payments using the incremental interest rate on the date of initial application. Rights of use have been calculated at the same amount as the lease liabilities, adjusting the prepayments made.

The Group has also applied the following available practical solutions:

- The same discount rate is applied to a portfolio of contracts with similar characteristics.
- The onerous contract assessment in IAS 37 is used instead of performing an impairment review on the initial date of application.
- Leases ending within twelve months or less following the date of initial application are considered to be short-term leases.
- Current information is used.
- Incremental direct costs are not used to measure rights of use.

In terms of presentation, rights of use and lease liabilities have been presented separately from other assets and liabilities in the consolidated statement of financial position.

The reconciliation of lease liabilities recognised in the transition to IFRS 16 on 1 January 2019 with the operating lease commitments detailed in the annual accounts at 31 December 2018 is as follows:

|  | Amount<br><u>(thousands of euros)</u> |
|--|---------------------------------------|
| Operating lease commitments at 31 December 2018<br>detailed in the 2018 Annual Accounts          | 135,097                               |
| Effect of discount using the relevant interest rate  | ( 32,663 )                            |
| Short-term and low value leases  | ( 3,181 )                             |
| Adjustments resulting from different treatment of<br>extension and termination and other options | 987                                   |
| <b>Lease liabilities recognised at 1 January 2019</b>  | <b>100,240</b>                        |

- Standards and interpretations issued by the IASB but not applicable in 2019

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 policies 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 2018, except for the new standards and any amendments as stated in note 2d.

The Group's new accounting policies following the adoption of IFRS 16 relating to leases are as follows:

- Rights of use

The Group recognises rights of use at the start of a lease. That is, the date on which the underlying asset is available for use. Rights of use are measured at cost, less accumulated amortisation and impairment losses, and are adjusted for any changes in the measurement of the associated lease liabilities. The initial cost of rights of use includes the recognised lease liabilities, initial direct costs and lease payments made before the start of the lease. Incentives received are deducted from the initial cost. Unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, rights of use are amortised on a straight-line basis over the shorter of the estimated useful life and the lease term. Rights of use are subject to impairment analysis.

- Lease liabilities

At the start of the lease, the Group recognises the lease liabilities at the present value of the lease payments to be made during the lease term. Lease payments include fixed payments (including in-substance fixed payments) less lease incentives, variable payments depending on an index or rate, and amounts expected to be paid under residual value guarantees. Lease payments also include the exercise price of a purchase option if the Group is reasonably certain of exercising this option and lease termination penalty payments if the term of the lease reflects the Group's exercising of the option to terminate the lease. Variable lease payments that do not depend on an index or rate are recognised as an expense in the period in which the event or condition that triggers the payment arises.

When calculating the present value of lease payments, the Group uses the incremental interest rate at the lease start date if the interest rate implicit in the lease cannot be easily determined. After the start date, the lease liability amount is increased to reflect the accrual of interest and reduced by the lease payments made. In addition, the lease liability is re-measured if an amendment is made, the lease term is changed, the in-substance fixed lease payments are changed or the assessment for purchasing the underlying asset is changed. The liability also increases if there is a change in future lease payments arising from a change in the index or rate used to calculate these payments

- Short-term and low value leases

The Group applies the practical exemption for recognising the short-term leases of its machinery and equipment where the lease term is twelve months or less from the start date and where there is no purchase option. It also applies the low-value asset recognition exemption to office equipment leases that are considered low-value. Lease payments under short-term and low-value leases are recognised on a straight-line basis over the term of the lease.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

- Judgements made to calculate the lease terms of contracts with renewal options.

The Group calculates the lease term as the non-cancellable period, plus the optional extension periods, if there is reasonable certainty that this option will be exercised. Periods covered by the option to terminate the lease early are also included, if there is reasonable certainty that this option will not be exercised.

#### 4. **Segment information**

As a result of the merger with the Zodiac Group, the Group's structure and segments were altered in 2018.

The Fluidra Group's new organisational structure following the merger 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, China and Mexico, 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

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

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 and 2018 discontinued operations have not been allocated to any segment, since the operations have not been 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 2019 and 2018 is shown in Appendix II to these interim condensed consolidated financial statements.

**5. Seasonal transactions**

Following the merger with the Zodiac Group, the Group continues to record a certain degree of seasonality in sales and in current assets and liabilities.

In the six-month period ended 30 June 2019, total sales represent 56.53% of sales in the last year.

The increases in inventories, trade receivables and trade payables between 31 December 2018 and 30 June 2019 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 periods ended 30 June 2019 and 2018 is as follows:

2019

There have been 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).

Since the Group already had a binding agreement in 2018 to sell these clearly identified assets and liabilities, the sales process was underway and the sale was deemed very likely to go ahead and be completed in 2018, the accounting balances of these assets and liabilities were transferred 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 (see note 11).

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

Details of the sale of the abovementioned company are as follows:

|                         | <u>Thousands of euros</u> |
|-------------------------|---------------------------|
| 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>          |

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

The amounts that have been 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, are as follows:

|  | <u>Thousands of euros</u> |
|--|---------------------------|
| 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>             |
| <br>Total assets                                 | <br>50,199                |
| <br>Deferred tax liabilities                     | <br>218                   |
| Non-current provisions                           | 84                        |
| Government grants                                | 151                       |
| Trade and other payables                         | 4,884                     |
| Current provisions                               | <u>2,264</u>              |
| <br>Total liabilities and contingent liabilities | <br>7,601                 |
| <br>Total net assets                             | <br><u><u>42,598</u></u>  |
| <br>Total net assets sold                        | <br><u><u>42,598</u></u>  |
| <br>Amount received in cash                      | <br>37,519                |
| Cash and cash equivalents sold                   | <u>11,536</u>             |
| <br>Net cash from the sale                       | <br><u><u>25,983</u></u>  |

In the six-month period ended 30 June 2019 cash has been disbursed in connection with the acquisition of subsidiaries in prior years and non-controlling interests for Euros 1.432 thousand.

2018

There were no business combinations in the six-month period ended 30 June 2018.

In the six-month period ended 30 June 2018 cash was disbursed in connection with the acquisition of subsidiaries in prior years and non-controlling interests for Euros 8,744 thousand.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

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

Movement in Other intangible assets during the first half of 2019 is as follows:

|                          | Balances<br>at<br>31/12/18 | Additions        | Disposals    | Transfers  | Translation<br>differences | Balances<br>at<br>30/06/2019 |
|--------------------------|----------------------------|------------------|--------------|------------|----------------------------|------------------------------|
| Cost                     | 912,010                    | 9,341            | (1,131 )     | (63 )      | 4,592                      | 924,749                      |
| Accumulated amortisation | ( 124,685 )                | (40,617 )        | 1,111        | 1,032      | (253 )                     | (163,412 )                   |
| Carrying amount          | <u>787,325</u>             | <u>(31,276 )</u> | <u>(20 )</u> | <u>969</u> | <u>4,339</u>               | <u>761,337</u>               |

These investments notably include additions due to expenses incurred on several development projects that the Group is currently carrying out for an amount of Euros 6,346 thousand (Euros 1,848 thousand during the same period ended 30 June 2018), which relate to product developments for the responsible use of water.

Movement in Property, plant and equipment during the first half of 2019 is as follows:

|                          | Balances<br>at<br>31/12/18 | Additions    | Disposals     | Transfers       | Translation<br>differences | Balances<br>at<br>30/06/2019 |
|--------------------------|----------------------------|--------------|---------------|-----------------|----------------------------|------------------------------|
| Cost                     | 392,746                    | 13,990       | (2,176 )      | (16,740 )       | 412                        | 388,232                      |
| Accumulated amortisation | ( 276,524 )                | (10,802 )    | 1,748         | 7,124           | (194 )                     | (278,648 )                   |
| Carrying amount          | <u>116,222</u>             | <u>3,188</u> | <u>(428 )</u> | <u>(9,616 )</u> | <u>218</u>                 | <u>109,584</u>               |

During the first half of 2019 there have been investments in molds for new products for an approximate amount of Euros 820 thousand (Euros 819 thousand during the same period ended 30 June 2018). Investments in several production plants and offices (Euros 8,675 thousand) and machinery to improve the production process (Euros 1,528 thousand) should be noted (Euros 3,442 thousand and Euros 1,436 thousand, respectively, during the same period ended 30 June 2018). Transfers include the reclassification of finance leases to the new caption Rights of use assets for a carrying amount of Euros 8,857 thousand (see note 2d).

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

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

**8. Goodwill and sale of Group companies**

For the purpose of impairment testing, in 2018 the Group allocated goodwill to its cash-generating units (CGUs) in accordance with IFRS 36, where a CGU is defined as a smaller identifiable group of assets which generates cash inflows that are largely independent of those from other assets or groups of assets.

The following CGUs were identified following the merger with the Zodiac Group:

- 1) Operations: this CGU did not change with regards the pre-merger definition of Fluidra CGUs.
- 2) North America: represents both a segment and a separate CGU, based mainly on the territory's high level of independence. Prior to the merger, the American CGU only included the Aqua USA operation and was included as a CGU within the Expansion segment. In the combined business, American operations from the Zodiac Group were added to create the North America CGU.
- 3) Europe: this CGU was defined as the joining together of the pre-merger Fluidra Europe CGU and the pre-merger SSA Fluidra Österreich, GmbH CGU, as the sales policies, type of markets and the overlapping of roles following the integration of the Zodiac Group's business in Europe has resulted in integrated management post-merger.
- 4) Certikin International, LTD and SIBO Fluidra Netherlands B.V.: these companies from prior acquisitions are not included in Europe from an operational and sales perspective, as they are highly independent due to the UK market and the range of products in the case of SIBO. As a result, they continued to be separate CGUs in line with the pre-merger Fluidra definition.
- 5) Expansion: there were no changes to this CGU's definition, regardless of the fact that before it was considered as a separate segment based on its relative representation and separate supervision.
- 6) Sohem – Southern Hemisphere: this was one of the segments (and CGUs) defined by the Zodiac Group in its consolidated financial statements, which included operations in South Africa and Australia. At Fluidra post-merger, the Zodiac organisation model was used whereby key policies and decisions are made jointly and there is a single unit in charge. As a result of this, the following pre-merger Fluidra CGUs were grouped together: Fluidra Australia Pty Ltd and Fluidra Waterlinx Pty Ltd together with the Zodiac Group's business.

For impairment testing purposes, the goodwill arising on the acquisition of the Zodiac Group was allocated to the following CGUs and group of CGUs expected to benefit from the synergies obtained on the business combination:

- Operations
- North America
- Europe and the Southern hemisphere

The Certikin, SIBO and Expansion CGUs are not expected to benefit from the synergies of the business combination and they were not therefore allocated any portion of the goodwill generated.

The Operations and North America CGUs were allocated goodwill at CGU level, which in both cases coincides with the segment definition set out in note 4.

In the case of Europe and Sohem, goodwill was allocated to a group of CGUs on the basis that the group is not supervised by management at a lower level than the respective segment. In other words, based on the new organisational and reporting structure following the merger, goodwill is not supervised on a European level separately from Sohem. Similarly, goodwill was not allocated to the entire ESA segment (see note 4), as some CGUs within the segment will not benefit from the business combination (as Zodiac did not operate in these territories). Goodwill was therefore allocated to the remaining CGUs included in the segment.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

A breakdown of goodwill allocated by CGU or group of CGUs at 31 December 2018 and 30 June 2019 is as follows:

|                                    | Segment       | Thousands of euros |                  |
|------------------------------------|---------------|--------------------|------------------|
|                                    |               | 30/06/2019         | 31/12/2018       |
| Operations                         | Operations    | 187,382            | 187,326          |
| North America                      | North America | 512,342            | 512,323          |
| Certikin International, LTD        | ESA           | 3,396              | 3,403            |
| Expansion                          | ESA           | 44,858             | 44,823           |
| SIBO Fluidra Netherlands B.V.      | ESA           | 5,048              | 5,048            |
| Europe and the Southern hemisphere | ESA           | 340,952            | 340,766          |
| Total                              |               | <u>1,093,978</u>   | <u>1,093,689</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 pound sterling, Australian dollar, the US dollar, the Chinese renminbi and the South African rand.

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

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

|   | Note | Thousands of euros |              |              |
|---|------|--------------------|--------------|--------------|
|   |      | 30/06/2019         | 31/12/2018   | 30/06/2018   |
| Financial assets at fair value through profit or loss |      | 519                | 487          | 487          |
| Deposits and guarantees                               |      | <u>6,346</u>       | <u>6,222</u> | <u>3,930</u> |
| Total non-current assets                              |      | <u>6,865</u>       | <u>6,709</u> | <u>4,417</u> |
| Deposits and guarantees                               |      | 8,457              | 4,922        | 4,579        |
| Derivative financial instruments                      | 10   | <u>306</u>         | <u>356</u>   | <u>2,378</u> |
| Total current   |      | <u>8,763</u>       | <u>5,278</u> | <u>6,957</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 given and fair value is recognised in the income statement as a prepayment over the lease term.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

**10. Derivative financial instruments**

A breakdown of derivative financial instruments is as follows:

|  | 30/06/2019         |             |             |             |    |
|--|--------------------|-------------|-------------|-------------|----|
|  | Thousands of euros |             |             |             |    |
|  | Notional<br>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         | -           | 18 |
| 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)

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

|  | 30/06/2018         |                    |             |             |    |
|--|--------------------|--------------------|-------------|-------------|----|
|  | Notional<br>amount | Thousands of euros |             |             |    |
|  |                    | Fair values        |             |             |    |
|  |                    | Assets             |             | Liabilities |    |
|  | Non-current        | Current            | Non-current | Current     |    |
| 1) Derivatives held for trading                      |                    |                    |             |             |    |
| <i>a) Exchange rate derivatives</i>                  |                    |                    |             |             |    |
| Foreign currency contracts                           | 155,464            | -                  | 2,378       | -           | 19 |
| Total derivatives traded on over-the-counter markets |                    | -                  | 2,378       | -           | 19 |
| Total derivatives held for trading                   |                    | -                  | 2,378       | -           | 19 |
| 2) Hedging derivatives                               |                    |                    |             |             |    |
| <i>a) Cash flow hedges</i>                           |                    |                    |             |             |    |
| Interest rate swaps                                  | -                  | -                  | -           | -           | -  |
| Foreign currency swaps                               | -                  | -                  | -           | -           | -  |
| Total hedging derivatives                            |                    | -                  | -           | -           | -  |
| Total recognised derivatives                         |                    | -                  | 2,378       | -           | 19 |

(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).

On 18 April 2018, Fluidra Finco, S.L.U. signed a USD/EUR forward contract for USD 151 million -subject to the signing of the merger between the Zodiac Group and the Fluidra Group- with open maturity between 2 July and 2 November 2018, for the purposes of covering the transactions necessary to repay the intercompany loans of the Zodiac Group once the merger had taken place.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

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

On 30 June 2018 non-current assets held for sale and liabilities relating to non-current assets held for sale correspond to the electronic pool cleaner development, manufacture and sale businesses run by the company Aquatron Robotic Technology, Ltd. in Afula (Israel).

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.

Since the Group had a binding agreement to sell these clearly identified assets and liabilities, the process was underway and the sale was deemed likely to go ahead and be completed within the year 2018, the accounting balances of these assets and liabilities were transferred 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. Furthermore, these were deemed discontinued operations since they comprise 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 2018 and the year ended 31 December 2018 were presented in the caption Profit/(loss) after tax on discontinued operations.

Assets held for sale, less their related liabilities, were measured at their carrying value or the expected sale amount less cost of sale, whichever was lower. No impairment was recognised for these purposes at 30 June 2018, but at 31 December 2018 impairment of Euros 2,614 thousand was recognised.

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

In addition, at 31 December 2018 the property located in Castiglione delle Stiviere at Via Mazzini 28/Z owned by Zodiac Pool Systems Italia, S.R.L. was also included under this caption. The Group had a firm purchase offer. On 13 June 2019 this property was sold.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

Details of the nature of the assets classified as held for sale and the related liabilities, at 30 June 2018, are as follows:

| <u>Assets</u>                    | <u>30/06/2018</u>    |
|----------------------------------|----------------------|
| Property, plant, and equipment   | 2,970                |
| Goodwill                         | 16,933               |
| Other intangible assets          | 1,260                |
| Non-current financial assets     | 24                   |
| Deferred tax assets              | 306                  |
| Total non-current assets         | <u>21,493</u>        |
| Inventories                      | 8,867                |
| Trade and other receivables      | 2,282                |
| Derivative financial instruments | 113                  |
| Cash and cash equivalents        | 4,435                |
| Total current assets             | <u>15,697</u>        |
| TOTAL ASSETS                     | <u><u>37,190</u></u> |
| <u>Liabilities</u>               |                      |
| Deferred tax liabilities         | 225                  |
| Provisions                       | 66                   |
| Government grants                | 171                  |
| Total non-current liabilities    | <u>462</u>           |
| Trade and other payables         | 4,817                |
| Provisions                       | 2,368                |
| Derivative financial instruments | 15                   |
| Total current liabilities        | <u>7,200</u>         |
| TOTAL EQUITY AND LIABILITIES     | <u><u>7,662</u></u>  |

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

Details of the nature of the consolidated income statement caption Gains/(losses) after tax on discontinued operations for the six-month periods ended 30 June 2019 and 30 June 2018, are as follows:

|   | <u>30/06/2019</u> | <u>30/06/2018</u> |
|---|-------------------|-------------------|
| Operating income  |                   |                   |
| Sales of goods and finished products  | 1,799             | 3,855             |
| Income from the rendering of services   | 1                 | 59                |
| Work performed by the Group and capitalised as non-current assets                             | <u>56</u>         | <u>381</u>        |
| Total operating income  | 1,856             | 4,295             |
| Operating expenses  |                   |                   |
| Change in inventories of finished products and work in progress and raw materials consumables | ( 824 )           | 3,100             |
| Employee benefits expense   | ( 387 )           | (2,249 )          |
| Amortisation and depreciation expenses and impairment losses                                  | ( 117 )           | (1,066 )          |
| Other operating expenses  | <u>( 219 )</u>    | <u>(1,843 )</u>   |
| Total operating expenses  | (1,547)           | (2,058 )          |
| Other gains and losses  |                   |                   |
| Profit from sales of fixed assets   | -                 | -                 |
| Total other gains and losses  | -                 | -                 |
| Operating profit  | <u>309</u>        | <u>2,237</u>      |
| Finance income / cost   |                   |                   |
| Finance income  | 120               | 511               |
| Finance cost  | ( 2 )             | (437 )            |
| Exchange gains/(losses)   | <u>(534)</u>      | <u>375</u>        |
| Net finance income/(cost)   | (416)             | 449               |
| 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>    | <u>2,686</u>      |
| Income tax expense  | ( 7 )             | (32 )             |
| Profit/(loss) after tax from discontinued operations  | <u>( 114 )</u>    | <u>2,654</u>      |
| Profit / (loss) from discontinued operations attributable to non-controlling interests        | -                 | -                 |
| Profit / (loss) from discontinued operations attributable to equity holders of the parent     | ( 114 )           | 2,654             |
| EBITDA  | <u>426</u>        | <u>3,303</u>      |

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

A breakdown of the statement of comprehensive income for this activity for the six-month periods ended 30 June 2019 and 30 June 2018 is as follows:

|  | <u>30/06/2019</u> | <u>30/06/2018</u>   |
|--|-------------------|---------------------|
| Profit / (loss) for the period                                     | ( 114 )           | 2,654               |
| 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               | ( 710 )             |
| Tax effect   | -                 | -                   |
|  | <u>887</u>        | <u>( 710 )</u>      |
| Other comprehensive income for the year, net of tax                | <u>887</u>        | <u>( 710 )</u>      |
| Total comprehensive income for the year                            | <u><u>773</u></u> | <u><u>1,944</u></u> |
| Total comprehensive income attributable to:                        |                   |                     |
| Equity holders of the parent                                       | 773               | 1,944               |
| Non-controlling interests  | -                 | -                   |
|  | <u><u>773</u></u> | <u><u>1,944</u></u> |

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

|                      | <u>30/06/2019</u> | <u>30/06/2018</u> |
|----------------------|-------------------|-------------------|
| Cash flows from:     |                   |                   |
| Operating activities | 428               | ( 84 )            |
| Investing activities | ( 65 )            | ( 8,886 )         |
| Financing activities | ( 11 )            | 25                |

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

12. **Equity**

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

a) Share capital

At 30 June 2019 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 2019 is as follows:

|                            | Ownership<br>percentage |
|----------------------------|-------------------------|
| Rhône Capital L.L.C.       | 38.42%                  |
| Boyser, S.R.L.             | 8.13%                   |
| Dispur, S.L.               | 7.07%                   |
| Piumoc Inversions, S.L.U.  | 5.07%                   |
| Edrem, S.L.                | 5.07%                   |
| Maveor, S.L.               | 5.00%                   |
| Santander Asset Management | 2.87%                   |
| Other shareholders         | 28.37%                  |
|                            | <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 holders, 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 consists 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.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

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 as stated 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 2019 is as follows:

|                        | Euros         |               |                                    |
|------------------------|---------------|---------------|------------------------------------|
|                        | Number        | Face value    | Average acquisition/disposal price |
| Balances at 01/01/2019 | 2,136,688     | 2,136,688     | 6.4072                             |
| Acquisitions           | 560,886       | 560,886       | 10.3963                            |
| Disposals              | ( 1,406,890 ) | ( 1,406,890 ) | ( 9.1345 )                         |
| Balances at 30/06/2019 | 1,290,684     | 1,290,684     | 8.0666                             |

The majority of Parent shares disposed of in the six-month period ended 30 June 2019 were a result of the settlement of the 2015-2018 long-term variable remuneration plan, settled in January 2019, aimed at the executive directors and management team of Fluidra S.A. and the investees that make up the consolidated group (see note 24).

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

No Group company owns shares in the Parent.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

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 2019 amounting to Euros 5,292 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 2018.

**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 2019 and 2018, excluding own shares.

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

|   | <u>30/06/2019</u>  | <u>31/12/2018</u> | <u>30/06/2018</u> |
|---|--------------------|-------------------|-------------------|
| Profit for the period attributable to equity holders of the Parent (thousands of euros) | 28,663             | ( 33,922 )        | 32,187            |
| Weighted average number of ordinary shares outstanding                                  | 194,515,394        | 152,309,624       | 110,975,799       |
| Basic earnings per share from continuing operations (euros)                             | 0.14794            | ( 0.22859 )       | 0.26612           |
| Basic earnings per share from discontinued operations (euros)                           | <u>( 0.00059 )</u> | <u>0.00588</u>    | <u>0.02392</u>    |

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

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

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

|  | Number of shares |               |               |
|--|------------------|---------------|---------------|
|  | 30/06/2019       | 31/12/2018    | 30/06/2018    |
| Ordinary shares outstanding at 1 January               | 195,629,070      | 112,629,070   | 112,629,070   |
| Effect of changes in treasury shares                   | ( 1,113,676 )    | ( 1,705,747 ) | ( 1,653,271 ) |
| Effect of capital increase                             |                  | 41,386,301    |               |
| Weighted average number of ordinary shares outstanding | 194,515,394      | 152,309,624   | 110,975,799   |

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**

The breakdown of Other provisions is as follows:

|   | Thousands of euros |         |             |         |             |         |
|---|--------------------|---------|-------------|---------|-------------|---------|
|   | 30/06/2019         |         | 31/12/2018  |         | 30/06/2018  |         |
|   | Non-current        | Current | Non-current | Current | Non-current | Current |
| Guarantees                                | -                  | 26,841  | -           | 24,111  | -           | 5,295   |
| Provisions for taxes                      | 5,072              | -       | 5,092       | -       | 4,144       | -       |
| Provisions for obligations with employees | 7,305              | -       | 8,809       | -       | 6,427       | -       |
| Litigation and other liabilities          | 3,173              | -       | 4,885       | -       | 980         | -       |
| Total                                     | 15,550             | 26,841  | 18,786      | 24,111  | 11,551      | 5,295   |

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 four 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.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

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

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

|  | Thousands of Euros |                |                |
|--|--------------------|----------------|----------------|
|  | 30/06/2019         | 31/12/2018     | 30/06/2018     |
| Non-current borrowings                                   | 853,692            | 854,078        | -              |
| Bank borrowings  | 985                | 2,217          | 3,486          |
| Finance lease payables                                   | -                  | 159            | 907            |
|  | <hr/>              | <hr/>          | <hr/>          |
| Total non-current assets                                 | 854,677            | 856,454        | 4,393          |
| Bank loans   | 46,390             | 21,063         | 139,320        |
| ABL credit facility                                      | 11,616             | 19,224         | -              |
| Non-current borrowings                                   | 7,608              | 7,363          | -              |
| Bank borrowings  | 2,560              | 2,572          | 101,565        |
| Discount facilities                                      | 90                 | -              | 1,967          |
| Finance lease payables                                   | -                  | 1,371          | 3,526          |
| Other marketable securities                              | -                  | -              | 19,998         |
|  | <hr/>              | <hr/>          | <hr/>          |
| Total current  | 68,264             | 51,593         | 266,376        |
|  | <hr/>              | <hr/>          | <hr/>          |
| Total bank borrowings<br>and other marketable securities | <u>922,941</u>     | <u>908,047</u> | <u>270,769</u> |

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

As a result of the agreements signed between the Fluidra Group and the Zodiac Group on 3 November 2017, both parties undertook to make their best efforts to finance the resulting group. As a result of this process, on 8 March 2018 it was agreed to distribute the different loans included in the syndication process, with the debt refinancing taking effect when the merger took place.

The characteristics and conditions of these loans are 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 credit facility (asset-based loan, mainly clients and inventories) amounting to AUD 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.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

The interest rates are index-linked to the Euribor or Libor at 1 month, with spreads ranging between 2.25% and 3.75% depending on the tranche and currency; the revolving credit facility is between 2% and 2.5% based on the leverage ratio; and for the ABL there is a margin of 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.

These loans and facilities are subject to arrangement and issuance fees, and an availability commission in the case of credit facilities. In addition, after 45 days from the date of allocation, insurance costs will apply to all tranches of long-term loans held.

As a result of the debt refinancing, during 2018 the following loans were cancelled: i) the loan signed by the Zodiac Group on 20 December 2016, ii) the ABL credit facility (asset-based financing) of the Zodiac Group, also signed on 20 December 2016, iii) the loan and revolving credit facility signed by the Fluidra Group, S.A. with a syndicate of credit institutions on 25 February 2015, and iv) other bilateral loans and credit facilities held by the Fluidra Group. The cancelled bilateral loans amounted to Euros 31,980.

On 11 July 2017, 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) with a maximum maturity of one year and with a limit of Euros 50 million. On 3 July 2019 the scheme was extended for a further year and for Euros 75 million. There is no debt amount at the close of the six-month period ended 30 June 2019. At 30 June 2018 the debt amount was Euros 20 million and the average interest rate on the existing issuances was 0.19%.

This amount was recorded in Other marketable securities under the caption Bank borrowings and other marketable securities within current liabilities.

No new loans have been taken out during the first half of 2019.

At 30 June 2018, the bank loans expected to be cancelled as a result of the refinancing with the Zodiac Group were classified as current.

**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 2018 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

**17. Changes in inventories of finished goods and work in progress and raw materials consumables**

A breakdown of this income statement caption is as follows:

|   | Thousands of euros    |                       |
|---|-----------------------|-----------------------|
|   | <u>30/06/2019</u>     | <u>30/06/2018</u>     |
| Purchase of raw and related materials   | 374,167               | 253,227               |
| Change in inventories of raw materials, finished products and work in progress and goods for resale | ( 13,511 )            | (30,820 )             |
| Charge to the provision for obsolescence  | <u>2,874</u>          | <u>407</u>            |
| Total   | <u><u>363,530</u></u> | <u><u>222,814</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 2019 and 2018 is as follows:

|                                       | Thousands of euros    |                       |
|---------------------------------------|-----------------------|-----------------------|
|                                       | <u>30/06/2019</u>     | <u>30/06/2018</u>     |
| Residential                           | 527,952               | 267,073               |
| Commercial                            | 52,305                | 47,163                |
| Water treatment                       | 102,162               | 73,449                |
| Fluid handling                        | <u>43,097</u>         | <u>33,557</u>         |
| Pool & Wellness                       | 725,516               | 421,242               |
| Domestic Irrigation & Water Treatment | 15,781                | 14,538                |
| Industrial & Others                   | 11,907                | 14,559                |
| Total                                 | <u><u>753,204</u></u> | <u><u>450,339</u></u> |

In the six-month period ended 30 June 2019, the Commercial Pool caption included Euros 2,359 thousand (Euros 2,295 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.

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

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

**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. Employee benefits expense**

A breakdown of the employee benefits expense in the six months ended 30 June 2019 and 2018 is as follows:

|                                 | Thousands of euros |               |
|---------------------------------|--------------------|---------------|
|                                 | 30/06/2019         | 30/06/2018    |
| Wages and salaries              | 117,030            | 67,396        |
| Termination benefits            | 2,312              | 973           |
| Social security expense         | 20,464             | 14,790        |
| Other employee welfare expenses | 6,993              | 4,561         |
|                                 | <u>146,799</u>     | <u>87,720</u> |

The average headcount during the six-month periods ended 30 June 2019 and 2018 by professional category is as follows:

|                                       | 30/06/2019   | 30/06/2018   |
|---------------------------------------|--------------|--------------|
| Management                            | 105          | 81           |
| Sales, logistics and production staff | 4,255        | 3,498        |
| Administration and purchasing staff   | 1,191        | 917          |
|                                       | <u>5,551</u> | <u>4,496</u> |

A breakdown of the Group's headcount at the end of the six-month periods ended 30 June 2019 and 2018, by gender, is as follows:

|        | 30/06/2019   | 30/06/2018   |
|--------|--------------|--------------|
| Male   | 3,766        | 3,062        |
| Female | 1,840        | 1,487        |
|        | <u>5,606</u> | <u>4,549</u> |

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

**21. Other operating expenses**

A breakdown of Other expenses is as follows:

|   | Thousands of euros |               |
|---|--------------------|---------------|
|   | 30/06/2019         | 30/06/2018    |
| Leases and fees                             | 5,555              | 12,094        |
| Repairs and maintenance                     | 9,612              | 6,137         |
| Independent professional services           | 15,732             | 9,867         |
| Temporary employment agency expenses        | 9,563              | 5,159         |
| Commissions                                 | 2,371              | 2,466         |
| Sales transportation and logistics services | 35,230             | 21,989        |
| Insurance premiums                          | 2,348              | 1,353         |
| Bank services                               | 941                | 669           |
| Advertising and publicity                   | 12,376             | 6,279         |
| Utilities                                   | 6,257              | 5,319         |
| Communications                              | 2,066              | 1,503         |
| Travel expenses                             | 10,965             | 5,351         |
| Taxes                                       | 2,184              | 1,871         |
| Changes in trade provisions                 | 2,285              | 1,429         |
| Guarantees                                  | 4,381              | 1,512         |
| Other (*)                                   | 7,206              | 3,954         |
|   | <u>129,072</u>     | <u>86,952</u> |

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

Leases and fees have decreased significantly compared to the same period in the previous year as a result of applying IFRS 16 (see note 2d).

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

**22. Finance income and cost**

A breakdown of finance income and cost is as follows:

|  | Thousands of euros |            |
|--|--------------------|------------|
|  | 30/06/2019         | 30/06/2018 |
| Finance income   |                    |            |
| Other finance income   | 778                | 412        |
| Gains on the fair value of financial instruments   | 218                | 3,524      |
| Total finance income   | 996                | 3,936      |
| Finance cost   |                    |            |
| Non-current interest on loans  | ( 18,296 )         | -          |
| Interest on debt (loans, policies and bills discounting)                                       | ( 3,803 )          | ( 4,475 )  |
| Other finance costs  | ( 1,259 )          | ( 960 )    |
| Losses on the fair value of financial instruments  | ( 257 )            | ( 80 )     |
| Impairment losses on financial assets at amortised cost other than trade and other receivables | ( 79 )             | ( 174 )    |
| Total finance cost   | ( 23,694 )         | ( 5,689 )  |
| Rights of use finance cost   | ( 2,324 )          | -          |
| Exchange gains/(losses)  |                    |            |
| Exchange gains   | 10,826             | 8,181      |
| Exchange losses  | ( 11,583 )         | ( 10,909 ) |
| Total exchange gains / (losses)  | ( 757 )            | ( 2,728 )  |
| Net profit / (loss)  | ( 25,779 )         | ( 4,481 )  |

At 30 June 2019, the Rights of use finance cost includes the effect of applying IFRS 16 amounting to Euros 2,324 thousand (see note 2d).

At 30 June 2018, the positive effect of measuring the USD 151 million USD/EUR forward contract signed at market value (Euros 2,280 thousand) was included in the Gains on the fair value of financial instruments caption.

At 30 June 2018, Interest on debt (leasing and loans) includes the negative effect of the cancellation of the derivatives associated to the syndicated financing, amounting to Euros 1,134 thousand.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

**23. Deferred taxes and Income tax**

During 2019 and 2018, 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:

|                                     |  |   |
|-------------------------------------|--|---|
| <b><u>Fluidra, S.A. (25%)</u></b>   | Fluidra Engineering Services, S.L.<br>Innodrip, S.L.U. | <b><u>ZPES Holdings, S.A.S. (31%)</u></b>       |
| Fluidra Export, S.A.                | I.D. Electroquímica, S.L                               | Fluidra Commercial France, S.A.S. (*)           |
| Cepex, S.A.U.                       | Puralia Systems, S.L.U.                                | Fluidra Industry France, S.A.R.L. (*)           |
| Fluidra Commercial, S.A.U.          | Fluidra Finco, S.L.                                    | Fluidra Assistance, S.A.S. (*)                  |
| Fluidra Comercial España, S.A.U.    |  | Piscines Techniques 2000, S.A.S. (*)            |
| Fluidra Industry, S.A.U.            | <b><u>Zodiac Pool Solutions, LLC (23.61%)</u></b>      | Poolweb, S.A.S. (*)                             |
| Fluidra J.V. Youli, S.L.            | Zodiac Pool Systems, LLC                               | Zodiac Pool Solutions, S.A.S.                   |
| Fluidra Services España, S.L.U.     | Cover Pools Incorporated                               | Zodiac International, S.A.S.                    |
| Industrias Mecánicas Lago, S.A.U.   |  | Zodiac Pool Care Europe, S.A.S.                 |
| Fluidra Industry España, S.L.U      | <b><u>Fluidra Holdings Australia PTY LTD (30%)</u></b> |   |
| Inquide, S.A.U.                     | Fluidra Group Australia PTY LTD                        | <b><u>U.S. Pool Holdings, Inc. (26.23%)</u></b> |
| Metalast, S.A.U.                    | Fluidra Australia PTY LTD                              |   |
| Poltank, S.A.U.                     | Price Chemicals PTY LTD                                | Fluidra USA, Inc.                               |
| Fluidra Global Distribution, S.L.U. |  | Aquaproducts, Inc.                              |
| Sacopa, S.A.U.                      | <b><u>Fluidra Services Italia, S.R.L. (24%)</u></b>    | Fluidra Projects USA, Inc.                      |
| Talleres del Agua, S.L.U.           |  |   |
| Togama, S.A.U.                      | Fluidra Commerciale Italia, S.p.a.                     |   |
| Trace Logistics, S.A.U.             | Agrisilos, S.R.L.                                      |   |
| Unistral Recambios, S.A.U.          |  |   |

(\*) Companies included in the tax subgroup in 2019.

The Company and remaining subsidiaries (except Fluidra Middle East FZE and La Tienda Swimming Pool Maintenance LLC) are required to file an annual corporate income tax return.

On 30 March 2016 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

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

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 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 2018 and 2017 neither non-current deferred tax nor non-current accounts receivable have shown any variation.

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

|   | Thousands of euros |               |
|---|--------------------|---------------|
|   | 30/06/2019         | 30/06/2018    |
| Current tax   |                    |               |
| for the year  | 18,957             | 11,464        |
| Tax deductions  | ( 401 )            | ( 2,378 )     |
| Prior years' adjustments                                    | ( 1,134 )          | 24            |
| Other   | 400                | 353           |
| Deferred taxes  |                    |               |
| Origination and reversal of temporary differences           | ( 11,130 )         | ( 1,308 )     |
| Tax credit for unused tax loss carryforwards and deductions | 6,822              | 4,640         |
| Effect of the change in the tax rate                        | ( 293 )            | 172           |
| Total income tax expense                                    | <u>13,221</u>      | <u>12,967</u> |

The reconciliation of current income tax with current net income tax liabilities/(assets) is as follows:

|  | Thousands of euros |                   |                  |
|--|--------------------|-------------------|------------------|
|  | 30/06/2019         | 31/12/2018        | 30/06/2018       |
| Current tax  | 18,556             | 12,911            | 9,086            |
| Withholdings and payments made on account during the year            | ( 8,511 )          | ( 12,291 )        | ( 3,426 )        |
| Other  | ( 1,473 )          | ( 2,300 )         | 9                |
| Translation differences  | ( 45 )             | ( 53 )            | ( 10 )           |
| Additions from business combinations (note 6)                        | -                  | ( 12,064 )        | -                |
| Liabilities derecognised due to the sale of group companies (note 6) | -                  | -                 | -                |
| Tax payable in 2018  | ( 12,809 )         | -                 | -                |
| Tax payable in 2017  | -                  | ( 7,896 )         | ( 8,020 )        |
|  | <u>( 4,282 )</u>   | <u>( 21,693 )</u> | <u>( 2,361 )</u> |

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

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

|  | Thousands of euros |               |
|--|--------------------|---------------|
|  | 30/06/2019         | 30/06/2018    |
| Profit for the year before tax from continuing operations      | 44,722             | 43,795        |
| Profit at 25%  | 11,181             | 10,949        |
| Effect of applying different tax rates in other countries      | 2,678              | 2,662         |
| Permanent differences  | 623                | ( 617 )       |
| Offsetting of unrecognised loss carryforwards from prior years | ( 334 )            | ( 385 )       |
| Differences in the income tax expense from prior years         | ( 1,134 )          | 25            |
| Tax deductions generated in the year                           | ( 401 )            | 64            |
| Effect of the change in the tax rate                           | ( 293 )            | 172           |
| Other  | 901                | 97            |
| Income tax expense   | <u>13,221</u>      | <u>12,967</u> |

Deferred tax assets related to unused tax loss carryforwards and unused tax credits recorded in the consolidated financial statements of the Group at 31 June 2019 and 2018 are as follows:

|                        | Thousands of euros |              |
|------------------------|--------------------|--------------|
|                        | 30/06/2019         | 30/06/2018   |
| Deductions             | 2,340              | 1,096        |
| Tax loss carryforwards | 43,364             | 1,074        |
|                        | <u>45,704</u>      | <u>2,170</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.

Fluidra Maroc, S.A.R.L., Fluidra Brasil Indústria e Comércio LTDA, Talleres del Agua, S.L.U., Fluidra Commerciale Italia, S.P.A., Zodiac Pool Deutschland GMBH and Fluidra Waterlinx Pty Ltd are currently being inspected, although no significant liabilities are expected to arise for the Fluidra Group.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

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

| Tax                        | Open tax periods  |
|----------------------------|-------------------|
| Corporate income tax       | From 2013 to 2018 |
| Value added tax            | From 2016 to 2019 |
| Personal income tax        | From 2016 to 2019 |
| Tax on Economic Activities | From 2016 to 2019 |

In April 2018 the Spanish tax authorities notified that verification and investigation proceedings had started into the income tax of the Parent of the tax group Fluidra, S.A. The years being inspected for the income tax are 2013-2016. The inspections are partial, limited only to checking the distribution among the Group companies of management support service costs. The Company's Directors consider that no additional significant contingent liabilities will arise other than those already recorded, and the additional tax payable, if any, would not have a significant impact on the consolidated financial statements of the company.

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:

|               | Thousands of euros     |                     |                        |                     |                        |                     |
|---------------|------------------------|---------------------|------------------------|---------------------|------------------------|---------------------|
|               | 30/06/2019             |                     | 31/12/2018             |                     | 30/06/2018             |                     |
|               | Receivable<br>balances | Payable<br>balances | Receivable<br>balances | Payable<br>balances | Receivable<br>balances | Payable<br>balances |
| Customers     | 378                    | -                   | 315                    | -                   | 492                    | -                   |
| Debtors       | 40                     | -                   | 44                     | -                   | 59                     | -                   |
| Suppliers     | -                      | 1,291               | -                      | 746                 | -                      | 1,251               |
| Creditors     | -                      | -                   | -                      | -                   | -                      | -                   |
| Total current | <u>418</u>             | <u>1,291</u>        | <u>359</u>             | <u>746</u>          | <u>551</u>             | <u>1,251</u>        |

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

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 Immobiliere (with ownership interest by Boyser, S.R.L., Edrem, S.L., Dispur, S.L. and Aniol, S.L.) included under expenses for services and other amounting to Euros 1,278 thousand in the six-month period ended 30 June 2019.
- 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:

|                                 | Thousands of euros |                 |            |                 |
|---------------------------------|--------------------|-----------------|------------|-----------------|
|                                 | 30/06/2019         |                 | 30/06/2018 |                 |
|                                 | Associates         | Related parties | Associates | Related parties |
| Sales                           | 203                | 624             | 257        | 507             |
| Income from services            | 20                 | 102             | 21         | 118             |
| Purchases                       | -                  | ( 3,224 )       | -          | ( 3,161 )       |
| Expenses for services and other | -                  | ( 1,369 )       | -          | ( 1,361 )       |

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:

|                                       | Thousands of euros |            |
|---------------------------------------|--------------------|------------|
|                                       | 30/06/2019         | 30/06/2018 |
| Total key management personnel        | 5,357              | 893        |
| Total Directors of the Parent Company | 3,427              | 733        |

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

The members of the Parent Company's Board of Directors have earned a total of Euros 668 thousand in the six-month period ended 30 June 2019 (Euros 442 thousand in the same period of 2018) from the consolidated companies in which they act as board members. Additionally, for their executive duties, they have received Euros 2,759 thousand in the six-month period ended 30 June 2019 (Euros 291 thousand in the same period of 2018). The executive function includes remuneration in kind corresponding to the share plan, a vehicle and life insurance.(Euros 1,801 thousands) Similarly, the members of the Board of Directors have received Euros 60 thousand compensation for travel expenses (Euros 41 thousand in 2018).

The Company has life insurance policies whereby the Company has recognised an expense of Euros 75 thousand in the six-month period ended 30 June 2019 (Euros 10 thousand in the same period in 2018). 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 52 thousand (Euros 39 thousand during the same period in 2018).

During the six-month period ended 30 June 2019, 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 30 thousand (Euros 30 thousand for the same period in 2018).

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.

At the general meeting held on 5 May 2015 the shareholders approved a new long-term variable remuneration plan for executive directors and the executive team of Fluidra, S.A. and the subsidiaries comprising the consolidated group.

The new plan was implemented through the granting of a certain number of performance share units (PSUs), which were settled in Company shares once a certain period of time had elapsed 25% of these PSUs may be directly converted into shares once certain length-of-services requirements are met. The remaining 75% may be converted subject to the following financial objectives: 50% are subject to the evolution of the quotation of Fluidra shares, and 50% to the evolution of the EBITDA of Fluidra or the EBIT of the Fluidra subsidiary for which the beneficiary is responsible.

The maximum number of PSUs to be granted under the new plan amounts to 1,672,615, without prejudice to the inclusion of new executives to this plan with a maximum limit of 2,161,920 shares.

At 31 December 2017, this number of shares is insufficient to cover the total shares resulting from applying the degree of attainment of the metrics (3,076,819 shares).

Therefore, based on the proposal of the Appointment and Remuneration Committee, the Board of Directors has decided to make cash payments for each share exceeding the maximum number of shares authorised by the General Shareholders' Meeting, at a value of Euros 8 per share. The beneficiaries of this cash compensation are members of management who are on the Group's payroll at the date of settlement of the plan, with the exception of the executive chairman, who will receive a distribution proportional to the shares authorised by the General Shareholders' Meeting.

At 30 June 2018 the best estimate of the fair value of the plan's total amount came to approximately Euros 9,857 thousand, to be settled as Euros 3,540 in equity instruments and Euros 6,317 thousand in cash. At 30 June 2018 an equity increase was recorded for the amount of Euros 613 thousand, which corresponds to the portion to be settled via equity instruments. The portion of the plan to be settled in cash was recorded in Salaries payable under the heading Trade and other payables for Euros 4,211 thousand.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

The plan started on 1 January 2015 and ended on 31 December 2018, although effective settlement occurred in January 2019. The plan's final amount totals Euros 10,755 thousand, of which Euros 3,578 thousand relate to equity instruments and Euros 7,176 was settled in cash.

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.

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 10,958 thousand. At 30 June 2019, an equity increase was recorded in this respect in the amount of Euros 3,252 thousand.

Furthermore, on 27 June 2018 the General Meeting of Shareholders approved a new 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.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

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 2019 the best estimate of the fair value of the plan's total amount comes to approximately Euros 31,444 thousand, which will be settled in full in equity instruments. At 30 June 2019, an equity increase was recorded in this respect in the amount of Euros 3,650 thousand.

**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 2018 and 2017 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 2019 and 2018 the Group has not presented any mortgage guarantees.

At 30 June 2019, the Group has guarantees with financial institutions and other companies amounting to Euros 5,973 thousand (Euros 3,785 thousand in 2018).

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

**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 consumables of raw materials – Employee benefits expense – Other operating expenses + Share in profit/(loss) for the year from associates accounted for using the equity method.

| Calculation of EBITDA for 2019 and 2018   | Thousands of euros |               |
|---|--------------------|---------------|
|   | 30/06/2019         | 30/06/2018    |
| Sales of goods and finished products  | 753,204            | 450,339       |
| Income from services rendered   | 12,880             | 9,251         |
| Work performed by the Group and capitalised as non-current assets                             | 6,787              | 2,082         |
| Profit/(loss) from sales of fixed assets  | ( 1,115 )          | ( 42 )        |
| Change in inventories of finished products and work in progress and raw materials consumables | ( 363,530 )        | ( 222,814 )   |
| Employee benefits expense   | ( 146,799 )        | ( 87,720 )    |
| Other operating expenses  | ( 129,072 )        | ( 86,952 )    |
| Share in profit/(loss) for the year from associates accounted for using the equity method     | ( 19 )             | 42            |
| <b>EBITDA</b>   | <b>132,336</b>     | <b>64,186</b> |

**27. Subsequent events**

No significant events have taken place after the reporting date.

Fluidra, S.A. and Subsidiaries

Interim Condensed Consolidated Financial Statements

30 June 2019 and 2018

(Expressed in thousands of euros)

In accordance with art. 12 of R.D. 1362/2007 on 31 July 2019 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 statements of financial position, the interim condensed consolidated income statements, the interim condensed consolidated statements of comprehensive income, the interim condensed consolidated statements of changes in equity, the interim condensed consolidated statements of cash flows and the notes to the interim condensed consolidated financial statements) for the six-month periods ended 30 June 2019 and 2018. 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

---

Mr. Juan Ignacio Acha-Orbea Echeverría

---

Mr. Richard Cathcart

---

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. Oscar Serra Duffo

---

Mr. José Manuel Vargas Gómez

FLUIDRA, S.A. and SUBSIDIARIES  
Details of the corporate name and purpose of 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 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 (HongKong), is mainly engaged in the marketing of pool-related accessories.
- Astral Pool México, S.A. de C.V., domiciled in Tlaquepaque (Mexico), is mainly engaged in the marketing of pool material.
- 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 CV., 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.

FLUIDRA, S.A. and SUBSIDIARIES  
Details of the corporate name and purpose of subsidiaries,  
associates and joint ventures directly or indirectly owned

- Cover Pools Incorporated, domiciled in West Valley City (USA), is mainly engaged in the manufacture and distribution of automatic pool covers.
- 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 engaged in the installation, assembly and operation of all products and materials related to pools and water treatment, as well as after-sale services, 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), and Rolachem 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., (merged with Zodiac Pool Iberica, S.L.) domiciled in Polinyà (Barcelona), 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. This company is the parent of the F.C.España group, and holds a 67.5% interest in the company Tecnical Pool Service, S.L.

FLUIDRA, S.A. and SUBSIDIARIES  
Details of the corporate name and purpose of subsidiaries,  
associates and joint ventures directly or indirectly owned

- Fluidra Comercial Portugal Unipessoal, Lda., (merged with Zodiac Pool Care 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.
- Fluidra Commerciale Italia, S.P.A. (merged with Zodiac Pool Systems Italia SRL), 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 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 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., 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, distribution and sale of pool materials by several Group brands.
- Fluidra Hellas, domiciled in Aspropyrgos (Greece), is mainly engaged in the distribution of pool-related 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 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 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 specialties 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 specialties for swimming-pools, irrigation and water treatment.

FLUIDRA, S.A.  
AND SUBSIDIARIES

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

- 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 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 (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 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 centers projects and works, through its own technical, personnel and organizational 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, S.A.  
AND SUBSIDIARIES

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

- 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 Waterlinx Pty, Ltd (formerly 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. This company is the parent of the Waterlinx Group, and fully owns the companies Waterlinx International Pty Ltd, and Waterlinx Industrial and Irrigation Pty Ltd.
- Fluidra Youli Fluid Systems (Wenzhou) Co., LTD, domiciled in Luishi Town, Yueqing City (China), is mainly engaged in the development, production and sale of fluid handling products.
- 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 specialties in general, excluding pharmaceutical products.
- La Tienda Swimming Pool Maintenance LLC, domiciled in Dubai (Dubai), is mainly engaged in the maintenance, installation and sale of pools.
- 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.
- Loitech (Ningbo) Heating Equipment Co, Ltd, domiciled in Zhenhai (China), is engaged in the production and installation of heat pumps for swimming-pools, as well as other accessories necessary for assembly.
- 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.

FLUIDRA, S.A.  
AND SUBSIDIARIES

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

- 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 Equipements Co., LTD, domiciled in Ningbo (China), is engaged in the production and installation of swimming-pool equipment, brushes, plastic and aluminum 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 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., 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 relaxation, technical assistance to professionals in the field and the creation and sale of computer programmes related to the above activities.
- 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.
- Puralia Systems, S.L.U., domiciled in Cervelló (Barcelona, Spain), is engaged in the marketing of machinery, materials, tools and accessories for water installations and treatment.
- Riiot 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.

FLUIDRA, S.A.  
AND SUBSIDIARIES

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

- 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.
- 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.
- 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.
- 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.
- 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.

FLUIDRA, S.A.  
AND SUBSIDIARIES

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

- 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 specialties.
- Zodiac Pool Deutschland GMBH., domiciled in Brobostheim (Germany), is engaged in the distribution and sale of pool-related products and accessories.
- Zodiac Pool Solutions, LLC, domiciled in Vista (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.R.L., domiciled in Luxembourg (ÑLuxembourg) 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 Vista (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 Shenzhen (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.
- 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 2019

| % Ownership interest |          |
|----------------------|----------|
| Direct               | Indirect |

**List of subsidiaries accounted for using the full consolidation method**

|   |             |  |
|---|-------------|--|
| <b>FLUIRA FINCO, S.L.</b>                             | <b>100%</b> |  |
| <b>FLUIDRA COMMERCIAL, S.A.U.</b>                     | <b>100%</b> |  |
| AO ASTRAL SNG   | 90%         |  |
| 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%        |  |
| ASTRAL POOL MEXICO, S.A. DE C.V.                      | 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.                               | 85%         |  |
| FLUIDRA BALKANS JSC                                   | 55.66%      |  |
| 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%        | (2) / Merged with Zodiac Pool Iberica,S.L. |
| FLUIDRA DANMARK A/S                                   | 100%        |  |
| FLUIDRA DEUTSCHLAND GmbH                              | 100%        |  |
| FLUIDRA EGYPT, Egyptian Limited Liability Company     | 99.96%      |  |
| W.I.T. EGYPT, Egyptian Limited Liability Company      | 99.95%      |  |
| FLUIDRA ENGINEERING SERVICES, S.L.U.                  | 100%        |  |
| FLUIDRA EXPORT, S.A.U.                                | 100%        |  |
| FLUIDRA GLOBAL DISTRIBUTION, S.L.U.                   | 100%        |  |
| FLUIDRA HELLAS, S.A.                                  | 96.96%      |  |
| FLUIDRA HOLDINGS SOUTH AFRICA PTY LTD                 | 90%         | (3) - 100%                                 |
| FLUIDRA WATERLINX PTY, LTD                            | 57.40%      | (3) – 63.78% - (2)                         |
| FLUIDRA INDONESIA PT.                                 | 100%        |  |
| FLUIDRA JV YOULI, S.L.U.                              | 100%        |  |
| FLUIDRA YOULI FLUID SYSTEMS (WENZHO) CO, LTD          | 70%         |  |
| FLUIDRA KAZAKHSTAN Limited Liability Company          | 51%         |  |
| FLUIDRA MAGYARORSZÁG Kft.                             | 95%         |  |
| FLUIDRA MALAYSIA SDN.BHD.                             | 100%        |  |
| FLUIDRA MAROC, S.A.R.L.                               | 100%        |  |
| FLUIDRA MEXICO, S.A. DE C.V.                          | 100%        |  |
| FLUIDRA MIDDLE EAST FZE                               | 100%        |  |
| FLUIDRA AL URDOUN FZ                                  | 70%         |  |
| LA TIENDA SWIMMING POOL MAINTENANCE LLC               | 80%         |  |
| FLUIDRA MONTENEGRO DOO                                | 60%         |  |
| FLUIDRA ÖSTERREICH GmbH "SSA"                         | 97%         |  |
| FLUIDRA POLSKA, SP. Z.O.O.                            | 100%        |  |

FLUIDRA, S.A. and subsidiaries

Subsidiaries  
30 June 2019

|   |             |   |
|---|-------------|---|
| FLUIDRA COMERCIAL PORTUGAL UNIPessoal, LDA.           | 100%        | Merged with Zodiac Pool Care Portugal Unipessoal, LDA |
| 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%        | Merged with Zodiac Pool Systems Italia, S.R.L.        |
| AGRISILOS, S.R.L.                                     | 90%         | (3) - 100%  |
| LAGHETTO FRANCE, S.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.               | 25.50%      |   |
| FLUIDRA VIETNAM LTD                                   | 100%        |   |
| RIIOT LABS NV/SA                                      | 80%         | (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 ENERCIETECHNICK GMBH                              | 100%        |   |
| FLUIDRA HOLDINGS AUSTRALIA PTY LTD                    | 100%        | Previously Zodiac Pool Solutions Pty Ltd              |
| FLUIDRA AUSTRALIA PTY LTD                             | 100%        | (2)   |
| PRICE CHEMICALS PTY LTD                               | 100%        |   |
| FLUIDRA (N.Z.) LIMITED                                | 100%        | Previously Zodiac Group (N.Z.) Limited                |
| FLUIDRA GROUP AUSTRALIA PTY LTD                       | 100%        | Previously Zodiac Group Australia Pty Ltd             |
| FLUIDRA TUNISIE, SARL                                 | 100%        |   |
| FLUIDRA BH D.O.O. BIJELJINA                           | 60%         | (4)   |
| <b>FLUIDRA INDUSTRY S.A.U.</b>                        | <b>100%</b> |   |
| FLUIDRA INDUSTRY ESPAÑA, S.A.U.                       | 100%        |   |
| CEPEX S.A.U.  | 100%        |   |
| METALAST, S.A.U.                                      | 100%        |   |
| NINGBO LINYA SWIMMING POOL & WATER TREATMENT CO., LTD | 100%        |   |
| POLTANK, S.A.U.                                       | 100%        |   |
| TURCAT POLYESTER SANAYI VE TICARET A.S.               | 50%         |   |
| SACOPA, S.A.U.  | 100%        |   |
| I.D. ELECTROQUÍMICA, S.L.                             | 78.82%      | (3) - 100%  |
| INDUSTRIAS MECANICAS LAGO, S.A.U.                     | 100%        |   |
| INQUIDE, S.A.U.                                       | 100%        |   |
| LOITECH (NINGBO) HEATING EQUIPMENT CO., Ltd           | 100%        |   |
| NINGBO DONGCHUAN SWIMMING POOL EQUIPEMENTS CO., LTD   | 70%         |   |
| PRODUCTES ELASTOMERS, S.A.                            | 70%         |   |
| PURALIA SYSTEMS, S.L.U.                               | 100%        |   |
| TALLERES DEL AGUA, S.L.U.                             | 100%        |   |
| TOGAMA, S.A.U.  | 100%        |   |
| UNISTRAL RECAMBIOS, S.A.U.                            | 100%        |   |

FLUIDRA, S.A. and subsidiaries

Subsidiaries  
30 June 2019

|   |             |
|---|-------------|
| U.S. POOL HOLDINGS, INC                               | 100%        |
| AQUA PRODUCTS INC                                     | 100%        |
| FLUIDRA USA, INC                                      | 100%        |
| FLUIDRA PROJECTS USA INC                              | 100%        |
| <b>MANUFACTURAS GRE, S.A.U.</b>                       | <b>100%</b> |
| ME 2000, S.R.L.                                       | 100%        |
| <b>TRACE LOGISTICS, S.A.U.</b>                        | <b>100%</b> |
| <b>FLUIDRA SERVICES ESPAÑA, S.L.U.</b>                | <b>100%</b> |
| <b>INNODRIP, S.L.U</b>                                | <b>100%</b> |
| <b>PISCINE LUXEMBOURG HOLDINGS 3, S.A.R.L.</b>        | <b>100%</b> |
| ZODIAC POOL SOLUTIONS SARL                            | 100%        |
| ZPNA HOLDINGS SAS                                     | 100%        |
| COVER POOLS INCORPORATED                              | 100%        |
| ZODIAC POOL SYSTEMS CANADA INC                        | 100%        |
| ZODIAC POOL SYSTEMS LLC                               | 100%        |
| ZODIAC POOL SOLUTIONS LLC                             | 100%        |
| FLUIDRA LATAM EXPORT LLC                              | 100% (4)    |
| ZPES HOLDINGS SAS                                     | 84.85%      |
| ZODIAC POOL SOLUTIONS SAS                             | 100%        |
| ZODIAC POOL CARE EUROPE SAS                           | 100%        |
| ZODIAC POOL CARE SOUTH AFRICA<br>(PROPIETARY) LIMITED | 100%        |
| FLUIDRA WATERLINX PTY, LTD                            | 36.22%      |
| ZODIAC SWIMMING POOL EQUIPMENT<br>(SHENZEN) CO, LTD   | 100%        |
| ZODIAC INTERNATIONAL SAS                              | 100%        |
| <b>FLUIDRA SERVICES FRANCE, S.A.S.</b>                | <b>100%</b> |
| ZPES HOLDINGS SAS                                     | 15.15%      |
| 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%        |

FLUIDRA, S.A. and subsidiaries

Subsidiaries  
30 June 2019

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) |
|-------------------------|---------|

(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 companies Astral Pool Australia Pty Ltd, Hurlcon Staffing Pty Ltd, Hurlcon Investments Pty Ltd, and Rolachem Australia Pty Ltd. Fluidra Comercial España, S.A.U. is a group of companies in which the parent fully owns the company Ideal Pool Innovations, S.L.U. and holds an ownership interest of 67.5% in the company Tecnical Pool Service, S.L. Fluidra Waterlinx Pty Ltd is a group of companies in which the parent fully owns the companies Waterlinx International Pty Ltd, and Waterlinx Industrial And Irrigation Pty Ltd.

(3) Companies that have been fully integrated in the interim consolidated financial statements and the book value of their non-controlling interest has no longer been recognised.

(4) Newly-incorporated companies during the six-month period ended 30 June 2019.

(5) In the six-month period ended 30 June 2019, Aquatron Robotic Technology LTD was sold.

Fluidra, S.A. and Subsidiaries

Details of segment results  
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.)

|  | 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   | 195,643     | 99,401        | 95,939     | 46              | (1,355 )                   | 389,674                    |
| OPEX   | ( 131,850 ) | (71,625 )     | (53,944 )  | (2,398 )        | 2,498                      | (257,319 )                 |
| Amortization and depreciation expenses and impairment losses | ( 12,862 )  | (7,623 )      | (7,069 )   | (4,017 )        | (30,264 )                  | (61,835 )                  |
| Operating profit/(loss) from reporting segments              | 50,931      | 20,153        | 34,926     | (6,369 )        | (29,121 )                  | 70,520                     |
| Share in profit/(loss) of associates                         | -           | -             | -          | -               | (19)                       | (19)                       |
| EBITDA   | 63,793      | 27,776        | 41,995     | (2,352 )        | 1,124                      | 132,336                    |

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

COGS = Changes in inventories of finished goods and work in progress and raw materials consumables

Fluidra, S.A. and Subsidiaries

Details of segment results  
for the six-month period ended 30 June 2018  
(expressed in thousands of euros)

|  | ESA            | NORTH AMERICA   | OPERATIONS    | Shared services  | Adjustments & eliminations | Total consolidated figures |
|--|----------------|-----------------|---------------|------------------|----------------------------|----------------------------|
|  | 30/06/2018     | 30/06/2018      | 30/06/2018    | 30/06/2018       | 30/06/2018                 | 30/06/2018                 |
| Sales to third parties                                       | 397,539        | 7,532           | 45,229        | 39               | -                          | 450,339                    |
| Sales to third parties in USA                                | 5,219          | 6,899           | 5,992         | -                | -                          | 18,110                     |
| Sales to third parties in Spain                              | 80,372         | -               | 17,520        | -                | -                          | 97,892                     |
| Sales to third parties in France                             | 71,310         | -               | 6,290         | -                | -                          | 77,600                     |
| Inter-segment sales  | 17,150         | 486             | 213,988       | -                | (231,624)                  | -                          |
| Segment sales of goods and finished products                 | 414,689        | 8,018           | 259,217       | 39               | (231,624)                  | 450,339                    |
| COGS   | ( 278,538 )    | (4,127 )        | (161,105 )    | 3                | 220,953                    | (222,814 )                 |
| Gross profit   | <u>136,151</u> | <u>3,891</u>    | <u>98,112</u> | <u>42</u>        | <u>(10,671 )</u>           | <u>227,525</u>             |
| OPEX   | ( 92,198 )     | (4,380 )        | (58,147 )     | (16,142 )        | 7,486                      | (163,381 )                 |
| Amortization and depreciation expenses and impairment losses | ( 3,429 )      | (652 )          | (5,392 )      | (3,885 )         | (2,552 )                   | (15,910 )                  |
| Operating profit/(loss) from reporting segments              | <u>40,524</u>  | <u>(1,141 )</u> | <u>34,573</u> | <u>(19,985 )</u> | <u>(5,737 )</u>            | <u>48,234</u>              |
| Share in profit/(loss) of associates                         | -              | -               | -             | -                | 42                         | 42                         |
| EBITDA   | <u>43,953</u>  | <u>(489 )</u>   | <u>39,965</u> | <u>(16,100 )</u> | <u>(3,143 )</u>            | <u>64,186</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

COGS = Changes in inventories of finished goods and work in progress and raw materials consumables

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<br>Eliminations | Total<br>consolidated<br>figures |
|--|----------------|---------------|----------------|------------------|---------------------------------|----------------------------------|
|  | 30/06/2019     | 30/06/2019    | 30/06/2019     | 30/06/2019       | 30/06/2019                      | 30/06/2019                       |
| <b>NON-CURRENT ASSETS</b>              |                |               |                |                  |                                 |                                  |
| 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                           |
| <b>NWC</b>                             | <b>202,163</b> | <b>84,297</b> | <b>100,438</b> | <b>(75,686 )</b> | <b>79,071</b>                   | <b>390,283</b>                   |
| Inventories                            | 160,287        | 75,002        | 95,005         | -                | (23,066)                        | 307,228                          |
| Trade and other receivables            | 330,085        | 263,576       | 137,543        | 447,375          | (763,394 )                      | 415,185                          |
| Trade and other payables               | 288,209        | 254,281       | 132,110        | 523,061          | (865,531 )                      | 332,130                          |

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 2018  
(expressed in thousands of euros)

|  | ESA            | NORTH AMERICA | OPERATIONS     | Shared services | Adjustments and<br>Eliminations | Total<br>consolidated<br>figures |
|--|----------------|---------------|----------------|-----------------|---------------------------------|----------------------------------|
|  | 30/06/2018     | 30/06/2018    | 30/06/2018     | 30/06/2018      | 30/06/2018                      | 30/06/2018                       |
| <b>NON-CURRENT ASSETS</b>              |                |               |                |                 |                                 |                                  |
| Property, plant, and equipment         | 26,596         | 1,222         | 54,522         | 10,787          | 1,662                           | 94,789                           |
| Property, plant and equipment in Spain | 5,189          | -             | 50,775         | 10,424          | -                               | 66,388                           |
| <b>NWC</b>                             | <b>153,551</b> | <b>12,639</b> | <b>121,672</b> | <b>28,240</b>   | <b>(22,022 )</b>                | <b>294,080</b>                   |
| Inventories                            | 119,073        | 9,151         | 99,962         | -               | (24,768)                        | 203,418                          |
| Trade and other receivables            | 242,169        | 6,905         | 148,982        | 76,613          | (202,289 )                      | 272,380                          |
| Trade and other payables               | 207,691        | 3,417         | 127,272        | 48,373          | (205,035 )                      | 181,718                          |

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

## Fluidra, S.A. and Subsidiaries

## Interim Consolidated Director's Report

30 June 2019

(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 2019 reporting date amounts to Euros 753.2 million, which reflects a 67.3% increase in comparison with the prior year (+67.4% at a constant exchange rate).

All figures have been affected this year by the merger with the Zodiac Group and all headings in the income statement include the impact of this acquisition from 2 July 2018, as well as the expenses arising from the synergies obtained on the costs associated with this merger. From the second half of the year onwards, sales figures and profit/(loss) will be comparable. If the acquisition had taken place on 1 January 2018, sales of goods and finished products would have increased by Euros 286 million, reflecting an increase of 2.3% in sales figures for the first half of the year.

In terms of sales by geographical area, growth in the US market is noteworthy with turnover increasing from Euros 22.4 million to Euros 209.3 million in 2019 due to the effect of the Zodiac Group's integration. This acquisition has also affected the French market with turnover increasing from Euros 78.5 million to Euros 118 million, and the Spanish market with a rise of 11.8% representing 14.5% of the Group's sales, behind France (15.7%) and the American market (27.8%).

The evolution of turnover per business unit highlights the strong performance of the Pool&Wellness segment (+70.7%) driven by a positive performance in almost all markets and the acquisition of Zodiac. Within the Pool&Wellness segment, there is solid growth in both Residential Pools (+95.1%) and Pool Water Treatment (+39.1%), where the presence of the Zodiac Group was smaller. The commercial pools segment has grown 16.2% as a result of new projects begun in 2019.

EBITDA was up by Euros 68.1 million, increasing from Euros 64.2 million last year to Euros 132.3 million this year.

The gross margin has increased from 50.5% last year to 51.7% this year. This change is a result of the mix of products and the integration of the Zodiac Group.

Net operating expenses (sum of employee benefits expense, other operating expenses net of income from services rendered, work performed by the Group and capitalised as non-current assets, profit from the sale of fixed assets and before changes in trading provisions) have increased by 57.6% as a result of the merger with the Zodiac Group and the expenses linked to obtaining synergies, amounting to approximately Euros 8.9 million. It is important to mention that last year these expenses were affected by the merger's operating expenses (Euros 6.8 million). The effect of IFRS 16 is also of note, with a positive impact in this heading of Euros 11.4 million.

Trading provisions have increased by Euros 0.9 million due to the integration of the Zodiac Group. This provision accounts for 0.3% of sales, mainly due to the improvement in the economic environment and the risk control in the main market in which the company operates.

In the Depreciation and amortisation expenses and impairment losses line, the increase of Euros 45.9 million as a result mainly of the amortisation of intangible assets with finite useful lives identified in the allocation of the purchase price of the business combination with Zodiac, which total Euros 30.1 million, shall be noted. In addition, the new IFRS 16 standard has had an impact of Euros 10.4 million.

The finance cost has increased from Euros -4.4 million in 2018 to -25.8 million in 2019 due to the increase in debt driven by the acquisition of the Zodiac Group.

Net profit attributed to the Parent decreases from Euros 32.3 million to Euros 28.7 million, with two significant consequences. On the positive side, the integration of the Zodiac business is offset by the amortisation of intangible assets with a finite life arising from the acquisition. On the other hand, there is a finance cost associated with the increase in debt from Zodiac.

With regard to the Group's consolidated balance sheet, there has been a notable increase in net working capital due to the integration of the Zodiac Group in accordance with the prior year's business combination. This increase stands at Euros 116.5 million at the date of the business combination. At the six-month reporting date, net working capital has increased by Euros 102.5 million.

Investment in property, plant and equipment and other intangible assets has increased by Euros 10.5 million to Euros 23.3 million in 2019.

Fluidra, S.A. and Subsidiaries  
Interim Consolidated Director's Report  
30 June 2019

The new IFRS 16 standard has been applied for the first time in this six-month period with an impact of Euros 109.3 million on assets at the June 2019 reporting date. Lease additions in the year total Euros 10,470 thousand, relating to a new plant in Tijuana, offices in Australia and the renegotiation of certain contracts.

Net financial debt has increased from Euros 206.8 million to Euros 740.2 million due to the increase in debt driven by the acquisition of the Zodiac Group, which added net financial debt to the Group of Euros 540.4 million at the date of the business combination.

The outlook for the second half of the year is uncertain due to problems in the American market in the first half of the year. A certain degree of recovery in sales figures is however expected.

There have been 1,057 new staff members compared to the same period in the previous year, due to the incorporation of staff from the Zodiac Group. The average headcount at 30 June 2019 is 5,551 people, split into 67% male staff and 33% female.

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.