

**FLUIDRA, S.A.
AND SUBSIDIARIES**

Consolidated Annual Accounts and Consolidated Directors' Report

31 December 2020

(Together with the Consolidated Audit Report thereon)

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

Audit Report on Consolidated Financial Statements

**Fuidra, S.A. and Subsidiaries
Consolidated Financial Statements and
Consolidated Management Report
for the year ended
December 31, 2020**



AUDIT REPORT ON CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

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

To the shareholders of Fluidra, S.A.:

Audit report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Fluidra, S.A. (the parent) and its subsidiaries (the Group), which comprise the consolidated balance sheet at December 31, 2020, the consolidated income statement, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, and the notes thereto, for the year then ended.

In our opinion, the accompanying consolidated financial statements give a true and fair view, in all material respects, of consolidated equity and the consolidated financial position of the Group at December 31, 2020 and of its financial performance and its consolidated cash flows, for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union (IFRS-EU), and other provisions in the regulatory framework applicable in Spain.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We are independent of the Group in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the consolidated financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of goodwill and other intangible assets

Description At December 31, 2020 the Group shows goodwill and other intangible assets amounting to 1,075 and 642 million euros, respectively. At least annually, Group Management estimates the recoverable amount of each significant Cash Generating Unit (CGU) to which these assets are allocated. The purpose of this analysis is to conclude about the need to record an impairment loss on goodwill or any other intangible asset. The analysis requires Group Management to make estimates, which entails the use of judgments in the determination of the assumptions considered. Impairment tests are performed using the discounted cash flow method based on a risk-free rate.

We have considered this area a key audit matter since the analyses performed by Group Management require them to make complex estimates and judgments regarding the future results of the CGUs to which the aforementioned assets belong.

The description of the balance, movements and methodology and main assumptions used in the recoverability analysis performed on the CGUs to which the aforementioned goodwill have been allocated, as well as the information on other intangible assets, are described in Notes 3.d) and 8 to the accompanying consolidated financial statements.

Our response Our audit procedures for this area consisted, among others, in:

- ▶ Understanding the processes established by Group Management in the determination of the impairment of goodwill and other intangible assets, including the assessment of the design and implementation of relevant controls.
- ▶ Reviewing, in collaboration with our valuation experts, the reasonableness of the method used by Group Management in the projection of the discounted cash flows of each CGU, covering, specifically, the discount rate used and the long-term growth rate.
- ▶ Reviewing the financial information projected in the business plan for each CGU by analyzing the historical financial and budget information, the current market conditions, and the forecasts about their potential evolution and public information provided by other sector companies.
- ▶ Reviewing the disclosures included in the notes to the consolidated financial statements required by the applicable regulatory framework for financial information.

Measurement of trade and other receivables

Description At December 31, 2020 the Group has trade and other receivables, net of impairment losses, amounting to 249 million euros, as indicated in Note 15. As mentioned in Note 3. i) d) to the consolidated financial statements on the most relevant accounting principles applied, Group Management estimates trade and other receivables considered to be doubtful receivables and, if any, records a provision for the financial assets to adjust accounts receivable to their fair value. Group Management estimates this provision through individual reviews of trade and other receivables based on specific circumstances, as well as on the experience and collection trends in the sector taking into account the current economic and trade conditions.

Given the significance of the amounts involved and the complexity of the judgments that assessing the collection of trade receivables entails, we have considered this area a key audit matter.

**Our
response**

Our audit procedures for this area consisted, among others, in:

- ▶ Understanding the processes established by Group Management in the determination of the correct measurement of trade and other receivables, including the assessment of the design and implementation of relevant controls.
- ▶ Comparing Group Management's estimates with historical collection trends.
- ▶ Conducting an analysis of ratios over Group Management's estimate of bad debts.
- ▶ Recalculating the provision for bad debts based on subsequent events (collections from customers, etc.) and the analysis of the economic situation of the debtor.
- ▶ Reviewing the disclosures included in the notes to the consolidated financial statements required by the applicable regulatory framework for financial information.

Measurement of inventory

Description At December 31, 2020 the Group has inventory for a recorded amount, net of impairment losses, of 282 million euros, as indicated in Note 14. The several types of inventory are located at different warehouses and factories that the Group has in both Spain and abroad. As indicated in Note 3.k) to the accompanying consolidated financial statements, the Group measures inventories at cost and if their net realizable value becomes lower than acquisition cost the corresponding impairment loss is recorded as an expense in the income statement. Given the significance of these balances to the consolidated financial statements taken as a whole, and the subjectivity involved in estimating the net realizable value of inventories, we have considered this area a key audit matter.

**Our
response**

Our audit procedures for this area consisted, among others, in:

- ▶ Understanding the processes established by Group Management in the measurement inventory, including the assessment of the design and implementation of relevant controls. For this purpose, we have engaged our IT experts to understand the computer process, including the assessment of the design and implementation, as well as the operating effectiveness, of general and application controls of the software program used to determine the provision for obsolescence recorded by the Group.
- ▶ Performing a test of detail, by means of a sample, of the historical cost, actual margins and net realizable value of obsolete inventory. Historical costs were tested using samples, by checking the acquisition cost against the original purchase invoice, and actual margin and net realizable amount were tested using samples by checking them against original sale invoices.

- ▶ Assessing whether any inventories were sold at a negative margin, by analyzing the last invoices of sales carried out subsequent to year end and up to the date we completed our work.
- ▶ Analyzing stock turnover to validate the estimates of obsolete inventories made by Group Management.
- ▶ Reviewing the disclosures included in the notes to the consolidated financial statements required by the applicable regulatory framework for financial information.

Other information: consolidated management report

Other information refers exclusively to the 2020 consolidated management report, the preparation of which is the responsibility of the parent company's directors and is not an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility for the consolidated management report, in conformity with prevailing audit regulations in Spain, entails:

- a) Checking only that the consolidated non-financial statement and certain information included in the Corporate Governance Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.
- b) Assessing and reporting on the consistency of the remaining information included in the consolidated management report with the consolidated financial statements, based on the knowledge of the Group obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the consolidated management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the consolidated management report is consistent with that provided in the 2020 consolidated financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the parent company's directors and the audit committee for the consolidated financial statements

The directors of the parent company are responsible for the preparation of the accompanying consolidated financial statements so that they give a true and fair view of the equity, financial position and results of the Group, in accordance with IFRS-EU, and other provisions in the regulatory framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the parent company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee of the parent company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the parent company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

Additional report to the audit committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit committee on March 24, 2021.

Term of engagement

The ordinary general shareholders' meeting held on March 27, 2019 appointed us as auditors for 3 years, commencing on December 31, 2019.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Alfredo Eguiagaray

March 26, 2021

CONSOLIDATED ANNUAL ACCOUNTS

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Fluidra, S.A. and Subsidiaries

Consolidated Annual Accounts

31 December 2020 and 2019

(Thousands of euros)

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Fluidra, S.A. and Subsidiaries

Consolidated Statement of Financial Position

31 December 2020 and 2019

(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>31/12/2020</u>	<u>31/12/2019</u>
Property, plant, and equipment	6	117,941	119,976
Investment property	7	2,940	3,166
Goodwill	8	1,075,483	1,103,856
Other intangible assets	8	641,717	736,185
Right-of-use assets	9	101,714	112,659
Investments accounted for using the equity method	10	28	-
Non-current financial assets	11	4,384	7,376
Other accounts receivable	15	3,680	1,831
Deferred tax assets	29	90,389	85,588
Total non-current assets		2,038,276	2,170,637
Inventories	14	281,838	259,471
Trade and other receivables	15	249,341	314,745
Other current financial assets	11	10,867	9,713
Derivative financial instruments	12	10	291
Cash and cash equivalents		225,631	242,240
Total current assets		767,687	826,460
TOTAL ASSETS		2,805,963	2,997,097
<u>Equity</u>			
Capital		195,629	195,629
Share premium		1,148,591	1,148,591
Retained earnings and other reserves		227,648	113,208
Interim dividend		(40,752)	-
Treasury shares		(35,841)	(14,000)
Other comprehensive income		(73,969)	(3,814)
Equity attributed to equity holders of the parent	16	1,421,306	1,439,614
Non-controlling interests		6,734	5,878
Total equity		1,428,040	1,445,492
<u>Liabilities</u>			
Financial liabilities from loans and borrowings and other marketable securities	19	671,102	857,035
Lease liabilities		91,694	98,587
Derivative financial instruments	12	15,987	14,951
Deferred tax liabilities	29	165,365	181,154
Provisions	18	13,636	11,406
Government grants		241	302
Other non-current liabilities	21	18,602	22,326
Total non-current liabilities		976,627	1,185,761
Financial liabilities from loans and borrowings and other marketable securities	19	20,013	21,862
Lease liabilities		22,454	23,173
Trade and other payables	20	319,696	291,564
Provisions	18	37,602	28,437
Derivative financial instruments	12	1,531	808
Total current liabilities		401,296	365,844
Total liabilities		1,377,923	1,551,605
TOTAL EQUITY AND LIABILITIES		2,805,963	2,997,097

The accompanying notes are an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2020.

Fluidra, S.A. and Subsidiaries

Consolidated Income Statement

31 December 2020 and 2019

(Thousands of euros)

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

	Notes	31/12/2020	31/12/2019
Operating income			
Sales of goods and finished products	24	1,488,108	1,367,550
Income from the rendering of services	25	22,752	24,928
Work performed by the Group for its own non-current assets		14,848	14,157
Total operating income		<u>1,525,708</u>	<u>1,406,635</u>
Operating expenses			
Change in inventories of finished products and work in progress and supplies of raw materials	23	(702,053)	(666,022)
Personnel expenses	26	(272,436)	(277,872)
Depreciation and amortisation expenses and impairment losses	6, 7, 8 & 13	(117,981)	(129,762)
Other operating expenses	27	(248,789)	(256,089)
Total operating expenses		<u>(1,341,259)</u>	<u>(1,329,745)</u>
Other gains/(losses)			
Profit/(loss) from sales of fixed assets		(386)	(1,364)
Total other gains/(losses)		<u>(386)</u>	<u>(1,364)</u>
Operating profit		<u>184,063</u>	<u>75,526</u>
Finance income/(cost)			
Finance income		7,378	2,803
Finance cost		(37,927)	(53,792)
Finance cost for rights-of-use		(4,861)	(4,929)
Exchange gains/(losses)		(9,660)	485
Net finance income/(cost)	28	<u>(45,070)</u>	<u>(55,433)</u>
Share in profit/(loss) for the year from investments accounted for using the equity method	10	28	-
Profit/(loss) before tax from continuing operations		<u>139,021</u>	<u>20,093</u>
Income tax expense	29	(39,118)	(5,982)
Profit/(loss) after tax from continuing operations		99,903	14,111
Profit/(loss) after tax from discontinued operations	13	-	(114)
Consolidated profit/(loss) after tax		<u>99,903</u>	<u>13,997</u>
Profit/(loss) attributable to non-controlling interests		3,515	5,675
Profit/(loss) attributable to equity holders of the parent		96,388	8,322
From continuing operations		96,388	8,436
From discontinued operations		-	(114)
EBITDA	35	<u>302,072</u>	<u>205,288</u>
Basic earnings/(losses) per share from continuing operations (euros)	17	0.49702	0.04342
Basic and diluted earnings per share (in euros)	17	<u>0.49702</u>	<u>0.04283</u>

The accompanying notes are an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2020.

Fluidra, S.A. and Subsidiaries

Consolidated Statement of Comprehensive Income
for the years ended 31 December 2020 and 2019

(Expressed in thousands of euros)

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

		<u>31/12/2020</u>	<u>31/12/2019</u>
Profit/(loss) for the year		99,903	13,997
Items that will be reclassified to profit or loss			
Cash flow hedges	Note 12	(1,370)	(7,029)
Actuarial gains and losses		135	(160)
Exchange differences on translation of foreign operations		(66,097)	6,932
Tax effect		<u>459</u>	<u>1,524</u>
Other comprehensive income for the year, net of tax		<u>(66,873)</u>	<u>1,267</u>
Total comprehensive income for the year		<u><u>33,030</u></u>	<u><u>15,264</u></u>
Total comprehensive income attributable to:			
Equity holders of the parent		30,089	9,790
From continuing operations		30,089	9,017
From discontinued operations		-	773
Non-controlling interests		<u>2,941</u>	<u>5,474</u>
		<u><u>33,030</u></u>	<u><u>15,264</u></u>

The accompanying notes are an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2020.

Fluidra, S.A. and Subsidiaries

Consolidated Statement of Changes in Equity
for the years ended 31 December 2020 and 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	Retained earnings	Interim dividend	Own shares	Other comprehensive income		Total	Non-controlling interests	Total equity
							Exchange differences	Other			
Balance at 1 January 2019	195,629	1,148,591	40,140	67,119	-	(13,690)	871	(6,153)	1,432,507	8,214	1,440,721
Profit (loss) for the year	-	-	-	8,322	-	-	-	-	8,322	5,675	13,997
Other comprehensive income	-	-	-	-	-	-	7,135	(5,667)	1,468	(201)	1,267
Total comprehensive income for the year	-	-	-	8,322	-	-	7,135	(5,667)	9,790	5,474	15,264
Inclusion of entities	-	-	-	-	-	-	-	-	-	4	4
Disposal of entities	-	-	-	-	-	-	-	-	-	(2,366)	(2,366)
Change in ownership interest	-	-	-	1,936	-	-	-	-	1,936	(1,072)	864
Treasury shares	-	-	-	(8,623)	-	(310)	-	-	(8,933)	-	(8,933)
Equity-based payments	-	-	-	4,314	-	-	-	-	4,314	-	4,314
Dividends	-	-	-	-	-	-	-	-	-	(4,376)	(4,376)
Balance at 31 December 2019	<u>195,629</u>	<u>1,148,591</u>	<u>40,140</u>	<u>73,068</u>	<u>-</u>	<u>(14,000)</u>	<u>8,006</u>	<u>(11,820)</u>	<u>1,439,614</u>	<u>5,878</u>	<u>1,445,492</u>
Profit (loss) for the year	-	-	-	96,388	-	-	-	-	96,388	3,515	99,903
Other comprehensive income	-	-	-	-	-	-	(65,523)	(776)	(66,299)	(574)	(66,873)
Total comprehensive income for the year	-	-	-	96,388	-	-	(65,523)	(776)	30,089	2,941	33,030
Inclusion of entities	-	-	-	-	-	-	-	-	-	5	5
Disposal of entities	-	-	-	-	-	-	-	-	-	(60)	(60)
Change in ownership interest	-	-	-	3,856	-	-	(3,856)	-	-	35	35
Treasury shares	-	-	-	5,921	-	(21,841)	-	-	(15,920)	-	(15,920)
Equity-based payments	-	-	-	9,091	-	-	-	-	9,091	-	9,091
Other	-	-	-	(816)	-	-	-	-	(816)	-	(816)
Dividends	-	-	-	-	(40,752)	-	-	-	(40,752)	(2,065)	(42,817)
Balance at 31 December 2020	<u>195,629</u>	<u>1,148,591</u>	<u>40,140</u>	<u>187,508</u>	<u>(40,752)</u>	<u>(35,841)</u>	<u>(61,373)</u>	<u>(12,596)</u>	<u>1,421,306</u>	<u>6,734</u>	<u>1,428,040</u>

The accompanying notes are an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2020.

Fluidra, S.A. and Subsidiaries

Consolidated Statement of Cash Flows
for the years ended 31 December 2020 and 2019
(Expressed in thousands of euros)

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

	Note	2020	2019
<u>Cash flows from operating activities</u>			
Profit for the year before tax		139,021	19,979
<i>Adjustments due to:</i>			
Amortisation and depreciation	6, 7 & 8	116,326	125,958
Adjustments due to impairment of receivables	27	3,720	4,224
Charge/(Reversal) of impairment losses on assets	6 & 8	1,655	3,804
Charge/(Reversal) of impairment losses on financial assets	28	493	355
Charge/(Reversal) of losses on risks and expenses		11,936	1,845
Charge/(Reversal) of losses on inventories	23	47	5,721
Income from financial assets	28	(5,318)	(1,481)
Finance cost	28	40,425	51,886
Exchange (gains)/losses		9,660	(485)
Share in (profit)/loss for the year from associates accounted for using the equity method		(28)	-
(Profit)/loss on the sale of property, plant and equipment and other intangible assets		295	(336)
(Profit)/loss on the sale of subsidiaries	5	91	1,700
Grants released to income		(86)	(100)
Adjustments to the consideration paid against results for business combination	28	(1,195)	4,313
Share-based payment expenses	30	9,091	12,166
(Profit)/loss on derivative financial instruments at fair value through profit or loss		1,004	810
Operating profit before changes in working capital		327,137	230,359
Changes in working capital, excluding the effect of acquisitions and currency translation differences			
Increase(Decrease) in trade and other receivables		55,909	(35,851)
Increase(Decrease) in inventories		(19,255)	(14,250)
Increase(Decrease) in trade and other payables		(2,189)	26,577
Provisions paid		(195)	(879)
Cash from operations		361,407	205,956
Interest paid		(39,459)	(48,186)
Interest received		5,306	1,544
Income tax payments		(35,190)	(3,771)
Net cash from operations (*)		<u>292,064</u>	<u>155,543</u>
<u>Cash flows from investing activities</u>			
From the sale of property, plant and equipment		655	2,891
From the sale of other intangible assets		141	338
From the sale of financial assets		3,406	2,497
Dividends received		-	28
Proceeds from the sale of subsidiaries, net of drawn down cash	5	(344)	29,176
Proceeds from the sale of subsidiaries in prior years		730	-
Acquisition of property, plant and equipment		(21,839)	(26,737)
Acquisition of intangible assets		(19,476)	(20,301)
Acquisition of other financial assets		(4,477)	(7,104)
Payments for acquisitions of subsidiaries, net of cash and cash equivalents	5	(10,637)	-
Payments for acquisitions of subsidiaries in prior years		(8,837)	(7,344)
Net cash from investing activities (*)		(60,678)	(26,556)

The accompanying notes are an integral part of the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the year ended 31 December 2020.

Fluidra, S.A. and Subsidiaries

Consolidated Statement of Cash Flows
for the years ended 31 December 2020 and 2019
(Expressed in thousands of euros)

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

	<u>Note</u>	<u>2020</u>	<u>2019</u>
<u>Cash flows from financing activities</u>			
Payments from repurchase of treasury shares		(37,735)	(10,177)
Proceeds from the sale of treasury shares		21,815	1,246
Proceeds from grants		14	50
Proceeds from bank financing		42,976	5,598
Payments from bank borrowings		(202,093)	(46,185)
Payments from lease liabilities		(20,328)	(15,601)
Dividends paid		<u>(42,817)</u>	<u>(4,376)</u>
Net cash from financing activities (*)		<u>(238,168)</u>	<u>(69,445)</u>
Net increase/(decrease) in cash and cash equivalents		(6,782)	59,542
Cash and cash equivalents at 1 January		242,240	181,233
Effect of currency translation differences on cash flows		<u>(9,827)</u>	<u>1,465</u>
Cash and cash equivalents at 31 December		<u>225,631</u>	<u>242,240</u>

Fluidra, S.A. and Subsidiaries

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

1. Nature, principal activities and companies comprising the Group

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

The Company's corporate purpose and activity consists in 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 20, 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 the accompanying Appendix I (hereinafter Fluidra Group or the Group). Additionally, the Group holds ownership interest in other entities as detailed also in that Appendix. Group companies have been consolidated using their financial statements or their annual accounts prepared/approved for issue by the corresponding managing bodies and Board of Directors.

Share capital is represented by 195,629,700 ordinary shares with a par value of Euros 1 each, fully subscribed and paid up.

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

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

2. Basis of presentation

The consolidated financial statements have been prepared from the accounting records of Fluidra, S.A. and the companies included in the Group on a going concern basis. The 2020 consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS-EU) and other financial reporting framework provisions in order to present fairly the consolidated equity and consolidated financial position of Fluidra, S.A. and its subsidiaries at 31 December 2020 and its consolidated financial results, consolidated cash flows and changes in consolidated equity for the year then ended.

a) Basis of presentation of the consolidated financial statements

These 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.

(Continued)

(b) Comparative information

For comparative purposes, the consolidated annual accounts include the 2020 consolidated figures in addition to those 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 were part of the 2019 consolidated annual accounts approved by the shareholders at their general meeting on 19 May 2020.

The Group's accounting policies that are described in note 3 have been consistently applied to the year ended 31 December 2020 and the accompanying comparative information at 31 December 2019.

All significant mandatory accounting principles have been applied.

The Parent's Directors expect these 2020 consolidated financial statements, which were authorised for issue on 25 March 2021, to be approved by the shareholders at their general meeting without modification.

(c) Relevant accounting estimates, assumptions and judgements used when applying accounting policies

In the preparation of the consolidated financial statements in accordance with IFRS-EU, 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 2020 consolidated financial statements, estimates were occasionally used in order to quantify certain assets, liabilities, income, expenses and commitments reported herein. These relevant accounting estimates and assumptions mainly relate to:

- The useful life and fair value of the customer portfolio and other intangible assets (note 8).
- The assumptions used in determining the fair value/value in use of the Cash Generating Units (CGUs) or group of CGUs for the purposes of evaluating potential impairment of goodwill and other assets (see note 8).
- Assessment of technical and commercial feasibility of development projects in progress (see notes 3 (d)(ii) and 8).
- Estimate of expected credit losses from receivables and obsolete inventory (see notes 3 i) k), 14 and 15).
- The fair value of financial instruments and of certain unquoted financial assets (see notes 11 and 12).
- Assumptions used in determining the fair values of assets, liabilities and contingent liabilities related to the business combination of Agrisilos, S.R.L., Riio Labs NV/SA, Grand Effects and Fabtronics Australia Pty Ltd (see notes 3 a) i), 20 and 21). 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 to acquire an ownership interest in the Company's share capital (see notes 3 q) and 30).
- Estimates and judgements related to provisions for litigation (see notes 3 p) and 18).
- 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 (see notes 3 s) and 29).

Although these estimates are made on the basis of the best information available on the events analysed at 31 December 2020 and 2019, events may occur in the future which require adjusting these estimates (upwards or downwards) in future reporting periods. Any effect on the consolidated financial statements of adjustments made in future reporting periods is recognised prospectively.

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Additionally, the main judgements made by the Company's Management in identifying and selecting the criteria applied in the measurement and classification of the main items presented in the 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 (see notes 3 h) and 27).
- Reasons supporting the classification of assets as investment property (see notes 3 e) and 7).
- Assessment criteria for impairment of financial assets (see notes 3 i) d) and 11),
- Judgements made to calculate the lease terms of agreements that can be renewed (see note 3 f) iv)) and,
- Reasons supporting the capitalisation of development projects (see notes 3 (d) (ii) and 8).

d) Changes in IFRS-EU standards in 2020

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

- Standards and interpretations approved by the European Union applied for the first time in 2019.
 - Revised version of the IFRS conceptual framework
 - Amendments to IFRS 3 – Business combinations
 - Amendments to IAS 1 and IAS 8 – Definition of materiality
 - Amendments to IFRS 9, IAS 39 and IFRS 17: Interest rate benchmark reform
 - Amendments to IFRS 16 – Covid-19-related rent concessions

None of the standards, interpretations or amendments to the standards that are applicable for the first time this year have had a significant impact on the Group's accounting policies.

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

3. Significant accounting principles applied

The most significant ones are summarised as follows:

a) Consolidation principles

i) Subsidiaries and business combinations

Subsidiaries are companies, including structured entities, over which the Company holds direct or indirect control through subsidiaries.

The Company holds control over a subsidiary when it is exposed to, or has the right to receive, variable yield as a result of its involvement in it, and has the capacity to influence such yield through the power it exercises over the subsidiary. The Company is authorised to direct the relevant activities when valid substantive rights are held. The Company is exposed to, or has the right to receive, variable yield as a result of its involvement in the subsidiary when the yield it obtains from such involvement may vary based on the economic evolution of the entity (IFRS 10.6, 10 and 15).

The subsidiaries' income, expenses and operating cash flows are consolidated from the acquisition date, i.e., the date on which the Group obtains effective control over them. Subsidiaries are no longer consolidated from the date on which such control is relinquished.

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The Group applied the exception contemplated in IFRS 1 First-time adoption of International Financial Reporting Standards so that only business combinations undertaken after 1 January 2005, the IFRS-EU transition date, have been accounted for using the acquisition method. Acquisitions completed prior to the transition date were accounted for in accordance with the then-prevailing accounting principles, corrected and adjusted as required as of the transition date.

Business combinations

The consideration transferred in the business combination is determined at the acquisition date and calculated as the sum of the fair values of the assets transferred, the liabilities incurred or assumed, the equity instruments issued and any contingent consideration depending on future events or compliance with certain conditions in exchange for the control of the business acquired.

The consideration transferred excludes any amounts that do not form part of the exchange for the acquiree. Acquisition-related costs are recognised as incurred.

At the acquisition date the Group recognises any assets acquired and liabilities assumed at their fair value. The liabilities assumed include contingent liabilities to the extent that they represent present obligations that arise as a result of past events and their fair value can be reliably measured.

The assets acquired and liabilities assumed are classified and designated for subsequent measurement purposes on the basis of contractual agreements, financial terms, accounting policies, operating conditions and other pertinent circumstances that exist at the acquisition date, except for lease and insurance agreements.

The excess over the consideration transferred, plus any non-controlling interest in the acquiree and the net amount of assets acquired and liabilities assumed, is recognised as goodwill. Any shortfall after assessing the amount of consideration transferred, the value assigned to non-controlling interests and the identification and measurement of the net assets acquired, is recognised in profit or loss.

Contingent consideration is classified as a financial asset or liability, equity instrument or provision in accordance with the underlying contractual conditions. To the extent that subsequent changes in fair value of a financial asset or liability are not due to an adjustment to the measurement period, they are recorded in consolidated profit or loss. The contingent consideration classified as equity is not subsequently updated, and its settlement is likewise recognised in equity. The contingent consideration classified as a provision is subsequently recognised at fair value through profit or loss.

Inter-company transactions, balances and unrealised gains and losses on transactions between group companies have been eliminated on consolidation. If any, unrealised losses on the transfer of assets between group companies have been deemed an indication of the potential impairment of the assets transferred.

The subsidiaries' accounting policies have been aligned with those used by the Group for like transactions and events in similar circumstances.

The financial statements of the subsidiaries used in the consolidation process refer to the same presentation date and reporting period as those of the Parent.

ii) Non-controlling interests

Non-controlling interest in a subsidiary are recorded at the percentage of the ownership held in the fair value of the net identifiable assets acquired, and are presented in equity separately from the equity attributed to the equity holders of the Parent. Non-controlling interest in consolidated profit/(loss) and consolidated total comprehensive income for the year are likewise presented separately in the consolidated income statement and the consolidated statement of comprehensive income, respectively.

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The Group's share and the non-controlling interest in consolidated profit/(loss) for the year (consolidated total comprehensive income for the year) and in changes in equity of the subsidiaries, net of adjustments and eliminations on consolidation, is determined based on the ownership interest held at year end, excluding the possible exercise or conversion of potential voting rights and after discounting the effect of agreed or non-agreed dividends on cumulative preference shares that may have been classified in the equity accounts. However, the existence or absence of control is determined considering the possible exercise of potential voting rights and other derivative financial instruments which, in substance, currently grant access to the economic benefits associated with the ownership interest, that is, the right to receive future dividends and changes in the value of subsidiaries.

Surplus losses attributable to non-controlling interests generated prior to 1 January 2010 that are not allocable to such interests, as they exceed the amount of the equity interest in the related subsidiary, are recognised as a reduction in equity attributable to owners of the parent, unless the non-controlling interests have a binding obligation to assume some or all of such losses and have the capacity to make any additional investments necessary. Any profits obtained subsequently by the Group are then allocated to equity attributable to owners of the parent until the amount of losses absorbed in prior reporting periods in respect of non-controlling interests has been replenished.

From 1 January 2010, the results and each component of other comprehensive income are allocated to equity attributable to owners of the Parent and to the non-controlling interests in proportion to their respective ownership interests, even if this implies a negative non-controlling interests balance. Agreements entered into between the Group and non-controlling interests are recognised as a separate transaction.

Transactions with non-controlling interests

The increase or decrease in non-controlling interest of a subsidiary with no loss of control is recognised as a transaction with equity instruments. Therefore, no new acquisition cost arises as a result of an increase, nor any gain or loss is recognised from a decrease, but the difference between the consideration paid or received and the carrying amount of non-controlling interest is recognised in the investing company's reserve, without prejudice to reclassifying the consolidation reserves and reallocating the other comprehensive income between the Group and the non-controlling interest. In a decrease in the Group's ownership interest in a subsidiary, non-controlling interest is recorded for its share in consolidated net assets.

Put options granted

The Group recognises put options on ownership interest in subsidiaries granted to non-controlling interest at the date of acquisition of a business combination as an advance acquisition of such interest, recording a financial liability for the present value of the best estimate of the amount payable, which is part of consideration paid.

Subsequently, the change in the financial liability is recognised as a finance cost or income in profit or loss. Discretionary dividends, if any, paid to non-controlling interests up to the date the options are exercised, are recognised as a distribution of earnings, reflecting this amount as an increase in profits attributable to non-controlling interests. In the event that dividends are predetermined or incorporated into the measurement of the financial liability, settlement is discounted from the financial liability's carrying amount.

If finally the options are not exercised, the transaction is recognised as a sale of shares to non-controlling interests.

iii) Associates

Associates are defined as the entities over which the Company has significant influence, either directly or through other subsidiaries. Significant influence is the power to participate in the financial and operating policy decisions of an entity but no control or joint control over is held.

Investments in associated entities are recorded using the equity accounting method from the date significant influence is exercised until the date on which the Company can no longer prove this influence exists.

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The acquisition of associates is recorded by applying the acquisition method used for subsidiaries. Goodwill, net of accumulated impairment losses, is included in the carrying amount of the investment accounted for using the equity method.

iv) Impairment

The Group applies the impairment criteria contained in IAS 9: Financial instruments, so as to determine whether it is necessary to recognise any additional impairment loss with respect to the net investment in the associate or in any other financial asset held with it as a result of applying the equity method.

b) Foreign currency

i) Functional and presentation currency

The consolidated annual accounts are presented in thousands of Euros rounded to the nearest thousand. The Euro is the Parent Company's functional and presentation currency.

ii) Transactions and balances in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing between the functional currency and the foreign currency at the transaction dates. Monetary assets and liabilities in foreign currency are translated to the functional currency at the closing exchange rate, while non-monetary items measured at historical cost are translated at the exchange rate prevailing at the transaction date. Exchange gains and losses arising on the settlement of foreign currency transactions and on the translation into euros at the closing exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

In the presentation of the consolidated statement of cash flows, cash flows from transactions in foreign currencies are translated into euros applying the exchange rates approximate to those existing at the date the cash flows occurred. The impact of fluctuations in exchange rates on cash and cash equivalents denominated in foreign currency is presented under a separate caption in the statement of cash flows as "Exchange gains/(losses) on cash and cash equivalents".

The Group presents the effect of the conversion of deferred tax assets and liabilities denominated in foreign currency together with the deferred income tax in profit or loss.

iii) Translation of foreign operations

The translation into euros of foreign operations whose functional currency is not the currency of a hyperinflationary country is made using the following criteria:

- Assets and liabilities, including any goodwill and any adjustments to the net assets arising on the acquisition of foreign operations, including comparative balances, are translated at the closing exchange rate at the balance sheet date;
- Income and expenses, including comparative balances, are translated at the exchange rate prevailing at the date of each transaction; and
- All exchange gains or losses derived from applying the above-mentioned criteria are recognised as translation differences in other comprehensive income.

In the presentation of the consolidated statement of cash flows, cash flows, including comparative balances, from the foreign subsidiaries are translated into euros applying the exchange rates prevailing at the date the cash flows occurred.

Translation differences related to foreign operations recognised in other comprehensive income are recorded jointly under one line in profit or loss and when recognition in profit or loss related to the disposal of such operations occurs.

(c) Property, plant and equipment

1) Assets for own use

Property, plant and equipment are measured at acquisition cost less any accumulated depreciation and any impairment losses. The cost of property, plant and equipment built by the Group is determined following the same criteria as those used for acquired property, plant and equipment, considering also the principles established for the production cost of inventories. The capitalisation of the production cost is recognised under Work performed by the Group and capitalised as non-current assets in the consolidated income statement.

The cost of property, plant and equipment includes the acquisition price less any trade discounts or rebates plus any cost directly related to its location on the place and under the conditions necessary for it to operate as expected by the Directors and, where appropriate, the initial estimate of dismantling or disposal costs, as well as the restoration of the land it is located on, provided that these obligations are assumed as a result of its use and for purposes other than the production of inventories

The Group records separately the items of a complex asset whose useful lives are different from the main asset's.

ii) Investment in rented premises

The Group recognises permanent investments in properties leased from third parties following the same criteria as the ones used for property, plant and equipment items. These investments are depreciated over the shorter of the useful life of the asset or over the lease term. To this effect, the determination of the lease term is consistent with that established for its classification. In the event that the full-term execution of the lease agreement is uncertain, a provision is recorded for the estimated amount of the net carrying amount of irrecoverable investments. Likewise, the cost of these investments includes the estimated costs of dismantling and disposing of the assets and restoring the land they are located on that the Group shall pay at the end of the agreement; thus, a provision is recorded for the present value of the estimated cost that is expected to be incurred.

iii) Costs subsequently incurred

The Group recognises as an increase in the cost of the assets, the replacement cost of an asset's items when incurred, provided that it is probable that additional future economic benefits will be obtained from the asset and that the cost can be measured reliably. Other costs, including repair and maintenance expenses on property, plant and equipment items are charged to the profit and loss account in the period incurred.

iv) Depreciation

Property, plant and equipment items are depreciated by allocating their depreciable amount, which is the acquisition cost less residual value, on a straight-line basis over their useful lives. Depreciation is determined separately for each portion of a property, plant and equipment item that has a significant cost in relation to the total cost of the item.

Land is not depreciated. The depreciation of property, plant and equipment items is determined as follows:

	<u>Estimated years of useful life</u>
Buildings	33-45
Plant and machinery	3-10
Other installations, equipment and furniture	3-10
Data processing equipment	2-5
Transport equipment	3-8
Other property, plant and equipment	4-10

At each year end, the Group reviews the residual value, useful life and depreciation method of property, plant and equipment items. Any changes to initially established criteria are accounted for as a change in accounting estimates.

v) Impairment

The Group measures and determines impairment losses on property, plant and equipment and any reversals thereof in accordance with the criteria described in note 3 g).

d) Intangible assets

i) Goodwill

Goodwill is determined following the criteria indicated in note 3 (a)(i) Subsidiaries and business combinations.

Goodwill is not amortised but it is tested for impairment at least once a year, or more frequently if an event is identified that could give rise to a potential impairment loss on the asset. Goodwill arisen in business combinations is allocated to each cash-generating unit (CGU) or groups of CGUs that are expected to benefit from the synergies of the combination, applying the criteria outlined in section note 3 g). After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Internally generated goodwill is not recognised as an asset.

ii) Internally generated intangible assets

Costs related to research activities are recognised as an expense when incurred. The costs related to development activities of certain products are capitalised to the extent that:

- The Group has technical studies available that support the feasibility of the production process;
- There is a commitment by the Group to complete the production of the asset so that it is available for sale;
- The asset will generate enough economic profit through future sales in the markets in which the Group operates;
- The Group has the technical and financial (or other) resources necessary to complete the asset and has developed budget control systems and analytical accounting systems to monitor budgeted costs, modifications made and costs actually incurred in the projects.

The cost of the assets generated internally by the Group is determined following the same criteria as for determining the production cost of inventories. The production cost is capitalised through the payment of the costs attributable to the asset in the Work performed by the Group and capitalised as non-current assets caption in the consolidated income statement.

Additionally, the costs incurred in the performance of activities that contribute to developing the value of the businesses in which the Group operates as a whole are recorded as expenses when incurred.

Also, replacements or subsequent costs incurred on intangible assets are generally recorded as expenses, unless they increase the future economic benefits expected from the assets.

iii) Intangible assets acquired in business combinations

Since 1 January 2005 identifiable intangible assets acquired in business combinations have been measured at fair value at acquisition date, provided that fair value can be determined reliably. Subsequent costs related to research and development projects are recorded following the criteria used for internally generated intangible assets.

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Customer portfolios acquired mainly include the value of the relation existing between the corresponding company and their customers, which has arisen as a result of a contract and, therefore, are identified as intangible assets in accordance with a contractual and legal criterion. Additionally, the patents acquired include the value of the technologies for manufacturing certain products, and arose as a result of a contract. They have been measured at market value using generally accepted measurement methods based on discounted cash flows. Additionally, finite useful lives have been calculated based on historical evidence of the renewal of the continuing relation with these customers and based on the residual period for the right to use the patents, considering expected technical obsolescence.

iv) Other intangible assets

Other intangible assets are presented in the consolidated statement of financial position at cost, less any accumulated amortisation and any impairment losses.

v) Useful life and amortisation

The Group assesses the intangible asset's useful life to be either finite or indefinite. An intangible asset is deemed to have an indefinite useful life when the period over which it will generate net cash inflows has no foreseeable limit.

Intangible assets with indefinite useful lives are not amortised, but tested for impairment.

Intangible assets with finite useful lives are amortised by allocating the amortisable amount over their useful lives using the following criteria:

	Amortisation method	Estimated years of useful life
Development costs	Straight-line basis	3-15
Industrial property and patents	Straight-line basis	5-8
Computer software	Straight-line basis	3-5
Relations with customers	Declining-balance method	3-61
Other intangible assets	Declining-balance method / Straight-line basis	5-8

To this end, depreciable amount is understood as acquisition cost less residual value.

The Group reviews the residual value, useful life and amortisation method of intangible assets at the end of each reporting period. Changes to initially established criteria are accounted for as a change in accounting estimates.

vi) Impairment of assets

The Group measures and determines impairment losses on intangible assets and any reversals thereof in accordance with the criteria described in note 3 g).

e) Investment property

Investment property is property fully or partially held for obtaining income, gains or both rather than for producing or providing goods or services. Investment property is initially measured at cost, including transaction costs.

Investment property is subsequently measured following the cost criteria established for property, plant and equipment. Depreciation methods and useful lives are presented in that section.

f) Right-of-use assets and Lease liabilities

i) Right- of-use

The Group recognises the right-of-use at the start of a lease. That is, the date on which the underlying asset is available for use. Right-of-use is measured at cost, less accumulated amortisation and impairment losses, and is adjusted for any changes in the measurement of the associated lease liabilities. The initial cost of the right-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, the right-of-use is amortised on a straight-line basis over the shorter of the estimated useful life and the lease term. Right-of-use is subject to impairment analysis.

ii) 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

The incremental financing rate used by the Group is differentiated by the homogeneous portfolio of leases, country and lease term. The weighted average of the incremental interest rate in 2020 is 2.68% (2.56% in 2019).

iii) 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.

iv) Judgements made to calculate the lease terms of agreements that can be renewed

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. It has been estimated that all optional extensions will be exercised for most leases. 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.

g) Impairment of non-financial assets

The Group assesses whether there are indications that depreciable or amortisable non-financial assets may be impaired, including entities accounted for using the equity method, in order to determine if the carrying amount of said assets exceeds their recoverable amount.

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Recoverable amount is the higher of fair value less costs to sell and value in use. The calculation of an asset's value in use reflects an estimate of the future cash flows expected to derive from the asset, expectations about possible variations in the amount or timing of those future cash flows, the time value of money, the price for bearing uncertainty inherent in the asset and other factors that market participants would reflect in pricing the future cash flows expected to derive from the asset.

Negative differences arisen as a result of comparing the carrying amounts of the assets with their recoverable amounts are recorded in profit or loss.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

Impairment losses on cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to reduce the carrying amount of the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit up to the highest of its fair value less costs to sell, its value in use and zero.

The Group assesses at the end of each reporting period whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. Impairment losses on goodwill may not be reversed. Impairment losses on assets other than goodwill are reversed if, and only if, there has been a change in the estimates used to calculate the asset's recoverable amount.

Any reversals of impairment losses are charged to income. The increased carrying amount of an asset attributable to a reversal of an impairment loss cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset.

The reversal of an impairment loss on a CGU is allocated between the assets of the unit, except for goodwill, pro rata on the basis of the carrying amount of the assets down to the lowest of their recoverable amount and carrying amount that would have been determined, net of depreciation and amortisation, had no impairment loss been recognised for the asset.

h) Finance leases

At the commencement of the lease term, the Group recognises an asset and liability at the lower of the fair value of the leased property and the present value of the minimum lease payments. Initial direct costs are added to the asset's carrying amount. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. Finance costs are recognised in the consolidated income statement using the effective interest rate method. Contingent rents are recognised as an expense when it is probable that they will be incurred.

The accounting policies applied to the assets used by the Group under lease agreements that qualify as finance leases are the same as those outlined in note 3 f).

i) Financial assets

The Group classifies its financial assets in the following measurement categories:

- Those measured subsequently at fair value (through other comprehensive income or recognised in income), and
- Those measured at amortised cost.

The classification depends on the business model of the entity to manage the financial assets and contractual terms of the cash flows.

For assets measured at fair value, profit and loss is recognised in income or other comprehensive income. For investments in equity instruments held for trading, it will depend on whether the Group has made an irrevocable choice upon initial recognition to recognise investments in equity at fair value through other comprehensive income.

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The Group only reclassifies investments in debt when its business model for managing these assets changes.

Upon initial recognition, the Group measures a financial asset at fair value plus, in the case of a financial asset not recognised at fair value through income, the transaction costs directly attributable to the acquisition of the financial asset. The transaction costs of financial assets at fair value through income are taken to income.

Financial assets with embedded derivatives are recognised in full since their cash flows are deemed to comprise solely the payment of the principal and interest.

a) Debt instruments

The subsequent measurement of the debt instruments depends on the Group's asset management business model and the nature of the cash flow on the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets held for collection of contractual cash flows when these cash flows only represent payments of principal and interest are measured at amortised cost. Income on these financial assets are included in financial income according to the effective interest rate method. Losses arising as a result of disposals are expensed directly. Impairment losses and the value are recorded in separate income statement captions.
- **Fair value through other comprehensive income (FVOCI):** Assets held for collection of contractual cash flows and for the sale of financial assets, when these cash flows only represent payments of principal and interest, are measured at fair value through other comprehensive income. Changes in the carrying value are taken to other comprehensive income, except for recognition of impairment gains and losses, ordinary interest income and exchange gains or losses, which are recognised in the income statement. When financial assets are written off, the accumulated gain or loss previously recognised in other comprehensive income is reclassified from equity to income and recognised in other gains/(losses). Income on these financial assets are included in financial income according to the effective interest rate method. Exchange gains and losses are taken to other gains/(losses) and impairment expenses are recorded in a separate income statement caption.
- **Fair value through other income (FVOI):** Assets that do not meet the criteria for recognition at amortised cost or fair value through other comprehensive income are recognised at fair value through income. A gain or loss in a debt investment subsequently recognised at fair value through income is recognised as net within other gains/(losses) in the year in which it arises.

b) Equity instruments

The Group subsequently measures all equity investments at fair value. When Group management has opted to record gains and losses in the fair value of equity investments in other comprehensive income, there is no subsequent reclassification of the gains and losses in fair value through income following the disposal in investment accounts. Dividends on these investments continue to be recognised in income for the year with other income when the Group's distribution entitlement is established.

Changes in the fair value of financial assets at fair value through income are recognised in other gains/(losses) in the income statement where applicable. Impairment losses (and reversals of impairment losses) in equity investments measured at fair value through other comprehensive income are not recognised separately to other changes in fair value.

c) Derivatives and hedging activities

Cash flow hedges that qualify for hedge accounting.

The effective part of the gain or loss on the hedging instrument classed as a cash flow hedge is recognised in the cash flow hedge reserve in equity. Gains or losses relating to the ineffective part are taken straight to income, under other income/(expenses).

The amounts accumulated in net equity are reclassified in the years in which the hedged item affects income for the year, as follows:

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- When the hedged item subsequently leads to the recognition of a non-financial asset (such as inventories), the deferred hedging gains and losses are included in the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss for the year when the hedged item affects net income (e.g. through the cost of sales).
- Gains or losses corresponding to the effective part of interest rate swaps hedging variable rate loans is recognised in the income statement under “financial expenses” at the same time as the interest expense on the hedged loans.

When a hedging instrument expires, is sold or ends, or when a hedge no longer meets the hedge accounting criteria, any accumulated deferred gain or loss and the deferred costs of the hedge in equity at that time remain in equity until the planned transaction occurs, resulting in the recognition of a non-financial asset, such as inventories. When the planned transaction is no longer expected to happen, the accumulated gain or loss and the deferred hedging costs that were recognised in equity are reclassified straight away to profit and loss.

d) Impairment

The Group evaluates the expected credit losses associated with the debt instruments recognised at amortised cost on a prospective basis and at fair cost through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in the credit risk.

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

To measure the expected credit losses the insolvency risk matrix has been calculated in order to obtain the historical impairment rate of the trade debtor portfolio. This historical impairment rate has been corrected based on the budgeted future collection periods in order to obtain the expected credit losses.

j) Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified at the date of their initial recognition, where applicable, as financial liabilities at fair value through profit and loss, bank borrowings, accounts payable or derivatives designated as hedging instruments in an effective hedge.

All financial liabilities are initially recognised at fair value and directly attributable transaction costs on bank borrowings and accounts payable are netted.

Group financial liabilities include trade and other payables, bank borrowings, including current account overdrafts, financial guarantee contracts and derivative financial instruments.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as follows:

(iii) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit and loss include financial liabilities held for trading and financial liabilities designated in their initial recognition at fair value through profit and loss.

Financial liabilities are classified as held for trading if their purpose is to be repurchased in the short term. This category includes derivative financial instruments contracted by the Group which have not been designated as hedging instruments in the hedging relationships. Embedded derivatives that have been separated are also classified as held for trading, unless designated as effective hedging instruments.

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Gains and losses on liabilities held for trading are recognised in the income statement.

Financial liabilities designated in the initial recognition at fair value through profit and loss are only designated at the initial recognition date if they meet the criteria established in IFRS 9.

(iv) Bank borrowings

This is the most significant financial liability category for the Group. After initial recognition, bank borrowings are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognised, as well as the interest accrued using the effective interest rate method.

Amortised cost is calculated taking into account any acquisition premium or discount and the instalments and costs that are an integral part of the effective interest method. Interest accrued in accordance with this effective interest rate method is included in "Financial expenses" in the income statement.

This category generally applies to bank borrowings with interest.

(v) Derecognition

A liability is derecognised when the obligation is discharged, cancelled or expires.

When an existing financial liability is replaced with another from the same lender with substantially different conditions, or when the conditions of an existing liability are modified significantly, this exchange or modification is treated like a derecognition of the original liability and the new obligation is recognised. The difference in the respective carrying amounts is recognised in the income statement.

k) Inventories

Inventories are measured at the lower of acquisition or production cost and net realisable value.

The purchase price comprises the amount invoiced by the seller, after deduction of any discounts, rebates or other similar items, such as interest incorporated into the nominal amount, and any additional costs incurred to bring the goods to a saleable condition, other costs directly attributable to the acquisition, as well as borrowing costs and indirect taxes not recoverable from the Spanish taxation authorities.

Trade discounts granted by suppliers are recognised as a cost reduction of the acquired inventories as soon as it is probable that the necessary conditions for the discounts to qualify as such will be met, and the excess amount, if any, is recognised as a reduction in consumption in the consolidated income statement.

The production cost of inventories includes the acquisition cost of raw materials and other consumables and the costs directly related to the units produced and a systematically calculated portion of either the variable or fixed indirect costs incurred during the transformation process. Indirect fixed costs are distributed based on whichever is higher: normal working conditions for the means of production, or production output.

The cost of raw materials, other supplies, goods, and conversion are assigned to the different cash-generating units in stock, based on the average weighted price method.

The Group uses the same cost formula for all inventories having the same nature and similar use within the Group.

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When the cost of inventories exceeds net realisable value, an adjustment is made to profit and loss. Net realisable value is understood to be:

- Raw materials and other consumables: replacement cost. However, the Group does not make any adjustments if the finished products in which the raw materials are incorporated are expected to be sold at a price equivalent to their production cost or higher;
- Goods and finished products: estimated selling price less costs to sell;
- Work in progress: the estimated selling price of the related finished goods, less the estimated costs to complete production and the costs necessary to make the sale;

The previously recognised reduction in value is reversed against profit or loss when the circumstances that previously caused inventories to be written down no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances. The reversal of the reduction in value is limited to the lower of the cost and the revised net realisable value of the inventories.

l) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and demand deposits at banks. This caption also includes other short-term highly-liquid investments readily convertible into specific amounts of cash that do not mature beyond three months.

For the purpose of the cash flow statement, demand bank overdrafts that are part of the Group's cash management and that are recorded in the consolidated statement of financial position as bank borrowings under financial liabilities are included as cash and cash equivalents.

The Group classifies the cash flows from interest received and paid as operating activities, including interest from lease liabilities (see note 3 f) ii)), except for the interest received on loans granted for reasons other than the Group's ordinary activity. Dividends received from associates are classified as investing activities and dividends paid by the Company, as financing activities.

m) Own equity instruments

The acquisition by the Group of equity instruments of the Company is presented separately at acquisition cost as a decrease in consolidated shareholders' equity in the consolidated statement of financial position. In the transactions entered into with own equity instruments no profit or loss is recognised in the consolidated income statement.

Transaction costs related to own equity instruments, including issue costs related to a business combination, are recorded as a decrease in reserves, net of any tax effect.

Subsequent repayment of the parent's equity instruments gives rise to a capital reduction for the amount of those shares, and the positive or negative difference between acquisition cost and the nominal amount of the shares is charged or credited to reserve accounts for retained earnings.

Dividends related to equity instruments are recorded as a reduction in consolidated equity when they are approved by the shareholders in general meeting.

n) Government grants

Grants awarded by public administrations are recorded when there is reasonable assurance that the conditions associated with their awarding will be met and they will be received.

i) Capital grants

Capital grants awarded as monetary assets are recorded with a credit to the "Government grants" caption of the consolidated statement of financial position, and are recorded in the "Other income" caption as the corresponding financed assets are depreciated or amortised.

ii) Operating grants

Operating grants are recorded as a reduction in the expenses they finance.

Grants received as compensation for expenses or losses incurred, or in order to provide immediate financial support not related to future expenses, are recorded with a credit to other income accounts.

iii) Interest rate grants

Financial liabilities comprising implicit assistance in the form of below-market interest rates are initially recognised at fair value. The difference between this value, adjusted where necessary for the issue costs of the financial liability and the amount received, is recognised as a government grant based on the nature of the grant awarded.

o) Employee benefits

i) Termination benefits

Termination benefits are recognised at the earlier of the date from which the Group can no longer withdraw its offer and that on which it recognises the costs of a restructuring effort that will entail the payment of termination benefits.

In respect of termination benefits as a result of the employees' decision to accept a voluntary redundancy offer, the Group is deemed unable to withdraw its offer at the earlier of the date on which the employees accept the offer and the date of effectiveness of some form of restriction on the Group's ability to withdraw the offer.

In respect of involuntary termination, the Group is deemed unable to withdraw its offer when it has communicated the plan to the affected employees or their union representatives and the actions needed to complete the plan suggest that it is unlikely that there will be significant changes in the plan; the plan identifies the number of employees whose services are to be terminated, their job classification or function, their location and their expected termination date; and the termination benefits to be received by the laid-off employees have been established in sufficient detail to enable them to determine the type and amount of remuneration they will receive upon termination.

If the Group expects to fully settle the termination benefits within twelve months after year end, the liability is discounted using the market returns for issues of high-rated bonds.

ii) Termination benefits linked to restructuring processes

Termination benefits related to restructuring processes are recognised when the Group has a constructive obligation, i.e., when there is a detailed formal plan for such process identifying at a minimum the business (or parts of the business) concerned, the main locations affected, the function and approximate number of employees who will be compensated for termination of their services, the termination benefits to be paid, and the plan's implementation timing, and a valid expectation has been raised among those affected that the restructuring will be carried out either because the plan has started to be implemented or because the main features of the plan have been announced to those affected by it.

iii) Other long-term employee benefits

The Group has assumed payment to its employees of the obligations derived from the collective agreements to which certain Spain group companies are adhered, whereby the employees adhered to them with at least 25 or 40 years of service in the company shall receive 45 or 75 days, respectively, of the last fixed salary. The Group has recorded the estimated liability for this commitment in the "Provisions" caption of the consolidated statement of financial position.

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Additionally, in accordance with prevailing regulations in the corresponding country, certain foreign group companies have commitments to their employees for retirement bonuses, recording the estimated liability in the above-mentioned caption, whereby upon retirement employees will receive an amount accrued over their working lives at the company based on an annual amount accrued derived from applying a ratio over the overall annual remuneration of the employee, with the liability recorded at the beginning of the year subject to the increase in the cost of living. Some of these commitments are financed through the payment of insurance premiums.

The liability for long-term employee benefits recorded in the consolidated statement of financial position corresponds to the present value of the obligations assumed at year end.

In the case of externalised commitments the liability for long-term employee benefits recorded in the consolidated statement of financial position corresponds to the present value of the defined benefit obligations existing at year end less the fair value of the plan assets at that date.

The Group recognises as an expense or income accrued for long-term employee benefits the net amount of the service cost for the year, the net cost of interest and the recalculation of the measurement of the net liability for long-term benefits, as well as the one related to any reimbursement and the effect of any reduction or settlement of the commitments acquired.

The present value of the obligations existing at year end and the service cost is calculated periodically by independent actuaries using the projected unit credit method. The discount interest rate is determined based on the market interest rates for issues of high-rated bonds, denominated in the currency in which the benefits will be paid and with maturity periods similar to those for the corresponding benefits.

The reimbursement rights to some or all payment obligations for defined benefits are only recognised when collection is virtually certain.

The asset or liability for defined employee benefits is recorded as current or non-current based on the realisation or maturity period of the corresponding benefits.

iv) Short-term employee benefits

The Group recognises the expected cost of short-term employee benefits as paid leave, the right to which accumulates from period to period, as employees render the services that vest the right to this remuneration. If paid leave is not cumulative, the cost is recognised as the leave is taken.

The Group recognises the expected cost of share in profit or employee bonus plans when it has a legal or constructive present obligation as a result of past events and a reliable estimate of the obligation can be made.

p) Provisions

Provisions are recognised when the Group has a present obligation (legal or implicit) as a result of a past event; it is more probable than not that an outflow of resources embodying economic benefits will be required to settle the obligation; and the amount of the obligation can be reliably estimated.

The amount recognised as a provision in the consolidated statement of financial position is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is a pre-tax rate that reflects the time value of money and the specific risks for which future cash flows associated with the provision have not been adjusted at each reporting date.

The financial effect of the provisions is recorded as a finance cost in profit or loss. The provisions do not include the tax effect, nor the disposals or abandonment of assets.

The provision is reversed if it is less probable than not that an outflow of resources will be required to settle the obligation. The provision is reversed against the profit or loss caption in which the corresponding expense was recorded, and the surplus, if any, is recognised in the "Other income" caption.

q) Share-based payment transactions

The Group recognises the goods and services received or acquired in a share-based payment transaction when it obtains the goods or as the services are received. If the goods or services are received as part of an equity-settled share-based payment, it recognises an increase in equity; if they are received as part of a cash-settled share-based payment, it recognises a liability along with a balancing charge in profit or loss or an asset in the consolidated statement of financial position.

The delivery of equity instruments as consideration for the services performed by the employees of the Group or third parties providing similar services are measured by reference to the fair value of the equity instruments granted.

Employee benefits paid in the form of equity instruments are recognised by applying the following criteria:

- If the equity instruments granted vest immediately on the grant date, the services received are recognised with a charge to profit or loss, with a corresponding increase in equity;
- If the equity instruments granted vest when the employees complete a specified service period, those services are accounted for during the vesting period, with a credit to equity accounts.

The Group measures the fair value of the instruments granted to employees at the grant date.

Market-related vesting conditions and other non-determining vesting conditions are taken into account when measuring the fair value of the equity instruments granted. Vesting conditions, other than market conditions, are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for services received is based on the number of equity instruments that eventually vest. Consequently, the Group recognises an amount for the services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest, revising this estimate if the number of equity instruments expected to vest differs from previous estimates.

Once the services received and the corresponding increase in equity have been recognised, no additional adjustments to equity are made after the vesting date, without prejudice to making the corresponding reclassifications in equity.

r) Recognition of revenue from contracts with customers

The Group has adopted IFRS 15 Revenue from contracts with customers since 1 January 2018, which has entailed adapting certain accounting policies.

i) Sale of goods

Revenue from sale of goods is recognised when control of the goods is transferred to the customer. Delivery is complete when the products have been dispatched to the specific location, the risks of obsolescence and loss have been transferred to the customer and the customer has accepted the products as per the sales contract, the acceptance conditions have expired or the Group has objective evidence that all the acceptance criteria have been met.

A receivable is recognised when the goods are delivered since this is the point in time in which the consideration is unconditional, only requiring the passage of time in order for the right of payment to fall due.

When the customer is entitled to return the product within a specific period, the company is obliged to refund the acquisition cost. Ordinary income is adjusted by the expected value of the refunds and the cost of sales is adjusted by the value of the corresponding expected goods returns. Under IFRS15, a refund liability is recognised for expected customer returns as an adjustment in ordinary income in trade and other payables. At the same time, the Group is entitled to recover the product from the customer when the customer exercised their right to return and recognise an asset and a corresponding adjustment in the cost of sales. The asset is measured by reference to the former carrying amount of the product.

ii) Services rendered

Income from services is recognised in the year in which they are rendered. In the case of fixed-price contracts, revenue is recognised on the basis of the actual service rendered until the end of the reporting period, as a percentage of the total services to be rendered. This is determined on the basis of the total actual costs incurred in relation to the total expected costs.

Some contracts include multiple deliverables, such as installation services. However, installation is simple, does not entail an integration service and could be carried out by a third party. Therefore, it is recognised as a separate execution obligation. In this case, the transaction price will be allocated to each execution obligation based on the separate sale prices. When these are not directly discernible, they are estimated based on the expected cost plus margin.

If the circumstances change, the estimated revenue, costs and degree of completion is reviewed. Any resulting increase or decrease in revenue or estimated costs is reflected in profit and loss for the year in which management becomes aware of the circumstances calling for the review.

In the case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If payments exceed the services rendered, a contract liability is recorded.

iii) Financial components

The Group does not expect to have any contracts in which the period between the transfer of goods and services promised to the customer and the payment received exceeds one year. Therefore, the Group does not adjust any of the transaction prices on account of the time value of money.

iv) Dividend income

Income from dividends on investments in financial instruments are recognised in profit or loss when the Group's right to receive payment is established.

s) Income tax

Tax expense (income) comprises current tax and deferred tax.

Current tax is the amount of income taxes payable (recoverable) in respect of consolidated taxable profit (tax loss) for the year. Current tax liabilities and assets are measured at the amount expected to be paid or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax liabilities are the amounts of income taxes payable in future periods in respect of taxable temporary differences while deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carryforward of unused tax losses and the carryforward of unused tax credits. Temporary differences are defined as differences between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Current and deferred tax is recognised in profit or loss, except to the extent that the tax arises from: (i) a transaction or event which is recognised, in the same or a different period, outside profit or loss, directly in consolidated equity; or (ii) a business combination.

Tax credits on the income tax granted by public administrations as a decrease on the amount payable for this tax are recognised as a decrease in the income tax expense when there is reasonable assurance that the conditions related to the right to deduction will be met.

In certain territories, the Group has availed itself of the consolidated tax regime, as mentioned in note 29.

i) Recognition of taxable temporary differences

A deferred tax liability is recognised for all taxable temporary differences, except:

- to the extent that the deferred tax liability arises from the initial recognition of goodwill, or the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit (tax loss);
- to the extent that the deferred tax liability relates to taxable temporary differences associated with investments in subsidiaries or joint ventures where the Group has the capacity to control the date of reversal and it is not probable that reversal will happen in the foreseeable future.

ii) Recognition of deductible temporary differences

Deferred tax assets are recognised provided that:

- it is probable that sufficient future taxable profit will be available against which they can be utilised, unless the differences arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit (tax loss);
- they relate to deductible temporary differences associated with investments in subsidiaries or joint ventures to the extent that temporary differences will be reversed in the foreseeable future and future taxable profit will be available to offset the differences;

Tax planning opportunities are only considered for the purpose of assessing the recoverability of deferred tax assets if the Group intends to use them or it is probable that it will use them.

iii) Measurement

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and factoring in the tax consequences that would follow from the manner in which the Group expects to recover or settle the carrying amount of its assets and liabilities.

The Group reviews the carrying amounts of its deferred tax assets at the end of each reporting period with a view to reducing these carrying amounts to the extent that it is no longer probable that sufficient taxable profit will be available to allow part or all of the assets to be utilised.

Deferred tax assets that do not satisfy the above conditions are not recognised in the consolidated statement of financial position. At the end of each reporting period, the Group reassesses unrecognised deferred tax assets to determine whether the recognition criteria have been met.

iv) Offsetting and classification

The Group only offsets current tax assets and current tax liabilities if it has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group only offsets deferred tax assets and liabilities if it has a legally enforceable right, when they relate to income taxes levied by the same taxation authority and on the same taxable entity and when the taxation authority permits the Group to make or receive a single net payment, or to recover the assets and settle the liabilities simultaneously in each future year in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

t) Offsetting of assets and liabilities, income and expenses

Assets and liabilities and income and expenses are not offset, unless offsetting is required or allowed by a Standard or Interpretation.

u) Classification of current and non-current assets and liabilities

The Group classifies assets and liabilities in the consolidated statement of financial position as current and non-current. For these purposes, assets and liabilities are classified as current in accordance with the following criteria:

- Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Group's normal operating cycle, they are held primarily for trading, they are expected to be realised within twelve months from the reporting date, or are cash or cash equivalents, unless they are restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
- Liabilities are classified as current when they are expected to be settled in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within twelve months after the reporting period, or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.
- Financial liabilities are classified as current liabilities when they are due to be settled within twelve months after the reporting date, even if the original term was for a period longer than twelve months, and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated annual accounts are authorised for issue.
- Deferred tax assets and deferred tax liabilities are recognised in the consolidated statement of financial position as non-current assets and non-current liabilities, irrespective of the expected date of recovery or settlement.

v) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment, assess its performance, and for which discrete financial information is available.

w) Environmental issues

The Group carries out activities whose primary purpose is to prevent, reduce or repair damages caused to the environment from its operations.

Expenses incurred for environmental activities are recognised under "Other operating expenses" during the year in which they are incurred.

Property, plant and equipment acquired by the Group for long-term use to minimise the environmental impact of its activity and protect and improve the environment, including the reduction and elimination of future pollution from the Group's activities, are recognised as assets applying the measurement, presentation and disclosure criteria described in section (c) above.

Where appropriate, the Group records provisions for environmental activities when such expenses are known in the same year or previous year, and when the related concepts are clearly specified. These provisions are recorded based on the criteria indicated in section (p) Provisions of this note. Compensation to be received by the Group in connection with environmental obligations is recognised as an amount receivable in assets on the consolidated statement of financial position, provided that there is no doubt as to whether this compensation will actually be received, and that it does not exceed the amount of the recorded obligation.

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 organisational structure up to the second half of 2020 was 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 comprised the manufacture and logistics chain for the whole Group.

The Sales Divisions were ESA and North America.

The ESA (Europe, Southern Hemisphere & Asia) segment corresponded to Europe, Africa, Asia, Australia and South America.

The North America segment corresponded to the US and Canada.

Finally, the Operations division, located mainly in Spain, France, China and Mexico, integrated the Group's entire manufacturing and logistics chain.

In the second half of 2020, a new division was created to cover the Asian, Australian and South African markets.

Following this change, the Fluidra Group's new organisational structure is organised into four divisions, three of them covering a geographical approach, which manage the Group's sales and distribution activity, and the fourth 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 Business Divisions are EMEA, North America and APAC.

The EMEA segment (Europe, Middle East & Africa) relates to Europe, Africa (excluding South Africa) 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 and also other emerging markets, with higher growth expectations.

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.

The APAC (Asia-Pacific) segment includes Australia, Asia and South Africa as its main markets, including mature markets with more moderate growth but lower market share than in the European markets, and emerging markets with higher growth expectations, due to new swimming pool construction and a greater focus on public swimming pools in the Asian markets.

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

This new organisational structure also affected identification of the Group's cash generating units (CGUs) (note 8) .

Following this change, the comparative segment figures for 2019 have been restated.

In addition to the four 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 for 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 35) to measure the segment results. Amortisation and depreciation and impairment losses are linked to the assets directly allocated to the segment activity, excluding the impact of allocating the acquisition price of business combinations and investment portfolio provisions. Net financial profit/(loss) and income tax expense are not allocated by segment, as these activities are dealt with by the Group's central departments.

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

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

The breakdown of the Group's segment information for 2020 and 2019 is shown in Appendices II and III to these consolidated annual accounts.

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

The breakdown of transactions resulting in a business combination in 2020 and 2019 is as follows:

2020

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

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

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

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

As a consequence of the above-mentioned acquisition, the Group has granted a put option right to the minority shareholders for 20% and the minority shareholders a call option right to the Group, the exercise period of which is between 15 February 2021 and 15 April 2023 and the price of which is mainly subject to the development of new products. At acquisition date, the Group has recorded a non-current liability for the present amount of the price of said put option amounting to Euros 3,887 thousand, and no non-controlling interest has been recognised.

During the period comprised between the date of acquisition and 31 December 2020, the acquired business has generated consolidated total sales of goods and finished products amounting to Euros 2,005 thousand and consolidated total profit after tax amounting to Euros 1,981 thousand.

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

Due to commercial and management synergies, this acquisition was integrated into the new Asia-Pacific CGU included in the APAC segment.

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

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Aquafive has its registered office in Wavre, Belgium, and via its wholly-owned subsidiary Pentagone APCD (“Pentagone”), it distributes pool products, including those relating to heaters, dehumidifiers and pool covers, and also pool cleaning and treatment products. Aquafive has a long-standing relationship with the Fluidra Group, as it is an exclusive distributor of Zodiac products in the Benelux region (Belgium, Netherlands and Luxembourg). Aquafive's sales figure in the year ended 31 December 2019 amounts to approximately Euros 7 million with EBITDA in the aforementioned period of approximately Euros 900 million.

The agreement signed values Aquafive and its subsidiary Pentagone at approximately Euros 4,801 thousand, including a deferred payment of Euros 1,500 thousand. The purchase price of 100% of registered capital will be paid as follows: an initial payment made on the day the agreement was signed for Euros 3,301 thousand; furthermore, three deferred payments of Euros 500 thousand have been agreed in each of the coming three years.

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

During the period comprised between the date of acquisition and 31 December 2020, the acquired business has generated consolidated total sales of goods and finished products amounting to Euros 3,612 thousand and consolidated total profit after tax amounting to Euros 68 thousand.

If the acquisition had occurred on 1 January 2017, the Group's sales of goods and finished products would have increased by Euros 5,377 thousand and consolidated profit after tax would have been reduced by Euros 581 thousand.

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

On 11 August 2020, Fluidra Brasil Indústria e Comércio, Ltda, a wholly-owned subsidiary indirectly held by Fluidra, S.A., signed a share purchase agreement whereby it has acquired 100% of the share capital of the Brazilian company Ten Four Indústria e Serviços, Ltda.

The consideration for this acquisition was to take on all liabilities, paying a purchase price of 1 Brazilian Real.

During the period comprised between the date of acquisition and 31 December 2020, the acquired business has generated consolidated sales of goods and finished products amounting to Euros 943 thousand and a loss of Euros (149) thousand for the Group.

If the acquisition had occurred on 1 January 2020, the Group's sales of goods and finished products would have increased by Euros 321 thousand and consolidated profit after tax would have been reduced by Euros 3,554 thousand.

A breakdown of the consideration paid, of the fair value of the net assets acquired and goodwill for the business combinations carried out during the year ended 31 December 2020 is as follows:

Consideration paid	
Cash paid	12,395
Contingent consideration	<u>9,165</u>
Total consideration paid	<u>21,560</u>
Fair value of net assets acquired	<u>4,844</u>
Goodwill	<u><u>16,716</u></u>

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

The accounting of these business combinations is definitive.

The most significant differences that have arisen between the carrying amounts of the businesses acquired during the year and their fair values correspond to technology and client portfolio.

The fair value of technology is based on measurements made by an independent expert using the royalty relief method. The customer portfolio has been measured using the MPEE method (multi-period excess earnings). The key assumptions used are based on the strategic plans approved by Management.

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The amounts that have been recorded in the consolidated statement of financial position at the date of acquisition of the assets, liabilities and contingent liabilities of the businesses acquired during the year ended 31 December 2020, by significant categories, are as follows:

	<u>Thousands of euros</u>
Property, plant, and equipment	1,048
Other intangible assets	7,565
Non-current financial assets	301
Inventories	3,551
Trade and other receivables	3,683
Cash and cash equivalents	<u>1,416</u>
 Total assets	 17,564
 Bank borrowings and other marketable securities - non-current	 136
Deferred tax liabilities	1,875
Non-current provisions	766
Government grants	11
Bank borrowings and other marketable securities - current	1,209
Trade and other payables	8,177
Current provisions	<u>546</u>
 Total liabilities and contingent liabilities	 12,720
 Total net assets	 <u>4,844</u>
 Total net assets acquired	 <u>4,844</u>
 Paid in cash	 12,395
Cash and cash equivalents acquired	<u>1,416</u>
 Cash paid for the acquisitions	 <u>10,979</u>

Furthermore, following Fluidra's strategy to divest its non-essential activities in order to focus on the Group's core business, on 31 July 2020 the German company SET Energietchnick GmbH was sold for an amount of Euros 94 thousand.

On 3 December 2020, the Spanish company Tecnical Pool Services, S.L. was also sold for Euros 47 thousand.

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

	<u>Thousands of euros</u>
Amount received in cash	141
Deferred collections	<u>-</u>
Total	<u>141</u>
Total net assets sold	<u>232</u>
Loss on the Sale	<u>(91)</u>

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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, intangible assets and right-of-use assets	20
Non-current financial assets	4
Deferred tax assets	2
Inventories	392
Trade and other receivables	316
Cash and cash equivalents	<u>485</u>
Total assets	1,219
Lease liabilities	483
Trade and other payables	<u>504</u>
Total liabilities and contingent liabilities	987
Total net assets	<u><u>232</u></u>
Total net assets sold	<u>232</u>
Amount received in cash	141
Cash and cash equivalents disposed of	<u>485</u>
Net cash from the sale	<u><u>(344)</u></u>

In the year ended 31 December 2020 cash was disbursed in connection with the acquisition of subsidiaries in prior years and non-controlling interests for Euros 8,837 thousand.

2019

There were no business combinations in the twelve-month period ended 31 December 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 included the non-operating cash surplus at the date of sale, as well as deferred collections).

Furthermore, following Fluidra's strategy to divest its non-essential activities in order to focus on the Group's core business, on 2 December 2019 the company Puralia Systems, S.L.U. was sold for an amount of Euros 3,695 thousand.

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

	<u>Thousands of euros</u>
Amount received in cash	40,733
Deferred collections	<u>4,346</u>
Total	<u>45,079</u>
Total net assets sold	<u>46,779</u>
Loss on the Sale	<u><u>(1,700)</u></u>

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

	<u>Thousands of euros</u>
Property, plant and equipment and right-of-use assets	3,292
Goodwill	15,194
Other intangible assets	1,550
Non-current financial assets	23
Deferred tax assets	453
Inventories	9,494
Trade and other receivables	10,109
Other current financial assets	3,000
Derivative financial instruments	85
Cash and cash equivalents	<u>11,557</u>
Total assets	54,757
Lease liabilities	29
Deferred tax liabilities	218
Non-current provisions	84
Government grants	151
Trade and other payables	5,232
Current provisions	<u>2,264</u>
Total liabilities and contingent liabilities	7,978
Total net assets	<u><u>46,779</u></u>
Total net assets sold	<u><u>46,779</u></u>
Amount received in cash	40,733
Cash and cash equivalents disposed of	<u>11,557</u>
Net cash from the sale	<u><u>29,176</u></u>

In the year ended 31 December 2019 cash was disbursed in connection with the acquisition of subsidiaries in prior years and non-controlling interests for Euros 7,344 thousand.

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6. Property, plant and equipment

The movements in the Property, plant and equipment accounts during 2020 and 2019 are as follows:

Thousands of euros								
	Balances at 31.12.19	Business combinations	Additions	Disposals	Impairment	Transfers	Exchange gains (losses)	Balances at 31.12.20
Cost								
Land and buildings	77,202	442	62	(613)	-	(8,649)	(472)	67,972
Plant and machinery	125,847	1,343	6,242	(6,098)	(105)	312	(1,537)	126,004
Other installations, tools and furniture	153,233	38	5,416	(4,547)	(102)	9,447	(2,228)	161,257
Other PPE	27,347	211	2,899	(3,197)	(18)	153	(638)	26,757
Property, plant and equipment under construction	9,389	-	9,312	(74)	(6)	(6,248)	(511)	11,862
	<u>393,018</u>	<u>2,034</u>	<u>23,931</u>	<u>(14,529)</u>	<u>(231)</u>	<u>(4,985)</u>	<u>(5,386)</u>	<u>393,852</u>
Accumulated depreciation								
Buildings	(33,635)	(82)	(1,352)	853	-	353	173	(33,690)
Plant and machinery	(95,392)	(757)	(5,755)	5,704	-	437	726	(95,037)
Other installations, tools and furniture	(122,635)	-	(9,322)	4,250	-	(336)	1,245	(126,798)
Other PPE	(21,380)	(147)	(2,838)	3,349	-	226	404	(20,386)
	<u>(273,042)</u>	<u>(986)</u>	<u>(19,267)</u>	<u>14,156</u>	<u>-</u>	<u>680</u>	<u>2,548</u>	<u>(275,911)</u>
Net carrying amount	<u>119,976</u>	<u>1,048</u>	<u>4,664</u>	<u>(373)</u>	<u>(231)</u>	<u>(4,305)</u>	<u>(2,838)</u>	<u>117,941</u>

Thousands of euros							
	Balances at 31.12.18	Additions	Disposals	Impairment	Transfers	Exchange gains (losses)	Balances at 31.12.19
Cost							
Land and buildings	70,227	3,752	(1,429)	(280)	4,842	90	77,202
Plant and machinery	139,554	6,673	(9,404)	(459)	(11,026)	509	125,847
Other installations, tools and furniture	143,802	7,995	(6,387)	(822)	8,061	584	153,233
Other PPE	26,463	2,847	(3,317)	(159)	1,226	287	27,347
Property, plant and equipment under construction	12,700	6,012	(185)	-	(9,305)	167	9,389
	<u>392,746</u>	<u>27,279</u>	<u>(20,722)</u>	<u>(1,720)</u>	<u>(6,202)</u>	<u>1,637</u>	<u>393,018</u>
Accumulated depreciation							
Buildings	(32,963)	(1,750)	1,095	-	53	(70)	(33,635)
Plant and machinery	(107,100)	(6,511)	8,841	-	9,695	(317)	(95,392)
Other installations, tools and furniture	(115,126)	(9,287)	6,064	-	(3,898)	(388)	(122,635)
Other PPE	(21,335)	(2,748)	3,634	-	(713)	(218)	(21,380)
	<u>(276,524)</u>	<u>(20,296)</u>	<u>19,634</u>	<u>-</u>	<u>5,137</u>	<u>(993)</u>	<u>(273,042)</u>
Net carrying amount	<u>116,222</u>	<u>6,983</u>	<u>(1,088)</u>	<u>(1,720)</u>	<u>(1,065)</u>	<u>644</u>	<u>119,976</u>

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a) Property, plant and equipment pledged as guarantees

At 31 December 2020 and 2019 no property, plant and equipment items are mortgaged or pledged as guarantees.

b) Insurance

The consolidated Group has taken out insurance policies to cover the risks to which its property, plant and equipment items are exposed. The coverage of these policies is considered sufficient.

c) Goods acquired under finance lease arrangements

At 31 December 2019, transfers include Euros 8,857 thousand relating to the initial application of IFRS 16, as a result of the reclassification of finance leases.

d) Fully depreciated assets

The cost of fully depreciated property, plant and equipment items still in use at 31 December 2020 and 2019 is as follows:

	Thousands of euros	
	2020	2019
Buildings	30,006	26,346
Plant and machinery	83,195	83,399
Other installations, tools and furniture	114,238	110,305
Other property, plant and equipment	19,858	22,286
	<u>247,297</u>	<u>242,336</u>

e) Property, plant and equipment items located abroad.

At 31 December 2020 property, plant and equipment items located outside Spain amount to Euros 47,567 thousand (Euros 52,619 thousand at 31 December 2019).

f) Gains (losses) on disposals of fixed assets

In 2020, there have been no significant disposals of fixed assets.

Gains/(losses) on disposal of fixed assets in 2019 essentially relate to losses generated on the sale of Aquatron Robotic Technology, Ltd. and Puralia Systems, S.L.U. amounting to Euros 1,700 thousand (see note 5).

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7. Investment property

The movements in the Investment property accounts during 2020 and 2019 are as follows:

	Thousands of euros				Balances at 31.12.20
	Balances at 31.12.19	Additions	Disposals	Transfers	
Cost					
Land	1,880	-	-	-	1,880
Buildings	3,540	-	(24)	-	3,516
	5,420	-	(24)	-	5,396
Accumulated depreciation					
Buildings	(2,254)	(204)	2	-	(2,456)
	(2,254)	(204)	2	-	(2,456)
Net carrying amount	3,166	(204)	(22)	-	2,940

	Thousands of euros				Balances at 31.12.19
	Balances at 31.12.18	Additions	Disposals	Transfers	
Cost					
Land	1,880	-	-	-	1,880
Buildings	3,518	22	-	-	3,540
	5,398	22	-	-	5,420
Accumulated depreciation					
Buildings	(2,178)	(76)	-	-	(2,254)
	(2,178)	(76)	-	-	(2,254)
Net carrying amount	3,220	(54)	-	-	3,166

The fair value of investment property does not substantially differ from the net carrying amount.

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8. Goodwill and Other intangible assets

The movements in the Goodwill and Other intangible assets accounts during 2020 and 2019 are as follows:

a) Goodwill

	Thousands of euros						
	Balances at 31.12.19	Business combinations	Additions	Disposals	Impairment	Exchange gains (losses)	Balances at 31.12.20
Carrying amount							
Goodwill	1,103,856	16,716	-	-	-	(45,089)	1,075,483

	Thousands of euros					
	Balances at 31.12.18	Additions	Disposals	Impairment	Exchange gains (losses)	Balances at 31.12.19
Carrying amount						
Goodwill	1,093,689	-	-	-	10,167	1,103,856

b) Other intangible assets

	Thousands of euros							
	Balances at 31.12.19	Business combinations	Additions	Disposals	Impairment	Transfers	Exchange gains (losses)	Balances at 31.12.20
Cost								
Development expenses for work in progress	102,952	-	12,987	(9,379)	(36)	3,018	(5,976)	103,566
Relations with customers/Contractual relations	594,893	1,000	-	(12,753)	(58)	-	(45,301)	537,781
Computer software	46,743	253	6,026	(3,104)	(542)	647	(401)	49,622
Patents, Trademarks and Other intangible assets	176,920	6,501	463	(7,156)	(326)	(52)	(10,769)	165,581
	921,508	7,754	19,476	(32,392)	(962)	3,613	(62,447)	856,550
Accumulated depreciation								
Product development expenses	(40,751)	-	(10,062)	9,254	-	-	2,658	(38,901)
Relations with customers/Contractual relations	(101,891)	-	(54,677)	12,787	-	-	9,312	(134,469)
Computer software	(33,544)	(189)	(6,172)	3,068	-	56	285	(36,496)
Patents, Trademarks and Other intangible assets	(9,137)	-	(3,150)	7,144	-	(90)	266	(4,967)
	(185,323)	(189)	(74,061)	32,253	-	(34)	12,521	(214,833)
Net carrying amount	736,185	7,565	(54,585)	(139)	(962)	3,579	(49,926)	641,717

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	Thousands of euros						
	Balances at 31.12.18	Additions	Disposals	Impairment	Transfers	Exchange gains (losses)	Balances at 31.12.19
Cost							
Development expenses for work in progress	101,823	13,171	(10,529)	(1,425)	(1,331)	1,243	102,952
Relations with customers/Contractual relations	595,498	-	(11,166)	-	176	10,385	594,893
Computer software	42,230	5,331	(1,769)	(34)	921	64	46,743
Patents, Trademarks and Other intangible assets	<u>172,459</u>	<u>1,799</u>	<u>(418)</u>	<u>(625)</u>	<u>850</u>	<u>2,855</u>	<u>176,920</u>
	912,010	20,301	(23,882)	(2,084)	616	14,547	921,508
Accumulated depreciation							
Product development expenses	(39,057)	(11,815)	9,388	-	1,148	(415)	(40,751)
Relations with customers/Contractual relations	(50,950)	(61,654)	11,168	-	(62)	(393)	(101,891)
Computer software	(28,058)	(6,681)	1,381	-	(163)	(23)	(33,544)
Patents, Trademarks and Other intangible assets	<u>(6,620)</u>	<u>(2,645)</u>	<u>1,607</u>	<u>-</u>	<u>(1,019)</u>	<u>(460)</u>	<u>(9,137)</u>
	(124,685)	(82,795)	23,544	-	(96)	(1,291)	(185,323)
Net carrying amount	<u>787,325</u>	<u>(62,494)</u>	<u>(338)</u>	<u>(2,084)</u>	<u>520</u>	<u>13,256</u>	<u>736,185</u>

No intangible assets have been pledged as guarantees.

Additions of product development expenses in 2020 amounting to Euros 12,537 thousand (Euros 13,171 thousand in 2019) correspond to work performed by the Group and capitalised as non-current assets, and are included in said caption of the consolidated income statement.

The cost of fully amortised intangible assets still in use at 31 December 2020 and 2019 is as follows:

	Thousands of euros	
	2020	2019
Development expenses for work in progress	55,983	42,404
Computer software	25,988	20,857
Patents, Trademarks and Other intangible assets	<u>35,023</u>	<u>36,587</u>
	<u>116,994</u>	<u>99,848</u>

At 31 December 2020 intangible assets located outside Spain amount to Euros 6270,000 thousand (Euros 720,895 thousand at 31 December 2019).

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c) Impairment and allocation of goodwill to CGUs.

The following CGUs were identified following the merger with the Zodiac Group in 2019 and the first half of 2020:

- Operations
- North America
- Europe
- Certikin Internation, LTD
- SIBO Fluidra Netherlands B.V.
- Expansion
- Sohem – Southern Hemisphere

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

- Operations
- North America
- Europe and the Southern hemisphere

The Certikin International, LTD, SIBO Fluidra Netherlands B.V. and Expansion CGUs did not 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. Similarly, goodwill was not allocated to the entire segment, 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.

During the second half of 2020, due to the Group's new organisational structure (see note 4) a new CGU has been identified, which coincides with the segment/division created.

This new CGU includes the former Sohem businesses (Southern Hemisphere) as well as the subsidiaries located in Asia, which were formerly included in the Expansion CGU.

Thus, the CGUs for the 2020 closing are those listed below:

- North America
- Europe
- Operations
- Asia-Pacific
- EMEA expansion
- SIBO Fluidra Netherlands B.V.
- Certikin International, LTD

The Group has allocated goodwill to its cash-generating units (CGUs) in accordance with IAS 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 aforementioned restructuring and its resulting impact on the identification and definition of the different CGUs has necessitated the reallocation of Goodwill among the affected CGUs. Goodwill has been reallocated from the former Expansion CGU and the former group of Europe and Sohem CGUs to the new Asia Pacific CGU, in line with IAS-36, which states that this allocation must be carried out on the basis of the fair values of the affected CGUs. These fair values have been calculated based on the estimated cash flows at year end for each redefined CGU, using the assumptions described hereinafter in this note.

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The breakdown of goodwill allocated by CGU or groups of CGUs at 31 December 2020 is as follows:

	Segment	Thousands of euros 31.12.20
North America	North America	478,046
Europe	EMEA	300,968
Operations	Operations	186,562
Asia-Pacific	APAC	61,567
EMEA expansion	EMEA	39,904
SIBO Fluidra Netherlands B.V.	EMEA	5,048
Certikin International, LTD	EMEA	3,388
		1,075,483
Total		

The breakdown of goodwill allocated by CGU or groups of CGUs at 31 December 2019 is as follows:

	Segment	Thousands of euros 31.12.19
North America	North America	522,174
Europe and the Southern hemisphere	ESA	340,998
Operations	Operations	186,562
Expansion	ESA	45,522
SIBO Fluidra Netherlands B.V.	ESA	5,048
Certikin International, LTD	ESA	3,552
		1,103,856
Total		

Movement in goodwill in the CGUs no included in the aforementioned restructurings mainly due to the currency translation differences arisen from the goodwill denominated in foreign currency, chiefly as a result of fluctuations in the exchange rates of the US dollar and the pound sterling.

The recoverable amount of each CGU is determined based on the greater of fair value less disposal costs, calculated using a Level 3 methodology in line with the hierarchy established in IFRS 3, and continuing value in use. These calculations use cash flow projections based on finance budgets and/or strategic plans, approved by Management, for the cash generating units to which goodwill has been allocated and covered a period of five years. The process for preparing the strategic plans of the CGUs considers the current situation of each CGU's market, analysing the macroeconomic and competitive environments, as well as the CGU's position in those environments and the opportunities for growth. The key factors of business evolution are mainly the evolution of the pool stock existing in each market for the maintenance business and the evolution of the manufacture of new pools. Additionally, the potential operating efficiencies due to growth are considered. These projections are adjusted based on the degree of compliance with the strategic plans and/or financial budgets in prior years. The said projections and estimates are consistent with those that would be made by a market participant.

The key assumptions used in the strategic plans relate to sustained business growth in pools (aftermarket), moderate growth in the construction of new pools in mature markets and sustained growth in emerging markets, combined with an increase in our penetration in commercial pools in some geographical areas where our presence is still small and increased market share in the American market.

In terms of the Operations division, revenues are linked to the increase in sales divisions resulting from the partial integration of manufacturing within Fluidra. The assumptions used in the strategic plans relate to a

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recovery in profitability due to greater efficiency obtained through the lean management plans in production plants, the integration of the logistics chain and the operating leverage due to growth.

The quantitative assumptions used for 2020 are shown in the accompanying table:

CGU	CAGR	CAGR	g (**)	WACC	WACC
	Sales (*)	EBITDA (*)		(***)	(****)
	2021-2025	2021-2025		2020	2020
North America	5.25%	5.43%	1.78%	6.60%	9.17%
Europe	3.55%	3.66%	1.69%	7.08%	9.20%
Operations	4.68%	5.31%	1.81%	8.66%	11.48%
Asia-Pacific	2.08%	5.46%	2.10%	7.66%	11.09%
EMEA expansion	3.92%	5.75%	2.26%	10.47%	12.97%
SIBO Fluidra Netherlands B.V.	2.19%	2.75%	1.64%	6.24%	8.06%
Certikin International, LTD	3.48%	4.68%	1.92%	7.15%	9.05%

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

(**) Perpetual growth rate.

(***) After-tax discount rate.

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

The quantitative assumptions used for 2019 are shown in the accompanying table:

CGU	CAGR	CAGR	g (**)	WACC	WACC
	Sales (*)	EBITDA (*)		(***)	(****)
	2020-2023	2020-2023		2019	2019
North America	4.90%	8.02%	1.88%	6.55%	8.74%
Europe and the Southern hemisphere	5.79%	7.82%	1.84%	7.37%	9.92%
Operations	4.49%	6.31%	1.75%	8.11%	10.88%
Expansion	6.31%	7.18%	1.98%	10.00%	12.61%
SIBO Fluidra Netherlands B.V.	5.49%	4.82%	1.71%	6.32%	8.76%
Certikin Internacional, LTD	2.99%	2.67%	1.95%	6.84%	8.47%

(*) CAGR stands for Compound Annual Growth Rate over 4 years.

(**) Perpetual growth rate.

(***) After-tax discount rate.

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

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From the last year, cash flow projections are calculated using a growth rate in perpetuity in accordance with each market. The growth rates applied are detailed in the tables above.

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

For the impairment test, the right-of-use assets arising as a result of IFRS16 have been taken into account in the carrying amount of each CGU's net assets, adjusting the cash flows and discount rates accordingly.

The Group performed a sensitivity analysis on the impairment calculation using reasonable variations in the key assumptions used. The following variations have been taken on for the CGUs and groups of CGUs:

- Decrease of 100 basis points in the EBITDA margin in perpetuity (EBITDA)
- Growth rate in perpetuity - Decrease of 0.5% (g)
- Discount rate - Increase of 0.5% (WACC)

The quantitative result of these reasonable variations on the model, shown as a percentage of surplus/shortfall over the carrying amount of goodwill at 31 December 2020 and 2019, is as follows:

2020:

CGU	EBITDA	g	WACC
North America	>100%	>100%	>100%
Europe	>100%	>100%	>100%
Operations	>100%	>100%	>100%
Asia-Pacific	>100%	>100%	>100%
EMEA expansion	>100%	>100%	>100%
SIBO Fluidra Netherlands B.V.	>100%	>100%	>100%
Certikin International, LTD	>100%	>100%	>100%

2019:

CGU	EBITDA	g	WACC
North America	>100%	>100%	>100%
Europe and the Southern hemisphere	>100%	>100%	>100%
Operations	>100%	>100%	>100%
Expansion	>100%	>100%	>100%
SIBO Fluidra Netherlands B.V.	>100%	>100%	>100%
Certikin Internacional, LTD	>100%	>100%	>100%

In a similar manner, it is deemed that none of the aforementioned variations to the key assumptions in the measurement model would imply the need to recognise a goodwill impairment at 31 December 2020.

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

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The Group's market capitalisation at 31 December 2020 amounts to Euros 4,098.4 million (Euros 2,386.7 million at 31 December 2019).

9. Right-of-use assets

Details of right-of-use assets and movement during 2020 and 2019 are as follows:

	Thousands of euros						Balances at 31.12.20
	Balances at 31.12.19	Additions	Disposals	Impairment	Transfers	Exchange gains (losses)	
Cost							
Land and buildings	122,002	11,146	(7,275)	(463)	55	(4,347)	121,118
Plant and machinery	2,282	1,479	(125)	-	235	(36)	3,835
Other installations, tools and furniture	1,145	773	(355)	-	(91)	(11)	1,461
Other PPE	7,467	3,171	(1,498)	-	-	(124)	9,016
	<u>132,896</u>	<u>16,569</u>	<u>(9,253)</u>	<u>(463)</u>	<u>199</u>	<u>(4,518)</u>	<u>135,430</u>
Accumulated depreciation							
Buildings	(16,641)	(18,491)	6,820	-	74	641	(27,597)
Plant and machinery	(467)	(1,216)	125	-	(172)	14	(1,716)
Other installations, tools and furniture	(414)	(393)	322	-	66	4	(415)
Other PPE	(2,715)	(2,693)	1,410	-	-	10	(3,988)
	<u>(20,237)</u>	<u>(22,793)</u>	<u>8,677</u>	<u>-</u>	<u>(32)</u>	<u>669</u>	<u>(33,716)</u>
Net carrying amount	<u>112,659</u>	<u>(6,224)</u>	<u>(576)</u>	<u>(463)</u>	<u>167</u>	<u>(3,849)</u>	<u>101,714</u>

	Thousands of euros						Balances at 31.12.19
	Balances at 31.12.18	First time application of IFRS 16	Additions	Disposals	Transfers	Exchange gains (losses)	
Cost							
Land and buildings	-	109,163	31,118	(3,400)	(15,124)	245	122,002
Plant and machinery	-	1,208	1,103	(29)	-	-	2,282
Other installations, tools and furniture	-	839	305	(1)	-	2	1,145
Other PPE	-	4,813	2,745	(101)	-	10	7,467
	<u>-</u>	<u>116,023</u>	<u>35,271</u>	<u>(3,531)</u>	<u>(15,124)</u>	<u>257</u>	<u>132,896</u>
Accumulated depreciation							
Buildings	-	(6,614)	(19,408)	2,618	6,811	(48)	(16,641)
Plant and machinery	-	-	(495)	29	-	(1)	(467)
Other installations, tools and furniture	-	-	(415)	1	-	-	(414)
Other PPE	-	(312)	(2,473)	73	-	(3)	(2,715)
	<u>-</u>	<u>(6,926)</u>	<u>(22,791)</u>	<u>2,721</u>	<u>6,811</u>	<u>(52)</u>	<u>(20,237)</u>
Net carrying amount	<u>-</u>	<u>109,097</u>	<u>12,480</u>	<u>(810)</u>	<u>(8,313)</u>	<u>205</u>	<u>112,659</u>

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At 31 December 2019, transfers includes the end of the real estate lease for a warehouse in La Garriga, as the purchase option has been exercised with the last payment (see note 6 c)), and reclassified to Property, plant and equipment.

10. Investments accounted for using the equity method

The movements in investments accounted for using the equity method are as follows:

	Thousands of euros	
	2020	2019
Balances at 1 January	-	28
Share in profit/(loss)	28	-
Additions/ Inclusions	-	-
Dividends received	-	(28)
Balance at 31 December	<u>28</u>	<u>-</u>

The breakdown of the key financial figures of companies accounted for using the equity method in 2020 and 2019 is as follows:

			2020				
			Thousands of euros				
Country	% ownership interest	Assets	Liabilities	Equity	Income	Profit/(loss)	
Astral Nigeria, LTD	Nigeria	25	1,018	435	583	1,290	112
OCM Products Limited	Great Britain	50	453	501	(48)	196	-
			<u>1,471</u>	<u>936</u>	<u>535</u>	<u>1,486</u>	<u>112</u>
			2019				
			Thousands of euros				
Country	% ownership interest	Assets	Liabilities	Equity	Income	Profit/(loss)	
Astral Nigeria, LTD	Nigeria	25	602	131	471	1,399	18
OCM Products Limited	Great Britain	50	558	606	(48)	55	(8)
			<u>1,160</u>	<u>737</u>	<u>423</u>	<u>1,454</u>	<u>10</u>

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11. Current and non-current financial assets

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

	Note	Thousands of euros	
		2020	2019
Financial assets at fair value through profit or loss		249	597
Deposits and guarantees		4,135	6,779
Total non-current		4,384	7,376
Deposits and guarantees		10,867	9,713
Derivative financial instruments	12	10	291
Total current		10,877	10,004

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 in note 3. The difference between the amount paid and fair value is recognised in the income statement as a prepayment over the lease term.

The fair value of quoted securities is determined based on their price at the reporting date of the consolidated financial statements.

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12. Derivative financial instruments

The breakdown of the derivative financial instruments is as follows:

		2020			
		Thousands of euros			
Amount		Fair values			
Notional amount		Assets		Liabilities	
		Non-current	Current	Non-current	Current
1) Derivatives held for trading					
a) <i>Exchange rate derivatives</i>					
Foreign currency contracts	52,613	-	10	-	1,531
Total derivatives traded on over-the-counter markets		-	10	-	1,531
Total derivatives held for trading		-	10	-	1,531
2) Hedging derivatives					
a) <i>Cash flow hedges</i>					
Interest rate swaps	572,788	-	-	15,987	-
Total hedging derivatives		-	-	15,987	-
Total recognised derivatives		-	10	15,987	1,531
(note 11)					
		2019			
		Thousands of euros			
Amount		Fair values			
Notional amount		Assets		Liabilities	
		Non-current	Current	Non-current	Current
1) Derivatives held for trading					
a) <i>Exchange rate derivatives</i>					
Foreign currency contracts	19,702	-	291	-	808
Total derivatives traded on over-the-counter markets		-	291	-	808
Total derivatives held for trading		-	291	-	808
2) Hedging derivatives					
a) <i>Cash flow hedges</i>					
Interest rate swaps	615,180	-	-	14,951	-
Total hedging derivatives		-	-	14,951	-
Total recognised derivatives		-	291	14,951	808
(note 11)					

The overall amount of the change in fair value of derivatives held for trading, which has been estimated using measurement techniques, has been recognised in profit or loss as a loss of Euros 1,011 thousand (a profit of Euros 845 thousand in 2019).

The overall amount of the change in fair value of hedging derivatives, which has been estimated using measurement techniques and has been recognised in consolidated equity as it has been considered an effective hedge, has resulted in a decrease of 911 thousand euros (a decrease of 5,667 thousand euros in 2019).

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The overall amount of cash flow hedges that has been transferred in 2020 from other comprehensive income in equity to the consolidated income statement (under finance cost) amounts to a loss of Euros 7,949 thousand (a loss of Euros 3,432 thousand in 2019).

a) Interest rate swaps

The Group uses interest rate swaps, at a floating interest rate without knock-out barriers, with fixed rate values ranging from 0.329% to 3.097% in 2020 (in 2019 the values ranged from 0.329% to 3.097%). These derivatives are used to manage exposure to fluctuations in the interest rates mainly of bank loans.

Hedging derivatives at 31.12.20			
Notional amount in thousands of euros	Maturity start	Maturity end	Type of derivative
200,000	31 October 2018	31 October 2022	Fixed swap
60,000	31 October 2018	31 October 2022	Fixed swap
101,866	31 October 2018	31 October 2022	Fixed swap
10,000	05 November 2018	31 October 2022	Fixed swap
30,000	07 November 2018	31 October 2022	Fixed swap
101,866	08 November 2018	31 October 2022	Fixed swap
40,746	13 November 2018	31 October 2022	Fixed swap
28,310	13 December 2018	31 October 2022	Fixed swap
<u>572,788</u>			

Hedging derivatives at 31.12.19			
Notional amount in thousands of euros	Maturity start	Maturity end	Type of derivative
200,000	31 October 2018	31 October 2022	Fixed swap
60,000	31 October 2018	31 October 2022	Fixed swap
111,269	31 October 2018	31 October 2022	Fixed swap
30,000	05 November 2018	31 October 2022	Fixed swap
30,000	07 November 2018	31 October 2022	Fixed swap
111,269	08 November 2018	31 October 2022	Fixed swap
44,508	13 November 2018	31 October 2022	Fixed swap
28,134	13 December 2018	31 October 2022	Fixed swap
<u>615,180</u>			

The breakdown, by notional amount and residual maturity term, of the swaps prevailing at year end is as follows:

	Thousands of euros	
	2020	2019
Between one and five years	572,788	615,180
	<u>572,788</u>	<u>615,180</u>

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Since derivatives are not traded on organised markets, the fair value of swaps 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).

b) Exchange rate derivatives

To manage exchange rate risk in future firm sales and purchases, the Group has arranged option contracts and currency forwards in the main markets in which it operates.

The breakdown, by type of foreign currency, of the notional amounts of exchange rate derivatives at 31 December 2020 and 2019 is as follows:

	Thousands of Euros	
	2020	2019
EUR / USD	21,188	7,121
AUD / USD	18,743	-
GBP / EUR	8,200	8,150
GBP / USD	4,401	4,095
ZAR / EUR	81	81
ZAR / USD	-	255
	<u>52,613</u>	<u>19,702</u>

At 31 December 2020 and 2019, all foreign exchange derivatives are held for trade, with no hedging derivatives at that date.

The breakdown, by notional amount and residual maturity term, of the exchange rate derivatives is as follows:

	Thousands of euros	
	2020	2019
Within one year	52,613	19,702
	<u>52,613</u>	<u>19,702</u>

The fair value of these 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).

The gains and losses from measuring and settling these contracts are taken to finance costs for the year.

13. Non-current assets held for sale and liabilities relating to non-current assets held for sale and discontinued operations

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

The asset and liability balances of this company were transferred to “Non-current assets held for sale” and “Liabilities linked to non-current assets held for sale” in accordance with IFRS 5 “Non-current assets held for sale and discontinued operations”. Furthermore, they were deemed discontinued operations since they comprised items held for sale which represented a significant business line separate to the rest, therefore, all income and expenses corresponding to these businesses in the twelve-month period ended 31 December 2019 are presented in the caption Profit/(loss) after tax on discontinued operations.

On 31 January 2019 and as mentioned in note 5, these assets and liabilities were sold.

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Details of the nature of the consolidated income statement caption Gains/(losses) after tax on discontinued operations for the twelve-month periods ended 31 December 2019 are as follows:

	<u>31/12/2019</u>
Operating income	
Sales of goods and finished products	1,799
Income from the rendering of services	1
Work performed by the Group and capitalised as non-current assets	<u>56</u>
Total operating income	1,856
Operating expenses	
Change in inventories of finished products and work in progress and raw materials consumables	(824)
Personnel expenses	(387)
Depreciation and amortisation expenses and impairment losses	(117)
Other operating expenses	<u>(219)</u>
Total operating expenses	(1,547)
Other gains and losses	
Profit from sales of fixed assets	<u>-</u>
Total other gains/(losses)	-
Operating profit	<u>309</u>
Finance income / (cost)	
Finance income	120
Finance cost	(2)
Exchange gains/(losses)	<u>(534)</u>
Net finance income/(cost)	<u>(416)</u>
Share of profit/(loss) for the year of entities accounted for using the equity method	<u>-</u>
Profit/(loss) before tax from continuing operations	<u>(107)</u>
Income tax expense	(7)
Profit/ (loss) after tax from discontinued operations	<u>(114)</u>
Profit / (loss) from discontinued operations attributable to non-controlling interests	-
Profit / (loss) from discontinued operations attributable to equity holders of the parent	(114)
EBITDA	<u>426</u>

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A breakdown of the statement of comprehensive income for this activity for the twelve-month periods ended 31 December 2019 is as follows:

	<u>31/12/2019</u>
Profit / (loss) for the year	(114)
Other comprehensive income:	
Items that will not subsequently be reclassified to profit or loss	
Recalculation of the measurement of defined benefit plans	-
Tax effect	-
Items that will be reclassified to profit or loss	
Cash flow hedges	-
Exchange differences on translation of foreign operations	887
Tax effect	-
	<u>887</u>
Other comprehensive income for the year, net of tax	<u>887</u>
	<u>773</u>
Total comprehensive income for the year	<u>773</u>
Total comprehensive income attributable to:	
Equity holders of the parent	773
Non-controlling interest	-
	<u>773</u>

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

	<u>31/12/2019</u>
Cash flows from:	
Operating activities	428
Investing activities	(65)
Financing activities	(11)

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14. Inventories

Details of inventories are as follows:

	Thousands of euros	
	2020	2019
Goods, finished products and work in progress	207,454	194,987
Raw materials and other consumables	74,384	64,484
	<u>281,838</u>	<u>259,471</u>

At 31 December 2020 and 2019 there are no inventories with a recovery period greater than 12 months from the date of the consolidated statement of financial position.

As a result of the business combinations carried out during 2020, inventories amounting to Euros 3,551 thousand have been incorporated.

The consolidated group companies have taken out a range of insurance policies to cover the risks to which inventories are exposed. The coverage of these policies is considered sufficient.

There are no significant commitments to purchase or sell goods.

During 2020, the Group has recorded provisions for inventories to adjust them to their net realisable value of Euros 47 thousand (Euros 5,721 in 2019) (see note 23).

15. Trade and other receivables

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

	Thousands of euros	
	2020	2019
<u>Non-current</u>		
Other non-current receivables	3,680	1,831
<u>Current</u>		
Trade receivables for sales and services	236,623	287,834
Other current accounts receivable and prepayments	16,545	29,468
Public administrations	13,939	18,098
Current income tax assets	8,504	6,418
Provisions for impairment and bad debts	<u>(26,270)</u>	<u>(27,073)</u>
Total current	<u>249,341</u>	<u>314,745</u>

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At 31 December 2020 and 2019 the Other non-current receivables caption includes Euros 1,138 thousand corresponding to repayment commitments to the shareholders taken on when they contributed securities in the capital increase, as detailed in note 29.

The fair value of trade and other receivables does not significantly differ from book value.

There is no significant concentration of credit risk over trade receivables in any of the Group segments, except for one customer in the US market, whose credit risk is 9.68% of the total Receivables for sales and services rendered balance.

There are no significant trade and other receivable balances that can be affected by the United Kingdom's withdrawal from the European Union (Brexit).

The most significant balances in currencies other than the euro at 31 December 2020 and 2019 are as follows:

	Thousands of euros	
	2020	2019
US Dollars	99,671	138,389
Australian dollar	30,029	32,866
Pounds sterling	8,339	8,868
South African rand	5,659	8,764
Canadian dollar	5,413	6,297
UAE dirham	5,226	6,963
	<u>154,337</u>	<u>202,147</u>

Receivables from public administrations mostly relate to VAT receivable balances.

The movement in the provisions for impairment losses and bad debts for 2020 and 2019 is as follows:

	Thousands of euros
Balance at 31 December 2018	31,713
Charge for the year	10,807
Recoveries	(6,583)
Exchange gains (losses)	160
Write-offs	<u>(9,024)</u>
Balance at 31 December 2019	<u>27,073</u>
Business combinations	249
Charge for the year	6,970
Recoveries	(3,250)
Exchange gains (losses)	(879)
Write-offs	<u>(3,893)</u>
Balance at 31 December 2020	<u><u>26,270</u></u>

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16. Equity

The breakdown of and movements in consolidated equity are shown in the consolidated statement of changes in equity.

- Share capital

At 31 December 2020, Fluidra, S.A.'s share capital consists of 195,629,070 ordinary shares with a par value of Euro 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.

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

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 ownership interest at 31 December 2020 and 2019 is as follows:

Ownership percentage	31.12.2020	31.12.2019
Rhône Capital L.L.C.	32.22%	38.42%
Boyser, S.R.L.	8.13%	8.13%
Dispur, S.L.	7.11%	7.07%
Edrem, S.L.	6.92%	6.93%
Piumoc Inversions, S.L.U.	5.50%	5.07%
Maveor, S.L.	5.00%	5.00%
Other shareholders	35.12%	29.38%
	<u>100.00%</u>	<u>100.00%</u>

- Share premium

This reserve can be freely distributed, except for that established in the section on Dividends and limitations on dividend distribution of this note.

- Legal reserve

Pursuant to article 274 of the Consolidated Text of the Corporate Enterprises Act, 10% of net profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital.

This reserve can be used to increase capital by the amount exceeding 10% of the new 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.

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- Parent company shares

The movements in treasury shares during 2020 and 2019 are as follows:

	Euros		
	Number	Face value	Average acquisition/disposal price
Balances at 1.1.19	2,136,688	2,136,688	6.4072
Acquisitions	937,600	937,600	10.8543
Disposals	<u>(1,492,890)</u>	<u>(1,192,890)</u>	<u>(9.2444)</u>
Balances at 31.12.19	<u>1,581,398</u>	<u>1,581,398</u>	<u>8.8527</u>
Acquisitions	2,416,594	2,416,594	15.6149
Disposals	<u>(1,454,254)</u>	<u>(1,454,254)</u>	<u>(15.0182)</u>
Balances at 31.12.20	<u>2,543,738</u>	<u>2,543,738</u>	<u>14.0899</u>

The majority of Parent shares disposed of in the year ended 31 December 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 companies that make up the consolidated group.

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

No Group company owns shares in the Parent.

- 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.

During the financial year 2020, the translation differences have suffered significant variations due to the effect of the businesses denominated in US dollars.

- Dividends and limitations on the distribution of dividends

The Parent Company's voluntary reserves at 31 December 2020 amounting to Euros 248,318 thousand (Euros 9,744 thousand at 31 December 2019), as well as the share premium and profit/(loss) for the year of the Parent, are subject to legal limitations on their distribution.

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The proposed appropriation of profit included in the Parent Company's financial statements for the years 2020 and 2019 is as follows:

	Thousands of euros	
	2020	2019
Basis of allocation:		
Profit / (loss) for the year	139,986	245,947
Distribution to:		
Legal reserves	-	20,984
Voluntary reserves	99,234	191,085
Interim dividend	40,752	-
Prior years' losses	-	33,878
Total	<u>139,986</u>	<u>245,947</u>

- Capital management

The objectives of the Group's capital management are to ensure that it maintains the ability to continue as a going concern so that it can provide returns to shareholders and benefit other stakeholders, and to maintain an optimal capital structure in order to reduce its cost of capital.

To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue shares and sell assets in order to reduce debt.

Fluidra, S.A. controls its capital structure based on total leverage and net financial debt over EBITDA ratios (see note 35).

- The total leverage ratio is calculated as total assets divided by total equity.
- The net financial debt ratio (NFD) over EBITDA is calculated as net financial debt divided by EBITDA. The net financial debt is determined by the sum of current and non-current bank borrowings, and other current and non-current marketable securities, lease liabilities and derivative financial liabilities less non-current financial assets, less cash and cash equivalents, less other current financial assets, less derivative financial assets.

During 2020 the strategy, which has remained unchanged over prior years, was to keep the total leverage ratio and the net financial debt over EBITDA ratio between 2 and 2.5. In the case of the net financial debt over EBITDA ratio, the aforementioned target ratio was exceeded in 2019. The ratios for 2020 and 2019 have been determined as follows:

Total leverage ratio:

	Thousands of euros	
	2020	2019
Total consolidated assets	<u>2,805,963</u>	<u>2,997,097</u>
Total consolidated equity	<u>1,428,040</u>	<u>1,445,492</u>
Total leverage ratio	<u>1.96</u>	<u>2.07</u>

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Net Financial Debt / EBITDA ratio:

	Thousands of euros	
	2020	2019
Liabilities from loans and borrowings and other marketable securities	691,115	878,897
Plus: Lease liabilities	114,148	121,760
Plus: Derivative financial instruments	17,518	15,759
Less: Cash and cash equivalents	(225,631)	(242,240)
Less: Non-current financial assets	(4,384)	(7,376)
Less: Other current financial assets	(10,867)	(9,713)
Less: Derivative financial instruments	(10)	(291)
Net financial debt	<u>581,889</u>	<u>756,796</u>
Ebitda (note 35)	<u>302,072</u>	<u>205,288</u>
Net Financial Debt over Ebitda	<u>1.93</u>	<u>3.69</u>

- Non-controlling interest

During 2020 the movement in non-controlling interest has been as follows:

Company	Percentage of non-controlling interest	
	31.12.2020	31.12.2019
La Tienda Swimming Pool Maintenance LLC (1)	0.00%	20.00%
Technical Pool Service, S.L. (2)	0.00%	32.50%

(1) Company wound up in 2020.

(2) Company disposed of in 2020.

No amount has been paid as a result of transactions arising from these changes.

There are no significant restrictions on the group's capacity to act on the assets of non-controlling interest.

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Details of the most significant non-controlling interests at 31 December 2020 and 31 December 2019 are as follows:

		2020					
		Thousands of euros					
	Country	% ownership interest	Assets	Liabilities	Equity	Income	Profit/(loss)
Fluidra Tr Su Ve Havuz Ekipmanlari AS	Turkey	49	1,472	323	1,149	2,634	207
Ningbo Dongchuan Swimming Pool Equipments Co, LTD	China	30	5,011	2,415	2,596	8,010	1,112
Fluidra Balkans JSC	Bulgaria	38,84	2,916	2,845	71	3,909	202
Fluidra Hellas, S.A.	Greece	13.036	844	201	643	1,046	110
Fluidra Kazakhstan Limited Liability Company	Republic of Kazakhstan	49	1,378	820	558	2,519	393

		2019					
		Thousands of euros					
	Country	% ownership interest	Assets	Liabilities	Equity	Income	Profit/(loss)
Fluidra Tr Su Ve Havuz Ekipmanlari AS	Turkey	49	1,603	272	1,331	2,684	361
Ningbo Dongchuan Swimming Pool Equipments Co, LTD	China	30	3,792	1,872	1,920	5,498	742
Fluidra Balkans JSC	Bulgaria	38.84	2,804	2,755	49	3,377	211
Fluidra Hellas, S.A.	Greece	13.036	882	205	677	1,290	180
Fluidra Kazakhstan Limited Liability Company	Republic of Kazakhstan	49	1,391	1,140	251	1,453	151

The figures indicated above correspond to the ownership percentage of each company.

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17. Earnings/(losses) per share

a) Basic earnings

Basic earnings/(losses) 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 twelve-month period ended 31 December 2020 and 2019, excluding own shares.

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

	<u>31.12.2020</u>	<u>31.12.2019</u>
Profit/(loss) for the period attributable to equity holders of the Parent (thousands of euros)	96,388	8,322
Weighted average number of ordinary shares outstanding	193,933,352	194,288,934
Basic earnings/(losses) per share from continuing operations (euros)	0.49702	0.04342
Basic earnings/(losses) per share from discontinued operations (euros)	0.00000	(0.00059)

Profit/(loss) for the year corresponds to the profit/(loss) for the year attributable to equity holders of the Parent.

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

	<u>Number of shares</u>	
	<u>31.12.2020</u>	<u>31.12.2019</u>
Ordinary shares outstanding at 1 January	195,629,070	195,629,070
Effect of changes in treasury shares	(1,695,718)	(1,340,136)
Weighted average number of ordinary shares outstanding at 31 December	<u>193,933,352</u>	<u>194,288,934</u>

b) Diluted earnings

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

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18. Provisions

A breakdown of Other provisions is as follows:

	Thousands of euros			
	2020		2019	
	Non-current	Current	Non-current	Current
Guarantees	-	37,602	-	28,437
Provisions for taxes	-	-	130	-
Provisions for obligations with employees	7,941	-	8,511	-
Litigation and other liabilities	5,695	-	2,765	-
Total	13,636	37,602	11,406	28,437

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

According to the IFRIC 23 interpretation issued by the IASB, Provisions for taxes related to income tax have been reclassified to Current income tax liabilities under Trade and other payables.

The movements during 2020 and 2019 are as follows:

	Guarantees	Provision for obligations with employees	Litigation and other liabilities	Provision for taxes	Total
At 1 January 2019	24,111	8,809	4,885	5,092	42,897
Charge for the year	4,981	1,695	1,090	3,803	11,569
Payments / Disposals	-	(343)	(536)	-	(879)
Applications	(1,615)	(2,846)	(1,076)	(3,502)	(9,039)
Transfers	560	1,116	(1,622)	(5,263)	(5,209)
Exchange gains (losses)	400	80	24	-	504
At 31 December 2019	28,437	8,511	2,765	130	39,843
Business combinations	546	380	386	-	1,312
Charge for the year	11,891	944	4,287	5,871	22,993
Payments / Disposals	-	(195)	-	(130)	(325)
Applications	(1,902)	(1,378)	(1,906)	(546)	(5,732)
Transfers	-	(129)	306	(5,325)	(5,148)
Exchange gains (losses)	(1,370)	(192)	(143)	-	(1,705)
At 31 December 2020	37,602	7,941	5,695	-	51,238

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19. Financial liabilities from loans and borrowings and other marketable securities

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

	Thousands of Euros	
	2020	2019
Non-current borrowings	670,939	856,723
Bank borrowings	163	312
Total non-current	671,102	857,035
Bank loans	801	5,954
ABL credit facility	174	5,797
Non-current borrowings	4,795	7,454
Bank borrowings	14,243	2,657
Total current	20,013	21,862
Total liabilities from loans and borrowings and other marketable securities	691,115	878,897

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

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

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

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

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

This refinancing has involved:

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

Based on the repricing of interest rates already index-linked to the Euribor, Libor or BBSY at 1 month, they were reduced from spreads ranging between 2.25% and 3.75% depending on the tranche and currency, to ranging between 2% and 3.75%; the revolving credit facility dropped from 2% and 2.5% based on the leverage ratio to

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a spread of between 1.5% and 2%; and for the ABL there is a margin of between 1.5% 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. The expenses incurred in the repricing have been added to those initially included in the aforementioned refinancing of 2 July 2018.

In order to reduce financial costs and diversify sources of financing, Fluidra, S.A. set into action a promissory notes scheme on the Alternative Fixed Income Market (MARF). On 3 July 2020 the scheme was extended for a further year and for Euros 75 million. There is no debt amount at 31 December 2020 or 31 December 2019.

In 2019, the most significant loan included under current and non-current "Bank borrowings" corresponds to the loan signed by the company Fluidra Waterlinx Pty Ltd for a nominal amount of 150,000 thousand South-African rands (ZAR) on 17 September 2015, with maturity on 30 September 2020, at a fixed interest rate of 9.80% up to 31 December 2015 and a variable rate based on the Prime Rate plus a spread for the remaining period. This loan was taken out to refinance the existing loan and finance the acquisition of the company. The outstanding balance at 31 December 2019 amounted to Euros 2,883 thousand.

There are no significant financial liabilities that can be affected by the United Kingdom's withdrawal from the European Union (Brexit).

The most significant balances in currencies other than the Euro at 31 December 2020 and 2019 are as follows:

	Thousands of Euros	
	2020	2019
US Dollars	346,335	443,844
Australian dollar	45,620	51,335
South African rand	1,126	9,084
Pounds sterling	-	88
Other currencies	1,517	1,388
	394,598	505,739

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The Group has the following credit and discount facilities at 31 December 2020 and 2019:

	Thousands of euros			
	2020		2019	
	Amount drawn down	Limit	Amount drawn down	Limit
Credit facilities	801	260,831	5,954	203,460
ABL credit facility	174	187,434	5,797	204,736
Discount facilities	-	6,000	-	9,000
	<u>975</u>	<u>454,265</u>	<u>11,751</u>	<u>417,196</u>

At 31 December 2020 and 2019 there are no borrowings backed by mortgage guarantees (see note 6).

The maturity of the non-current loans taken out with financial institutions is as follows:

Maturity	Thousands of euros	
	2020	2019
Within one year	19,038	10,111
Within 2 years	3,720	6,524
Within 3 years	3,539	6,211
Within 4 years	3,714	6,211
Within 5 years	660,129	6,401
More than five years	-	831,688
	<u>690,140</u>	<u>867,146</u>

During 2020 and 2019 the interest rate on all the loans taken out by the Group is renewed on a monthly, quarterly, half-yearly or yearly basis.

The only difference between the fair value and the carrying amount of the financial assets and liabilities corresponds to non-current loans, the fair value of which is Euros 690,651 thousand (versus a carrying amount of Euros 675,734 thousand). The rest of the financial assets and liabilities show no significant differences between fair values and carrying amounts.

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Details of changes in liabilities for financing activities and in cash flows are as follows:

	Balances at 01.01.20	Non-monetary changes					Balances at 31.12.20	
		Cash flows	Business combinations/ Sale of companies	Accumulate d interest	Exchange rate changes	New leases		Transfers
Non-current borrowings	864,177	(158,247)	-	(103)	(30,093)	-	-	675,734
Non-current bank borrowings	312	(394)	136	145	402	-	(438)	163
Current bank borrowings	2,657	10,491	899	158	(350)	-	388	14,243
ABL credit facility	5,797	(5,504)	-	84	(203)	-	-	174
Current bank loans	5,954	(5,153)	-	-	-	-	-	801
Discount facilities	-	(310)	310	-	-	-	-	-
	<u>878,897</u>	<u>(159,117)</u>	<u>1,345</u>	<u>284</u>	<u>(30,244)</u>	<u>-</u>	<u>(50)</u>	<u>691,115</u>
Lease liabilities	<u>121,760</u>	<u>(20,328)</u>	<u>(483)</u>	<u>-</u>	<u>(4,272)</u>	<u>16,569</u>	<u>902</u>	<u>114,148</u>
Cash and cash equivalents	<u>242,240</u>	<u>(7,713)</u>	<u>931</u>	<u>-</u>	<u>(9,827)</u>	<u>-</u>	<u>-</u>	<u>225,631</u>

	Balances at 01.01.19	Non-monetary changes					Balances at 31.12.19	
		Cash flows	Business combinations/ Sale of companies	Accumulate d interest	Exchange rate changes	New leases		First-time application of IFRS 16
Non-current borrowings	861,441	(8,933)	-	2,806	8,863	-	-	864,177
Non-current bank borrowings	2,217	(2,384)	-	-	479	-	-	312
Current bank borrowings	2,572	(82)	-	65	102	-	-	2,657
Non-current finance lease payables	159	-	-	-	-	-	(159)	-
Current finance lease payables	1,371	-	-	-	-	-	(1,371)	-
ABL credit facility	19,224	(14,079)	-	220	432	-	-	5,797
Current bank loans	21,063	(15,109)	-	-	-	-	-	5,954
	<u>908,047</u>	<u>(40,587)</u>	<u>-</u>	<u>3,091</u>	<u>9,876</u>	<u>-</u>	<u>(1,530)</u>	<u>878,897</u>
Lease liabilities	<u>-</u>	<u>(15,601)</u>	<u>(29)</u>	<u>-</u>	<u>222</u>	<u>35,398</u>	<u>101,770</u>	<u>121,760</u>
Cash and cash equivalents	<u>170,061</u>	<u>70,714</u>	<u>-</u>	<u>-</u>	<u>1,465</u>	<u>-</u>	<u>-</u>	<u>242,240</u>

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20. Trade and other payables

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

	Thousands of euros	
	2020	2019
Trade payables for purchases and services	209,449	209,955
Other debt	1,041	8,543
Liabilities arisen in business acquisitions / Suppliers of assets	15,300	9,978
Public administrations	20,373	16,835
Current income tax liabilities	31,897	13,542
Employee benefits payable	41,636	32,711
	<u>319,696</u>	<u>291,564</u>

At 31 December 2020, the caption Liabilities for businesses acquisitions/Suppliers of fixed assets includes Euros 7,902 thousand from the cross put/call options with the minority interest of the company SIBO Fluidra Netherlands B.V., which can be exercised between 1 January 2021 and 30 June 2021. In 2020, the fair value of these cross put/call options with the minority shareholder has been remeasured, recording Euros 331 thousand under the Gains on the fair value of financial instruments heading.

The same item also includes Euros 3,509 thousand corresponding to the best estimate of the fair value of the contingent consideration arising from the acquisition of Fabtronics Australia Pty, Ltd. At 31 December 2020 the fair value of this contingent consideration has been remeasured. As a result of this remeasurement, the Group has recorded an amount of Euros 734 thousand under Gains in the fair value of financial instruments.

Furthermore, Euros 850 thousand is included arising from the purchase commitment with the minority interest of Agrisilos, S.R.L. In 2020, the fair value of this purchase commitment has been remeasured. As a result of this remeasurement, the Group has recorded an amount of Euros 859 thousand under Losses on the fair value of financial instruments.

Lastly, the item also includes Euros 500 thousand relating to one of the non-current deferred payments arising from the acquisition of Acquafive and its subsidiary, Pentagone.

At 31 December 2019, Liabilities arisen in business acquisitions/Suppliers of assets includes Euros 7,347 thousand relating to the current payable arising from the early execution of the purchase option by the non-controlling interests of I.D.Electroquímica, S.L., which could be executed between 1 January 2020 and 31 December 2025. As a result of this remeasurement, the Group recorded Euros 5,607 thousand in the Losses on the fair value of financial instruments caption of the consolidated income statement for the year ended 31 December 2019 related to the increase in the liability initially recorded (see note 28).

The same item also includes Euros 560 thousand corresponding to the best estimate of the fair value of the current consideration deriving from the acquisition of Agrisilos, S.R.L. and Euros 331 thousand arising from the non-controlling interests' commitment to purchase this company. In 2019, the fair value of the contingent consideration and the commitment to purchase Agrisilos, S.R.L. were remeasured. As a result of this remeasurement, the Group recorded an amount of Euros 246 thousand under Gains in the fair value of financial instruments.

Additionally, an amount of Euros 882 thousand was also included on account of contingent liabilities from the acquisition of the business Grand Effects by the Zodiac Group. At 31 December 2019, the fair value of the current and non-current contingent consideration was remeasured. As a result of this remeasurement, the Group recorded an amount of Euros 625 thousand under Gains on the fair value of financial instruments.

Liabilities for contingent considerations from Agrisilos, S.R.L. and Grand Effects correspond to level 3 fair value hierarchy in accordance with IFRS 13.

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For these liabilities, the Group used measurement models that take into account the present value of expected cash flows discounted at a risk-adjusted discount rate. Estimated cash flows were determined considering different forecast EBITDA scenarios and other variables in accordance with the formula indicated in the agreements on the acquisition of the businesses, the payable amount for each scenario and the estimated probability of each scenario.

The most significant balances in currencies other than the Euro at 31 December 2020 and 2019 are as follows:

Trade payables:

	Thousands of euros	
	2020	2019
US Dollars	114,963	118,488
Australian dollar	19,694	20,684
Pounds sterling	8,699	7,107
South African rand	6,298	6,554
Chinese renminbi	7,427	6,720
	<u>157,081</u>	<u>159,553</u>

Payable balances to Public Administrations are as follows:

	Thousands of euros	
	2020	2019
Tax payables to tax authorities		
VAT	9,641	7,833
Withholdings	2,411	2,271
Social Security, payables	7,332	5,004
Other	<u>989</u>	<u>1,727</u>
	<u>20,373</u>	<u>16,835</u>

21. Other non-current liabilities

The breakdown of non-current liabilities is as follows:

	Thousands of euros	
	2020	2019
Liabilities arisen in business acquisitions	11,401	14,770
Other	7,201	7,556
Total	18,602	22,326

At 31 December 2020, Liabilities arisen in business acquisitions includes Euros 5,227 thousand relating to the non-current payable arising from the early execution of the purchase option by the non-controlling interests of I.D. Electroquímica, S.L. This option can be exercised between 1 January 2020 and 31 December 2025.

The same item also includes Euros 4,176 thousand arising from the crossed put/call options with the minority shareholders of Fabtronics Australia Pty, Ltd.

Furthermore, it also includes Euros 998 thousand arising from the contingent liability on the acquisition of Riio Labs NV/SA. In 2020, the fair value of this contingent consideration has been remeasured. As a result of this remeasurement, the Group has recorded an amount of Euros 125 thousand under Gains in the fair value of financial instruments.

Lastly, the item also includes Euros 1,000 thousand relating to the non-current deferred payments arising from the acquisition of Acquafive and its subsidiary, Pentagone.

At 31 December 2019, the Liabilities arisen in business acquisitions caption includes Euros 7,964 thousand from the cross put/call options with the minority interest of the company SIBO Fluidra Netherlands B.V., which can be exercised between 1 January 2021 and 30 June 2021.

At 31 December 2019, the same heading includes Euros 5,133 thousand relating to the non-current payable arising from the early execution of the purchase option by the minority interests of I.D. Electroquímica, S.L., which could be executed between 1 January 2020 and 31 December 2025. As a result of this remeasurement, the Group recorded Euros 5,607 thousand in the Losses on the fair value of financial instruments caption of the consolidated income statement for the year ended 31 December 2019 related to the increase in the liability initially recorded (see note 28).

Euros 1,023 thousand is also included, arising from the contingent liability on the purchase of Riio Labs NV/SA, and Euros 525 thousand, pertaining to the purchase commitment with the minority interest of the company. In 2019, the terms of the contingent liability and the commitment to purchase Riio Labs NV/SA were renegotiated, which led to a remeasurement of both items recorded in Gains on the fair value of financial instruments for Euros 309 thousand.

Furthermore, Euros 125 thousand is included arising from the purchase commitment with the minority interest of Agrisilos, S.R.L.

Liabilities for contingent considerations from SIBO Fluidra Netherlands B.V., Riio Labs NV/SA and Agrisilos, S.R.L. correspond to level 3 fair value hierarchy in accordance with IFRS 13.

For these liabilities, the Group used measurement models that take into account the present value of expected cash flows discounted at a risk-adjusted discount rate. Estimated cash flows were determined considering different forecast EBITDA scenarios and other variables in accordance with the formula indicated in the agreements on the acquisition of the businesses, the payable amount for each scenario and the estimated probability of each scenario.

22. **Risk management policy**

Fluidra's risk management system has been designed to mitigate all risks to which the company is exposed on account of its business activities. The three cornerstones of Fluidra's risk management structure are as follows:

- Common management systems specifically designed to mitigate business risks.
- Internal control procedures, aimed at mitigating the risks arising from the preparation of financial reporting and improving its reliability, which have been designed in accordance with ICSFR.
- The risk map, which is the methodology use by Fluidra for identifying, understanding and measuring the risks that affect the company. Its purpose is to get a comprehensive perspective thereon, designing an efficient response system that is aligned with the business objectives.

These elements form an integrated system that allows the Group to appropriately manage the risks and mitigating controls throughout the organisation.

Fluidra has a comprehensive and dynamic risk management system in place. It is applicable to the entire organisation and its environment, is intended for the long term and is binding upon all employees, executives and directors of the company.

Additionally, internal audit management is responsible for the fulfilment and proper functioning of these systems.

The Audit Committee is responsible for the preparation and execution of the risk management system, specifically assisted by Internal Audit management.

The Internal Audit Department is responsible for the supervision and proper functioning of the risk management system.

The objectives of the Audit Committee are to:

- Inform the shareholders at the general meeting of any questions that may arise regarding matters that come within its competence.
- Propose the appointment of the auditors or audit firms to the Board of Directors, to be submitted for approval by the shareholders in general meeting, in accordance with article 264 of the Spanish Corporate Enterprises Act, as well as the terms of engagement, the scope of the professional engagement and the renewal or cancellation of the appointment.
- Supervise the efficiency of the Company's internal control, and especially the Internal Control over Financial Reporting, the internal audit, and where applicable, risk management systems, in addition to discussing with auditors significant weakness in the internal control system detected during the audit.
- Monitor the process for preparing and presenting regulated financial information.
- Review the Company's accounts, watch over compliance with legal requirements and the proper adoption of generally accepted accounting principles, with the direct assistance of the external and internal auditors.
- Manage appropriate relationships with auditors or audit firms to obtain information on questions which might jeopardize their independence, for review by the Committee, and any other audit-related items, as well as any other communications provided for in audit legislation and standards. In any event, annual written confirmation of their independence must be received from the auditors or audit companies regarding the entity or directly or indirectly related entities, and information on additional services of any kind provided to these entities by the aforesaid auditors or companies, or by the persons or entities related thereto, in accordance with the provisions of Law 19/1988, dated 12 July, on audits of financial statements.
- Prior to issuing the yearly audit report, a report expressing an opinion on the independence of the auditors of financial statements or audit firms must be published. This report in any event must opine on the provision of additional services to those discussed in the previous section.
- Oversee the fulfilment of the audit agreement, ensuring that the opinion on the financial statements and main contents of the audit report have been written clearly and accurately, as well as assessing each audit's results.
- Oversee compliance with regulations on related-party transactions. In particular, it shall ensure that the information on these transactions is notified to the market, in compliance with Order 3050/2004 issued by the Ministry of Economy and Finance on 15 September 2004.
- Examine compliance with the Internal Code of Conduct, the Board of Directors Regulations and, in general, the Company's governance rules and propose the necessary improvements therein.

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- Receive information and, where appropriate, issue a report on the disciplinary measures that are intended to be taken against members of the Company's senior management.

In the tax field, the tax strategy approved by the Board is governed by the following principles: compliance with the tax obligations applicable in the territories in which it operates, promoting a collaborative relationship with the tax authorities with which it interacts, and protecting the generation of sustainable value for the Company's various stakeholders.

The Group's Tax Directorate reports at least once a year to the Board - via the Audit Committee - on the management and fulfilment of tax obligations, as well as on aspects of controlling and managing tax risks.

In the identification, understanding and measurement of the risks affecting the Company, the following risk factors have been considered:

- Security incidents
- Irregular activities and relations with the employees
- Risks related to the markets and activities in which the Group operates
- Brand reputation
- Process-related risks
- Economic environment
- Climatology
- Geopolitical risk
- Addition of new companies
- Covid-19
- Financial risks

The risks are identified and assessed by analysing the potential events that may give rise to them. Metrics are used to measure the probability and impact of the risks. The existing mitigating controls are determined, as well as the necessary additional action plans if those controls were considered insufficient.

This process, which is performed annually, allows the Company to obtain its Risk Map. From this map the most relevant risks are extracted, which together with the main changes over the prior year are submitted to the Audit Committee for discussion and approval.

The severity scale and probability scale are defined based on qualitative and quantitative criteria.

Once the critical risks have been identified and reassessed, Company Management sets specific actions, appoints the persons responsible, and establishes the terms for mitigating their impact and probability, while reviewing the current controls over them. The analysis of risks, controls and actions taken to mitigate their impact and probability is submitted annually to the Audit Committee for supervision and approval. Subsequently, the Audit Committee reports to the Board of Directors.

In 2020 the following risks materialised:

- Covid-19

(Refer to note 36).

The response and supervision plans to mitigate the risks that the entity is exposed to are as follows:

- a) Development of new products

Ongoing analysis of sales of new strategic products and comparison with competitors using market research monitoring tools, analysis of statistical databases by type of market and product. Comparative studies that allow the products to be differentiated from the competitors' and update of product valuation files with the information obtained. Specific action plans aimed at ensuring that production capacities are adapted to the expected levels of demand for these new products.

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b) Technology risks

Given the activities carried out by Fluidra's business units, the protection of their technology and developments is an essential milestone for maintaining their competitive advantage. For such purpose, the company follows development criteria and policies and legal protocols that ensure protection.

c) Subsidiary management risk

Fluidra is clearly determined and convinced that the strengthening and standardisation of its internal procedures and controls in the Group's subsidiaries is the right path to the prompt detection and eradication of any irregularity in the management of the subsidiaries. In this regard, the Internal Audit Department is a high-value tool for the achievement of this goal.

d) Human capital risks

Fluidra group companies have a variable remuneration policy linked to professional development and achievement of personal goals in order to identify and reward its best professionals.

The Parent has a whistle-blowing channel created by the Audit Committee, under the joint management of the Corporate Human Resources, Internal Audit and Legal departments so that any group employee can report any internal control, accounting or audit-related matters. The Company has an Internal Code of Conduct related to the securities market.

e) Process-related risks

These risks are centrally managed and monitored by the Management Control Department, and verified by the Internal Audit department. The processes for obtaining the consolidated economic and financial information are developed centrally and under corporate criteria, and both the consolidated and each subsidiaries' individual financial statements are verified by the external auditors.

f) Tax and legal risks

Fluidra has defined a procedure for identifying and assessing legal and tax risks that it applies on a regular basis. The purpose of this procedure is to identify disputes or litigation that may have an impact on the Company's equity situation, or differences that may arise from a different interpretation of the regulations with respect to a particular tax. Based on the analysis carried out, the Company makes the appropriate accounting provisions to provide adequate coverage in the event of any of the aforementioned risks materialising.

g) Climate risk

The company's risk map includes weather or climate risk, i.e. possible economic losses deriving from adverse movements of certain climate variables both globally and locally in any of the regions or countries where Fluidra operates. The system followed to cover the risk currently consists of the geographical diversification of the business, an increase in the portfolio of products for adverse weather conditions and the research and development of products with low water, energy and chemical consumption, as well as products and services that enable the efficient management of swimming pool facilities at any time of the year and in any weather situation.

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h) Financial risks

Market, liquidity, foreign exchange and interest rate risk management is monitored by the Group's Central Cash Department in accordance with the policies defined. This department identifies, evaluates, and covers financial risks in close collaboration with the Group's operating units.

i. Credit Risk

Credit risk is managed separately by each operating unit of the Group in accordance with the parameters set by Group policies, except for the subsidiaries in Spain, Portugal, France, Italy and Morocco, where credit risk is managed centrally by the Group's Risk Department.

Credit risk exists when a potential loss may arise from Fluidra, S.A.'s counterparties not meeting their contractual obligations, that is, due to not collecting the financial assets according to the established amounts and time frame.

In the case of the Group, the risk is mainly attributable to trade receivables. This risk, however, is mitigated since the Group has a highly diversified domestic and international customer portfolio, where none of the customers accounts for a significant percentage of total sales for the year, except for two customers on the American market.

Credit risk arising from the failure of a counterparty to meet its contractual obligations is duly controlled by policies and risk limits which establish requirements regarding:

- Appropriate agreements to the transaction made.
- Sufficient internal or external credit quality of the counterparty.
- Additional guarantees when necessary.

Additionally, there is an impairment loss policy for individual companies relating to trade receivables that ensures that fair values of accounts receivable do not significantly differ from their book value. This policy is mainly focused on accounts receivable more than 120 days past due.

The Group's exposure to past due not impaired financial assets is solely focused on the Trade and other receivables caption, and there are no other past due financial assets balances.

The tables below show the aging analysis of past due not impaired Trade and other receivables at 31 December 2020 and 2019:

	2020	2019
Not due	189,280	229,254
Past due	21,073	31,507
0 - 90 days	17,465	27,180
90 - 120 days	2,095	2,883
More than 120 days	1,513	1,444

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ii. Liquidity Risk

Liquidity risk is the possibility that Fluidra, S.A. will not have sufficient funds or access to sufficient funds at an acceptable cost to meet its payment obligations at all times.

The Group manages liquidity risk based on prudent criteria in order to maintain sufficient cash and marketable securities, secure the availability of committed credit facilities to provide financing, and ensure its capacity to exit market positions. Due to the dynamic nature of the underlying businesses, the Group's Treasury Department aims to maintain sufficient headroom on its undrawn committed borrowing facilities.

The table below shows the Group's exposure to liquidity risk at 31 December 2020 and 2019. The table below shows an analysis of financial liabilities by contractual maturity:

	2020					
	Thousands of Euros					
	1 year	2 years	3 years	4 years	5 years	More than 5 years
Financial liabilities from loans and borrowings and other marketable securities	46,792	29,185	28,871	29,084	670,872	-
Share capital	20,013	3,720	3,539	3,714	660,129	-
Interest	26,779	25,465	25,332	25,370	10,743	-
Lease liabilities	27,323	25,486	22,339	18,207	15,466	31,496
Capital	22,454	20,803	18,275	14,720	12,496	25,400
Interest	4,869	4,683	4,064	3,487	2,970	6,096
Derivative financial liabilities	1,531	15,987	-	-	-	-
Trade and other payables	319,696	-	-	-	-	-
Other non-current liabilities	-	10,130	5,074	1,380	1,695	323
	<u>395,342</u>	<u>80,788</u>	<u>56,284</u>	<u>48,671</u>	<u>688,033</u>	<u>31,819</u>
	2019					
	Thousands of Euros					
	1 year	2 years	3 years	4 years	5 years	More than 5 years
Financial liabilities from loans and borrowings and other marketable securities	55,902	38,467	38,006	37,710	37,613	862,693
Capital	21,862	6,524	6,212	6,211	6,401	831,687
Interest	34,040	31,943	31,794	31,499	31,212	31,006
Lease liabilities	28,127	24,885	21,671	19,238	15,995	41,805
Capital	23,173	20,068	17,412	15,478	12,712	32,917
Interest	4,954	4,817	4,259	3,760	3,283	8,888
Derivative financial liabilities	808	-	14,951	-	-	-
Trade and other payables	291,564	-	-	-	-	-
Other non-current liabilities	-	14,952	1,412	2,753	1,325	1,884
	<u>376,401</u>	<u>78,304</u>	<u>76,040</u>	<u>59,701</u>	<u>54,933</u>	<u>906,382</u>

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During the next few months, based on its cash flow forecasts and financing available, the Group does not expect any difficulties in terms of liquidity.

iii. Foreign currency risk

The Group operates in the international arena and therefore is exposed to foreign exchange risks on transactions denominated in foreign currencies, especially in US dollar and Australian dollar. Foreign exchange risk arises on future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

Group companies manage the foreign currency risk of future commercial transactions, recognised assets and liabilities by forward currency contracts mainly entered into by the Group's Treasury Department. Foreign exchange risk arises when future commercial transactions or firm commitments, recognised assets and liabilities and net investments in foreign operations are denominated in a currency that is not the Company's functional currency. This risk also arises as a result of balances between group companies that have been eliminated on consolidation. The Group's Treasury Department is responsible for managing the net position of each foreign currency by entering into external forward currency contracts.

The purpose of the Group's risk management policy is to cover the risk arising in transactions carried out in dollars and the Euros through natural hedges (offsetting collections against payments), using forward instruments to hedge the excess or shortfall, for risks in USD outside the American Market. All transactions in Australian dollar are hedged against the American dollar using forward instruments. No hedging instruments are used to hedge transactions carried out in the other foreign currencies. The Group also has several investments in foreign operations whose net assets are exposed to foreign currency translation risk. The Group manages the foreign currency risk relating to the net assets of its foreign operations in Australia and the United States mainly by holding borrowings denominated in the related foreign currency.

Although the Group arranges forward contracts for the economic hedging of foreign currency risks, not all of them are recognised applying hedge accounting.

The main balances in currencies other than the euro are described in notes 15, 19 and 20 to the consolidated financial statements.

iv. Cash flow interest rate risk

Since the Group does not have any significant remunerated assets, income and cash flows from operating activities are not significantly exposed to the risk of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk. As indicated in note 19, most loans taken out by the Group are linked to floating market interest rates that are updated every month.

The Group manages its cash flow interest rate risk with floating-to-fixed interest rate swaps without barriers. The effect of these interest rate swaps is to convert floating borrowings to fixed borrowings. Generally, the Group borrows at a floating rate and swaps for a fixed rate, which is generally lower than the fixed rate at which the Group could have borrowed. Under interest rate swaps, the Group agrees with other parties to exchange, on a regular basis (usually quarterly), the difference between fixed interest and floating interest calculated on the notional principal agreed upon.

If interest rates at 31 December 2020 had been 25 basis points higher or lower, all other variables held constant, consolidated profit before tax would have been Euros 1,556 thousand lower or higher (Euros 1,870 thousand in 2019), mainly due to higher / lower finance costs at variable rates.

The potential impact of interest rate derivatives has not been included in the calculation above.

v. Market risk

Apart from the swaps arranged by the Group mentioned in the section above, there are no significant price risks related to equity instruments classified as held for sale or at fair value through profit or loss.

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vi. Exposure to the British market

Group sales to the British market that could be affected by Brexit amount to Euros 46,583 thousand (Euros 46,405 thousand at 31 December 2019) and a significant impact on the Group's consolidated profit/(loss) is not therefore expected.

23. Supplies and change in inventories of finished goods and work in progress

The breakdown of this income statement caption is as follows:

	Thousands of euros	
	31.12.2020	31.12.2019
Purchases of raw and secondary materials	719,825	618,213
Changes in inventories of raw materials, finished products and work in progress and goods for resale	(17,819)	42,088
Net charge to the provision for obsolescence	47	5,721
Total	702,053	666,022

24. Sales of goods and finished products

The breakdown of sales of goods and finished products by business unit in 2020 and 2019 is as follows:

	Thousands of euros	
	31.12.2020	31.12.2019
Residential	1,072,898	953,068
Commercial	90,220	99,057
Water treatment	201,907	191,902
Fluid handling	81,868	75,753
Pool & Wellness	1,446,893	1,319,780
Irrigation, Industrial and Other	41,215	47,770
Total	1,488,108	1,367,550

In 2020, the Commercial Pool caption included Euros 8,583 thousand (Euros 5,581 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.

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The breakdown of sales of goods and finished products by geographical area (country of destination) in 2020 and 2019 is as follows:

	Thousands of euros	
	31.12.2020	31.12.2019
Southern Europe	458,694	442,803
Rest of Europe	284,953	230,000
North America	486,309	425,941
Rest of the world	258,152	268,806
Total	1,488,108	1,367,550

At 31 December 2020 there is a client in the US with sales to third parties of 15.22% of total sales (13.53% at 31 December 2019).

25. Income from the rendering of services

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

26. Personnel expenses

The breakdown of personnel expenses in 2020 and 2019 is as follows:

	Thousands of euros	
	31.12.2020	31.12.2019
Wages and salaries	216,682	219,995
Termination benefits	2,228	3,928
Social security expense	40,385	39,680
Other employee welfare expenses	13,141	14,269
	272,436	277,872

The Group's average headcount during the years 2020 and 2019 by professional category is as follows:

	31.12.2020	31.12.2019
Management	115	101
Sales, logistics and production staff	4,480	4,205
Administration and purchasing staff	905	1,184
	5,500	5,490

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The average number of employees with a disability equal to or greater than 33% during 2020 amounts to 46 employees (32 employees in 2019), with 39 of them belonging to the professional category "sales, logistics and production" and the other 7 to "administration and purchasing staff" (29 and 3, respectively, in the prior year).

The Group's headcount by gender at year end is as follows:

	31.12.2020		31.12.2019	
	Male	Female	Male	Female
Directors (*)	11	1	11	1
Management	95	14	83	8
Sales, logistics and production staff	3,052	1,365	2,912	1,212
Administration and purchasing staff	468	440	567	571
	<u>3,626</u>	<u>1,820</u>	<u>3,573</u>	<u>1,792</u>

(*) The Directors category includes two senior managers.

27. Other operating expenses

The breakdown of "Other operating expenses" is as follows:

	Thousands of euros	
	31.12.2020	31.12.2019
Leases and fees	11,072	9,764
Repairs and maintenance	20,119	19,246
Independent professional services	28,335	29,207
Temporary employment agency expenses	18,065	18,734
Commissions	7,154	3,840
Sales transportation and logistics services	71,174	63,045
Insurance premiums	4,872	5,165
Bank services	1,330	2,029
Advertising and publicity	17,164	23,562
Utilities	11,470	12,656
Communications	4,744	4,749
Travel expenses	10,386	21,240
Taxes	3,545	3,453
Adjustments due to impairment of receivables	3,720	4,224
Guarantees	20,907	8,563
Other (*)	14,732	26,612
	<u>248,789</u>	<u>256,089</u>

(*) It includes remuneration earned by the members of the Board of Directors, research and development expenses and other expenses.

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28. Finance income and costs

The breakdown of finance income and costs is as follows:

	Thousands of euros	
	31.12.2020	31.12.2019
Finance income		
Other finance income	5,318	1,481
Gains on the fair value of financial instruments	2,060	1,322
Total finance income	7,378	2,803
Finance cost		
Non-current interest on loans	(31,463)	(36,079)
Interest on debt (leasing, loans, policies and bills discounting)	(2,068)	(7,808)
Other finance costs	(2,033)	(3,070)
Losses on the fair value of financial instruments	(1,870)	(6,480)
Impairment losses on financial assets at amortised cost other than trade and other receivables	(493)	(355)
Total finance costs	(37,927)	(53,792)
Right-of-use finance cost	(4,861)	(4,929)
Exchange gains/(losses)		
Exchange gains	23,726	26,780
Exchange losses	(33,386)	(26,295)
Total exchange gains / (losses)	(9,660)	485
Net profit / (loss)	(45,070)	(55,433)

At 31 December 2020, the Gains on the fair value of financial instruments caption includes Euros 2,054 thousand relating to the estimate at fair value of the contingent liabilities derived from acquisitions in prior years (Euros 1,294 thousand at 31 December 2019).

At 31 December 2020, the Losses on the fair value of financial instruments caption includes Euros 859 thousand relating to the estimate at fair value of the contingent liabilities derived from acquisitions in prior years (Euros 5,607 thousand at 31 December 2019).

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29. Deferred taxes and Income tax

During 2020 the Group has availed itself of the consolidated tax return scheme through five tax subgroups: Fluidra, S.A., Zodiac Pool Solutions LLC, Fluidra Holdings Australia PTY LTD, ZPES Holdings S.A.S. and Fluidra Services Italia, S.R.L. The parent of each subgroup is the tax consolidation parent company which is responsible for the corresponding settlements to the tax authorities. The companies comprising each tax subgroup and the applicable tax rates are as follows:

<u>Fluidra, S.A. (25%)</u>	Fluidra Engineering Services, S.L. Innodrip, S.L.U.	<u>Fluidra Services Italia, S.R.L. (24%)</u>
Fluidra Export, S.A.	I.D. Electroquímica, S.L	Fluidra Commerciale Italia, S.p.a.
Cepex, S.A.U.	Fluidra Finco, S.L.U.	Agrisilos, S.R.L.
Fluidra Commercial, S.A.U.		
Fluidra Comercial España, S.A.U.	<u>Zodiac Pool Solutions, LLC (23.31%)</u>	<u>ZPES Holdings, S.A.S. (28%)</u>
Fluidra J.V. Youli, S.L.	Zodiac Pool Systems, LLC	
Fluidra Services España, S.L.U.	Cover Pools Incorporated	Fluidra Commercial France, S.A.S.
Industrias Mecánicas Lago, S.A.U.	Fluidra Latam Export LLC (*)	Fluidra Industry France, S.A.S.
Inquide, S.A.U.	Fluidra USA, LLC. (*)	Fluidra Assistance, S.A.S.
Metalast, S.A.U.		Piscines Techniques 2000, S.A.S.
Poltank, S.A.U.	<u>Fluidra Holdings Australia PTY LTD (30%)</u>	Poolweb, S.A.S.
Fluidra Global Distribution, S.L.U.	Fluidra Group Australia PTY LTD	Zodiac Pool Solutions, S.A.S.
Sacopa, S.A.U.	Fluidra Australia PTY LTD	Zodiac International, S.A.S.
Talleres del Agua, S.L.U.	Price Chemicals PTY LTD	Zodiac Pool Care Europe, S.A.S.
Togama, S.A.U.		
Trace Logistics, S.A.U.		
Unistral Recambios, S.A.U.		

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

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

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The breakdown of deferred tax assets and liabilities according to their nature is as follows:

	Thousands of euros					
	Assets		Liabilities		Net	
	2020	2019	2020	2019	2020	2019
Property, plant and equipment and investment property	3,379	1,734	5,374	4,833	(1,995)	(3,099)
Provision for guarantees	6,740	4,434	-	-	6,740	4,434
Provision for obligations with employees	4,366	2,500	-	-	4,366	2,500
Impact of IFRS 15	4,241	4,469	-	-	4,241	4,469
R&D expenses	319	308	2,669	3,302	(2,350)	(2,994)
Contractual relations and customer portfolio	788	886	93,727	114,684	(92,939)	(113,798)
Trademarks and patents	1,372	209	43,164	44,180	(41,792)	(43,971)
Inventories	7,230	4,751	2,356	1,456	4,874	3,295
Provision for obsolescence of inventories	914	1,148	-	-	914	1,148
Impairment of receivables	2,634	2,379	-	-	2,634	2,379
Other provisions	14,885	8,678	-	-	14,885	8,678
Tax credit for unused tax loss carryforwards and deductions	35,350	43,731	-	-	35,350	43,731
Financial goodwill	-	-	6,421	6,237	(6,421)	(6,237)
Transaction costs	223	5	-	-	223	5
Other items	7,948	10,356	11,654	6,462	(3,706)	3,894
	<u>90,389</u>	<u>85,588</u>	<u>165,365</u>	<u>181,154</u>	<u>(74,976)</u>	<u>(95,566)</u>

The breakdown of changes in net tax assets and liabilities is as follows:

	Thousands of euros						
	31.12.2019	Profit and loss	Impact of the change in tax rate on profit or loss	Equity	Business combinations	Exchange gains (losses) / Others	31.12.2020
Property, plant and equipment and investment property	(3,099)	735	(21)	-	-	390	(1,995)
Provision for guarantees	4,434	2,377	47	-	-	(118)	6,740
Provision for obligations with employees	2,500	1,467	-	-	-	399	4,366
Impact of IFRS 15	4,469	120	40	-	-	(388)	4,241
R&D expenses	(2,994)	371	(25)	-	-	298	(2,350)
Contractual relations and customer portfolio	(113,798)	13,354	(772)	-	-	8,277	(92,939)
Trademarks and patents	(43,971)	622	(199)	-	(1,875)	3,631	(41,792)
Inventories	3,295	1,424	(13)	-	-	168	4,874
Provision for obsolescence of inventories	1,148	(166)	-	-	-	(68)	914
Impairment of receivables	2,379	91	(13)	-	-	177	2,634
Other provisions	8,678	900	193	-	-	5,114	14,885
Tax credit for unused tax loss carryforwards and deductions	43,731	(9,518)	-	-	-	1,137	35,350
Financial goodwill	(6,237)	(220)	(11)	-	-	47	(6,421)
Transaction costs	5	4	(1)	-	-	215	223
Other items	3,894	(1,614)	(16)	466	-	(6,436)	(3,706)
Total	<u>(95,566)</u>	<u>9,947</u>	<u>(791)</u>	<u>466</u>	<u>(1,875)</u>	<u>12,843</u>	<u>(74,976)</u>

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	Thousands of euros						
31.12.2018	Profit and loss	Impact of the change in tax rate on profit or loss	Equity	Exchange gains (losses) / Others	Transfers	31.12.2019	
Property, plant and equipment and investment property	(3,067)	966	173	-	(1,171)	-	(3,099)
Provision for guarantees	4,255	(67)	-	-	246	-	4,434
Provision for obligations with employees	3,217	(902)	(11)	-	196	-	2,500
Impact of IFRS 15	3,797	601	-	-	71	-	4,469
R&D expenses	(4,211)	371	111	-	(110)	845	(2,994)
Contractual relations and customer portfolio	(128,314)	15,094	2,913	-	(2,646)	(845)	(113,798)
Trademarks and patents	(43,942)	388	799	-	(1,216)	-	(43,971)
Inventories	2,687	(7)	-	-	615	-	3,295
Provision for obsolescence of inventories	1,142	(23)	7	-	22	-	1,148
Impairment of receivables	2,846	32	-	-	(499)	-	2,379
Other provisions	5,018	2,565	(24)	-	1,119	-	8,678
Tax credit for unused tax loss carryforwards and deductions	52,628	(6,097)	-	-	(2,800)	-	43,731
Financial goodwill	(6,003)	(232)	-	-	(2)	-	(6,237)
Transaction costs	1,819	5	-	-	(1,819)	-	5
Other items	(6,118)	6,541	60	1,445	1,966	-	3,894
Total	(114,246)	19,235	4,028	1,445	(6,028)	-	(95,566)

Based on the tax reform included in the General State Budget act of 31 December 2020, which reduces dividend exemption to 95%, no deferred taxes have been recorded. The Group's policy in relation to distribution of subsidiary dividends to the parent corresponds to a policy of maximum distribution if the profit and financial situation allow, and therefore no distribution of reserves is expected in the future. The distribution of 2020 income was carried out in advance of the year-end closing and therefore the parent company has sufficient reserves for the distribution of dividends to shareholders in 2021.

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

Initially, the shareholders who contributed shares in the above-mentioned transaction availed themselves of said tax exemption, therefore transferring to the parent company their commitment to the tax authorities regarding the corresponding deferred tax, which amounted to Euros 7,790 thousand. However, on 31 March 2006 these shareholders signed a commitment to the Parent Company to return the entire amount subject to the exemption, which will be callable in the event that the equity shares linked to it are sold by the parent company or the corresponding tax is directly paid by the contributing shareholders in the event that they fully or partially sell the shares received as consideration for said contribution. Consequently, at 31 December 2006 the Company recognised a non-current deferred tax and a non-current account receivable amounting to Euros 7,790 thousand. 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 (see note 15). At 31 December 2020 and 2019 neither non-current deferred tax nor the non-current account receivable have shown any variation.

The items directly charged and credited to consolidated equity accounts for the year correspond to hedging instruments amounting to Euros 466 thousand in 2020 (Euros 1,445 thousand in 2019 corresponding to hedging instruments).

The other deferred tax assets and liabilities recorded and reversed in 2020 and 2019 have been recognised with a charge or credit to the income statement, except for those arising from business combinations, exchange gains and losses and other concepts.

Fluidra, S.A. and Subsidiaries

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

	Thousands of euros	
	2020	2019
Current tax		
for the year	48,346	29,250
Tax deductions	(3,327)	(1,181)
Adjustment in respect of prior years	(2,916)	725
Provision for taxes (IFRIC 23)	5,743	(105)
Other/ Withholding at source on income earned abroad	428	556
Deferred taxes		
Origination and reversal of temporary differences	(19,465)	(25,332)
Tax credit for unused tax loss carryforwards and deductions	9,518	6,097
Effect of the change in the tax rate	791	(4,028)
Total income tax expense	<u>39,118</u>	<u>5,982</u>

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

	Thousands of euros	
	2020	2019
Current tax	45,019	28,069
Withholdings and payments made on account during the year	(28,719)	(19,597)
Other	(1,462)	(2,339)
Transfer of provisions as per IFRIC 23 (note 18)	10,123	5,263
Exchange gains (losses)	(718)	(5)
Additions from business combinations	183	-
Liabilities derecognised due to the sale of Group companies	34	-
Tax payable in 2019	(1,067)	-
Tax payable in 2018	-	(4,267)
	<u>23,393</u>	<u>7,124</u>

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

	Thousands of euros	
	2020	2019
Profit for the year before tax from continuing operations	139,021	20,093
Profit at 25%	34,755	5,023
Effect of applying different effective tax rates in other countries	311	(31)
Permanent differences	2,680	(5,407)
Utilisation of unrecognised loss carryforwards from prior years	(1,474)	(964)
Tax effect of unused loss carryforwards in current year	1,253	8,170
Differences in the income tax expense from prior years	(2,916)	725
Withholding at source on income earned abroad	428	556
Provision for taxes	5,743	(105)
Tax deductions generated in the year	(3,327)	(1,181)
Effect of the change in the tax rate	791	(4,028)
Other	874	3,224
Income tax expense	<u>39,118</u>	<u>5,982</u>

Deferred tax assets related to taxable income available for offset and unused deductions recorded in the Group's consolidated financial statements at 31 December 2020 and 2019 are as follows:

	Thousands of euros	
	2020	2019
Deductions	1,016	2,997
Tax loss carryforwards	<u>34,334</u>	<u>40,734</u>
	<u>35,350</u>	<u>43,731</u>

The Group only recognises deductions and tax loss carryforwards for which recovery is considered probable. Tax loss carryforwards and deductions amounting to Euros 9,518 thousand and capitalised in prior years were utilised in 2020 (Euros 6,894 thousand in 2018). In 2020, no deductions and tax loss carryforwards have been capitalised (Euros 797 thousand were capitalised in 2019 as a result mainly of the tax losses in Spanish consolidated companies)

In the business combination with the Zodiac Group, Euros 44,995 thousand in tax loss carryforwards were recorded from the group's French companies. Projections for the French companies as a merged group and the synergies obtained by integrating these businesses reasonably support the recovery of the said tax loss carryforwards in a period of less than ten years. At 31 December 2020, Euros 33,039 thousand are pending application.

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The amounts and periods of reversal for the capitalised deductions at 31 December 2020 are as follows:

Years	Thousands of euros	Last year for utilisation
2010-2015	592	2026-2032
2018-2019	374	2033
2013-2020	50	No time limit
	1,016	

The amounts and periods of reversal for the capitalised tax loss carryforwards at 31 December 2020 are as follows:

Years	Thousands of euros	Last year for utilisation
2012-2016	34,140	No time limit
2017	13	No time limit
2019	181	No time limit
	34,334	

Deferred tax assets related, unused tax loss carryforwards and unused deductions not recorded in the consolidated financial statements of the Group are as follows:

	Thousands of euros	
	2020	2019
Deductions	3,254	2,748
Tax loss carryforwards	9,597	20,100
	12,851	22,848

The amounts and periods of reversal for non-capitalised deductions at 31 December 2020 are as follows:

Years	Thousands of euros	Last year for utilisation
2005-2017	1,009	2020-2035
2012-2019	579	No time limit
2018	627	2036
2019	1,039	2037
	3,254	

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The amounts and periods of reversal of unrecorded unused tax loss carryforwards are as follows:

Year	Thousands of euros	Last year for utilisation
2002-2018	5,401	2021-2037
2019	85	2021-2038
2020	18	2021-2039
2002-2020	27,771	No time limit
	33,275	

The companies Zodiac Pool Systems, LLC, Fluidra Global Distribution, S.L.U., Fluidra Comercial España, S.A.U., W.I.T. Egypt, Egyptian Limited Liability Company and Zodiac Pool Care Europe, S.A.S. are currently undergoing inspections which are not expected to result in significant liabilities for the Fluidra Group.

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

Tax	Open tax periods
Corporate income tax	From 2016 to 2020
Value added tax	From 2017 to 2020
Personal income tax	From 2017 to 2020
Tax on Economic Activities	From 2017 to 2020

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

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

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

Fluidra, S.A. and Subsidiaries

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30. 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			
	31.12.2020		31.12.2019	
	Balances receivable	Payable balances	Balances receivable	Payable balances
Customers	319	-	386	-
Debtors	21	-	36	-
Suppliers	-	705	-	620
Payables	-	-	-	-
Total current	340	705	422	620

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:

- Purchases of finished products, 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.).
- Lease contracts on buildings between the Group and Inmobiliaria Tralsa, S.A., Constralsa, S.L. and Stick Inmobiliere (with ownership interest by Boyser, S.R.L., Edrem, S.L., Dispur, S.L. and Aniol, S.L.) included under Lease payments / expenses for services and others amounting to Euros 1,895 thousand in the year ended 31 December 2020 (Euros 2,811 thousand in the year ended 31 December 2019).
- Sales of necessary components and materials produced by the Group for the manufacture of spas to Iberspa, S.L.
- 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			
	31.12.2020		31.12.2019	
	Associates	Related parties	Associates	Related parties
Sales	856	1,153	492	1,127
Income from services	94	166	46	184
Purchases	(194)	(4,354)	(55)	(4,124)
Lease payments / expenses for services and other	-	(1,934)	-	(2,854)

Fluidra, S.A. and Subsidiaries

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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	
	2020	2019
Total key management personnel	5,620	4,023
Total Directors of the Parent Company	6,814	6,587

The members of the Parent Company's Board of Directors have earned Euros 1,216 thousand in 2020 (Euros 1,216 thousand in 2019) from the consolidated companies in which they act as board members. Additionally, for the performance of executive duties, they have earned Euros 5,478 thousand in 2020 (Euros 5,251 thousand in 2019). Executive duties includes payment in kind relating to vehicles, life insurance, medical insurance and income from share plans. Similarly, the members of the Board of Directors have received Euros 120 thousand compensation for travel expenses in 2020 (Euros 120 thousand in 2019).

The Company has life insurance policies whereby the Company has recognised an expense of Euros 111 thousand in 2020 (Euros 31 thousand in 2019). These life insurance policies consist in 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 92 thousand in 2020 (Euros 76 thousand in 2019).

During 2020, civil liability insurance premiums for all the Group's directors to cover damages arising in the performing of duties during the year have been paid amounting to Euros 91 thousand (Euros 65 thousand 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.

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

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:

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

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

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

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

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At 31 December 2020 the best estimate of the fair value of the plan's total amount comes to approximately Euros 29,971 thousand, which will be settled in full in equity instruments. At 31 December 2020, an equity increase was recorded in this respect for the amount of Euros 6,889 thousand (Euros 7,300 thousand at 31 December 2019).

Furthermore, 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 prior to the transaction were included in the price paid, whilst services counted after the transaction date are taken to the income statement as long-term salaries throughout the remaining period until the right accrues. In this case, although it impacts on the income statement by way of services rendered by management staff who are beneficiaries of the plan, Fluidra, S.A. is not required to settle the Replacement Plan since Rhône Capital L.L.C. is obliged to pay for the plan.

The best estimate of services counted after the transaction amounts to Euros 11,479 thousand. At 31 December 2020, an equity increase was recorded in this respect for the amount of Euros 2,202 thousand, net of the tax effect (Euros 4,150 thousand at 31 December 2019).

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

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

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

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

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31. Environmental information

The significant systems, equipment or installations incorporated into property, plant, and equipment at 31 December 2020 and 2019 for the purpose of minimising environmental impact and protecting and improving the environment are as follows:

	2020		
	Thousands of euros		
	Cost	Accumulated depreciation	Carrying amount
Waste treatment	3,234	(3,071)	163
Energy saving	2,969	(1,495)	1,474
Emissions reduction	1,303	(764)	539
Reduction of pollution	659	(624)	35
	<u>8,165</u>	<u>(5,954)</u>	<u>2,211</u>

	2019		
	Thousands of euros		
	Cost	Accumulated depreciation	Carrying amount
Waste treatment	3,217	(3,044)	173
Energy saving	2,793	(1,241)	1,552
Emissions reduction	834	(734)	100
Reduction of pollution	741	(631)	110
	<u>7,585</u>	<u>(5,650)</u>	<u>1,935</u>

Expenses incurred in 2020 and 2019 for the protection and improvement of environment were as follows:

Description of expenses	Thousands of euros	
	2020	2019
External services	383	406
Environmental protection	203	216
	<u>586</u>	<u>622</u>

The Directors estimate that there are no significant contingencies related to environmental improvement and protection and, therefore, no provision for risks and expenses has been recognised in any group company at 31 December 2020 and 2019.

No grants in connection with environmental activities have been received at 31 December 2020 and 2019.

Fluidra, S.A. and Subsidiaries

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32. Other commitments and contingencies

At 31 December 2020 and 2019 the Group has not presented any mortgage guarantees.

At 31 December 2020, the Group has guarantees from financial institutions and other companies amounting to Euros 6,950 thousand (Euros 7,799 thousand in 2019), of which Euros 1,266 thousand correspond to technical guarantees (Euros 220 thousand in 2019).

33. Auditors' and related Group companies' fees

Net fees accrued to Ernst & Young, S.L. as the auditor of the Group's consolidated financial statements for the year ended 31 December 2020 and 2019 for professional services were as follows:

	Thousands of euros	
	31.12.2020	31.12.2019
Audit services	571	550
Other assurance services	69	86
Total	640	636

The amount of "Other assurance services" for 2020 includes: the report on the system of internal control over financial reporting (SCIIF), the ECOEMBES reports, the royalties review report, the non-financial information review report, the review of the integrated report and the review of the financial reports of certain R+D projects.

The amount of "Other assurance services" for 2019 includes: the report on the system of internal control over financial reporting (SCIIF), the review report on the Proforma/recurring EBITDA information presented within the information provided to the analysts, the ECOEMBES reports, the royalties review report and the review of the financial reports of certain R+D projects.

The amounts presented in the tables above include all of the fees related to the services rendered in 2020 and 2019, regardless of when they were invoiced.

Additionally, the professional services invoiced to the Group by other companies associated to Ernst & Young Global Limited during the year ended 31 December 2020 and 2019 were as follows:

	Thousands of euros	
	31.12.2020	31.12.2019
Audit services	833	866
Total	833	866

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Additionally, net fees accrued by the Group to auditors other than Ernst & Young, S.L. during the year ended 31 December 2020 and 2019 for professional services were as follows:

	Thousands of euros	
	31.12.2020	31.12.2019
Audit services	139	131
Other assurance services	17	43
Tax advisory services	107	116
Other services	-	13
Total	263	303

34. Information on late payment to suppliers

According to Law 31/2014 of 3 December establishing measures on combating late payment in commercial transactions, the information on late payment to suppliers in Spain is as follows:

	2020	2019
	Days	Days
Average payment period to suppliers	66.27	64.31
Ratio of transactions paid	70.01	65.53
Ratio of transactions payable	34.90	55.02
	Amount (thousands of euros)	Amount (thousands of euros)
Total payments made	394,461	291,264
Total payments outstanding	47,021	37,956

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35. 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 (see note 25) + 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 investments accounted for using the equity method.

Calculation of EBITDA for 2020 and 2019	Thousands of euros	
	31.12.2020	31.12.2019
Sales of goods and finished products	1,488,108	1,367,550
Income from services rendered	22,752	24,928
Work performed by the Group and capitalised as non-current assets	14,848	14,157
Profit/(loss) from sales of fixed assets	(386)	(1,364)
Change in inventories of finished products and work in and raw materials consumables	(702,053)	(666,022)
Personnel expenses	(272,436)	(277,872)
Other operating expenses	(248,789)	(256,089)
Share in profit/(loss) for the year from investments accounted for using the equity method	28	-
EBITDA	302,072	205,288

36. Main accounting implications of Covid-19

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

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

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

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

In terms of quantitative impacts on sales in February, the Group was growing in double digits compared to the prior year, but due to the Covid-19 crisis, sales slowed down with a slightly above double-digit slump in March and a drop of almost 20% in April, followed by growth in May, particularly in the second half of the month once the re-opening conditions had been re-established to a relatively normal degree. This recovery gained

Notes to the Consolidated Annual Accounts

momentum in June with positive performance in the entire northern hemisphere. The overall big picture at the end of the first half of 2020 is a sales growth figure of +2.4%. During the second half of the year, progress has been very positive as a result of growth in the residential business segment thanks to the “cocooning” and “stay at home” effect which has led to greater use of existing installations, and therefore more maintenance work, as well as new installations. The commercial swimming pool sector has continued to be impacted. Based on these factors, the second half of the year has seen growth of 16.7%, averaging out at 8.8% growth for the year after absorbing the negative impacts of Covid-19 at the start of the year. In addition, Covid-19 has impacted on the supply chain, generating higher costs associated to certain stockouts, which has been offset by the cost savings resulting from restricted travel among Group staff.

In the current context of uncertainty, the Group has reviewed the areas where impacts may be felt from an accounting standards standpoint, in terms of the year-end closing:

- Balance sheet and assessment of the going concern principle.

As the closing figures indicate, sales performance does not suggest the continuity of the business is at risk, and it is further supported by long-term financing with a bullet repayment in 2025.

At year end, all covenants pertaining to the financing have been comfortably met, both regarding long-term loans (Term Loan B) and short-term (ABL credit facility and revolving credit facility).

Net financial debt (which includes lease liabilities) at year end is Euros 582 million, 23% below the prior year.

Net debt-to-EBITDA ratios are showing excellent performance.

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

- Asset impairment (IAS 36)

As described in note 7, the Group has analysed the impairment of all CGUs using the annual impairment analysis methodology, with corresponding sensitivity analyses.

As a result of this analysis, the Group has concluded that there is no impairment, even after performing the standard sensitivity analysis.

- Estimated expected loss in trade accounts receivable

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

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

It should be noted that the percentage of Trade and other receivables over Sales of goods and finished products has improved, going from 23% at the prior year end to 16.8% at the end of this year.

Thus, the Group has applied the historical percentage of expected losses.

- Other impacts

In the first half of 2020, during the Covid-19 crisis, the measures adopted included presenting furlough schemes (ERTE) in certain Spanish companies, temporary staff cuts in other regions, rent renegotiations, and other temporary remuneration cuts for management and directors. The Group has also reduced the Travel Expenses, Independent Professional Services and Advertising and Publicity captions. Overall, this had a total impact of a reduction of Euros 8 million in the first half of the year.

The good business performance during the second half of the year means that the business plans have been met and the Group has repaid the voluntary salary reductions of employees, executives and directors. Similarly, the long-term variable remuneration plan approved on 27 June 2018 has been re-estimated upwards, amounting to Euros 29,971 at 31 December 2020.

The Group has assessed other possible impacts due to the current context, in the following areas: Deferred tax assets and tax loss carryforwards (IAS 12), provisions and contingent liabilities (IAS 37) and inventory measurement (IAS 2), concluding that there are no material impacts on the Consolidated Annual Accounts, as a result of the uncertainty caused by Covid-19.

37. Events after the reporting period

On 13 January 2021, the subsidiary Zodiac Pool Systems LLC, indirectly wholly-owned by Fluidra, completed the acquisition of all substantial assets of the business Built Right Pool Heaters LLC ("Built Right"), a heat pump manufacturer located in Florida, U.S., from where it will continue to operate.

Built Right specialises in the manufacture and servicing of high-quality heat pumps. Adding Built Right to the Fluidra catalogue significantly reinforces the Company's position in the pool and spa heat pump solutions business, while also enabling Fluidra to better meet the needs of customers through a broader product offering.

The price of this acquisition amounted to approximately 10 million U.S. dollars.

On 10 March 2021, Fluidra Holdco America, Inc., a wholly-owned subsidiary indirectly held by Fluidra, signed a share purchase agreement whereby it has acquired 100% of the share capital of the US company Custom Molded Products, LLC ("CMP").

CMP is a Georgia-based firm considered one of the leaders in the US business of designing, manufacturing, marketing and selling pool and spa products, including built-in equipment, sanitising systems, water fountains and lighting. The company operates several manufacturing and distribution facilities in multiple locations in the United States and China, and has a broad portfolio of pool and wellness products that complement Fluidra's product offerings. CMP's product reputation, together with its operational and manufacturing expertise, will help Fluidra to accelerate growth by providing its customers with a wider range of pool and spa technology, as well as greater product supply capacity.

The transaction has been valued at USD 245 million which has been fully paid for at closing with Fluidra's existing cash and debt facilities. The transaction also includes a net working capital adjustment to offset the seasonality of working capital, which peaks in early spring.

On March 25th, the Board of Directors has agreed to propose to the General Shareholders' Meeting the distribution of a dividend of € 0.40 per share against voluntary reserves.

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.
- Astral AquaDesign Limited Liability Company, domiciled in Moscow (Russia), is mainly engaged in the distribution, design, installation and project management of fountains and ponds.
- Astral Bazénové Prislusentsvi, S.R.O., domiciled in Modletice-Doubravice (Czech Republic), is mainly engaged in the marketing of pool accessories.
- Astral India Private, Limited, domiciled Mumbai (India), is mainly engaged in the marketing of pool material.
- Astralpool Cyprus, LTD, domiciled in Limassol (Cyprus), is mainly engaged in the distribution of pool-related products.
- Astralpool Hongkong, CO., Limited, domiciled in Hong Kong (Hong Kong), is mainly engaged in the marketing of pool-related accessories.
- Astralpool (Thailand) Co., Ltd, domiciled in Samuthprakarn (Thailand), is mainly engaged in the marketing of pool-related accessories.
- Astralpool UK Limited., domiciled in Fareham (England), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.
- AYW Concept BV/SRL, with registered address in Wavre (Belgium), has the registered activities of purchase, sale, operation, development, construction, management, decoration, rental, subletting, exchange, property appraisal, purchase and sale related negotiations, brokering and sale, rental, subletting of real estate and in general all activities directly or indirectly relating to real estate development in the broadest sense. Creating and organising events and fairs. It can act as guarantor and provide any type of personal or real collateral to any person or business, associated or otherwise. It may obtain interests, by any legal means, in any company, business or corporation with the same, similar or ancillary activities or which could promote or facilitate the development of its registered activity and provide it with new products, points of sale or raw materials, or promote its sales or distribution. It may undertake all kinds of transactions, commercial, industrial, financial, movable or immovable, which are directly or indirectly related with its registered activity and which promote the achievement and development of its purpose. It may participate by contribution, subscription, sale, investment, merger, financial or other intervention in all other companies, associations and businesses, both in Belgium and abroad. The company can also act as director or liquidator in other companies.
- Cepex Mexico, S.A. de C.V., domiciled in Mexico City (Mexico), is mainly engaged in the marketing of fluid handling products.
- Cepex S.A.U., domiciled in Granollers (Barcelona, Spain), is mainly engaged in the manufacture, production and distribution of plastic material by injection system and, in particular, plastic parts for armature.

(Continued)

FLUIDRA, S.A.
AND SUBSIDIARIES

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

- Certikin International, Limited, domiciled in Witney Oxon (England), is engaged in the marketing of swimming-pool products.
- Certikin International (Ireland) Limited, domiciled in Dublin (Ireland), is mainly engaged in providing financial advisory services in the acquisition of new shares.
- Certikin Swimming Pool Products India Private Limited, domiciled in Bangalore (India), is mainly engaged in the marketing of swimming-pool products.
- Cover Pools Incorporated, domiciled in West Valley City (USA), is mainly engaged in the manufacture and distribution of automatic pool covers.
- Fabtronics Australia Pty Ltd, established in Braeside, Australia, has as its object the design and sale of electronic components.
- Fluidra Adriatic D.O.O., domiciled in Zagreb (Croatia) is mainly engaged in the purchase, sale and distribution of machinery, equipment, materials, products and special equipment for pool and water system maintenance.
- Fluidra Al Urdoun Fz, domiciled in Zarqa Free Zone (Jordan) is mainly engaged in the marketing of pool material.
- Fluidra Assistance, S.A.S., domiciled in Perpignan (France), is mainly engaged in the installation, assembly and implementation of all products and materials relating to pools and water treatment and the provision of post-sales services and the maintenance and installation of these products and materials.
- Fluidra Australia Pty Ltd, domiciled in Melbourne (Australia), is mainly engaged in the purchase, sale and distribution of machinery, equipment, products and special equipment for pool and water system maintenance. It owns 100 % of the capital of Hurlcon Staffing Pty Ltd and Hurlcon Investments Pty Ltd, as well as 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 Courcelles (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, S.A.
AND SUBSIDIARIES

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

- Fluidra Colombia, S.A.S., domiciled in Funza (Colombia), is engaged in the purchase and sale, distribution, marketing, import, export of all types of machinery, equipment, components and machinery parts, tools, accessories and products for swimming-pools, irrigation and water treatment and purification in general, built with both metal materials and any type of plastic materials and plastic derivatives.
- Fluidra Comercial España, S.A.U., domiciled in Polinyà (Barcelona, Spain), is engaged in the manufacture, purchase and sale and distribution of all types of machinery, equipment, components and machinery spare parts, tools, accessories and products for swimming-pools, irrigation and water treatment and purification.
- Fluidra Comercial Portugal Unipessoal, Lda., domiciled in São Domingo da Rana (Portugal), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.
- Fluidra Commerciale Italia, S.P.A., domiciled in Brescia (Italy), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products..
- Fluidra Commerciale France, S.A.S., domiciled in Perpignan (France) is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.
- Fluidra Commercial, S.A.U., (merged with 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 Deutschland, GmbH, domiciled in Hirschberg (Germany) is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.
- Fluidra Egypt, Egyptian Limited Liability Company, domiciled in Cairo (Egypt), is mainly engaged in the marketing of swimming-pool accessories.
- Fluidra Engineering Services, S.L.U., domiciled in Sabadell (Barcelona, Spain) is engaged in the rendering of advisory services for group companies.
- Fluidra Export, S.A.U., domiciled in Polinyà (Barcelona, Spain), is engaged in both domestic and foreign marketing of all types of products and goods, mainly in the marketing of pool-related products, basically acquired from related parties.
- Fluidra Finco, S.L.U., (merged with Fluidra Industry, S.A.U. and Pischine Luxembourg Holdings 3 S.A.R.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.
- Fluidra Group Australia Pty Ltd, domiciled in Smithfield (Australia), is mainly engaged in the manufacture, assembly and distribution of pool equipment and other related products.
- Fluidra Hellas, S.A. 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 subsidiaries, associates
and joint ventures directly or indirectly owned

- Fluidra Holdings Australia Pty 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 France, S.A.S., with registered offices in Perpignan (France), is mainly engaged in the manufacture of automatic covers for swimming pools of all types, as well as the purchase and sale of materials, accessories and products for swimming pools.
- 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 Selangor (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 Middle East Fze, domiciled in Jebel Ali (Dubai), is engaged in the marketing of equipment for swimming-pools and water treatment, as well as related accessories.
- Fluidra Montenegro DOO domiciled in Podgorica (Montenegro) is mainly engaged in the purchase, sale and distribution of machinery, equipment, materials, accessories, products and special equipment for pool and water system and irrigation maintenance.
- Fluidra (N.Z.) Limited, domiciled in North Shore City (New Zealand), is engaged in the distribution and sale of pool material.
- Fluidra Nordic AB, domiciled in Källered (Sweden) is mainly engaged in the purchase, sale, import, export of product categories and products directly or indirectly required for the marketing of materials for swimming-pools, water treatment equipment and related activities.

FLUIDRA, S.A.
AND SUBSIDIARIES

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

- Fluidra Nordic A/S (formerly Fluidra Danmark A/S), domiciled in Røddekro (Denmark), is engaged in the import of technical components and equipment for all types of water treatment processes.
- Fluidra Österreich GmbH "SSA", domiciled in Gödlig (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 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, IT, logistics, marketing and financial brokering services for the benefit of the other companies in the Group to which it belongs.
- Fluidra Services Italia, S.R.L., domiciled in Brescia (Italy), is engaged in the rendering of services, including and mainly, accounting, administrative and financial.
- 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 Lugano (Switzerland) is mainly engaged in the marketing of pool material.
- Fluidra (Thailand) Co., Ltd, domiciled in Samuthprakarn (Thailand), is engaged in the holding and use of equity shares and securities.
- Fluidra Tr Su Ve Havuz Ekipmanlari AS, domiciled in Tuzla (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., with its registered office in El Manar (Tunisia), has as its main purpose the provision of manufacturing services and related activities aimed at promoting and strengthening the Fluidra Group's activity in Tunisia.
- Fluidra USA, LLC, domiciled in Jacksonville (USA), is engaged in the marketing of pool-related products and accessories.
- Fluidra Vietnam LTD, domiciled in Ho Chi Minh City (Vietnam) is engaged in advising, allocating and installing pool filtering systems and water applications, as well as the import, export and distribution of wholesale and retail products.

FLUIDRA, S.A.
AND SUBSIDIARIES

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

- 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.
- 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.
- Laghetto France, S.A.R.L., domiciled in Saint-Cannat (France), is mainly engaged in the purchase and sale of sports, leisure and pool materials and equipment and related accessories.
- Manufacturas Gre, S.A.U. (merged with Swimco Corp, S.L.U.), domiciled in Munguia (Vizcaya, Spain), is engaged in the manufacture and marketing of products, accessories and pool-related products.
- Me 2000, S.R.L., domiciled in Brescia (Italy), is engaged in property development and lease.
- Metalast, S.A.U., domiciled in Polinyà (Barcelona, Spain), is engaged in the manufacture of metal articles, boiler works, street furniture and wholesale sale of accessories.
- Ningbo Dongchuan Swimming Pool Equipment Co., LTD, domiciled in Ningbo (China), is engaged in the production and installation of swimming-pool equipment, brushes, plastic and aluminium products, industrial thermometer, water disinfection equipment and water testing equipment. Import and export of technology for own use or as an agent.
- Ningbo Linya Swimming Pool & Water Treatment Equip`Co., Ltd., domiciled in Ningbo (China), is engaged in the design, research, development and production of swimming-pool and water disinfection equipment, pumps, dehumidifiers, metal products, plastic products and vitreous coatings.
- Pentagone APCD BV/SRL, established in Wavre (Belgium), has as its corporate purpose the production, distribution, sale, installation, maintenance and repair, as an intermediary or on its own account, of swimming pools, saunas, jacuzzis, etc., and all accessories. The purchase and sale of all products for the maintenance of swimming pools. The purchase, sale and rental of all swimming pool accessories. The company is engaged in the research and development of new applications in the field of water treatment, dehumidification, air treatment, heat pump heating and robotics. The company acts on its own account, on consignment, as a commission agent or as a representative. It may have interests in any undertaking, business or company having a similar or analogous purpose, or which may facilitate the realisation of such purpose. The company may carry out its purpose in Belgium or abroad in the manner it considers most appropriate. In general, it may carry out any type of transaction, whether commercial, industrial, financial, civil, movable or immovable, whether in Belgium or abroad, directly or indirectly related to its purpose.
- 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.

FLUIDRA, S.A.
AND SUBSIDIARIES

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

- 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 Chassieu (France), is engaged in the purchase and sale of equipment used in pools and other businesses related to water and relax, technical assistance to professionals in the field and creation and sale of computer programs related to the above activities.
- 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.
- Riot Labs NV/SA, domiciled in Harzé, Aywaille (Belgium), is mainly engaged in the design, development, manufacture, marketing and operation, by any means, including via the granting of patents and licences to third parties, of objects linked to the analysis and treatment of swimming-pool water quality and IT software relating to these objects and any similar, comparable or supplementary product.
- Sacopa, S.A.U., domiciled in Sant Jaume de Llierca (Girona, Spain), is mainly engaged in the processing, marketing and sale of plastic materials, as well as the manufacture, assembly, processing, purchase and sale and distribution of all types of lighting and decoration devices and tools. Foreign and domestic trading activities of all types of goods and products directly and indirectly related to the above products, their purchase and sale and distribution. Representation of domestic and foreign brands and commercial and industrial enterprises engaged in the manufacture of the aforementioned products.
- 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.
- Ten Four Industria e Serviços LTDA, established in Valinhos (Brazil), has as its corporate purpose the manufacture and marketing of cleaning and polishing products; the manufacture on behalf of third parties and trade in agricultural defensives, fertilisers and soil improvers; the supply of containers, packaging, fractioning, wrapping, repackaging, inserts, labels, packaging and bags for solid and liquid products for third parties; road transport of cargo, in general, municipal, inter-municipal and inter-state; road transport of dangerous goods, provision of freight transport logistics organisation services; warehousing of goods for third parties and other service activities provided mainly to businesses, provision of advisory and consultancy services, including registration and the like, promotional marketing.
- Togama, S.A.U., domiciled in Villareal (Castellón, Spain), is engaged in the manufacture of ceramic for electric installations.

FLUIDRA, S.A.
AND SUBSIDIARIES

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

- 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.
- Trace Logistics North, B.V., domiciled in Veghel (Holland), 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, depositing, loading and unloading duties and any other function required 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 Tuzla (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.
- Veico. Com. Br Indústria e Comércio LTDA, domiciled in Ciudad de Brusque (Brazil), is engaged in the manufacture and marketing of all types of swimming-pool articles and accessories.
- W.I.T. Egypt, Egyptian Limited Liability Company, domiciled in Cairo (Egypt), is mainly engaged in the marketing of swimming-pool accessories.
- Ya Shi Tu Swimming Pool Equipment (Shanghai) Co, Ltd., domiciled in Tower E, Building 18, nº 238, Nandandong Road, Xu Hui District (Shanghai), is mainly engaged in the marketing of swimming-pool products.
- Zodiac International, S.A.S., established in Belberaud (France), is principally engaged in the construction, purchase, sale and rental of space, maritime and air navigation equipment and objects made of rubberised or ungummed fabrics, as well as the manufacture and marketing of inflatables (boats or semi-rigid craft).
- Zodiac Pool Care Europe, S.A.S., domiciled in Belberaud (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 Großostheim (Germany), is engaged in the distribution and sale of pool-related products and accessories.
- Zodiac Pool Solutions, LLC, domiciled in Carlsbad (USA) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.
- Zodiac Pool Solutions, S.A.S., domiciled in Belberaud (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.

FLUIDRA, S.A.
AND SUBSIDIARIES

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

- Zodiac Pool Systems, LLC, domiciled in Carlsbad (USA), is mainly engaged in the manufacture and distribution of several Group brands relating to pool equipment.
- Zodiac Swimming Pool Equipment (Shenzen), Co, Ltd, domiciled in Shenzen (China), is mainly engaged in the rendering of technical services for pool and spa equipment; the distribution, sale, import and export of pool and spa products and elements and post-sales services.
- ZPES Holdings, S.A.S., domiciled in Belberaud (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 Belberaud (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.

Other information

The companies Certikin International Limited and Astralpool UK Limited, wholly-owned subsidiaries of Fluidra, S.A. and registered in England under numbers 03047290 and 01823941, respectively, are exempt from the requirement of the Companies Act 2006 in relation to the audit of the individual annual accounts by virtue of section S479C.

Fluidra, S.A. and Subsidiaries

Subsidiaries
31 December 2020

% Ownership interest	
Direct	Indirect

List of subsidiaries accounted for using the full consolidation method

FLUIDRA FINCO, S.L.U.	100%	(9)
FLUIDRA COMMERCIAL, S.A.U.	100%	(10)
AO ASTRAL SNG	90%	
ASTRAL AQUADESIGN Limited Liability Company	58.50%	
ASTRAL BAZENOVE PRISLUSENTSVI, S.R.O.	100%	
ASTRAL INDIA PRIVATE, LIMITED	100%	
FLUIDRA INDIA PRIVATE LIMITED	100%	
ASTRALPOOL CYPRUS, LTD	90%	
ASTRALPOOL HONGKONG, CO., LIMITED	100%	
FLUIDRA SWITZERLAND, S.A.	100%	
ASTRALPOOL UK LIMITED	100%	(4)
CEPEX MEXICO, S.A. DE C.V.	100%	
CERTIKIN INTERNATIONAL, LIMITED	100%	(4)
CERTIKIN INTERNATIONAL (IRELAND) LIMITED	100%	
CERTIKIN SWIMMING POOL PRODUCTS INDIA PRIVATE LIMITED	100%	
FLUIDRA ADRIATIC D.O.O.	100%	
FLUIDRA BALKANS JSC	61.16%	
FLUIDRA BRASIL INDÚSTRIA E COMÉRCIO LTDA	100%	
VEICO. COM. BR INDÚSTRIA E COMÉRCIO LTDA	100%	
TEN FOUR INDÚSTRIA E SERVIÇOS LTDA	100%	(6)
FLUIDRA CHILE, S.A.	100%	
FLUIDRA COLOMBIA, S.A.S	100%	
FLUIDRA COMERCIAL ESPAÑA, S.A.U.	100%	
FLUIDRA NORDIC A/S	100%	(Formerly Fluidra Danmark A/S)
FLUIDRA DEUTSCHLAND GmbH	100%	
FLUIDRA EGYPT, Egyptian Limited Liability Company	90%	
W.I.T. EGYPT, Egyptian Limited Liability Company	89.99%	
FLUIDRA ENGINEERING SERVICES, S.L.U.	100%	
FLUIDRA EXPORT, S.A.U.	100%	
FLUIDRA GLOBAL DISTRIBUTION, S.L.U.	100%	
FLUIDRA HELLAS, S.A.	86.96%	
FLUIDRA HOLDINGS SOUTH AFRICA PTY LTD	100%	
ZODIAC POOL CARE SOUTH AFRICA (PROPRIETARY) LIMITED	100%	
FLUIDRA WATERLINX PTY, LTD	100%	
FLUIDRA INDONESIA PT.	100%	
FLUIDRA JV YOULI, S.L.U.	100%	
FLUIDRA KAZAKHSTAN Limited Liability Company	51%	
FLUIDRA MAGYARORSZÁG Kft.	95%	
FLUIDRA MALAYSIA SDN.BHD.	100%	
FLUIDRA MAROC, S.A.R.L.	90%	
FLUIDRA MEXICO, S.A. DE C.V.	100%	
FLUIDRA MIDDLE EAST FZE	100%	
FLUIDRA AL URDOUN FZ	70%	
FLUIDRA MONTENEGRO DOO	60%	
FLUIDRA ÖSTERREICH GmbH "SSA"	98.5%	
FLUIDRA POLSKA, SP. Z.O.O.	100%	

Fluidra, S.A. and Subsidiaries

Subsidiaries
31 December 2020

FLUIDRA COMERCIAL PORTUGAL UNIPESSOAL, LDA.	100%
FLUIDRA ROMANIA S.A.	66.66%
FLUIDRA SERBICA, D.O.O. BEOGRAD	60%
FLUIDRA SERVICES ITALIA, S.R.L.	100%
FLUIDRA COMMERCIALE ITALIA, S.P.A.	100%
AGRISILOS, S.R.L.	90% (3) - 100%
LAGHETTO FRANCE, S.A.R.L.	90% (3) - 100%
FLUIDRA SINGAPORE, PTE LTD	100%
FLUIDRA SOUTH AFRICA (PTY) LTD	100%
FLUIDRA NORDIC AB	100%
FLUIDRA (THAILAND) CO, LTD	100%
ASTRALPOOL (THAILAND) CO., LTD	99%
FLUIDRA TR SU VE HAVUZ EKIPMANLARI AS	51%
TURCAT POLYESTER SANAYI VE TICARET A.S.	75.50%
FLUIDRA VIETNAM LTD	100%
RIIOT LABS NV/SA	100%
SIBO FLUIDRA NETHERLANDS B.V.	70% (3) - 100%
YA SHI TU SWIMMING POOL EQUIPMENT (SHANGHAI) Co, Ltd	100%
ZODIAC POOL DEUTSCHLAND GMBH	100%
FLUIDRA HOLDINGS AUSTRALIA PTY LTD	100%
FLUIDRA GROUP AUSTRALIA PTY LTD	100%
FLUIDRA (N.Z.) LIMITED	100%
FABTRONICS AUSTRALIA PTY LTD	80% (6) / (3) – 100%
FLUIDRA AUSTRALIA PTY LTD	100% (2)
PRICE CHEMICALS PTY LTD	100%
FLUIDRA TUNISIE, SARL	100%
FLUIDRA BH D.O.O. BIJELJINA	60%
UNISTRAL RECAMBIOS, S.A.U.	100%
CEPEX S.A.U.	100%
METALAST, S.A.U.	100%
NINGBO LINYA SWIMMING POOL & WATER TREATMENT EQUIP. CO., LTD	100%
POLTANK, S.A.U.	100%
SACOPA, S.A.U.	100%
I.D. ELECTROQUÍMICA, S.L.	100%
INDUSTRIAS MECANICAS LAGO, S.A.U.	100%
INQUIDE, S.A.U.	100%
NINGBO DONGCHUAN SWIMMING POOL EQUIPMENT CO., LTD	70%
PRODUCTES ELASTOMERS, S.A.	70%
TALLERES DEL AGUA, S.L.U.	100%
TOGAMA, S.A.U.	100%
FLUIDRA USA, LLC	100%
MANUFACTURAS GRE, S.A.U.	100%
ME 2000, S.R.L.	100%
TRACE LOGISTICS, S.A.U.	100%
TRACE LOGISTICS NORTH BV	100% (5)
FLUIDRA SERVICES ESPAÑA, S.L.U.	100%
INNODRIP, S.L.U	100%
ZPNA HOLDINGS SAS	100%
ZODIAC POOL SOLUTIONS LLC	100%
ZODIAC POOL SYSTEMS CANADA INC	100%

Fluidra, S.A. and Subsidiaries

Subsidiaries
31 December 2020

ZODIAC POOL SYSTEMS LLC	100%	
COVER POOLS INCORPORATED	100%	
FLUIDRA LATAM EXPORT LLC	100%	
ZPES HOLDINGS SAS	100%	
ZODIAC POOL SOLUTIONS SAS	100%	
ZODIAC POOL CARE EUROPE SAS	100%	
ZODIAC SWIMMING POOL EQUIPMENT(SHENZEN) CO, LTD	100%	
ZODIAC INTERNATIONAL SAS	100%	
FLUIDRA SERVICES FRANCE, S.A.S.	100%	
FLUIDRA COMMERCIAL FRANCE, S.A.S.	100%	
AYW CONCEPT BV/SRL	100%	(6)
PENTAGONE APCD BV/SRL	100%	(6)
FLUIDRA ASSISTANCE, S.A.S.	100%	
FLUIDRA BELGIQUE, S.R.L.	100%	
POOLWEB S.A.S.	100%	
FLUIDRA INDUSTRY FRANCE, S.A.S.	100%	
PISCINES TECHNIQUES 2000, S.A.S.	100%	

List of associates consolidated using the equity method

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

List of companies consolidated at cost

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

(2) Fluidra Australia Pty Ltd fully owns the companies Astral Pool Holdings Pty Ltd, Hurlcon Staffing Pty Ltd and Hurlcon Investments Pty Ltd.

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

(4) The companies Certikin International Limited and Astralpool UK Limited, wholly-owned subsidiaries of Fluidra, S.A. and registered in England under numbers 03047290 and 01823941, respectively, are exempt from the requirement of the Companies Act 2006 in relation to the audit of the individual annual accounts by virtue of section S479C.

(5) Newly-incorporated companies during the year ended 31 December 2020.

(6) Companies acquired during the year ended 31 December 2020.

(7) During the year ended 31 December 2020, the Group has wound up the companies Loitech (Ningbo) Heating Equipment Co, Ltd, La Tienda Swimming Pool Maintenance LLC, U.S. Pool Holdings, INC, Aquaproducts, INC and Fluidra Projects USA, INC.

(8) In the year ended 31 December 2020, SET Energietechnik, GmbH and Technical Pool Service, S.L. were sold.

(9) Company merged with Fluidra Industry, S.A.U. and Piscine Luxembourg Holdings 3, S.A.R.L.

(10) Company merged with Fluidra Industry España, S.A.U.

Fluidra, S.A. and Subsidiaries

Details of segment results
for the year ended 31 December 2020
(Expressed in thousands of euros)

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

	EMEA	NORTH AMERICA	OPERATIONS	APAC	Shared services	Adjustments & eliminations	Total consolidated figures
	31.12.2020	31.12.2020	31.12.2020	31.12.2020	31.12.2020	31.12.2020	31.12.2020
Sales to third parties	784,991	465,013	68,120	169,889	95	-	1,488,108
Sales to third parties in USA	374	442,839	11,010	2,305	-	-	456,528
Sales to third parties in Spain	145,678	-	32,335	-	35	-	178,048
Sales to third parties in France	172,827	-	5,367	-	-	-	178,194
Inter-segment sales	145,496	17,011	434,447	14,522	-	(611,476)	-
Segment sales of goods and finished products	930,487	482,024	502,567	184,411	95	(611,476)	1,488,108
COGS	(639,690)	(226,587)	(338,748)	(95,066)	-	598,038	(702,053)
Gross profit	<u>290,797</u>	<u>255,437</u>	<u>163,819</u>	<u>89,345</u>	<u>95</u>	<u>(13,438)</u>	<u>786,055</u>
OPEX	(162,700)	(129,692)	(92,339)	(72,584)	(23,311)	335	(480,291)
Adjustments due to impairment of receivables	(2,086)	5	(60)	(540)	7	(1,046)	(3,720)
Depreciation and amortisation expenses and impairment losses	(26,734)	(12,054)	(13,725)	(8,012)	(20,506)	(36,950)	(117,981)
Operating profit/(loss) from reporting segments	<u>99,277</u>	<u>113,696</u>	<u>57,695</u>	<u>8,209</u>	<u>(43,715)</u>	<u>(51,099)</u>	<u>184,063</u>
Share in profit/(loss) of associates	-	-	-	-	-	28	28
EBITDA	<u>126,011</u>	<u>125,750</u>	<u>71,420</u>	<u>16,221</u>	<u>(23,209)</u>	<u>(14,121)</u>	<u>302,072</u>

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

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

This appendix forms an integral part of note 4 to the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the years ended 31 December 2020 and 2019 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Details of segment results
for the year ended 31 December 2019
(Expressed in thousands of euros)

	EMEA	NORTH AMERICA	OPERATIONS	APAC	Shared services	Adjustments & eliminations	Total consolidated figures
	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019
Sales to third parties	706,221	404,062	70,995	186,180	92	-	1,367,550
Sales to third parties in USA	122	379,371	7,552	6,775	-	-	393,820
Sales to third parties in Spain	142,984	3	30,418	-	-	-	173,405
Sales to third parties in France	166,605	-	5,266	-	-	-	171,871
Inter-segment sales	61,337	21,601	370,441	10,030	-	(463,409)	-
Segment sales of goods and finished products	767,558	425,663	441,436	196,210	92	(463,409)	1,367,550
COGS	(515,916)	(218,343)	(284,777)	(109,856)	-	462,870	(666,022)
Gross profit	<u>251,642</u>	<u>207,320</u>	<u>156,659</u>	<u>86,354</u>	<u>92</u>	<u>(539)</u>	<u>701,528</u>
OPEX	(156,934)	(133,028)	(90,920)	(65,519)	336,956	(382,571)	(492,016)
Adjustments due to impairment of receivables	(1,874)	106	(107)	(1,719)	(114)	(516)	(4,224)
Depreciation and amortisation expenses and impairment losses	(17,675)	(16,870)	(15,203)	(8,907)	(46,352)	(24,755)	(129,762)
Operating profit/(loss) from reporting segments	<u>75,159</u>	<u>57,528</u>	<u>50,429</u>	<u>10,209</u>	<u>290,582</u>	<u>(408,381)</u>	<u>75,526</u>
Share in profit/(loss) of associates	-	-	-	-	-	-	-
EBITDA	<u>92,834</u>	<u>74,398</u>	<u>65,632</u>	<u>19,116</u>	<u>336,934</u>	<u>(383,626)</u>	<u>205,288</u>

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

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

This appendix forms an integral part of note 4 to the consolidated annual accounts of Fluidra, S.A. and subsidiaries for the years ended 31 December 2020 and 2019 prepared in accordance with IFRS as adopted by the European Union.

Fluidra, S.A. and Subsidiaries

Details of segment assets and liabilities
for the year ended 31 December 2020
(Expressed in thousands of euros)

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

	EMEA	NORTH AMERICA	OPERATIONS	APAC	Shared services	Adjustments & Eliminations	Total consolidated figures
	31.12.2020	31.12.2020	31.12.2020	31.12.2020	31.12.2020	31.12.2020	31.12.2020
NON-CURRENT ASSETS							
Property, plant, and equipment	23,572	20,670	55,525	6,540	10,506	1,128	117,941
Property, plant and equipment in Spain	5,572	-	53,758	-	10,257	787	70,374
NWC	102,139	42,693	88,066	49,566	(15,638)	(55,343)	211,483
Inventories	83,498	65,447	115,672	45,353	-	(28,132)	281,838
Trade and other receivables	85,101	96,834	18,957	42,505	11,615	(5,671)	249,341
Trade and other payables	66,460	119,588	46,563	38,292	27,253	21,540	319,696

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

Fluidra, S.A. and Subsidiaries

Details of segment assets and liabilities
for the year ended 31 December 2019
(Expressed in thousands of euros)

	EMEA	NORTH AMERICA	OPERATIONS	APAC	Shared services	Adjustments & Eliminations	Total consolidated figures
	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019	31.12.2019
NON-CURRENT ASSETS							
Property, plant, and equipment	24,526	21,464	53,855	7,891	10,651	1,589	119,976
Property, plant and equipment in Spain	5,363	-	50,919	-	10,458	-	66,740
NWC	134,354	78,100	52,930	61,852	(16,166)	(28,418)	282,652
Inventories	93,590	58,370	88,963	38,700	-	(20,152)	259,471
Trade and other receivables	96,662	132,434	15,631	55,858	16,950	(2,790)	314,745
Trade and other payables	55,898	112,704	51,664	32,706	33,116	5,476	291,564

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

CONSOLIDATED DIRECTORS' REPORT

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

Fluidra, S.A. and Subsidiaries
Consolidated Statement of Financial Position
31 December 2020 and 2019
(Thousands of euros)

- 1. General business outlook**
 - 1.1. Business outlook and results
 - 1.2. Related-party transactions
 - 1.3. Treasury shares
 - 1.4. Events after the reporting period
- 2. Non-financial information and Diversity**
- 3. Annual Corporate Governance Report**

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

1. General business outlook

1.1. Business outlook and results

The Fluidra Group's turnover at the December 2020 close amounts to Euros 1,488.1 million, which reflects an 8.8% increase in comparison with the prior year (+11.0% at a constant exchange rate and like-for-like basis). During this year, growth by quarters has been impacted by the different stages of the Covid-19 crisis. In the first quarter, the Group grew by 0.9% (1.2% at a constant exchange rate) and growth in the second quarter was 3.5% (3.9% at a constant exchange rate), both affected by the lockdowns. There was a notable increase of 20.1% in sales in the third quarter (25.1% at a constant exchange rate) and growth of 13.3% in the last quarter of the year (17.3% at a constant exchange rate and like-for-like basis). During the second half of the year, the outlook has been very positive as a result of growth in the residential business segment thanks to the "cocooning" and "stay at home" effect which has led to greater use of existing installations, and therefore more maintenance work, as well as new installations.

In terms of sales performance by geographical area, mention should be given to growth on the US market, at a rate of 14.2% (17.2% at a constant exchange rate), and Europe, with a growth rate of 23.9% (25.0% at a constant exchange rate), particularly driven by the German and Eastern European markets. The Southern European market has recorded progress of +3.6%, recovering during the period due to the impact of the total closure of these markets due to the Covid-19 crisis. The rest of the world recorded -4.0% (0.7% at a constant exchange rate), due to the impact of Covid-19 largely in the Asian market, with high concentration in the commercial swimming pool market.

In the progress of sales by business unit, the positive performance of the Pool&Wellness unit stands out (+9.6%), driven by outstanding performance in Residential Pools (+12.6%), very favourable evolution in pool water treatment (+5.2%) and a drop of 8.9% in the commercial pools segment. The rest of the non-core families (Irrigation, Industrial and Others) registered a drop of 13.7%.

The Gross Margin (defined as the difference between sales of goods and finished products less changes in inventories of finished goods and work in progress and raw material supplies divided by sales of goods and finished products) has performed very well, increasing from 51.3% to 52.8% thanks to price increases transferring increases in raw materials, cost cutting initiatives, which offset the negative effects of the product and market mix.

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 decreased by 2.4% compared to the previous year. This decrease is attributable to the effect of the reduction in expenses associated to the synergies obtained on the merger with Zodiac and expenses from the integration, as well as the reduction of certain items, such as travel expenses, which are still being impacted by the Covid-19 effect, with a decrease of Euros 10.8 thousand.

The evolution of the impairment adjustments in accounts receivable has been positive, going from Euros 4.2 million to Euros 3.7 million, since collections accelerated in the second half of the year due to the positive performance of the sector as a whole, enabling the historical percentage of losses to remain steady without adjustment.

In the Depreciation and amortisation expenses and Impairment losses line, there has been a decrease from Euros 129.8 million to Euros 118.0 million, mainly as a result of the amortisation of intangible assets from the acquisition of Zodiac.

The finance cost has gone from Euros -55.4 million in 2019 to Euros -45.1 million in 2020 due to less use of short-term financing facilities and the impact of renegotiated interest rates on Euro and USD tranches of long-term loans, as well as the repayment of a portion of these loans in January (see note 19). These factors as a whole offset negative exchange differences of Euros 9.7 million.

Net profit/(loss) attributed to the Parent has increased from Euros 8.3 million to Euros 96.4 million, mainly due to the improvement in operating profits described above.

EBITDA was up by Euros 96.8 million, increasing from Euros 205.3 million last year to Euros 302.1 million this year.

With regard to the Group's consolidated balance sheet, there has been a notable drop of Euros 71.2 million in net working capital, despite the increase in sales. This decrease is caused by the acceleration of collections during 2020, reducing the balance by Euros 65.4 million (20.8%). The evolution of inventories and accounts receivable has been in line with the increase in sales for the year.

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

Investments in property, plant and equipment and other intangible assets have decreased by Euros 4.1 million, reaching a figure of Euros 43.5 million in 2020, due to the containment of investments to strengthen the Group's balance sheet and tackle the possible effects of Covid-19 during the first half of the year.

Net Financial Debt (which includes lease liabilities) has decreased from Euros 756.8 million to Euros 581.9 million, caused by favourable profit performance, less investments and the aforementioned lower net working capital investment. Additionally, the 2020 figure includes the distribution of dividends of Euros 40.8 million in October 2020.

Staff turnover has seen an increase of 81 people with respect to the corresponding prior year period. The average headcount at 31 December 2020 is 5,500 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 responsible use of water.

In March 2020, at the time of preparing the Financial Statements referred to the exercise 2019, the Board of Directors of the Company had planned to propose the distribution of a dividend with charge to the results of the exercise. However, due to the exceptional moment that Spain and all the world were facing (state of emergency declaration in Spain and outbreak of the Covid 19 pandemic), finally it was prudently decided, to apply the whole 2019 results to Voluntary Reserves. Once the hardest months of the pandemic elapsed, the activity in the subsidiaries had been resumed, and after the verification of an extraordinary recovery of the Company results, the Board of Directors agreed in October 2020, the distribution of an interim dividend in the exercise 2020. This dividend, although formally constitutes an interim dividend of year 2020, conceptually was related to the undistributed dividend charged to exercise 2019. The reason why it was implemented in this way was to be able to pay the dividend in the month of October - in the absence of a General Shareholders' Meeting - the Board could only approve it as an interim dividend.

1.2. Related-party transactions

A breakdown of information on third-party transactions is disclosed in note 31.

1.3. Treasury shares

Over 2020 the Company has carried out several purchase and sale transactions of treasury shares (2,416,594 shares purchased and 1,454,254 sold). At year end, the Company owned 2,543,738 treasury shares, which account for 1.30% of share capital and a cost of Euros 35,841 thousand.

1.4. Events after the reporting period

Refer to note 37.

Fluidra, S.A. AND SUBSIDIARIES

Non-financial information and Diversity

(Section 2 of the Consolidated Directors' Report)

31 December 2020

(Together with Independent Assurance Report on non-financial information)

2 Non-financial information and diversity statement

2.1 Independent Assurance Report on non-financial information

Independent limited assurance report on the Consolidated Statement of
Non-Financial Information for the year ended December 31, 2020

FLUIDRA, S.A. AND SUBSIDIARIES



*Translation of a report originally issued in Spanish. In the event of discrepancy,
the Spanish-language version prevails*

INDEPENDENT LIMITED ASSURANCE REPORT ON THE CONSOLIDATED STATEMENT OF NON-FINANCIAL INFORMATION

To the shareholders of Fluidra, S.A.:

Pursuant to article 49 of the Code of Commerce we have performed a verification, with a limited assurance scope, of the accompanying Consolidated Statement of Non-Financial Information (hereinafter NFIS) for the year ended December 31, 2020, of Fluidra, S.A. and subsidiaries (hereinafter, the Group), which is part of the Consolidated Management Report of the Group.

The content of the NFIS includes additional information to that required by prevailing mercantile regulations in relation to non-financial information that has not been subject to our verification. In this regard, our review has been exclusively limited to the verification of the information shown in section 2.29 "Traceability list of contents according to Law 11/2018", included in the accompanying NFIS.

Directors' Responsibility

The Directors of the Group are responsible for the approval and content of the NFIS included in the Consolidated Management Report of Fluidra, S.A. The NFIS has been prepared in accordance with the contents established in prevailing mercantile regulations and following *Sustainability Reporting Standards* criteria of the selected *Global Reporting Initiative* (GRI standards), as well as other criteria described in accordance with that indicated for each subject in section 2.29 "Traceability list of contents according to Law 11/2018", included in the accompanying NFIS.

This responsibility also includes the design, implementation and maintenance of such internal control as they determine is necessary to enable the preparation of an NFIS that is free from material misstatement, whether due to fraud or error.

The directors of Fluidra, S.A. are further responsible for defining, implementing, adapting and maintaining the management systems from which the information necessary for the preparation of the NFIS is obtained.

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our Firm applies International Standard on Quality Control 1 (ISQC 1) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team consisted of experts in the review of Non-Financial Information and, specifically, in information about economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited assurance report based on the work performed. Our work has been performed in accordance with the requirements established in prevailing International Standard on Assurance Engagements 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC), and with the Guidelines on assurance engagements on the Non-Financial Statement issued by the Spanish Institute of Chartered Accountants.

The procedures carried out in a limited assurance engagement vary in nature and timing and are less extent in scope than reasonable assurance engagements, and therefore, the level of assurance provided is likewise lower.

Our work consisted in requesting information from Management and the various Group units participating in the preparation of the NFIS, reviewing the process for gathering and validating the information included in the NFIS, and applying certain analytical procedures and sampling review tests as described below:

- ▶ Meeting with Group personnel to gain understanding of the business model, policies and management approaches applied, and of the main risks related to these matters, and obtaining the necessary information for our external review.
- ▶ Analysing the scope, relevance and integrity of the content included in the 2020 NFIS based on the materiality assessment made by the Group and described in section 2.5 "Materiality in Fluidra" of the NFIS, considering the content required by prevailing mercantile regulations.
- ▶ Analysing the processes for gathering and validating the data included in the 2020 NFIS.
- ▶ Reviewing the information on the risks, policies and management approaches applied in relation to the material aspects included in the 2020 NFIS.
- ▶ Checking, through tests, based on a selection of a sample, the information related to the content of the 2020 NFIS and its correct compilation from the data sources.
- ▶ Obtaining a representation letter from the Directors and Management.

Conclusion

Based on the procedures performed in our verification and the evidence obtained, no matter has come to our attention that would lead us to believe that the 2020 NFIS of the Group for the year ended December 31, 2020 has not been prepared, in all material respects, in accordance with the contents established in prevailing mercantile regulations and following the criteria of the selected GRI standards, as well as other criteria described in accordance with that indicated for each subject in section 2.29 "Traceability list of contents according to Law 11/2018", included in the NFIS.

Paragraph on other issues

On March 26, 2020 other experts issued their independent verification report on the Consolidated Non-Financial Statement of Fluidra, S.A. and Subsidiaries for the year 2019, in which they expressed an unqualified conclusion, except for some discrepancies due to the lack of supporting evidence that may be material for a series of GRI indicators (mainly for matters related to the environment, employees and suppliers), detailing also some immaterial non-conformities, and areas for improvement.

Use and distribution

This report has been prepared to comply with prevailing mercantile regulations in Spain and may not be suitable for any other purpose or jurisdiction.

Este informe se
corresponde con el
sello distintivo
nº 20/21/02644
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Col·legi de Censors
Jurats de Comptes
de Catalunya

ERNST & YOUNG, S.L.
(Signature on the original in Spanish)

Antonio Capella Elizalde

March 26, 2021

FLUIDRA, S.A. AND SUBSIDIARIES

Non-Financial and Diversity Report

(Section 2 of the Consolidated Directors' Report) at 31 December 2020

(Together with the Independent Verification of Non-Financial Data)

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2. Non-Financial Information and Diversity Report

2.1. Independent Verification of Non-Financial Data

2.2. Document framework

[Ref. GRI 102-45, 102-50, 102-54]

This Non-Financial Information and Diversity Report for Fluidra, S.A. and its subsidiaries (listed in Appendix I of the Consolidated Annual Accounts) is part of the Consolidated Directors' Report for the 2020 fiscal year, as required by Law 11/2018 of December 28 which amended the Commercial Code, the recast text of the Capital Companies Act approved by Legislative Royal Decree 1/2010 of July 2, and the Auditing Act Law 22/2015 of July 20 as they relate to non-financial information and diversity, which in turn incorporates the 2017/EU Guidelines.

The information on non-financial indicators in this document is consistent with the *Sustainability Reporting Standards* set out in the guidelines of the *Global Reporting Initiative (GRI)*. The selected GRI indicators refer to the contents listed as mandatory in Law 11/2018 (see point 2.29 Traceability Table of Contents per Law 11/2018).

In 2020, like the year before, the environmental indicators represented 100% of the consolidated turnover, matching the coverage of social indicators, which was also 100%. As far as comparing this year's non-financial key indicators with those of previous years, some of the information is not completely comparable since adjustments were made to certain items, particularly those relative to human resources and the use of water and other materials, as a consequence of adapting to GRI requirements.

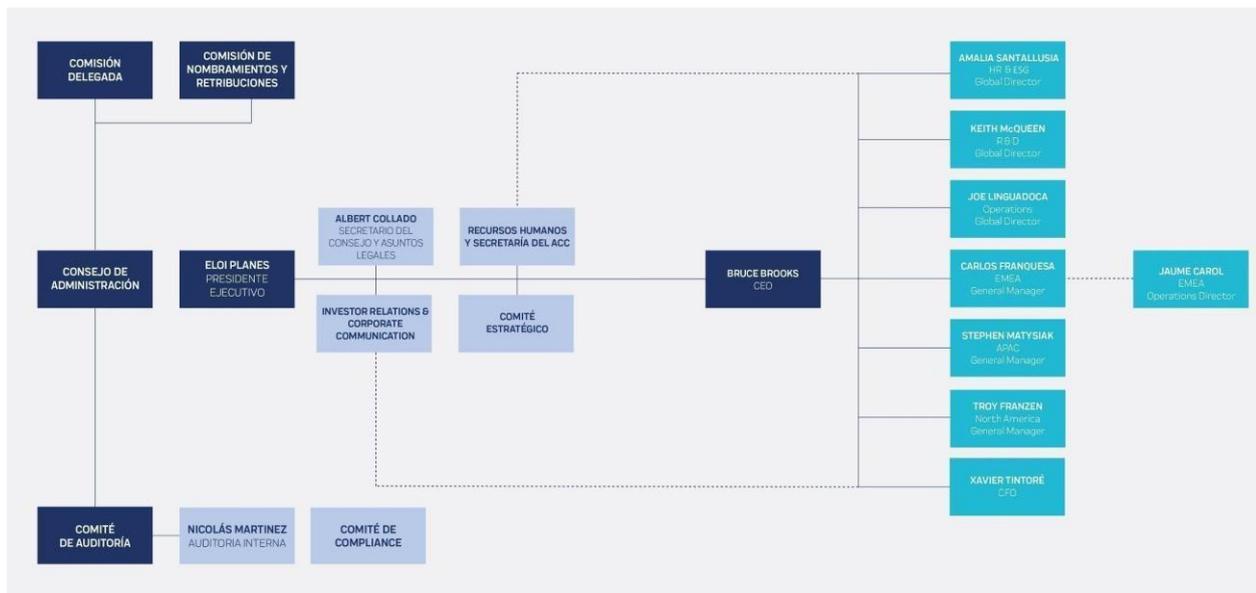
2.3. Brief description of the business model

[Ref. GRI 102-2, 102-3, 102-4, 102-6, 102-7]

Fluidra is the world leader in the swimming pool and wellness industry. Focused on the development of innovative products and solutions, we are present in 46 countries with sales offices and production centers on all continents. Its headquarters are located at Avda. Francesc Macià, 60, planta 20, Sabadell (Barcelona, Spain). At the end of 2020 Fluidra had more than 5,400 employees. Our extensive product range includes six of the top ten brands in the sector: Jandy®, AstralPool®, Polaris®, Cepex®, Zodiac®, CTX Professional® and Gre®. Fluidra's stock trades on the Spanish Stock Exchange with a market capitalization in excess of €4 billion at the end of 2020, 71.7% higher than at the end of 2019.

Fluidra identifies and segments its customers, differentiating between those dedicated to the installation, care and sale of pool and wellness products for end users on the one hand and public or private customers that operate water, sports or wellness centers on the other.

The organizational chart below reflects the hierarchical structure of the company as of December 31, 2020:



Fluidra's global business is broken down into three different areas:

North America represents approximately 47% of the world swimming pool market, which in economic terms is equal to approximately €3.8 billion in market volume, out of a total global market of about €7.9 billion in 2019. This is a consolidated and resilient market, with a cumulative market growth rate of approximately 5% since 2014. The residential market represents approximately 75% of the total market. EMEA (Europe, Middle East and Africa) has a unique and vertically integrated business model with its own internal R&D department, production centers, logistics operators, sales and distribution. In Europe's developed markets, residential swimming pools account for the largest part. Recurring business with installed pools represents approximately 66% of sales, with new construction still below pre-crisis levels, although above 2009 volumes.

The third region, APAC (Asia-Pacific), combines residential pools in markets such as Australia and South Africa, with a business model similar to EMEA's, with countries in Southeast Asia where commercial pools and sales to hotels, resorts, etc. predominate. As part of its Strategic Plan, Fluidra is committed to these four lines of business to continue generating value for its stakeholders:

1. Accelerating growth in North America.
2. Strengthening the platform in Europe and the southern hemisphere.
3. Increasing sales of commercial swimming pools in emerging markets.
4. Improving margins through operational excellence and integration synergies.

With these goals in mind, the company has set an annual sales growth target of 5% to 8%, which translates into approximately €1.7 billion in sales and more than €350 million in EBITDA¹ in 2022.

The sector is structurally attractive, with growth that has historically doubled GDP as a result of the maintenance of the world's existing inventory of around 16 million pools, plus new construction which adds around 400,000 new pools each year.

The growth factors considered by the company are three: the expected growth of the installed pool of swimming pools (1.5% -2.0%); the growth of newly built swimming pools (1.0% -1.5%); and the growth of the average billing per purchase thanks to the innovation and improvement of current

¹ Estimated according to the definition in the company's earnings presentations (does not include share-based compensation or profit & loss from divestments in subsidiaries).

products (1.5% -2.5%). Overall, the long-term market growth range is estimated to be between 4% and 6% per year. To all this must be added the effect of the climatic conditions that can make the market figures vary each year depending on whether the climate has favored or hindered the use of swimming pools.

Fluidra leads the connected pool sector, using Internet-based remote control systems, with exceptionally strong year-on-year increases, even though the total number of connected pools is still relatively low.

It must be taken into consideration that, in a large part of the world, the Swimming Pool and Wellness sector is a mature sector where the differential point is marked by innovation, especially focused on sustainability and efficiency, with reduction of water, energy and chemical consumption. A good part of this efficiency goes through the use of the Internet of Things (IoT) and artificial intelligence, a path that leads to connected pools: useful and effective tools to reduce costs and simplify maintenance for both pool professionals and for end users, in addition to increasing the enjoyment of the pool. In summary, the challenges of the industry go through allocating resources to R&D focused on the increasingly efficient use of water and energy, to guarantee the maximum efficiency of the structures and not to be left behind in the digital challenge

Although the Covid-19 pandemic has had a serious impact on the global economy - especially on businesses such as hotels, restaurants, leisure and culture - the impact on the pool and wellness sector has been asymmetrical. Following a period of uncertainty in March, the evolution of the sector worldwide has shown steady growth, demonstrating the strength and robustness of the market. The residential swimming pool business led this growth, driven by the fact that people had to look to their own homes for leisure and entertainment due to the confinement measures, which more than offset the decline in commercial swimming pools affected by those same measures.

Although it would not be unreasonable to view this burst of significant growth in activity and sales as a consequence of the pent-up demand following confinement, the macro trends associated with "staying at home" and the exodus from city life, boosted by teleworking, the order books of Fluidra's professional customers, the number of budgets for new facilities and refurbishment of existing ones all point to a promising 2021. In fact, based on 2020 performance, the company is maintaining the goals set for 2022 in its Strategic Plan.

2.4. Corporate Responsibility policy (ESG)

[Ref. GRI 102-16, 103-2]

Once the integration with Zodiac was complete, the Corporate Responsibility/ESG policies were redefined, starting with the Mission, Vision and Values of the new Fluidra.

MISSION: TO CREATE THE PERFECT POOL AND WELLNESS EXPERIENCE RESPONSIBLY.

The way in which our mission is shared with each and every Fluidra stakeholder is as follows:

- a) *End User:* We create the perfect pool and wellness experience for your well-being and enjoyment.
- b) *Employee:* We provide an excellent environment where employees can develop their full potential and be recognized.
- c) *Customers:* We help you grow your business by providing quality products and innovative services.
- d) *Suppliers:* We develop strong partnerships through innovation, quality, service and cost control.
- e) *Shareholders:* We create value in an ethical business and financial environment.

- f) *Planet and Society*: We are committed to using sustainable products and practices to protect the future of the next generations.

These six stakeholder groups are the ones that Fluidra has identified as groups that contribute to or are affected by our operations.

VISION: To enhance lives through innovative and sustainable solutions that transform the way people enjoy water for recreation and health.

VALUES:

- *Customer Collaboration*: We add value for our users and customers.
- *Excellence & Innovation*: We continuously improve and aim responsibly to be the best.
- *Learn & adapt*: We are open minded, flexible and positive.
- *Teamwork & Inclusion*: We are humble and consider all perspectives.
- *Honesty & Trust*: We are fair, transparent and accessible.
- *Passion for success*: We are committed, accountable and consistent.

In 2020, the Board of Directors approved a global ESG (Environment, Social and Governance) policy, applicable throughout the group, which encompasses all of the commitments made by Fluidra on environmental, social and governance issues. This policy stems from the company's conviction that an organization with high ESG standards is more sustainable from an economic point of view and is better valued by its customers, employees and shareholders.

This policy is linked to the ESG Master Plan, explained below, and serves as a framework for the company's non-financial policies. The issues addressed are as follows:

- Good Governance:
 - Business Ethics and Code of Ethics
 - Corporate Governance
 - Transparency and Stakeholder Relations
 - ESG Risk Management
 - Anticorruption and Bribery
 - Training
 - Partnerships with Public Organizations
- Environmental:
 - Environmental management system
 - Objectives and performance reporting
 - Impact assessment
 - Performance improvement
 - Awareness raising
 - Partnership and collaboration
- Social:
 - Human Rights
 - Employment
 - Labor Relations
 - Equality and Inclusion
 - Customer Engagement
 - Commitment to community

The ultimate aim of this policy is to achieve continuous improvement in the well-being of all people and care for the environment while respecting the laws in all regions where the group does business,

both directly and indirectly through its operations. In addition, Fluidra strives to treat all group companies equitably and in accordance with international laws and their specific obligations.

The ESG Department, with the support of management, is responsible for ensuring that all parties evaluate and manage the aspects addressed in this policy. In addition, it proposes objectives to fulfill the assumed commitments, which must be approved by senior management. The specific objectives are reflected in the strategic plans and performance is addressed in periodic reports. This monitoring will be reported to senior management and the board of directors on a regular basis.

This policy was distributed to Fluidra's employees in January 2021 and will be available on Fluidra's corporate website as of March 2021.

2.5. Materiality in Fluidra

[Ref. GRI 102-47, 103-1]

Materiality at the new Fluidra starts with its own mission, which is focused on *stakeholders (employees, users, society, planet, investors, customers, suppliers)*. The relationship with them and their expectations, together with the internal need for economic growth, defines the management lines and measurement of results, in addition to considering external factors such as regulations and international agreements and the perspective of dual materiality. The Sustainable Development Goals (SDGs) serve as guidelines for the societal and environmental priorities and the plan is to quantify the company's contribution to the SDGs that are a high priority for Fluidra. The time between updates of the materiality analysis will not exceed two years, with an update planned for 2021.

Using the materiality analysis from 2018, the 2019 version went even further to secure and strengthen the aspects that are important to the group. An analysis of the company's internal and external context was carried out to identify material aspects, considering both the impact of the company's activities and business areas on the environmental, social and good governance dimensions, as well as the most relevant aspects for the sector, the applicable laws and the most relevant sustainability trends.

These aspects were then prioritized through a consultation process in which representatives of Fluidra's *stakeholders* in each of the geographical regions where the company operates took part. They were provided with a questionnaire, along with a brief explanation and some context surrounding the process, and asked to evaluate the relevance of the aspects previously identified, on a scale ranging from "not relevant" to "critical".

Twenty-eight material aspects were detected, eight of which were classified as "very relevant", seventeen as "relevant" and the other three as "less relevant". The results of the prioritization process are shown below:

Most relevant aspects:

- Customer health and safety
- Governance
- Human rights
- Environmental compliance
- Anti-corruption policies
- Due diligence
- Product innovation
- Staff compensation

Relevant aspects:

- Unfair competition
- External Transparency
- Procurement practices
- Health and safety at work
- Customer privacy
- Energy and emissions
- Training and education
- Diversity and equality
- Economic performance
- Employment
- Materials
- Marketing and labeling
- Freedom of association and negotiation
- Waste and wastewater
- Life cycle analysis
- Local communities
- Water and wastewater

In 2020, the relevance of the health and safety of both customers and employees, two of the aspects identified as relevant in the Materiality Study, has taken on renewed importance. Therefore, for much of the year, efforts were focused on operating in such a way as to ensure the health and safety of all group's stakeholders, partly adapting the business and work practices to minimize risk. All of these actions have enabled Fluidra to withstand the impact of the Covid-19 pandemic, provide a comprehensive response, solve supply problems and maintain a solid financial and liquidity situation.

2.6. 2020-2026 ESG Master Plan

[Ref. GRI 102-31, 103-2]

The 2020 financial year was the first year in which the 2020-2026 ESG Master Plan, which was drafted in 2019 and is global in scope, came into effect. A special working group was created to draft this plan, led by the group's CEO and two of its Directors, in order to align actions with the business strategy in the coming years and position Fluidra as a leader in sustainability in the pool industry.

The plan defines 3 general objectives and 10 challenges, all linked to the Sustainable Development Goals:

DIMENSIONS	GENERAL OBJECTIVES	ASSOCIATED SDGS	CHALLENGES
Good Governance	To be at the forefront of best practices in corporate governance.		Partnerships in ESG matters
			Transparency
			Responsible management
Social	Improve employee, value chain and social well-being		Diversity, Equity and inclusion
			Quality employment
			Commitment to the community
			Sustainable products

Environment	Contribute to sustainable development through Fluidra's products and activities.		Environmental management
			Water
			Climate change

A variety of actions and initiatives have been implemented to address these challenges. In good governance, progress is being made in defining a management system (processes, responsibilities, reports, internal audits) to ensure transparency and participation in ESG policies; the ESG Department has been reinforced; and a continuous improvement system is being implemented based on the results of different ratings and indexes such as CDP and S&P with which we have been evaluated this year. On the social front, Fluidra has begun to implement an equality and diversity plan at various group companies; the focus of Fundació Fluidra has been redefined; progress has been made in controlling compliance with human rights for Fluidra and subcontractors in all geographical areas; medical benefits for employees have been reinforced; Fluidra has defined a policy to regulate working from home and it has promoted training in both professional skills and in health and safety. In the environmental area, emphasis has been placed on calculating the entire organization's carbon footprint; a majority of energy consumed is renewable energy; and various projects have been implemented to reduce consumption and improve the energy efficiency of our facilities and products.

The body in charge of monitoring the initiatives and indicators related to this ESG Master Plan is the Global ESG Committee, made up of eleven managers from different regions and operating areas. The committee held its first meeting in December 2020 as part of its quarterly meeting schedule. This body replaces a previous committee that covered only the EMEA regions. The Global ESG Committee is also responsible for advising the Appointment and Compensation Committee (ACC) on ESG issues on a regular basis, twice a year, and the committee in turn reports to the Board of Directors.

In 2020, 5% of the CEO's economic incentives were tied to the definition and implementation of the ESG Strategy and in 2021 it will be 100% for the Executive Committee.

2.7. Health, Safety and Environmental policy

[Ref. GRI 102-11, 103-2]

The health and safety of Fluidra's employees is a priority for the company. In 2019, the new Global HSE (Health, Safety and Environment) policy was published, which was approved by the Compliance Department and presented to and ratified by the Executive Committee. This policy places special emphasis on occupational risk prevention, in particular:

- Promotes programs to maintain and improve the health and well-being of the employees, for example, by providing smoke-free workplaces around the world.
- Employees are encouraged to take advantage of voluntary health programs and to adopt healthy behaviors such as
 - exercising regularly;
 - choosing healthy food;
 - getting regular check-ups;
- Offers safe working conditions to the employees and strives to protect them from potential health hazards. Before doing any potentially dangerous work, a risk assessment and analysis

of the processes and the workplace must be carried out.

- Management is responsible for facilitating risk assessments and developing protective measures, in cooperation with employees. Employees must be aware of local safety requirements, respect them and comply with them. For example:
 - use appropriate personal protective equipment, where necessary;
 - respect safety alarms and warning signs;
 - taking part in observation and training programs, e.g. mandatory local safety training, driver safety training and behavioral safety programs;
 - report unsafe conduct and conditions and safety risks.
- Employees are expected to be aware of what their co-workers are doing and report any unsafe behavior.

Aware of the importance of protecting the environment, Fluidra has made a commitment in its corporate guidelines and in its own values and principles, to promote the responsible use of water and the application of strict sustainability and efficiency criteria in developing, manufacturing, marketing and maintaining its products and services.

Fluidra's environmental commitment is defined as striving to use natural resources responsibly in order to minimize the environmental impact of the group's activities and the negative effects of its products throughout their life cycle. This includes maximizing the energy efficiency of its operations as part of our overall climate change strategy and using sustainable materials and green chemistry in the research, development and manufacturing activities whenever possible.

Employees are expected to work together to minimize environmental impact in their daily work, which includes applying the hierarchy of waste prevention measures (avoid, reduce, recycle and reuse all materials). Here are some examples:

a) Efficient use of energy

- Employees should always consider the most efficient use of energy and look for opportunities to reduce energy consumption in their workplace. This includes turning off lights and laboratory/office equipment when not in use.
- Quality directors and plant managers should consider the most efficient use of energy, within the acceptable ranges according to regulatory or compliance standards.
- Projects are reviewed in terms of energy efficiency and renewable energy use. Preference is given to investment projects with enhanced energy efficiency that can be amortized over the duration of the project.

b) Reduction of greenhouse gas emissions

- Employees should minimize travel wherever possible and choose video or teleconferencing options, where available and appropriate.

c) Recycling or minimizing waste.

- Employees should avoid producing waste and use recycling options, provided that there are local recycling systems in place. They should consider the environment before printing emails, email attachments or other work documents.
- Process developers should incorporate techniques to reduce and recycle materials.
- Production employees should seek opportunities to reduce intermediaries and active ingredients in wastewater discharge.

d) Efficient use of water

- Employees should always consider the best use of water and identify possibilities for reducing water usage in the workplace.

2.8. Code of Ethics and Crime Prevention Model

[Ref. GRI 102-12, 102-16, 103-2, 205-1, 205-3]

The Compliance Department, which reports to the Audit Committee, and Internal Audit together aim to foster a culture of business ethics and develop internal mechanisms for the prevention, management and control of risks associated with regulatory non-compliance.

The function of the Compliance Coordinating Committee is to advise the Compliance Department on preventing and responding to crimes and breaches of Fluidra's Code of Ethics, and to promote, coordinate and cooperate on developing and/or updating procedures and policies.

The internal policies, standards and procedures define and specify the conduct that is expected of the employees of the Fluidra group. Throughout the 2020 fiscal year, Fluidra continued to work on adapting its internal corpus of regulations in order to fulfill its commitment to good corporate governance and the continuous improvement of the regulatory compliance management system. In December, training was provided to all members of the Executive Committee (MAC) on the corporate crime prevention model.

The two ethical pillars supporting the Fluidra organization are the Code of Ethics and the Code of Ethics for Suppliers. The first one inspires and defines the daily conduct of all company employees, while the second serves as a guide to social responsibility and sustainability in the supply chain. Both of these management tools are based on the ten principles of the United Nations Global Compact, as well as international best practices, and are available on the company's corporate website (<https://www.fluidra.com/about-fluidra/ethics>).

The Code of Ethics is a reflection of the values and principles that should guide the conduct of all Fluidra employees. It was created internally in 2008 and updated in 2019 to reflect Fluidra's mission and values, among other things.

Commitments outlined in the Code of Ethics

To society and human rights: commitment to respect the principles of the Universal Declaration of Human Rights.

To Fluidra's people: commitment to comply and enforce compliance with current labor legislation, and to create work environments where respect, equality and safety prevail, with special attention to the promotion of transparency and the fight against corruption and money laundering.

To stakeholders: commitment to respectful conduct and a vocation of usefulness towards shareholders, consumers, suppliers, public administrations and competitors.

To the environment: commitment to the preservation of the environment and respect for the balance of natural systems, articulated in a vocation of minimum and rational consumption of resources and a deep knowledge of the applicable regulations.

To compliance with the law: commitment of the company and its employees to comply with legislation and regulations and to promote compliance with them.

The updated Code of Ethics applies to the entire Fluidra Group and aims to raise the company's awareness of the importance of regulatory compliance and business ethics.

It is binding on all group staff and management, regardless of position or function (including administrative bodies, management positions and other control bodies). In addition to compliance with the law, it strives to guarantee ethical and responsible behavior. Since it was updated, mandatory *online* and face-to-face training sessions were conducted for all employees, totaling

2,616 people in 2019 and 1,611 in 2020.

The Code of Ethics does not replace or override the laws in force in each country or any administrative, civil, criminal, labor or commercial laws at the international level, nor the company's internal regulations or the applicable collective bargaining agreements.

Fluidra's key policy for preventing corruption and bribery and fighting money laundering is the Anti-Corruption Policy approved by the Board of Directors in 2016, as part of the crime prevention model.

The Anti-Corruption Policy, approved by the Board, is published on the company's intranet and is accessible to the entire organization. The purpose of the policy is to define prohibited behaviors for employees and, to the extent possible, suppliers, customers and distributors of the Fluidra Group insofar as any form of corruption, bribery and/or money laundering in the performance of their functions and commercial relations with the company.

There are specific controls and protocols in place for certain activities and groups due to the level of risk involved. Critical suppliers and distributors are analyzed to ensure that they have not been investigated for suspicious conduct and they must accept Fluidra's Code of Ethics as a prerequisite for entering into a relationship.

The policy also defines the protocols that apply to donations, financing, sponsorship and patronage with NGOs, in order to ensure that the funds will not be used for illicit or previously unforeseen purposes, in accordance with transparency and traceability criteria.

Understanding and being trained in this policy is an important component of business ethics at Fluidra. Also, as part of this process a global sanctions policy was created in 2020 to ensure compliance and to prevent violations of any applicable economic and trade sanctions and embargoes.

In the monitoring and assessment of risks, in 2020 and 2019, no actions related to corruption and bribery have been detected or confirmed. Additional information on anti-corruption and bribery can be found in section 2.23.

Fluidra also has an Information Security Policy and a Data Protection Policy, both of which apply throughout the group and to all employees. The Information Security Policy uses ISO 27001 and ISO 27002 as the frameworks of reference and stipulates that access to confidential information and personal data must adhere to the necessary control measures and protocols (from physical access to facilities, to the use of passwords, including aspects such as cybersecurity, teleworking or the regulation of the hardware and software used in the organization, to name a few). The Data Protection Policy, which is consistent with the regulations on this subject in the European Union, in Spain and other countries where Fluidra does business, as well as to the Spanish Penal Code, aims to adapt the company's information systems to the specific regulations on the processing of data of any person who, for whatever reason, is related to Fluidra, ensuring their rights and freedoms. To that end, it regulates the forms for the registration, modification, access and retention of data.

2.9. Equality Policy

[Ref. GRI 102-16, 103-2]

Equal opportunities among different groups and people is a basic pillar in Fluidra's human resources management, a transversal axis that aims to be present in all areas of our organization.

The main objective of the Equality and Diversity Policy is to ensure that everyone has the same opportunities for joining our organization, making contributions to it and being promoted in line with the principles and values established by the group. For this reason, compliance with this policy is mandatory for all group companies in all geographical locations, without prejudice to the laws in force in each one of the countries where Fluidra operates.

Gender Equality

The principle of equal opportunities for women and men implies a total absence of direct and/or indirect discrimination for reasons of gender, especially discrimination stemming from maternity leave, family responsibilities and marital status.

Based on this principle, Fluidra's goals in gender equality matters are as follows:

- a) To promote a corporate culture based on equal treatment so that men and women have the same opportunities for accessing jobs and training, are given the same promotion prospects and salaries, and in general enjoy the same working conditions, by focusing our human resources policies on the attainment of this goal.
- b) To adopt specific measures that favor women when there are clear cases of inequality with regard to men.
- c) To boost the number of women on the Board of Directors and in senior management positions, and in other areas of the company where they may be underrepresented. In the selection processes of board members and senior management, as well as of other professionals in the organization, Fluidra will take gender diversity into consideration in order to safeguard equal opportunities without contravening the main purposes of the selection process, such as taking on the person most suited to a post by applying objective criteria in terms of candidates' training, professional experience and qualifications. Gender or other forms of diversity should not constitute an obstacle in ensuring the efficient running of the Board of Directors and/or the management, sales, production and operational teams that successful candidates join.
- d) To respect and act in accordance with the principles established in Fluidra's Code of Ethics related to equal opportunities and non-discrimination by remedying any actions that could lead to a breach in these principles. Any such breaches must be dealt with by the Committee for the Promotion of the Code of Ethics or any other body in the organization with the powers to take action.
- e) To apply the principle of gender equality mainstreaming throughout the organization by ensuring that all corporate documentation is written using non-sexist language.
- f) To implement work-life balance measures that allow employees returning from maternity or paternity leave to continue advancing professionally in keeping with their interests and the opportunities which the company is able to offer at the time.
- g) To design equality programmes adapted to the need of each group company by setting specific targets and actions that promote equality in the workplace.
- h) To take part in external programmes and/or projects that support equality between men and women by raising awareness and promoting participation throughout the organization.

Integration of the disabled

All group companies must facilitate the integration of the disabled. They must at all times fulfill the legislation in force on the hiring of the disabled by encouraging the incorporation of people from this group providing they are able to properly carry out the duties for which they have been hired.

Fluidra's goals for the inclusion of people with disabilities in the workforce are as follows:

- a) To ensure that the workplaces of all group companies are accessible to everyone by breaking down any physical barriers that may exist.
- b) To foster a corporate culture based on equal treatment so that people with disabilities have the same opportunities for accessing jobs, for training, promotion, professional development, compensation and working conditions in general, by focusing our human resources policies on the attainment of this goal.
- c) To take part in external programmes and/or projects that support equality for the disabled by raising awareness and promoting participation throughout the organization.
- d) To establish collaboration agreements with organizations and associations that work towards the inclusion of the disabled in the job market.
- e) To ensure that all Fluidra companies and workplaces comply with the laws in force governing the hiring of disabled persons.

Cultural Integration

Socio-economic changes and Fluidra's international expansion mean that we are increasingly working in multicultural teams and environments. This reality has led to the need for Fluidra to draft a series of corporate goals to help us facilitate the social, cultural and professional integration of employees from other countries.

- a) To foster a corporate culture based on equal treatment so that immigrants have the same opportunities for accessing jobs, for training, promotion, professional development, compensation and working conditions in general, by focusing our human resources policies on the attainment of this goal.
- b) To provide all of the information and training needed by foreign employees to attain a satisfactory degree of social, cultural and professional integration by carrying out specific welcoming programmes when necessary.
- c) To take part in external programmes and/or projects that support equality for immigrants by raising awareness and promoting participation throughout the organization.

2.10. Human Rights Policy

[Ref. GRI 102-16, 103-2]

Fluidra joined the United Nations Global Compact in 2007 and has been a contributing partner since 2016. All of Fluidra's codes are based on the 10 principles.

1. To support and respect the protection of internationally proclaimed human rights
2. To make sure that they are not complicit in human rights abuses.
3. To uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. To support the elimination of all forms of forced and compulsory labor.
5. To support the effective abolition of child labor.
6. To eliminate discrimination in respect of employment and occupation.
7. To take a precautionary approach to environmental challenges;
8. To undertake initiatives to promote greater environmental responsibility.
9. To encourage the development and diffusion of environmentally friendly technologies.
10. To work against corruption in all its forms, including extortion and bribery.

These principles are included in the company's Code of Ethics, which are applicable throughout the group and must be known and respected by all employees. They are also included in the Code of Ethics for Suppliers, which requires suppliers to respect and comply with the principles in the Universal Declaration of Human Rights, Children's Rights and the Declaration of the International Labor Organization, and to comply with the laws in force. Both documents are available on the company's corporate website (<https://www.fluidra.com/about-fluidra/ethics>).

2.11. Whistleblower Policy

[Ref. GRI 102-16, 102-17, 103-2, 205-3, 406-1]

The Ethics Committee includes members from the Corporate Human Resources and ESG, Internal Audit and Legal departments. The Ethics Committee receives, examines and replies to questions, complaints and reports submitted by employees, customers, suppliers and other stakeholders. All requests and incident reports are strictly confidential and the privacy of the parties involved is protected.

The Ethics Committee reports to the Audit Committee, a governing body that reports directly to the Board of Directors.

The Whistleblower Hotline is available on the corporate website, on Fluidra's intranet and by email at ethics@fluidra.com, and is accessible to all employees, customers, suppliers and other stakeholders. It is possible to ask questions, seek advice or report an incident using the online form or sending an email.

All communications are handled confidentially as the basis for making decisions and dealing with the people involved. To date, it has not been necessary to activate external mechanisms for advice on ethical and legal conduct, with the internal Legal, Tax and Compliance departments determining the guidelines to be followed in these matters.

Eighteen reports were received in 2020 (compared to seven the year before). However, once analyzed and evaluated, it was found that they were not human rights, corruption or discrimination claims. In all cases, the internal analysis and evaluation protocols were applied and the issues were properly and timely resolved. For data protection reasons, this report does not provide details of the geographical areas of the reports received, nor does it provide further information on the matters submitted for consultation or complaint.

2.12. Policy Results

All of these policies are monitored following the recommendations of the *Global Reporting Initiative* (GRI), preparing an annual Integrated Report on the results of these policies and other matters. The following sections of the document detail the results of the GRI indicators in each area.

2.13. Key Impacts, Risks and Opportunities

[Ref. GRI 102-11, 102-15, 201-2]

In its role as an advisory body to the Board of Directors, the Audit Committee is responsible for overseeing the management of Fluidra's business risks.

The Risk Management System works on a comprehensive and continuous basis, managing risks subsidiary-by-subsiary and by geographical area, supplemented by the areas that provide corporate support services. It includes the identification, analysis, measurement – by line of business and current environment – control and associated mitigation plans.

The Audit Committee's risk management functions include:

- Identifying the different types of risk (strategic, operational, technological, financial, legal, reputational and unforeseen), including contingent liabilities and other off-balance sheet risks.
- Identifying the measures in place to mitigate the impact of the identified risks should they occur.
- To check and monitor the Corporate Risk Map so that it can be used to identify, manage and follow up any risks that could have a significant impact on the group's goals.

The various risks are identified and assessed following an analysis of events that could cause them. Risk assessments are conducted using metrics that calculate the probability and impact of risks. Controls that are already in place are chosen to mitigate them and additional action plans put in place if deemed necessary. This process, which is conducted and coordinated annually by the Internal Audit department, enables the company to obtain its Risk Map. The most relevant risks are taken from this map and, together with the main variations compared to the previous business year, are submitted to the Audit Committee for discussion and approval.

The levels of risk severity and probability are set based on qualitative and quantitative criteria. Once critical risks have been identified and assessed, management decides on the specific actions to be taken, the person responsible for implementing them and the deadline for mitigating their impact and probability, as well as reviewing the controls to which such risks are currently subject.

The risk analyses, controls and actions taken to mitigate their impact and probability are submitted annually to the Audit Committee for review and approval. Subsequently, the Audit Committee reports its findings to the Board of Directors.

Key Risks

Development of new products.

Sales of new strategic products are analyzed continuously and compared with competitors using market research tools, and statistical databases able to break figures down by market and product type.

Comparative studies are conducted that enable figures to be measured against those of competitors and to update the assessments of the products using the information obtained.

Specific action plans have been designed to ensure production output adapts to the levels of demand forecast for these new products.

Financial risks

Financial risks, such as exposure to interest rate and exchange rate risks, are monitored continuously so that policies can be proposed and decisions made accordingly.

Credit risks

Credit risk is monitored continuously, analyzing the financial health and the profits earned from those customers that represent the greatest risk in relation to the fixed costs assumed by the Company.

Technological risks

Given the lines of business of Fluidra's various business units, protecting their technology and the products they develop is one of the most important aspects of maintaining a competitive edge. The Company has developmental policies and standards in place as well as legal protocols to ensure their protection. Similarly, the Company is aware of the constant changes taking place in the markets linked to new technologies and therefore allocates resources to technological research and development.

Risks associated with subsidiary management

Fluidra is fully convinced that reinforcing and standardizing internal procedures and controls at the group's subsidiaries is the right way to promptly detect and eradicate any irregularity in the management of the subsidiaries. To that end, the Company has a Corporate Management Control department made up of professionals who provide support and analyze the procedures of subsidiaries located in different countries around the world in order to ensure the standardization of financial statements and daily practices. In an effort to standardize procedures and ensure robust controls, there is also an implementation and upgrade plan for the subsidiaries' computer systems.

Risks associated with the integration process

Fluidra seeks to expand in the territories where it does business by acquiring companies in the sector. A clear example of this is the merger with Zodiac. The Company is aware of the importance of a good integration process that covers the areas of technology, regulations, processes, information systems and personnel management to ensure that the newly acquired companies are efficiently integrated with the group.

Development of new lines of business

Fluidra is constantly analyzing new lines of business that add value to the group. Aware that any new activity involves an intrinsic risk, the company engages the services of specialized external consultants to assist in the development process.

HR-related risks

Talented employees are essential to the achievement of the company's objectives, and the absence of such talent can be detrimental to the group's success. Likewise, good people management reduces labor conflicts and helps to detect problems at an early stage, before they can affect the company's performance.

To this end, Fluidra companies have a bonus policy linked to the company's results and the individual contribution of employees through their personal goals, which helps to identify and reward the best professionals in order to attract and retain talent.

It is also vital to define a succession plan that guarantees the company's continuity and this entails defining the individual and collective development plans.

The parent company has a Whistleblower Hotline set up by the Audit Committee that is jointly managed by Corporate HR, Internal Audit and the Legal Department, so that any company employee can report internal control, accounting and audit issues. The company has talent management plans aimed at minimizing human capital risk.

Risks related to processes

These risks are monitored and managed centrally by the Management Control Department and checked by the Internal Audit Department. The processes for obtaining consolidated financial and economic information are conducted at headquarters following corporate guidelines. Both the consolidated annual accounts and the individual accounts of each subsidiary are checked by external auditors.

Climate risks

The company's risk map considers climatology or meteorology as a risk, that is, the possible economic losses derived from adverse changes in certain climatic variables, both globally and locally, in some of the regions or countries where Fluidra operates. The risk and financial impact are calculated based on the potential for lower sales of seasonal products. The system currently used to offset the risk consists of diversifying the business geographically, increasing the portfolio of products for adverse weather conditions and researching and development products with low water, power and chemical consumption, as well as products and services that enable the swimming pools to be operated efficiently at any time of the year and in any weather situation.

In addition, the ESG department performs a qualitative analysis of the physical and transitional risks associated with climate change, and how they could affect the business, thus taking into account the double materiality of environmental aspects. Specifically, it has been determined that the acute physical risks of climate change on the company's infrastructures and the costs associated with prevention, adaptation and mitigation are the ones most likely to occur in the medium term and could have the greatest impact on the business, both financially and operationally. One such episode that occurred this year was Storm Gloria, which caused a series of damages, e.g., the pump room at CEPEX's was affected and required remediation costs to be incurred.

An in-depth analysis is planned in 2021 to determine the forecasts regarding the consequences of climate change on the group's facilities and operations in order to develop specific prevention, mitigation and adaptation plans and what opportunities can be derived from them. It is also planned to implement the reporting recommendations made by the Task Force on Climate related Financial Disclosure (TCFD).

Fiscal and legal risks

Fluidra has defined a procedure for identifying and assessing legal and fiscal risks that it applies on a regular basis. The purpose of this procedure is to identify disputes or litigation that may have an impact on the company's assets, or differences of opinion that may arise due to different interpretations of the law with regard to a specific tax. The Company analyzes the situation and makes the appropriate accounting provisions in order to adequately cover the risk in the event that it materializes. Specifically, in the environmental law arena, the subsidiaries and regions are responsible for regulatory compliance, and are supported by the corporate ESG and HSE departments to study current and future regulations in this area in order to comply with all existing and future requirements.

Reputational risks

Reputational risks are relevant to the company as they can affect the corporate image. Fluidra favors transparency in its communications with stakeholders and compares itself against

different international benchmarks and ratings by external agencies to ensure compliance and plans for future improvements.

Social risks

The analysis of social risks associated with human rights violations is important since the company operates in some countries that do not adhere to the United Nations Global Compact or the ILO principles. Consequently, work began in 2020 on a supplier evaluation and audit system and an in-depth risk analysis is planned for 2021. Processes will be defined to ensure compliance with these requirements throughout the value chain.

The risks associated with corruption, bribery and money laundering do not appear in the company's 2020 risk map due to the probability and impact criteria.

2.14. Current and foreseeable effects of the company's operations

[Ref. GRI 102-11, 102-15, 103-2, 201-2]

Health and safety

Employee health and safety is of paramount importance to Fluidra.

Employees in Spain are offered annual physicals on a voluntary basis. Fluidra Health was started in 2019 as a pilot program at some of the group's companies. Due to the Covid-19 pandemic it was not possible to move forward with the program and the activities are suspended at this time. If the health situation permits, the development of the plan will resume in 2021.

Regarding safety at group companies, there are plans to conduct risk assessments to ascertain the risks and establish measures to eliminate them or, if this is not possible, to minimize them through the corresponding protective measures.

The definition of the HSE (Health, Safety & Environment) standards that will unify the criteria and priorities among the group's companies in these areas was practically finalized in 2020 and will be published in 2021. These 12 standards, which will start to be implemented and developed in 2021, starting with the development of global procedures for "Warehouses", "Safety, Development & Production" and "Emergency Management" standards.

It should be noted that the global procedure on "Work Permits" was already developed in 2020 for the "Safety, Development & Production" standard, given the potential risk of serious accidents associated with the types of work considered in this procedure. Implementation began in 2020 and will continue throughout 2021 and 2022.

At Fluidra, monthly meetings are held with HSE specialists, although due the pandemic the meetings had to be held by videoconference in 2020. Any problems that have arisen during the period are discussed at these meetings, in addition to the work performed and progress made on HSE issues.

Some of the activities of the HSE Corporate Communication Plan in 2020 included sharing recommendations, deploying the Driving for Life road safety campaign and issuing accident alerts through HSE Alerts.

When Covid-19 struck, disease prevention protocols were put in place for all group companies including measures such as the implementation of teleworking (accompanied by an effort to reinforce cybersecurity measures) for positions and functions that allow it or the reinforcement of sanitary measures in the production units, i.e., installing dividers, providing masks and hand sanitizer, among other measures, depending on the specific needs of the facilities and the sanitary measures dictated by the authorities in each country. The pandemic has required HSE professionals

to manage social alarm among workers, minimizing risks in the workplace and enforcing the regulations issued by the health authorities in each country.

Environmental assessment or certification procedures

Group companies that certify their environmental management systems do so by obtaining ISO 14001 certification through an independent entity that audits them and checks the veracity, traceability, consistency and sustainability of the environmental management system.

Those companies that are already certified renew their certification at the appropriate time and those that are not yet certified are expected to become certified over the next few years. In 2020, a total of nine production plants in Spain were certified (representing 26.4% of the plants worldwide), whose certification renewal will take place in 2021 and 2022, with the exception of CEPEX in 2023. Overall, 75 internal audits focused on the internal review of management systems while twelve external audits associated with ISO certification were carried out in the group's nine main factories. The effects of the pandemic have delayed the certification of other plants, scheduled for 2021, postponing to 2022 the certification of one of the plants in Brazil and the plant in South Africa. The certification of plants according to ISO 14001 will continue in the coming years until all of them have their environmental management systems certified.

Resources allocated to the prevention of environmental risks

Although environmental risks are integrated into the group's risk management, the ESG and HSE department conducts a more in-depth analysis of them. The company takes a holistic approach to risk management, integrated into the actions taken to improve its processes, its products and to manage the people who work at Fluidra. The environment is one of the risks faced by Fluidra risks as a company. As such, it acts responsibly to prevent any of its actions and activities from causing environmental damages and to prevent any external phenomena that could affect the organization. In 2020, the cost of environmental risk prevention totaled €181,819; three weather-related incidents were identified, and remediation costs amounted to €39,176. In addition, the group invested €691,405 last year in environmental improvements at its five main factories.

Application of the Precautionary Principle

Before we embark on any activity, the risks to the health and safety of people and the environment are assessed. The precautionary principle is ever-present and applies to everything we do.

Provisions and Guarantees for Environmental Risks

As required by law, Fluidra has taken out an environmental insurance policy to cover its environmental liability for the operations of Inquide SAU, Metalast SAU and Trace Logistics S.A., with an insured value of €5 million. However, Fluidra believes that the best guarantee is to be respectful of the environment and adhere to established best practices. A good example of this is the ISO 14001 certification policy for production centers and the best practices applied to the management of the group's companies.

No operations were detected with any negative impacts, real or potential, on the communities where we operate. Direct emissions associated with production and waste generation, which would be the most significant direct impacts on the environment, are managed and minimized by the teams dedicated to their control within each plant.

2.15. Air Pollution

[Ref. GRI 305-7]

In the course of its production processes, Fluidra releases a series of direct emissions into the atmosphere that are detailed on the table below. All production plants are located in industrial areas and are directly and continuously managed by the plant and HSE managers assigned to them.

In tons	2019	2020*
Other volatile compounds (VOCs)	127.2	130.30
Hydrochloric acid	-	0.03
Chlorine	-	0.13
Fugitive emissions (CO ₂ eq)	-	15.15
CO	-	3.31
SOx	-	4.46
NOx	-	10.22
PTS	-	0.64

**These emissions correspond to those declared by the main production companies Cepex, Waterlinx, Inquide, Metalast and Poltank and those estimated for the rest of the companies according to their consumption of diesel fuel and natural gas.*

Due to the increased scope and use of estimates to better reflect the reality of emissions, the data for the previous year are not comparable except for VOCs, where a slight increase can be observed.

In the specific case of Poltank, the use of acetone during the production process leads to higher VOCs emissions. Consequently, the company launched an initiative in 2020 to reduce the use of this material by using solvents without VOCs.

In terms of noise pollution, the Togama plant located in Castellón de la Plana (Spain) made a significant improvement to its facilities in 2020 to reduce this type of pollution. This plant manufactures the ceramic tesserae that cover floors and walls. The presses used in the production process create a hazardous environment for workers, so that hearing protections had to be used continuously throughout the building where the presses are located. Thanks to the steps that were taken, the decibel level has been reduced considerably, so that now the use of hearing protection is only required when something specific must be done next to the presses. The risk of noise pollution is not significant at the rest of the plants.

No structural modifications were made to prevent or reduce light pollution at any production plant, as there were no incidents or complaints of any kind.

2.16. Climate Change

[Ref. GRI 305-1, 305-2, 305-3, 305-5]

Fluidra is aware of the problem of climate change in the world and is working on an internal action plan to advance in the areas of mitigation and adaptation, to the extent possible. For the first time, in 2020 the company's complete carbon footprint was calculated for all three scopes following the GHG Protocol methodology (operational control). For future controls and determination of reduction targets, 2020 will be taken as the base year, as it is the first year in which the complete footprint was calculated. Based on this work, in 2021 we will proceed to define an emissions reduction and compensation strategy for the three scopes and for the short, medium and long term, taking into account the recommendations of scientists and existing initiatives (SBTi, Paris Accord) when defining these objectives.

Direct Greenhouse Gas Emissions (Scope 1)

The direct GHG emissions caused by Fluidra are based on the use of fossil fuels for production, heating, fugitive emissions and the use of owned or leased vehicles at the group's offices, points of sale and factories.

Scope 1				
Denomination	Item	Unit of Measure	2019¹	2020
Natural gas	Emissions	tCO ₂ eq	2,773	2,311
Diesel (production/heating)	Emissions	tCO ₂ eq	1,535	2,062
Diesel (vehicles)	Emissions	tCO ₂ eq	4,051	3,649
Fugitive emissions	Emissions	tCO ₂ eq	16	15
			8,375	8,037

1) The 2019 values were recalculated using the methodology applied in 2020 to ensure the comparability of the reported data.

Data from offices, points of sale, warehouses, production sites and the group's fleet of owned vehicles, calculated according to the Corporate Accounting and Reporting Standard, GHG Protocol, have been taken into account. Fugitive emissions come from the maintenance of the climate equipment by CEPEX and Waterlinx. The company is working toward a more systematic collection method for all other maintenance in the climate systems for a more accurate calculation.

This is calculated using the following formula:

$$\text{Liters or kWh of total fuel consumed (by type)} * \text{emission factor}$$

Emission factors: those published by DEFRA in its latest version of the document.

The Global Warming Potentials (GWPs) published in the fourth IPCC 100-year report (Regulation 517/2014) are used to calculate leakage in tons of CO₂ equivalent, as indicated in the document issued by DEFRA for the corresponding year.

Part of the reduction in CO₂ emissions is due to the pandemic, since there was a clear reduction in

the use of company vehicles, as well as the addition of more sustainable vehicles to the company's fleet, which are renewed every four years. On the other hand, Fluidra has a specific department (Lean) which is responsible for continuously improving the efficiency of the company's facilities and operations. Moreover, boilers and equipment are inspected regularly to keep them in proper working order and free of leaks, which helps to prevent and reduce additional emissions. The energy audits carried out in Spain also help to make improvements, which further contributes to this reduction. Finally, it is observed how due to the high demand there was an increase in the consumption of diesel associated with the production processes.

Indirect Greenhouse Gas Emissions associated with the generation of power purchased or consumed (Scope 2)

The indirect GHG emissions produced by the Fluidra Group are the result of the electricity purchased from third parties and consumed.

Scope 2³				
Denomination	Item	Unit of Measure	2019	2020
Electric grid	Emissions	tCO ₂ eq	16,380²	16,705

2) The 2019 values were recalculated using the methodology applied in 2020 to ensure the comparability of the reported data.

3) On a location basis

For Scope 2 emissions, this was calculated by multiplying the electricity consumption in kWh by the corresponding emission factor in each case. The calculation is performed on both a location and market basis (10,607t), following the recommended best practices and using the electricity mix rated for each country based on the data published by the regulators; alternatively, it is calculated from the data published by the International Energy Agency, using the methodology of the Corporate Accounting and Reporting Standard, GHG Protocol.

In Spain and Portugal, all of the electricity purchased in 2020 was 100% renewable, certified with a guarantee of origin, and represents 60% of the group's electricity in 2020. There are plans to include three more countries in the renewable energy purchasing initiative, which would increase the overall percentage. The medium-term goal is to purchase only renewable energy. By 2022, the goal is to reduce Scope 2 emissions by 3% by increasing the use of renewable energy in other countries and improving energy efficiency at production plants. At the same time, there are studies underway for the installation of solar panels to produce some of our own electricity and thus reduce the power obtained from the grid.

It is important to note that demand has increased due to the pandemic and, along with it, production and consequently the use of energy resources, despite the fact that some facilities were disabled by the pandemic for a few months or weeks.

Indirect Greenhouse Gas Emissions (Scope 3)

Scope 3, Indirect GHG Emissions are reported based on the Greenhouse Gas Protocol (GHG) categories, following the guidelines of the document 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard' of 2011.

For the definition of the categories considered in the framework of other indirect greenhouse gas emissions, Fluidra analyzed the relevance and materiality of each one of the fifteen categories

defined in the protocol, selecting the ones that apply based on the company's activities and operations.

However, it should be noted that, due to the limitations of current systems for capturing and reporting data, the information presented here does not cover all of Fluidra's activities.

Scope 3				
Denomination	Item	Unit of Measure	2019	2020
Cat 1: OPEX	Emissions	tCO ₂ eq	-	297,447
Cat 2: CAPEX	Emissions	tCO ₂ eq	-	2,614
Cat 3: Fuel- and energy-related activities	Emissions	tCO ₂ eq	-	4,231
Cat 4: Upstream transportation and distribution	Emissions	tCO ₂ eq	15,989	120,677
Cat 5: Waste generated in operations	Emissions	tCO ₂ eq	-	3,809
Cat 6: Business travel	Emissions	tCO ₂ eq	3,087	1,297
Cat 7: Employee Commuting	Emissions	tCO ₂ eq	-	5,723
Cat 9: Downstream transportation and distribution	Emissions	tCO ₂ eq	-	105,001
Cat 11: Use of sold products	Emissions	tCO ₂ eq	-	16,300,115
Cat 12: End-of-life treatment of sold products	Emissions	tCO ₂ eq	-	314,570
			19,076	17,155,484

In all, Fluidra's emissions for the three scopes are estimated at 17,180,226 tons of CO₂ equivalent, considering that the calculation for scope 3 was more exhaustive in 2020 than in previous years. Emissions from business travel were clearly affected by the restrictions on mobility as a result of the measures to stop the spread of the Covid-19, due to a significant decline in train and air travel by Fluidra professionals.

For business travel, the corporate travel agencies in the United States provide data for air travel; in Spain, data are provided for travel by air, train and rental car, as well as hotel stays. The complete carbon footprint methodology will be made available to everyone on the corporate website.

The portion of emissions associated with product usage and waste from products sold was calculated for the company's two main products, water pumps and heat pumps. In 2021 we plan to expand the scope to include more products as information becomes available.

The 2020-2026 ESG Master Plan contains a series of initiatives and objectives associated with waste reduction, the development of purchasing policies to increase the sustainability of materials and to optimize product distribution with a view to reducing our scope 3 carbon footprint.

Fluidra is working to reduce its carbon footprint by conducting energy audits to look for areas for improvement. We have also implemented a system of real-time energy measurement at factories and we are purchasing certified type "A" green energy wherever possible for those facilities where we control the operations.

In 2020, in line with RD 56/2016, the mandatory energy audits were carried out with the aim of planning actions designed to improve energy usage starting in 2021.

2.17. Circular Economy

[Ref. GRI 301-1, 306-2]

The ESG Master Plan contemplates the integration of the circular economy into the group's processes, specifically circular products, i.e. those designed from the beginning to be recycled or reused. Training in the circular economy is planned for all departments involved and a strategy is being defined to advance in the integration of circular products, from the design phase to end of life, starting with a pilot project that will begin in 2021.

Fluidra has an ISO14001 environmental management system at its most intensive production centers. Nonetheless, the Global HSE Policy is the one that must prevail throughout the organization to ensure the efficient use of resources and the correct disposal of waste. As a producer, Fluidra endeavors to recycle and reuse materials to the extent possible.

Waste management at the production plants is focused on waste separation. Hazardous waste is first separated from non-hazardous waste, which is then further separated to facilitate collection and recycling. Both types of waste are delivered to authorized waste managers for disposal. Fluidra spent a total of €1,153,508 on waste management throughout the group in 2020 (for those estimated data on generated waste, there is no expense associated with them since their management is beyond Fluidra's control).

Recycling at locations other than production plants is becoming more common, with more and more locations making an effort, despite the difficulties encountered, such as the lack of governmental facilities to dispose of recycled waste in some countries. However, the Fluidra group has set medium-term objectives to ensure that all locations including production plants and others recycle and dispose of waste through authorized waste managers if this option is available in the region.

In 2020, Fluidra changed the way information is processed to include an in-depth breakdown of the types of waste, aligned with the GRI classification system, which is different from the one used previously. The information for the 2020 fiscal year is presented in the new format, while the information from prior years is shown in the old format.

The quantity of waste generated was 26,922 tons, 41% higher than the previous year as a result of a substantial increase in sales, which led to a corresponding increase in production and the inclusion of assumptions on the volume of waste generated at some facilities where primary data were not available. The scope of the data has therefore been broadened considerably and is not comparable with prior years.

External management (t)		2020				TOTAL
		Incinerated	Recycled	Reused	Landfill	
Hazardous	Batteries and electric waste	0.01	8.7	0.01	7.0	8,027
	Plastic	-	-	-	80.6	
	Chemicals, oil and lubricants	94.9	63.8	75.6	7,696.8	
Non-hazardous	Plastic	0.01	970.4	468.6	-	13,133
	Wood	24.5	2,292.0	880.7	153.4	
	Metal	0.01	506.6	0.01	23.9	
	Non-recyclable or mixed	24.1	216.0	0.04	2,234.8	
	Paper and cardboard	17.5	4,865.5	0.01	455.2	
TOTAL		0.8%	42.2%	6.7%	50.3%	21,160

Part of the data reported in the table above (20.3%) has been calculated using estimates of each company's activity, due to the lack of

primary data at some facilities. This ensures that data is provided for 100% of the companies.

Internal management (t)		2020				
		Incinerated	Recycled	Reused	Landfill	TOTAL
Hazardous	Batteries and electric waste	-	-	-	-	588
	Plastic	-	-	-	-	
	Chemicals, oil and lubricants	-	588.1	-	-	
Non-hazardous	Plastic	-	156.0	875.5	-	5,174
	Wood	-	1.0	102.0	-	
	Metal	-	2.0	11.0	-	
	Non-recyclable or mixed	-	24.0	-	-	
	Paper and cardboard	-	4,001.10	1.6	-	
TOTAL		0.0%	82.8%	17.2%	0.0%	5,762

The internal management of waste refers to the handling of the waste within Fluidra's facilities before its management or final use.

Internal Management				
Denomination	Item	Unit of Measure	2018	2019
Non-hazardous waste	Quantity	Tm	3,320	6,203
Hazardous waste	Quantity	Tm	6,428	6,271
			9,748	12,474

External Management				
Denomination	Item	Unit of Measure	2018	2019
Non-hazardous waste	Quantity	Tm	5,553	6,138
Hazardous waste	Quantity	Tm	444	475
			5,997	6,613

Fluidra has a varied and horizontal production structure, manufacturing an assortment of components and products for swimming pools encompassing different sectors (plastic sector, chemical sector, metal sector, ceramic sector, manufacturing sector, logistics sector and commercial sector). This makes the processing of raw materials and packaging somewhat complicated.

To understand the 2020 results, it is important to remember that the high demand as a result of the pandemic led to an increase in production, which in turn caused the use of raw materials to increase by almost 11,4%.

Non-renewable materials (t)	2019	2020
Metal	4,489	5,584
Chemicals	21,415	22,018
Plastic	19,633	20,430
Glass	-	1,225
Total	45,537	49,257

Packaging (t)	2019	2020
Drums (all kinds)	50	87
Cardboard boxes	4,286	5,887
Others (cork, foam, etc.)	382	-
Wood pallets	5,028	6,067
Plastic (film, bags, etc.)	1,828	2,104
Total	11,574	14,145

Reusable/recyclable materials (t)	2019	2020
External raw materials	97	76
Internal raw materials	394	1,100
Glass	12,270	13,232
Total	12,761	14,408

All of the packaging used by Fluidra is for one-time use only, although all of it is bound by national laws regulating its correct disposal at waste-management locations. Different initiatives are planned in 2021 to replace the packaging used for some products, focusing on the use of reusable boxes and the gradual elimination of components that are not 100% recyclable.

A clear example of this commitment is Unistral Recambios, which started a pilot test in 2020 that will continue in 2021 to replace plastic bags with compostable bags to package the parts they sell. This initiative will take time to implement since it involves changing or adapting the machinery currently used by the company.

Despite the pandemic, demand was high in 2020 and consequently higher production, which led to more waste being generated. However, as seen from the trends within the company, the amount of recycled waste has also increased, so that awareness of waste management is spreading throughout the group thanks to the corporate initiatives that have been implemented.

There is a target for 2021 to reduce landfill waste by 15%, ramping up recycling and reuse to reduce the company's impact. Also in 2021, it is planned to prepare a life cycle analysis (LCA) of a product, define policies relating to materials and conduct training on circular economy in those departments involved in product development.

With regard to food waste, given Fluidra's line of business, which is unrelated to food, and absence of canteens at its offices, the company considers that this aspect is not material.

2.18. Energy consumption

[Ref. GRI 302-1, 302-3]

The total energy consumed in 2020 by all member companies of the Fluidra group was 328,604 GJ, which includes offices, points of sale and the group's own factories. Of this total, 113,896 GJ came from indirect renewable energy sources, representing 35% of the total energy and 60% of the total kWh of electricity consumed. It should be noted that demand in the swimming pool and wellness sector increased due to the pandemic, which led to an increase in the group's production and, consequently, the use of diesel (production / heating) in most of our own plants (approximately 34%).

Direct energy¹				
Denomination	Item	Unit of Measure	2019	2020
Natural gas	Consumption	GJ	55,462	45,239
Diesel (production/heating)	Consumption	GJ	24,104	32,404
Diesel for vehicles	Consumption	GJ	68,850	62,100
			148,416	139,743

1) The diesel values for 2019 have been recalculated with the methodology applied in 2020 to guarantee the comparability of the reported data.

Indirect energy				
Denomination	Item	Unit of Measure	2019	2020*
Total electric grid	Consumption	GJ	185,666	188,861
% renewable electricity (with respect to the total energy consumed in kWh)			62%	60%

*2,8% of the electricity figure had to be estimated due to the lack of primary usage data for certain facilities.

Energy intensity⁴					
Denomination	Unit of Measure	2019	2020	2019 Denominator	2020 Denominator
Raw material used	GJ/tn	4.78 ¹	4.22	69,872	77,810
Per m ² of space	GJ/m ²	0.60 ²	0.53	555,575 ³	618,700 ³
Per employee	GJ/per	62.36 ²	60.45	5,357	5,436

1) The GJ / tn ratio is corrected for previous year since there was an error in the calculation.

2) The 2019 values have been recalculated with the methodology applied in 2020 to guarantee the comparability of the reported data.

3) Total square meters calculated from data reported in 2019 and 2020.

4) Including direct and indirect energy consumption within the organization.

In terms of energy intensity, the ratio per type of raw material consumed in 2020 is lower than the year before, which means greater efficiency, which is also seen in the ratio per surface area and per employee.

Attributable consumption outside the organization is limited to the fuel used for heavy-duty shipping which is outsourced by the company. The kilometers contracted in 2020 totaled 20.5 million, which is 7% less than the year before as a result of the effects of Covid-19 pandemic on the company's business activities and optimizing the way in which trucks are loaded.

In 2020, energy audits were carried out at the production plants located in Spain, covering more than 85% of consumption, as stipulated in RD 56/2016. Due to the pandemic and mobility restrictions, the audits were delayed so the reports were received at the end of the year. The proposed energy efficiency measures will be analyzed with the affected plants for implementation in 2021. Noteworthy among the initiatives already implemented by the company is the use of LED lighting at Fluidra Portugal's facilities; the use of solar energy at Fabtronics, a recently incorporated Australian subsidiary; and the use of electric forklifts at Talleres de Agua in Spain instead of diesel-powered ones.

In addition, through LEAN management, which has been implemented at many of our plants with the aim of continuously improving our processes and making them more efficient, an estimated 656,000 kWh have been saved.

Another aspect worthy of note is fleet management, where the group's policy is to constantly invest in efficient vehicles. In 2020, for example, 58 of the total fleet of 192 vehicles were new, resulting in better quality and less pollution caused by Fluidra's fleet. At the end of 2020, the Executive Committee agreed to modify the group's vehicle fleet policy in Spain, with a trend toward gradually reducing the use of diesel vehicles and possibly increasing the use of hybrid vehicles.

2.19. Water usage and wastewater management

[Ref. GRI 303-1, 303-3, 303-4]

The pressure on FLUIDRA as a business group in terms of water usage is minimal. Most companies only use domestic water. The only significant impact stems from the production of chemical disinfectants for swimming pools.

In 2020, water consumption was higher due to increased production, a significant broadening of the scope of reported data and also some leaks that occurred in Talleres del Agua and Trace Logistics for a total of 1,025m³. At the China production plant, which had a major water leak in 2019, there were no further problems thanks to the repairs to the supply system. No other group companies have experienced any leaks this year.

Group companies also sponsor initiatives to reduce water consumption, such as the initiative carried out this year by Inquide SAU to use the water used to clean machinery as the raw material for liquid product mixtures.

Most water is obtained from public or private networks, with groundwater consumption (wells) accounting for 3.8% of the total and surface water for 21.0%. In September, Togama connected to the public water supply network and stopped getting water from wells.

The 78.8% of the water that is discharged goes through public or private networks: 4.9% by external treatment; 11.8% is surface water and the remaining 4.5% is treated internally; domestic water is discharged into the subsoil. There were no spills in 2020 that could have an effect on the environment, nor were there any discharges of runoff water that affected habitats. Also, there is no record of catchments that have significantly impacted water sources. The company spent €67,959 on managing and preventing spills.

Some of the group's commercial companies are located in third-party facilities where general services (water consumption, wastewater management) are included in the rent. None of Fluidra's production plants have suffered limitations on water usage in 2020.

In 2020, a request was received from the Ebro Hydrographic Confederation (EHC) for a series of tests and analyses to be conducted on the grounds of Inquide SAU's plant in Monzón. Fluidra is working to respond to the EHC's request and to provide it with a status report.

For 2020, Fluidra has adapted the way it records water consumption and discharges to conform more closely to GRI guidelines, specifically the updated GRI 303 Standard: Water and wastewater in 2018.

Water extraction	Unit of measure	2019	2020
Public or private water network	m ³	74,432	93,706
Underground water (well)	m ³	4,519	4,760
Surface water (river, lake, etc.)	m ³	27,727	26,247
Total	m³	106,678	124,713

13% of the water usage data was estimated due to a lack of primary data.

Water discharge	Unit of measure	2019	2020
External treatment	m ³	-	4,634
Public or private water network	m ³	-	74,851
Surface water	m ³	-	11,223
Underground	m ³	-	3,478
Internal treatment	m ³	-	822
Total	m³	77,084	95,008

56% of the dumping data is estimated since most of the group's facilities are not equipped with dumping meters. The total figures for 2019 is offered, since the systems do not allow to offer the same breakdown as in 2020.

2.20. Biodiversity protection

[Ref. GRI 304-2]

All of our production facilities are located in industrial parks outside of protected areas or special interest areas, with little or no impact on biodiversity. In this regard, a materiality analysis determined that this was not a material aspect for Fluidra.

2.21. Key social and staff-related indicators

[Ref. GRI 102-8, 102-35, 102-36, 102-41, 103-3, 401-1, 401-2, 401-3, 402-1, 403-1, 403-4, 403-8, 403-9, 404-1, 404-2, 405-1, 406-1]

Employment

The figures for the number of Fluidra employees in 2020 are shown below. The top six countries in the ranking, by number of employees, account for 75% of the total, with Spain accounting for the greatest percentage at 36%.

	2020						2019					
	Male	%	Fem.	%	Total	%	Male	%	Fem.	%	Total	%
Fluidra	3,617	67%	1,819	33%	5,436	100%	3,565	67%	1,792	33%	5,357	100%
Spain	1,240	63%	718	37%	1,958	36.0%	1,190	63%	693	37%	1883	35.2%
USA	426	73%	157	27%	583	10.7%	463	74%	164	26%	627	11.7%
South Africa	383	76%	123	24%	506	9.31%	369	76%	117	24%	486	9.1%
Australia	261	63%	152	37%	413	7.60%	269	63%	161	37%	430	8.0%
France	270	68%	130	32%	400	7.36%	256	69%	113	31%	369	6.9%
China	113	51%	109	49%	222	4.08%	133	51%	128	49%	261	4.9%
Brazil	131	77%	40	23%	171	3.15%	88	60%	58	40%	146	2.7%
United Kingdom	84	57%	64	43%	148	2.72%	87	74%	31	26%	118	2.2%
Italy	92	75%	30	25%	122	2.24%	78	68%	37	32%	115	2.1%
Germany	59	63%	35	37%	94	1.73%	86	75%	28	25%	114	2.1%
Netherlands	52	67%	26	33%	78	1.43%	47	66%	24	34%	71	1.3%
Portugal	47	69%	21	31%	68	1.25%	42	67%	21	33%	63	1.2%
Bulgaria	47	77%	14	23%	61	1.12%	51	76%	16	24%	67	1.3%
Austria	36	67%	18	33%	54	0.99%	34	64%	19	36%	53	1.0%
Russia	30	61%	19	39%	49	0.90%	29	62%	18	38%	47	0.9%
Indonesia	29	66%	15	34%	44	0.81%	28	67%	14	33%	42	0.8%
Dubai	34	85%	6	15%	40	0.74%	32	86%	5	14%	37	0.7%

India	31	82%	7	18%	38	0.70%	39	80%	10	20%	49	0.9%
Mexico	12	35%	22	65%	34	0.63%	12	39%	19	61%	31	0.6%
Thailand	19	58%	14	42%	33	0.61%	19	58%	14	42%	33	0.6%
Turkey	23	77%	7	23%	30	0.55%	22	73%	8	27%	30	0.6%
Belgium	20	77%	6	23%	26	0.48%	16	89%	2	11%	18	0.3%
Hungary	17	77%	5	23%	22	0.40%	15	75%	5	25%	20	0.4%
Morocco	14	64%	8	36%	22	0.40%	12	48%	13	52%	25	0.5%
Poland	10	53%	9	47%	19	0.35%	9	50%	9	50%	18	0.3%
Canada	12	67%	6	33%	18	0.33%	12	71%	5	29%	17	0.3%
Egypt	14	82%	3	18%	17	0.31%	14	88%	2	13%	16	0.3%
Greece	10	67%	5	33%	15	0.28%	10	67%	5	33%	15	0.3%
Kazakhstan	8	53%	7	47%	15	0.28%	9	53%	8	47%	17	0.3%
Vietnam	6	43%	8	57%	14	0.26%	6	46%	7	54%	13	0.2%
Sweden	9	69%	4	31%	13	0.24%	8	67%	4	33%	12	0.2%
Singapore	9	75%	3	25%	12	0.22%	9	69%	4	31%	13	0.2%
Cyprus	8	73%	3	27%	11	0.20%	8	73%	3	27%	11	0.2%
Croatia	9	82%	2	18%	11	0.20%	7	78%	2	22%	9	0.2%
Malaysia	5	50%	5	50%	10	0.18%	6	55%	5	45%	11	0.2%
Serbia	7	70%	3	30%	10	0.18%	7	70%	3	30%	10	0.2%
Chile	8	89%	1	11%	9	0.17%	10	83%	2	17%	12	0.2%
Czech Republic	7	78%	2	22%	9	0.17%	6	75%	2	25%	8	0.1%
Colombia	4	57%	3	43%	7	0.13%	5	50%	5	50%	10	0.2%
New Zealand	4	57%	3	43%	7	0.13%	4	67%	2	33%	6	0.1%
Romania	7	100%	0	0%	7	0.13%	6	86%	1	14%	7	0.1%
Switzerland	5	100%	0	0%	5	0.09%	5	100%	0	0%	5	0.1%

Tunisia	1	25%	3	75%	4	0.07%	2	40%	3	60%	5	0.1%
Bosnia and Herzegovina	2	67%	1	33%	3	0.06%	2	100%	0	0%	2	0.0%
Denmark	0	0%	2	100%	2	0.04%	1	33%	2	67%	3	0.1%
Montenegro	2	100%	0	0%	2	0.04%	2	100%	0	0%	2	0.0%

The company's job structure remains stable with a hierarchical structure in which 2.7% of positions are senior management and 6.2% are managers. Below is a breakdown by job category, which has changed slightly compared to the previous year to adapt to the company's organizational structure. The main change is that the "Middle Management" category was broken out into "Managers" and "Professionals". In all other cases, the changes are limited to name changes although the scope remains the same.

	Male	%	Female	%	Total	
Fluidra total 2020	3,617	67%	1,819	33%	5,436	100.0%
Executive	121	81%	28	19%	149	2.7%
Managers	258	77%	79	23%	337	6.2%
Professionals	537	73%	199	27%	736	13.5%
Technicians	910	71%	377	29%	1,287	23.7%
Administration and support	444	43%	592	57%	1,036	19.1%
Production	1,347	71%	544	29%	1,891	34.8%

	Male	%	Female	%	Total	
Fluidra total 2019	3,565	67%	1,792	33%	5,357	100.0%
Directors	144	83%	30	17%	174	3.2%
Middle Managers	558	75%	189	25%	747	13.9%
Technicians	960	70%	405	30%	1,365	25.5%
Administrative	437	40%	650	60%	1,087	20.3%
Operators	1,466	74%	518	26%	1,984	37.0%

The maturity and operating experience of the staff are ensured by the fact that 64.6% of

employees fall within the 30 to 50 age range.

	Male	%	Female	%	Total	
Fluidra total 2020	3,617	67%	1,819	33%	5,436	100.0%
18-29 years old	408	64%	225	35%	633	11.6%
30 - 50 years old	2,337	66%	1,197	33%	3,534	65.0%
Over 50 years old	872	69%	397	31%	1,269	23.4%

	Male	%	Female	%	Total	
Fluidra total 2019	3,565	67%	1,792	33%	5,357	100.0%
Under 30 years old	517	67%	256	33%	773	14.4%
30 - 45 years old	1,722	65%	922	35%	2,644	49.4%
46 - 55 years old	923	67%	460	33%	1,383	25.8%
Older than 55 years old	403	72%	154	28%	557	10.4%

All Fluidra companies in Spain comply with the disability laws in force. Disabled employees are either hired directly or through Special Employment Centers. Above and beyond the legal requirements, this is one of the aspects where work needs to be done in the future to improve overall ratios, even when it is not a legal requirement. In some countries, such as the United Kingdom, there is an equality policy that details the company's objectives in this area.

At the end of 2020, Fluidra had a workforce of 48 people (31 in Spain) with a disability of 33% or more (in 2019, 33), 13 of whom were women (in 2019, 12) and 35 were men (in 2019, 21). In addition, the group collaborates with numerous associations that have workers with different degrees of disability.

As for foreign staff, Fluidra is a transnational organization that is committed to creating jobs wherever it operates. In addition, as a multicultural organization there are opportunities for employees from different countries to move between the group's companies.

Job stability is very important to Fluidra, which is why we have a high percentage with 95% of permanent employees, similar to the figures for 2019 and an estimated average length of service of 8 years.

	Male	%	Female	%	Total	
Fluidra total 2020	3,617	67%	1,819	33%	5,436	100.0%
Permanent (full time)	3,446	68%	1,620	32%	5,066	93.1%
Temporary (part time)	23	19%	97	81%	120	2.2%
Temporary contract (full time)	124	58%	89	42%	213	4.0%

Temporary contract (part time)	24	65%	13	35%	37	0.7%
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	Male	%	Female	%	Total	
Fluidra total 2019	3,565	67%	1,792	33%	5,357	100.0%
Permanent (full time)	3,379	68%	1,570	32%	4,949	92.4%
Permanent (part time)	22	15%	123	85%	145	2.7%
Temporary contract (full and part time)	164	62%	99	38%	263	4.9%

	Permanent (full time)	Temporary (part time)	Temporary contract (full time)	Temporary contract (part time)
Fluidra total 2020	5,066	120	213	37
18-29 years old	550	11	66	6
30 - 50 years old	3,330	81	113	10
Over 50 years old	1,186	28	34	21

	Permanent (full time)	Temporary (part time)	Temporary contract (full time)	Temporary contract (part time)
Fluidra Total 2019	4,949	145	224	39
Under 30 years old	671	14	81	7
30 - 45 years old	2,476	76	75	17
46 - 55 years old	1,285	39	48	11
Older than 55 years old	517	16	20	4

In 2019, this information disaggregated by age was not available, so it has been estimated based on the data obtained for 2020.

	Permanent (full time)	Temporary (part time)	Temporary contract (full time)	Temporary contract (part time)
Fluidra total 2020	5,066	120	213	37
Executive	148	1	0	0
Managers	334	3	0	0
Professionals	720	8	6	2
Technicians	1,233	27	20	7
Administration and support	944	48	32	12
Production	1,687	33	155	16

In 2020, this information disaggregated by professional category was not available, so it has been estimated based on the data obtained for average annual contracts.

	Permanent (full time)	Temporary (part time)	Temporary contract (full time)	Temporary contract (part time)
Fluidra total 2019	4,949	145	224	39
Directors	173	1	0	0
Middle Managers	733	10	4	0
Technicians	1,300	43	21	1
Administrative	987	51	37	12
Operators	1,756	40	162	26

In 2019, this information disaggregated by professional category was not available, so it has been estimated based on the data obtained for average annual contracts.

Average annual contracts

	Male	Female	Total
Fluidra total 2020	3,661	1,839	5,500
Permanent (full time)	3,487	1,648	5,135
Temporary contract (full time)	141	90	231
Part time (permanent and temporary)	33	101	134

	Male	Female	Total
Fluidra total 2019	3,680	1,811	5,491
Permanent (full time)	3,415	1,557	4,972
Temporary contract (full time)	247	131	378
Part time (permanent and temporary)	18	123	141

	Permanent (full time)	Temporary contract (full time)	Part time (permanent and temporary)
Fluidra total 2020	5,135	231	134
Executive	213	0	1
Managers	328	0	3
Professionals	676	6	9
Technicians	1,263	24	31
Administration and support	951	34	54

Production	1,704	167	36
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	Permanent (full time)	Temporary contract (full time)	Part time (permanent and temporary)
Fluidra total 2019	4,972	378	141
Directors	206	0	0
Middle Managers	972	7	8
Technicians	1,223	35	34
Administrative	921	63	48
Operators	1,650	273	51

In 2019, this information disaggregated by professional category was not available, so it has been estimated based on the data obtained for 2020.

	Permanent (full time)	Temporary contract (full time)	Part time (permanent and temporary)
Fluidra total 2020	5,135	231	134
18-29 years old	555	65	22
30 - 50 years old	3,399	118	73
Over 50 years old	1,181	48	39

	Permanent (full time)	Temporary contract (full time)	Part time (permanent and temporary)
Fluidra total 2019	4,972	378	141
Under 30 years old	674	36	47
30 - 45 years old	2487	198	49
46 - 55 years old	1291	103	32
Older than 55 years old	520	41	13

In 2019, this information disaggregated by age was not available, so it has been estimated based on the data obtained for 2020.

Because of the flexibility that is required to deal with the somewhat seasonal nature of the business, approximately 6.5% (7% in 2019) of our staff are externally outsourced, temporary employees, which helps us to stabilize our accounts.

2020	Male	%	Female	%	Total
Hired through employment agencies	235	67%	116	33%	351
Self-Employed Workers	6	86%	1	14%	7

2019	Male	%	Female	%	Total
Hired through employment agencies	291	75%	95	25%	386
Related independent contractors	3	100%	0	0%	3

The structural turnover of permanent contracts at Fluidra in 2020 was down two points compared to 2019 at 10%, consistent with the levels that existed prior to the merger between Zodiac and Fluidra, which caused this figure to be relatively high in 2018 and 2019.

	Male	%	Female	%	Total
Terminations in 2020	301	63%	177	37%	478
Terminations in 2019	417	66%	214	34%	631

	No. of terminations in 2020
Fluidra total 2020	478
Executive	14
Managers	21
Professionals	64
Technicians.	87
Administration and support	123
Production	169

	No. of terminations in 2019
Fluidra total 2019	631
Directors	19
Middle Managers	112
Technicians	115
Administrative	162
Operators	223

In 2019, this information disaggregated by professional category was not available, so it has been estimated based on the data obtained for 2020.

	No. of terminations in 2020
Fluidra total 2020	478
18-29 years old	99
30 - 50 years old	297
Over 50 years old	82

	No. of terminations in 2019
Fluidra total 2019	631
Under 30 years old	131
30 - 45 years old	288
46 - 55 years old	151
Older than 55 years old	61

In 2019, this information disaggregated by age was not available, so it has been estimated based on the data obtained for 2020.

	% Men	% Women	% Total
Structural turnover 2020	10.6%	8.7%	10%
Structural turnover 2019	12%	12%	12%

There was a major reorganization in 2019 in connection with the integration of Zodiac and Fluidra in those geographical areas where each one had significant market shares. In the United States, Australia, South Africa and Europe, the integration process led to the elimination of some duplicate positions during the year. In 2020, the most significant adjustments were in Spain, the United States and Brazil, which accounted for 69% of the group's layoffs.

	Male	%	Female	%	Total
2020 layoffs	198	71%	79	29%	277
2019 layoffs	159	68%	74	32%	233

Scope: permanent contracts

	Male	%	Female	%	Total	
Fluidra total 2020	531	67%	260	33%	791	100%
Permanent contracts added	313	67%	155	33%	468	58%
Temporary contracts added	218	67%	105	35%	323	42%

Fluidra total 2019	535	67%	263	33%	798	100%
Permanent contracts added	301	65%	162	35%	463	58%
Temporary contracts added	234	70%	101	30%	335	42%

Salaries

Fluidra is committed to effective equality which means offering equal opportunities and equal pay for the same job, regardless of gender.

Salary ranges are managed in order to enhance internal equity and make sure that the company remains competitive in the market.

Compensation and raises are managed internally through collective bargaining with employee representatives but without the participation of other stakeholders for reasons of confidentiality and data protection.

It should be noted that 2020 data are not comparable with 2019 due to:

- The sample size for calculating average compensation: while in 2019 only 55% of employees were considered, this year 96% of the workforce was included, the only exclusions being temporary employees with seasonal contracts and employees who are paid by the hour.
- Breakdown of results: last year we reported unconsolidated data, broken down by geographical area, in local currency. This year, the data was consolidated and converted to euros using the average annual exchange rate.

Based on the above, the comparison shown below refers to data from Spain (the most significant sample reported in 2019):

	Male	Female	Total
Fluidra average compensation in 2020 (€)²	38,794	29,878	35,870
Fluidra average compensation in 2019 (€) ¹	38,353	28,103	34,797

1) The data scope in 2019 was only Spain.

2) The data scope in 2020 includes all Fluidra companies

	Fluidra average compensation in 2020 (€)
Fluidra total 2020¹	35,870
Executive	236,653
Managers	100,112
Professionals	55,226
Technical	25,669
Administration and support	23,149
Production	18,893

	Fluidra average compensation in 2019 (€)
Fluidra total 2019²	34,791
Directors	241,483
Middle Managers	77,669
Technicians	30,199
Administrative	24,627
Operators	20,099

In 2019, this information disaggregated by professional category was not available, so it has been estimated based on the data obtained for 2020.

	Fluidra average compensation in 2020 (€)
Fluidra total 2020	35,870
18-29 years old	23,356
30 – 50 years old	34,035
Over 50 years old	47,504

We are unable to provide data on pay variations by age because there is no comparable data from the year before for this analysis.

Wage gap

Fluidra's compensation policy strives to move ever closer to equal pay for men and women, based on categories and functions, in order to eliminate the unjustified pay gap due to seniority. In 2020, Fluidra, with the support of a specialized and independent external firm, made progress creating a unified corporate compensation system in order to provide information on the wage gap for the entire group.

The unadjusted wage gap, expressed as a percentage, is the difference between the total gross salary including fixed and variable compensation (excluding performance bonuses) received annually by men and women. The calculation does not consider adjustments that would allow us to isolate the effect of differences between men and women on wages, both in socioeconomic terms (age, seniority, level of education or academic and professional choices) and in terms of the positions they occupy (sectors where they work or type of occupation, among others).

- Mean: Shows the difference between the average pay of men and women. It is equivalent to the sum of the data set, divided by the number of values in the set

$$(M - F) / M \times 100\%$$

M = Average salaries of males F = Average salaries of females

Fluidra has provided data for 96% of the company's workforce (excluding seasonal and hourly workers). The results are shown in euros, calculated at the average annual exchange rate.

Overall, based on the available information, the wage gap between men and women is 23% (comparable data for 2019 is not available). The composition of Fluidra's workforce is an important factor, as 70% of the workforce are men compared to 30% women. This is not accounted for in the results of the wage gap analysis. The following table shows the wage gap by job category and geographical area.

	Fluidra total 2020
Executive	7%
Managers	11%
Professionals	8%
Technicians	2%
Administration and support	-3%
Production	3%

We are unable to provide data on pay variations because there is no comparable data from the year before.

If the total wage gap is analyzed as the difference in the average salary of men vs. women, it is around 23%. The differences between the remuneration policies of 45 countries, the standards of living in the countries where Fluidra does business and the breakdown of the workforce between men and women must all be considered. Although the 2020 study concludes that there are differences in the wages paid to men and women, the differences are less striking when analyzed by professional category, as they are more comparable when the functions performed by each professional group are considered.

Fluidra is firmly committed to continue analyzing the differences observed, which demonstrate the need to take steps to increase the number of women in the organization. We are committed to gaining a deeper understanding of the root causes of these differences and gradually solving them, if necessary.

Compensation of the board of directors

The compensation paid to the members of the Board of Directors in their capacity as such is composed of a fixed annual amount and an allowance for attending board meetings. Directors who are members of any board committees, i.e. the Audit Committee, the Appointments and Compensation Committee and the Delegated Committee, receive additional compensation. There was no increase with respect to 2019. The Board of Directors is composed of 11 men and 1 woman, all over the age of 45.

Total remuneration received by the Board of Directors	2018	2019	2020
Fixed (thousands of €)	1,009.0	1,216.0	1,216.0
Allowances (thousands of €)	90.0	120.0	120.0
Total (thousands of €)	1,099.0	1,336.0	1,336.0

The fixed compensation includes the allowances for sitting on committees.

The directors' compensation consists of a fixed portion and honoraria for sitting on committees, which is the same for all members, plus a per diem allowance. The per diems depend on where the board member is a tax resident (in Europe or somewhere else); if they reside outside Europe they receive an additional amount. The board coordinator also receives an additional fee. Therefore, the average compensation of directors, including fixed, honoraria and per diems, is as follows.

	Male	Female	Total
Average board member compensation (€)	112,430	108,125	112,000

The difference between men and women is mainly due to two factors: i) the board coordinator is a man and his compensation is higher than that of the rest of the board members and ii) the board members who reside abroad and receive additional compensation per diems are both men. The compensation of executive directors was excluded from the calculation because they also receive additional compensation for chairing the board.

Regarding the compensation of the members of the Executive Committee or MAC (Management Advisory Committee), all members are bound by the same conditions governing the fixed and variable compensation that apply to the rest of the employees. Executive bonuses are usually based on financial objectives (85%) and personal objectives which may be related to the business, people management, etc. (15%). For 2020, the Executive Chairman, Eloi Planas, had a clear objective related to ESG: the definition of an ESG plan and its implementation, which the Board of Directors has considered 100% fulfilled. The average compensation, not counting executive directors, is €436,124 per year, and cannot be broken down by gender for reasons of confidentiality since the MAC only has one female member.

Organization of work

The group's related organizations are free to establish flexible working conditions depending on the particular circumstances and needs of each location and its positions. For example, the parent company, Fluidra, S.A., has flexible working hours so that people can attend to personal business, with flexible start and end times, and they can also contribute to an "overtime bank" to be used on Fridays. At Fluidra Comercial España, working hours are arranged in a way that facilitates work-life balance but also customer services: employees can choose what time they start, take a half hour for lunch and leave once they have complied with the required number of hours. In the US, for example, people can work enough extra hours during the week to take one every two Friday off.

Although teleworking emerged during the pandemic out of necessity and prudence, Fluidra's parent company already had a teleworking policy and model in place that greatly facilitated the transition to the new situation. Work is still underway to define a global disconnection policy for the group, but the company recommends that employees in Spain work no later than 7 p.m., which includes sending emails, making business calls or extending work meetings beyond that time.

New parents may freely decide how to enjoy maternity and paternity leave, in compliance with the laws in force in each country. Some group companies, in places where there are no laws on paternity leave, have voluntarily defined their own rules.

Employees who take maternity leave are reinstated at the end of their leave. The rate of return to work in 2020 was 71.43%, although it should be noted that there were some people who were still on leave at the end of the year.

Parental Permission	2018	2019	2020
Male	45	46	66
Female	40	26	46

Reinstatement	2018	2019	2020
Male	41	41	54
Female	27	15	26

No data are available to calculate the retention rate.

Social dialog and labor unions

Regardless of the country, all Fluidra employees have the right to associate and to collective bargaining. Depending on the regulations in each country, the different job locations must adhere to the collective agreements that apply to their sector. In countries where there are no specific regulations, the workers themselves may organize to establish a dialog with the company when there is a conflict to be resolved.

In 2020, there were 16 works committees with 91 labor representatives and 149 delegates. Elections for committee members and delegates are held in accordance with the laws in force.

Works committees and labor delegates have the authority to communicate with company representatives directly to ask questions, make suggestions, initiate collective bargaining talks or convey any other need or suggestion.

Each country has its own specific regulations regarding the collective agreements for the different economic sectors. As stated at the top of this report, 45% of all employees are covered by the collective bargaining agreements existing in their countries. The minimum notice periods for operational changes are contained in the collective bargaining agreements.

The diversity of the countries where Fluidra does business is also reflected in the collective bargaining agreements, which vary greatly from one location to another. In Spain, the country with the largest number of group employees, 100% of the workforce is covered by a collective bargaining agreement, while in South Africa, the third largest country in terms of employees, the percentage is 25%. There are other cases such as the Netherlands, Kazakhstan, Romania, Sweden and Switzerland where coverage is 100%; in Egypt it is 94%; in Brazil and China it is 87%, and in France 85%. Finally, in Belgium, the percentage of covered employees is 19%. In the rest of the countries where the company operates, there are no collective bargaining agreements and the provisions of the country's labor legislation are followed. For more information on the countries in which Fluidra operates and the number of workers in each of them, see section 2.21.

Due to its relevance within the group, the agreement for the chemical sector in Spain is scheduled to be updated in 2021.

Employee health and safety

In 2020, the member companies of the Fluidra Group hosted a variety of safety and prevention training programs. While commercial and corporate service companies are more heavily focused on risk prevention and fire safety in offices, the industrial companies emphasize training that is more specific to their production activities, with courses on safe merchandise transport, the safe operation of lifting platforms, safety working at heights and operating electric forklifts, emergency plans, first aid plans and health and safety campaigns. In addition, as part of the reporting and prevention policy, information on workplace accidents and internal safety inspections is posted on bulletin boards. There is currently no specific collective bargaining agreement in the field of health and safety.

In 2020 there were corporate campaigns focused on the Covid-19 pandemic. Everyone from corporate management and corporate HSE to the individual locations emphasized the health and safety measures advocated by the WHO and by the different national health agencies: reminders and posters on good H&S practices, social distancing, ventilation, etc. Corporate travel was suspended except as absolutely necessary and required the approval of a member of MAC (Management Advisory Committee).

In addition, special training courses were offered, online and in person, on health and safety measures to prevent the spread of the virus in the workplace. The training focused on the use of masks and other PPE, encouraging remote work whenever possible, the need for social distancing and the use of the hand sanitizer provided at the facilities, as well as proper use of common spaces to avoid large gatherings.

Safety visits are carried by the Corporate HSE Management area to the group’s facilities all over the world to monitor improvements and the implementation of procedures and to assist with corrective actions in those areas where they are needed. Due to the pandemic, it was not possible to carry out the planned visits in 2020, although Fluidra's facilities in Morocco, Egypt, Mexico, Bulgaria, Australia, United States, Brazil, as well as facilities of group companies in Spain, were visited in 2019. Due to travel restrictions in 2020, only the Metalast, Inquide, Sacopa and Poltank plants in Spain were visited, although regular video conferences were held with Brazil, China, USA, Bulgaria and South Africa to monitor the status of HSE issues, primarily Covid-19.

Each group company in Spain has its own Risk Prevention Plan that includes periodic risk assessments commensurate with its operations, offering the required training to all internal and external staff.

In 2020, absenteeism for the entire group totaled 545,891 hours (including occupational accidents and illnesses, common contingencies, parental absenteeism and leave time), which represents 7% of the total theoretical working hours (compared to 209,391 hours, which accounted for 2% in 2019).

Fluidra currently has 20 Health and Safety Committees with a total of 106 members. Committee meetings are held quarterly to review accidents and near misses, investigate accidents, and assist with audits or HSE inspections.

The company has an occupational health and safety management system, developed in accordance with European regulations and OHSAS standards. This system is not certified externally but rather reviewed by internal audits. Due to the Covid-19 pandemic, travel was restricted and audits could not be carried out in 2020. As a workaround to this problem, in 2021 a self-assessment system called HSE MaSys (HSE Management System) will be implemented which will enable the different group companies to self-assess and prepare action plans to correct gaps and make advancements in the process of improving HSE aspects.

Employees	Employees		
	% of total	Male	Female
People covered by the H&S management system	100%	3,617	1,819
People covered by the internally audited H&S management system	100%	3,617	1,819
People covered by the externally audited or certified H&S management system	0	0	0

** H & S: Health and Safety*

The Health, Safety and Environment (HSE) Department, together with the Human Resources and ESG Departments, ensure the well-being of everyone and compliance with current regulations. The corporate agreements with the occupational accident insurance companies in Spain, or equivalent private organizations in the rest of the countries, ensure proper management and monitoring of occupational accidents and illnesses that may occur.

Workplace accidents (number)	2018	2019	2020 Total	2020 Female	2020 Male
Requiring medical leave	246	159	63	13	50
Not requiring medical leave	287	167	56	8	48
Fatalities	0	0	0	0	0

Includes commuting accidents

Hours lost*	2020	%**
On-the-job accidents and injuries	13,969	0.18%
Illness	301,802	3.87%
Parental absenteeism	48,126	0.62%
Leaves of absence	181,994	2.33%
Total absenteeism hours***	545,891	7.00%

** In 2019 the total hours of absenteeism was 209,391h. Due to the configuration of the information systems that the company has, it is not possible to break down this data according to the categories presented for 2020.*

*** Percentage of the total hours worked reported 7,440,189, plus 365,321 hours estimated in 2020. In 2019, 10,017,145 hours were reported, the reduction in hours worked is due to ERTE and closures of facilities due to the pandemic due to Covid-19.*

**** The difference in absenteeism hours between 2019 and 2020 is due to the increase in the scope of the data.*

Workplace accidents and incidents at Fluidra are defined on the basis of the companies' own activities. In this regard, we differentiate between blows and entrapments by objects or equipment; injuries caused by sharp instruments; falls and slips; injuries caused by moving heavy loads; chemical poisoning and burns; infections; traffic accidents and injuries from fire and explosions. There are no differences in the type of accidents by sex, although there are differences in the figures, with more of the accidents involving men. The number of commuting accidents for the group was 11 for men and 2 for women (these numbers are included in the figures for accidents with and without leave time).

Accidents decline in 2020 due to the correct application of safety measures but also to the impact of the pandemic on our work, such as temporary closures of facilities and the implementation of teleworking. However, the accident rate has been dropping steadily since 2018. This is due to the implementation of the Health, Safety and Environment Policy and related actions and activities. Among them, a Communication Plan focused exclusively on HSE, which helps to raise awareness about risks and how to prevent them. An analysis of the accidents that occur is performed, to find the root causes and take the necessary corrective measures to eliminate the risk. The preparation and implementation of global standards and procedures, as well as regular meetings with HSE managers and top management have undoubtedly contributed to the decline.

Likewise, the monitoring of possible occupational diseases derived from the job or activity, such as

respiratory diseases, skin diseases, limb disorders, neck and back problems, poisoning, infectious diseases and cancer, and malignant diseases, is also established. During 2020 and 2019 there have been no occupational diseases in the Fluidra Group.

The accident rate in 2020, calculated as a percentage of the workforce, was 2.71% for men and 1.15% for women (2.2% in total), compared to 3% in 2019, so this is a very positive trend.

The accident frequency rate in 2020, calculated as the number of accidents requiring sick leave out of total working hours per 200,000, was 1.56 for men and 0.78 for women (1.28 global), much lower than the global rate of 3.17 the year before.

The severity rate in 2020, calculated as the number of days lost out of total working hours per 1,000, was 0.25 for men and 0.15 for women (0.22 total), compared to the global figure of 0.35 in 2019.

The target for 2021 is to reduce accidents by 25% compared to 2020.

Training

Fluidra understands that talent development is critical to the company's performance, which is why we work to enhance the strengths and develop the areas for improvement of the people who make up the company. Training is understood as a continuous learning process and with that in mind there are programs, courses and seminars available to the group's employees that contribute to the practical transfer of knowledge, the acquisition and development of skills and the improvement of leadership skills. All of this is regulated in the Global Training Policy, which indicates those aspects that are mandatory for the entire organization (introduction to the company, Code of Ethics, corporate values, cybersecurity and data protection), those which are specific to certain categories (such as training in legal or tax issues for management positions) and those which are developed according to local training needs.

Training at Fluidra is open to men and women alike since all company employees have the same right to training, regardless of gender and/or ideology. Most of the training at Fluidra is primarily technical in nature and deals with the skills required for the position, as well as language training.

Some training programs had to be postponed in 2020 due to the pandemic and the decision was made to wait until people can come together in the classroom and interact with one another more directly. The global training programs that were offered online were focused on Fluidra's values, the basic foundation underpinning the corporate culture.

Training Hours by Category in 2020	Male	Female	Total
Executive	28	147	175
Managers	13,342	5,110	18,452
Professionals	4,341	2,745	7,086
Technicians	2,817	2,038	4,855
Administration and support	730	1,718	2,448
Production	10,228	454	10,682
Total training	31,486	12,212	43,698

Training Hours by Category in 2019	Male	Female	Total
Directors	14	71	85
Middle Managers	8,544	3,795	12,339
Technicians	1,361	985	2,346
Administrative	353	830	1,183
Operators	4,942	219	5,161
Total training	15,214	5,900	21,114

In 2019, there was no information on the hours of training broken down by professional categories, so it has been calculated based on the information reported for 2020.

Equality

In 2019, once certain decisions were made regarding the configuration of the Board of Directors following the merger of Zodiac and Fluidra, one of the director's terms of office expired and he was replaced by a woman. Although this represents only 8% of the composition of the Board, it is the first step toward achieving a more egalitarian Board in terms of gender.

There is a commitment to add women directors to the Board as mandates expire, until the appropriate gender equality is achieved. To that end, there is a policy of proactive selection of women in place, with special emphasis on the qualities and skills the position requires. The goal is for female members to represent 17% of the board members by 2022 and 33% by 2026.

There is a specific equality plan for Fluidra employees that governs the equality policy described above, which promotes equal treatment and opportunities between men and women and applies across the entire group. The Equality Plan was reviewed in 2020 to determine new needs and objectives. To raise awareness of this issue, virtual meetings were held between senior management and employees to emphasize the principle of equality, diversity and inclusion as one of the company's core values. One of the plan's objectives is to increase the number of women in all professional categories and to increase their representation globally by 2% next year. There are plans to launch awareness-raising and training actions for employees and managers in 2021 related to equality in the business environment, with the hope of reaching 40% of the group's employees. In addition, the recurring training courses on the Code of Ethics, which also touch on this topic, will continue to be held every two years.

The protocols against sexual and gender-based harassment are limited to the Code of Ethics and the general procedure for reporting complaints through the confidential Whistleblower Hotline. No complaints were received through the confidential channel in 2020 and 2019 regarding inequality or harassment in the workplace.

Fluidra requires all member companies of its group to facilitate the integration of people with disabilities and to encourage their placement in positions where they can grow professionally in accordance with their abilities, complying at all times with the applicable legislation in force regarding the hiring of people with disabilities. Group companies comply with the laws in force with regard to hiring people with disabilities or alternative measures. In addition, Fluidra has established a series of objectives and actions aimed at promoting the integration of disabled people in the workplace: eliminating physical and architectural barriers at the group's facilities; enter into collaboration agreements with centers and associations that work for the inclusion of people with disabilities; and promoting a corporate culture based on equal treatment and opportunities for the disabled, among

others.

2.22. Human rights

[Ref. GRI 103-2, 103-3, 406-1, 412-1, 412-2]

Human rights are present in the company's values and internal regulations. All employees have the obligation to understand and accept the rules of conduct on human rights. At an organizational level, Fluidra respects and accepts the International Labor Organization's core conventions related to the freedom of association, the right to collective bargaining, child labor and forced labor.

Fluidra monitors the conduct and operations at different group companies through internal audits, regular visits and management controls, with a special emphasis on those geographical areas that are most susceptible to fraud, corruption, bribery and undignified working conditions. No violations or negative consequences in the area of Human Rights were detected in 2020, as in 2019. Because of restrictions due to the pandemic, no human rights audits of group companies were carried out in 2020, but a human rights assessment of the group's factories is planned for 2021. Based on the results, targets for improvement and action plans will be defined, starting with the countries most at risk in this area, such as China and the Southeast Asia region. The goal is to audit at least 50% of the group's companies in this area.

Also in 2020, a pilot project was launched for the use of an external provider to conduct social, environmental, quality and other audits of Fluidra's suppliers. At the same time, the group began conducting ESG evaluations of suppliers through an external evaluation platform.

The Whistleblower Hotline, which was already discussed in the policy section of this document and which is available to the public on the corporate website, is the standard procedure for reporting possible human rights incidents. All complaints are examined confidentially and are resolved by directly informing those involved of the decisions. In 2020, as in 2019, there were no reported cases of non-compliance with social, economic or human rights regulations.

Human rights training is implicit in the onboarding process for new employees, who are required to undergo training on the codes, values and everyday work procedures. The training pills on corporate codes and values are always available to Fluidra employees and 100% of employees are obliged to undergo training on these topics. 1,611 new employees received online training on the company's Code of Ethics in 2020.

2.23. Anti-bribery and anti-corruption

[Ref. GRI 103-3, 205-1, 205-2, 205-3, 415-1]

As discussed in section 2.8, Fluidra's key policy for preventing corruption and bribery and fighting money laundering is the Anti-Corruption Policy approved by the Board of Directors in 2016, as part of the crime prevention model.

In addition, the company's Code of Ethics emphasizes that everyone in the organization is committed to supporting international and local efforts to prevent and eliminate corruption and financial crime, as well as any other crime against the rights of third parties. It also prohibits the acceptance of cash gifts and participation in activities related to money laundering.

To that end, although Fluidra is not subject to money laundering laws, it limits the use of cash payments made by Fluidra to the extent possible and if any cash payments are made, detailed records are kept of the item, date and recipient. Furthermore, payments to and from individuals or legal entities other than the ones whose names appear on the invoice are also prohibited.

Likewise, the Code of Ethics regulates the actions of Fluidra's members to combat corruption, specifying what conduct is inappropriate.

The Anti-Corruption Policy approved by the Board is published on the company's intranet and is accessible to the entire organization. In the process of monitoring and assessing risks in 2020, no potential corruption or bribery was detected or confirmed. Since anti-corruption policies are among the most relevant aspects of the company's materiality study, a due diligence process is planned for 2021 in order to make progress in this area.

In compliance with its internal regulations, Fluidra does not make contributions to political parties in any of the countries where it operates.

2.24. Dialog with the community and protective measures

[Ref. GRI 102-13, 103-3, 201-1, 203-1]

Our companies' operations have direct and indirect impacts on the societies and communities that interact with them. Fluidra's business is highly internationalized and very diverse, generating positive economic impacts for local communities by procuring products and services, creating jobs and satisfying the needs of the people directly or indirectly related to Fluidra's companies. 2020 was heavily impacted by the crisis due to the Covid-19 pandemic.

ECONOMIC EARNINGS GENERATED AND DISTRIBUTED (thousands of euros)	2018	2019	2020
Economic earnings generated	1,055.7	1,406.6	1,525.7
Total revenue (sales + other income)	1,055.7	1,406.7	1,525.7
Earnings distributed	1,022.2	1,261.4	1,348.1
Employees (personnel costs)	223	277.9	272.4
Suppliers (change in inventories + other operating expenses)	767.9	922.1	950.8
Shareholders (dividend*)	0	0	40.7
Company-Public administrations (taxes **)	3.9	6	39.1
Capital providers (financial costs)	27.6	55.4	45.1

Retained economic earnings	33.4	145.2	177.6
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Dividend- Earnings attributable to the holders of the parent company's equity instruments*

*Taxes**- Refers to the taxes payable on earnings*

All of Fluidra's activities are carried out in industrial parks and commercial offices. However, there may be a risk of causing some type of negative impact, whether direct or indirect, which is why the most significant companies have risk environmental management and impact measurement processes as a precautionary measure. The environmental section of this document discusses the indicators that are tracked in this regard.

Independently of the positive impact of our economic activities, Fluidra participates in a number of social initiatives to promote social values and community development, either through our own direct actions or the projects sponsored by the Fundació Fluidra.

Fluidra's relationship with the different local communities where the company does business is articulated around the different stakeholders and needs detected. Local management at the group's facilities are responsible for channeling the questions and demands of local stakeholders. Relationships with public administrations, regulatory agents, social groups or similar are dealt with individually, either directly at the local level, at the corporate level, or with the support of sector-specific associations with which Fluidra is affiliated, on a case-by-case basis. These associations include: UNE, Indecat, Catalan Water Partnership, AMEC, Cecot, Chamber of Commerce, Industry and Services of Madrid, CEOE, Foment de Treball, Fundación Empresa & Clima, United Nations Global Compact, Fundación Corresponsables, Asociación de Emisores Españoles, AECOC, AERI, Clúster de l'Energia eficient de Catalunya, FIGAWA, Instituto de la Empresa Familiar, CEAPI, Change2Grow, IAKS, PIMEC, ASOFAP, CPONET, AERCE, COCEF, and Cambra Comerç Brasil-Catalunya.

Fluidra's sponsorship of water polo teams is one of the most notable activities in this area. This action aims to favor minority sports and boost women's access to elite sports.

The Fundació Fluidra's activities are focused on two core themes: water and music. In this way, the actions carried out by the foundation are aligned with two basic commitments: social commitment, with projects aimed at accessibility, awareness and education on the use of water; and cultural commitment, dedicated especially to promoting music as an educational and dignifying element of people. Apart from this focus, the company is also particularly sensitive to the personal and professional development of young people at risk of social exclusion, and to the economic development opportunities of nearby areas.

The Fundació Fluidra sponsors the KAG-25 project developed in Senegal together with an agricultural school run by Escuelas Pias, located in the Karang area. This initiative is converting a 25-hectare farm in the south of the country into a profitable horticultural farm, where the profits can be invested in training the young students. At these agricultural schools, children and young people receive four years of occupational training in agriculture. The object is to develop food autonomy and the entrepreneurial and economic capacity of the students.

The Fundació Fluidra is also a sponsoring member of the Palau de la Música Catalana and the Gran Teatre del Liceu, which help to promote the arts in Barcelona. Fluidra also collaborates with the Symphonic Orchestra of Vallès, the Montserrat Abbey Foundation, the GIO Orchestra and the Catalan Culture Foundation to promote different cultural initiatives. The Fundació Fluidra, concerned with the welfare of people and the protection of animals, also collaborates with the Fundació Sanitària Mollet, la Fundació CRAM and the Banc d'Acció Social.

In the United States, the company contributes to the following initiatives through a corporate volunteer program launched in 2011: Warrior Foundation Freedom Station (support for veterans), the Susan G. Komen Foundation (breast cancer), Brother Benos (shelter and soup kitchen located

in Carlsbad, California), Swim Across America (NGO that organizes swimming competitions to raise funds for cancer) and USA Swimming Foundation (promotion of sports).

In 2020, Fluidra's cash contributions to non-profit foundations and organizations totaled €450,300 (compared to 546,106€ in 2019). These contributions went to: Spanish Red Cross, IESE Foundation, ESADE Foundation, Private Foundation for Creativity and the Fundació Fluidra.

	2020	2019
Athletic sponsorships (€)	110,000	120,000
Contributions to associations (€)	276,320	234,877

By Fluidra S.A.

Starting in 2021, thanks to the Global ESG Committee and employee collaboration, the group plans to focus its social action on community projects proposed by employees and aligned with the SDGs to which the company is committed.

2.25. Subcontracting and suppliers

[Ref. GRI 102-10, 204-1, 308-2, 414-1]

As a global group, Fluidra uses the networks of local product and service providers in those cases where product efficiency and availability allow. For Fluidra, the definition of local purchasing is when the country of origin is the same as the country of destination. In 2020, local purchases by Fluidra represented 63% of the total, compared to 64% registered the year before.

At Fluidra, we define critical suppliers as those from whom we purchase more than €500,000 in goods and services, which in 2020 represented 71% of total purchases, compared to 70% in 2019. There were no significant changes in the supply chain in 2020 that would affect the comparability with last year's information.

The Purchasing Policy was updated and reformulated in 2016 and published in 2017, with the approval of the Executive Committee (MAC). All critical suppliers must explicitly accept Fluidra's Supplier Code of Ethics based on the 10 principles of the United Nations Global Compact. Similarly, all corporate contracts include mandatory clauses undertaking to respect and obey the Suppliers' Code of Ethics (which includes human rights, labor, quality and environmental commitments). In addition, they are implicitly reflected in the clauses of the orders placed with Fluidra's suppliers. For new suppliers who came with Zodiac, these clauses are added gradually as they are incorporated into the corporate systems.

The Code of Ethics for Suppliers can be consulted at the following web address:

<https://www.fluidra.com/uploads/media/default/0001/03/928efda8910c01f28e1a5b17ae9bc6eedffd03d6.pdf>

In 2020, all critical suppliers were asked to renew their commitment to Fluidra's Code of Ethics after it was revised in 2019. It has also been sent to a total of 318 other suppliers who are considered relevant, representing 68% of total purchases in 2019². Of 318 notices that were sent, 184 suppliers responded.

Progress was made in 2020 on the development of a new, more ambitious global supplier

² The Code of Ethics project was launched in 2020 based on 2019 data.

relationship, approval and evaluation procedure to replace the current one, which includes the continuous evaluation of suppliers from a global perspective, including financial, social, environmental, health, and compliance aspects. Along these lines, an agreement was reached to develop an electronic platform to serve as a monitoring tool for critical suppliers, and a pilot plan was launched with approximately 15 suppliers to advance the development in 2021.

In addition, a pilot plan for supplier audits was also launched, which should serve to detect areas for improvement in their performance in HSE, quality, compliance, ESG, human resources, etc. aspects. The initial plan includes audits conducted in December 2020 at three engine suppliers located in China. As a result of these audits, which found no serious deficiencies, we will work on improvement plans for the aspects identified.

	2020
No. of suppliers assessed for environmental impacts	80
No. suppliers with negative environmental impacts	0
% of suppliers with negative environmental impacts and agreed improvements	0
% of suppliers with negative environmental impacts and terminated relationship	0

We are not aware of any violations in 2020 involving child or forced labor or the right to freedom of association and collective bargaining. Suppliers can use the Whistleblower Channel to report their complaints to Fluidra.

	2020
% new suppliers evaluated for social aspects (*)	11%

(*) Percentage of sales in € for 2019³.

³ The project to update the suppliers' approval and evaluation procedure was launched in 2020 based on 2019 data.

2.26. Consumers

[Ref. GRI 416-2]

Quality is one of the fundamental pillars for Fluidra, not only in terms of product quality, but as a more global concept applicable to the entire company. Quality is a culture based on a common attitude, methodologies and tools. The ultimate goal is to achieve customer satisfaction along with sustainable and profitable growth.

For Fluidra, quality is a tool for building customer loyalty, considering that price is no longer the only determining factor in the purchasing decision, just as a positive purchasing experience with Fluidra is gaining more and more ground. The company is therefore boosting its efforts in this area and addressing the needs and concerns of its customers with the aspiration of being recognized as a company that is easy to do business with and the best in its class in terms of quality.

As part of this focus on the continued improvement of customer service, Fluidra plans to launch a new global quality management system in 2021. Also, to mitigate the impact of the restrictions on mobility due to the pandemic, steps were taken in 2020 to reinforce communications with customers (increased number of contacts, videoconferencing, etc.).

In terms of quality performance, taking as a reference the quality claims of the products supplied with respect to sales lines, similar figures to those recorded in the previous year were maintained, with 7,072 claims, which represent 1.28% of the sales in 2020 (1.02% in 2019), with 80.3% of claims accepted out of the total. Claims include notification of defective products within warranty periods, processed through a warranty system that communicates issues to stakeholders, as well as providing failure analysis and troubleshooting data to improve design and manufacturing processes.

During the product development phase, it is verified that the product complies with all standards, directives and regulations that apply to each family of products and that they are certified, where applicable.

In 2020, there were no recorded cases of non-compliance with regulations relating to or impacting product health and safety that resulted in fines, sanctions or warnings. There were also no cases or complaints regarding breaches of customer privacy or loss of personal data.

There is a system in place for receiving customer complaints. These complaints are forwarded to the production centers and/or third-party suppliers who proceed to analyze, resolve and respond to them.

The Product Safety Council, an internal corporate body that provides the organization with a point of accountability where employees can seek information and guidance on product safety and compliance, has been in place since 2019. Because customer health and safety are very important to Fluidra, in 2019 a comprehensive strategy was devised to continue effectively managing potential product safety concerns and at the same time promote product safety and compliance requirements earlier in the NPD (new product development) process.

In 2019, the global Product Compliance team was expanded considerably so that all regions were fully represented. In 2020, the focus was on maintaining cadence, discipline and communication within this team, and ensuring that it was fully integrated into the organization and NPD. Similarly, the Product Safety Councils that had been set up in 2019 continued handling potential product safety considerations, with a focus on risk mitigation and management.

In 2020 there was one product safety concern that was studied in relation to specific models of gas heaters manufactured and sold in Australia. The products were placed on hold and ultimately design changes were made to ensure product safety. By the end of 2020, the team was formulating a plan to retrofit existing products in the market, to be implemented in 2021.

Fluidra is constantly working to ensure that our products do not pose any risk to people or the environment, as well as to ensure that they comply with the laws in force in the country of sale, as well as with international laws. To that end, we constantly monitor the local and international regulations that apply to our products in order to anticipate regulatory changes and then inform and educate our customers.

The company maintains regular contact with the European Chemicals Agency (ECHA) as well as international organizations such as CEFIC (European Chemical Industry Council), Euro Chlor and IIAHC (Ad Hoc Committee of the Isocyanurate Industry) with regard to monitoring the laws that apply to chemical products.

2.27. Tax information

[Ref. GRI 207-4, 201-4]

Fluidra has defined a Tax Strategy, approved by the Board of Directors, which applies to the member companies of the group in all countries where it operates. It covers all direct taxes on corporate profits, indirect taxes and taxes on earned income and other income that are globally applicable to the Fluidra Group, as well as reporting obligations to the pertinent tax authorities.

The principles governing Fluidra's Tax Strategy are as follows:

- Comply with all applicable tax obligations in the territories where the Fluidra Group does business.
- Promote a collaborative relationship with the tax authorities.
- Protect the generation of sustainable value for stakeholders by promoting efficiency in the fulfillment of tax obligations and by supporting initiatives to provide stakeholders with information on the taxes paid by the group.
- Refrain from using opaque or artificial structures unrelated to Fluidra's business for the sole purpose of reducing the tax burden.
- Refrain from operating in jurisdictions considered by the European Union to be tax havens for purposes other than Fluidra's normal business operations.
- Consider legal implications in the decision-making process, with the aim of minimizing tax risks, including reputational risk.

In order to comply with the responsibility and transparency parameters that apply to the Fluidra group through its tax policy, detailed below are the profits earned in the different jurisdictions where the group operates and the corporate taxes paid.

The amount of corporate taxes paid (cash basis) refers to taxes actually paid during the reported tax year, i.e., the 2020 fiscal year, including payments made to satisfy the tax obligations of the current reporting period as well as payments made in relation to previous tax periods.

2020 was heavily impacted by the crisis caused by the Covid-19 pandemic. The Corporate Tax Department monitored the countries the group has a presence that approved measures which would allow the group to benefit from a tax deferral. In those cases, where this was possible, the group companies have availed themselves of these types of measures.

These figures take into account any refunds or rebates of corporate income tax (cash basis) received in 2020.

The table below shows the profit by country (in thousands of euros):

Country	Profit per country 2019	Profit per country 2020
Germany	1,953	5,040
Australia	-6,089	-913
Austria	4,046	5,562
Spain	-2,906	24,680
USA	22,627	50,576
France	25,540	18,866
Netherlands	4,340	5,653
Italy	2,392	2,099
South Africa	7,334	2,277
United Kingdom	3,730	2,778
China	1,893.40	3,074
Portugal	1,622.99	1,802
Czech Republic	1,444.79	1,750
Sweden	608.72	1,456
Belgium	492.68	1,302
Greece	2,414.25	1,189
The rest (*)	14,925.26	11,830
Total	86,369	139,021

**The rest: Bosnia and Herzegovina, Brazil, Bulgaria, Canada, Chile, Colombia, Croatia, Cyprus, Denmark, Egypt, Hong Kong, Hungary, India, Indonesia, Ireland, Jordan, Kazakhstan, Luxembourg, Malaysia, Mexico, Montenegro, Morocco, New Zealand, Poland, Romania, Russia, Serbia, Singapore, Switzerland, Thailand, Tunisia, Turkey, United Arab Emirates and Vietnam.*

In 2020, the group received the grants (cash criterion) shown on the table below (in thousands of euros):

Country	Subsidies 2019	Subsidies 2020
Australia	-	531.2
Belgium	76.6	45.8
Chile	-	9.6
China	52.7	83.6
Croatia	-	12.8
Cyprus	-	6.0
France	-	9.1
Greece	-	1.0
Poland	-	32.1
Singapore	-	97.6
Spain	328.3	418.1
Total	457.6	1,246.9

Finally, the corporate taxes paid in 2020 (cash basis) were as follows (in thousands of euros):

Country	Taxes paid by country 2019	Taxes paid by country 2020
Germany	50	164
Australia	547	253
Austria	1,084	944
Spain	-6,601	-2,615
USA	2,045	20,393
France	-594	8,710
Netherlands	1,259	1,827
Italy	262	431
South Africa	673	674
United Kingdom	744	676

The rest (*)	4,302	3,729
Total	3,771	35,190

**Other jurisdictions include: Belgium, Bosnia and Herzegovina, Brazil, Bulgaria, Canada, Chile, China, Colombia, Croatia, Cyprus, Czech Republic, Denmark, Egypt, Greece, Hong Kong, Hungary, India, Indonesia, Ireland, Jordan, Kazakhstan, Luxembourg, Malaysia, Mexico, Montenegro, Morocco, Montenegro, New Zealand, Poland, Portugal, Romania, Russia, Serbia, Singapore, Sweden, Switzerland, Thailand, Tunisia, Turkey, United Arab Emirates and Vietnam.*

2.28. Innovation

Research and Development (R&D) is a key area for Fluidra, as the company believes that user-oriented product innovation is fundamental to the company's growth and its ability to adapt to the ever-changing environment. Fluidra has more than 200 engineers, designers and skilled workers in the main markets.

To ensure a balanced approach, Fluidra's R&D efforts are focused on three areas:

- a. Quality: rigorous fulfillment of user and influencer expectations
- b. Added value: constantly improving products (cost, quality) in all categories.
- c. Innovation: incorporating a high level of innovation in key products.

R&D and innovation are part of Fluidra's DNA. As an industry leader in intellectual property with approximately 1,400 active patents, the Company has a strong portfolio of new projects, with a total of 118 new products launched in the last three years, and it leads the sector of connected products and devices.

The company's innovation model combines incremental innovation (90%) with disruptive innovation (10%). Incremental innovation includes activities designed for continuous and progressive innovation to offer new, more efficient, higher-quality products which are adapted to changing market needs. This is the main result of the work of Fluidra's R&D centers. The most disruptive innovation includes the activities that are managed primarily through Fluidra Accelera. Internal initiatives, such as Fluidra's Innovation Week, also focus on encouraging disruptive innovation.

2.29. Traceability list of contents according to Law 11/2018

CODE	INFORMATION REQUESTED BY LAW 11/2018	LINK WITH GRI INDICATORS	REASON FOR OMISSION	PAG.
0.	Document framework			
0.1	Brief description of the business model			
0.1.a	Brief description of the group's business model (business environment and organization)	102-2 Activities, brands, products and services 102-7 Scale of the organization	N/A Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year)	4-6
0.1.b	Geographic presence	102-3 Location of headquarters 102-4 Location of operations 102-6 Markets served	N/A Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year) Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year)	4-5
0.1.c	Objectives and strategies of the organization	102-31 Review of economic, environmental, and social topics	N/A	10-11
0.1.d	Main factors and trends that may affect its future evolution	102-15 Key impacts, risks, and opportunities	N/A	5-6, 18-21
0.2.	PRACTICES FOR THE PREPARATION OF REPORTS			
0.2.a	Reporting framework used to report non-financial information	102-54 Claims of reporting in accordance with the GRI Standards 102-45 Entities included in the consolidated financial statements 102-50 Reporting period	Partial (The GRI indicators selected are those that correspond to the content required by Law 11/2018 as mandatory) N/A N/A	4
0.2.b.	Materiality Assessment	102-47 List of material topics	N/A	8-9

		103-1 Explanation of the material topic and its Boundary	N/A	
1.		Environmental Issues		
1.1		General Information		
1.1.a	A description of the policies applied by the group with respect to such matters, which will include the due diligence procedures applied for the identification, evaluation, prevention and mitigation of significant risks and impacts and for verification and control, including what measures have been adopted.	103-2 The management approach and its components 102-11 Precautionary Principle or approach	N/A N/A	11-12
1.1.b	The results of these policies should include key indicators of relevant non-financial results that allow the monitoring and evaluation of progress and that favor comparability between companies and sectors, in accordance with the national, European or international frameworks of reference used for each subject. .	103-2 The management approach and its components	N/A	22-34
1.1.c	The main risks related to these issues related to the group's activities, including, when relevant and proportionate, its business relationships, products or services that may have negative effects in those areas, and how the group manages these risks, explaining the procedures used to detect and evaluate them in accordance with national, European or international reference frameworks for each subject. Information should be included on the impacts that have been detected, offering a breakdown of them, in particular on the main risks in the short, medium and long term.	102-15 Key impacts, risks, and opportunities 102-11 Precautionary Principle or Approach 201-2 Financial implications and other risks and opportunities due to climate change	N/A N/A Partial (Information not available: the company plans to analyze the financial implications of the risks and opportunities in terms of Climate Change).	18-21; 22
1.2		Detailed Information		
1.2.1		General Information		

1.2.1.1	On current and foreseeable effects of the company's activities on the environment and, where appropriate, health and safety	102-15 Key impacts, risks, and opportunities	N/A	21-22
1.2.1.2	About the environmental evaluation or certification procedures	103-2 The management approach and its components	N/A	22
1.2.1.3	On the resources dedicated to the prevention of environmental risks	201-2 Financial implications and other risks and opportunities due to climate change	Partial (Information not available: the company plans to analyze the financial implications of the risks and opportunities in terms of Climate Change).	22
1.2.1.4	On the application of the precautionary principle	102-11 Precautionary Principle or approach	N/A	22
1.2.1.5	On the amount of provisions and guarantees for environmental risks	103-2 The management approach and its components	N/A	22
1.2.2	Pollution			
1.2.2.1	Measures to prevent, reduce or repair emissions that seriously affect the environment; taking into account any form of activity-specific air pollution, including noise and light pollution	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions 305-1 Direct (Scope 1) GHG emissions 7 305-2 Energy indirect (Scope 2) GHG emissions 305-3 Other indirect (Scope 3) GHG emissions	Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year) N/A N/A N/A	12; 23; 24-27
1.2.3	Circular economy and waste prevention and management			
1.2.3.1	Measures of prevention, recycling, reuse, other forms of recovery and disposal of waste; actions to combat food waste	301-1 Materials used by weight or volume 306-2 Waste by type and disposal method (2016)	N/A N/A	12; 28-30
1.2.4	Sustainable use of resources			
1.2.4.1	Water consumption and water supply according to local	303-1 Interaction with water as	Partial (Information not available: the company is	12; 33-

	limitations	a shared resource (2018) 303-3 Water withdrawal (2018) 303-4 Water discharge (2018)	updating its reporting systems and expects to have complete information next year) Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year) Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year)	34
1.2.4.2	Consumption of raw materials and measures adopted to improve the efficiency of their use	301-1 Materials used by weight or volume	N/A	29-30
1.2.4.3	Direct and indirect energy consumption	302-1 Energy consumption within the organization	N/A	31-32
1.2.4.4	Measures taken to improve energy efficiency	302-3 Energy intensity	N/A	12; 31-32
1.2.4.5	Use of renewable energies	302-1 Energy consumption within the organization	N/A	25; 31-32
1.2.5	Climate Change			
1.2.5.1	The important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces	305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 305-3 Other indirect (Scope 3) GHG emissions	N/A N/A N/A	24-27
1.2.5.2	Measures taken to adapt to the consequences of climate change	201-2 Financial implications and other risks and opportunities due to climate change	Partial (Information not available: the company plans to analyze the financial implications of the risks and opportunities in terms of Climate Change).	12; 20
1.2.5.3	Reduction goals established voluntarily in the medium and long term to reduce greenhouse gas emissions and the means implemented for this purpose	305-5 Reduction of GHG emissions	Partial (The company plans to define a strategy to reduce and offset emissions during 2021)	24-25

1.2.6	Biodiversity Protection			
1.2.6.1	Measures taken to preserve or restore biodiversity	304-2 Significant impacts of activities, products, and services on biodiversity	All the company's production centers are located in industrial estates outside protected areas of special interest with little or no impact on biodiversity	34
1.2.6.2	Impacts caused by activities or operations in protected areas			
2.	Social and personnel issues			
2.1	General Information			
2.1.a	A description of the policies applied by the group with respect to such matters, which will include the due diligence procedures applied for the identification, evaluation, prevention and mitigation of significant risks and impacts and for verification and control, including what measures have been adopted.	103-2 The management approach and its components 102-16 Values, principles, standards, and norms of behavior	N/A N/A	11-12, 15-16, 21-22
2.1.b	The results of these policies should include key indicators of relevant non-financial results that allow the monitoring and evaluation of progress and that favor comparability between companies and sectors, in accordance with the national, European or international.	103-3 Evaluation of the management approach	N/A	35-55
2.1.c	The main risks related to these issues related to the group's activities, including, when relevant and proportionate, its business relationships, products or services that may have negative effects in those areas, and how the group manages these risks, the group manages these risks, explaining the procedures used to detect and evaluate them in accordance with national, European or international reference frameworks for each subject. Information should be included on the impacts that have been detected, offering a breakdown of them, in particular on the main risks in the short, medium and long term.	102-15 Key impacts, risks, and opportunities	N/A	18-21

2. 2	Detailed Information			
2.2.1	Employment			
2.2.1.1	Total number and distribution of employees according to criteria representative of diversity (sex, age, country, etc.)	102-8 Information on employees and other workers 405-1 Diversity of governance bodies and employees	Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year) Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year)	35-38
2.2.1.2	Total number and distribution of types of employment contract, annual average of permanent contracts, temporary contracts and part-time contracts by sex, age and professional classification	102-8 Information on employees and other workers	Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year)	38-41
2.2.1.3	Number of dismissals by sex, age and professional classification	401-1 New employee hires and employee turnover	Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year)	42-44
2.2.1.4	Average wages and their evolution disaggregated by sex, age and professional classification or equal value	102-36 Process for determining remuneration	N/A	45-46
2.2.1.5	Wage gap, compensation for equal or average jobs in the society	$(M - F) / M \times 100\%$ (M = Average male wages F = Average female wages)	N/A	47-48
2.2.1.6	The average remuneration of directors and executives, including variable remuneration, allowances, allowances, payment to long-term savings pension systems and any other perception disaggregated by sex	102-35 Remuneration policies	Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year)	48
2.2.1.7	Implementation of labor disconnection policies	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year)	49

2.2.1.8	Employees with disabilities	405-1 Diversity of governance bodies and employees	Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year)	16, 38, 54
2.2.2	Organization of working time			
2.2.2.1	Organization of working time	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year)	49
2.2.2.2	Number of hours of absenteeism	403-9 Work-related injuries (2018)	Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year)	51-52
2.2.2.3	Measures aimed at facilitating the enjoyment of the conciliation and promoting the joint responsibility of these by both parents	401-3 Parental leave	Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year)	49
2.2.3	Health and Safety			
2.2.3.1	Health and safety conditions at work	403-1 Occupational Health and Safety Management System (2018) 403-8 Workers covered by an occupational health and safety management system (2018)	N/A N/A	11-12; 50-53
2.2.3.2	Work accidents, in particular their frequency and severity, as well as occupational diseases; disaggregated by sex.	403-9 Work-related injuries (2018)	Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year)	52-53
2.2.4	Social relationships			
2.2.4.1	Organization of social dialogue, including procedures for informing, consulting and negotiating with staff	402-1 Minimum notice periods regarding operational changes	N/A	50
2.2.4.2	Percentage of employees covered by collective agreement	102-41 Collective bargaining	N/A	50

	by country	agreements		
2.2.4.3	The balance of collective agreements, particularly in the field of health and safety at work	403-4 Worker participation, consultation, and communication on occupational health and safety	Currently there is no specific collective agreement in the field of health and safety	50
2.2.5	Training			
2.2.5.1	Policies implemented in the field of training	404-2 Programs for upgrading employee skills and transition assistance programs	N/A	53-54
2.2.5.2	The total number of training hours by professional category	404-1 Average hours of training per year per employee	N/A	53-54
2.2.6	Universal accessibility for people with disability			
2.2.6.1	Universal accessibility for people with disabilities	405-1 Diversity of governance bodies and employees	Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year)	16, 38, 54
2.2.7	Equality			
2.2.7.1	Measures taken to promote equal treatment and opportunities between women and men	401-3 Parental leave 405-1 Diversity of governance bodies and employees	Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year)	15-16, 49, 54-55
2.2.7.2	Equality plans (Chapter III of Organic Law 3/2007, of March 22, for the effective equality of women and men), measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and universal accessibility for people with disabilities	405-1 DDiversity of governance bodies and employees	Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year)	16, 54-55
2.2.7.3	The policy against all types of discrimination and, where appropriate, diversity management	406-1 Incidents of discrimination and corrective actions taken	N/A	15-16, 54-55
3.	Human rights			
3.1	General information			

3.1.a	A description of the policies applied by the group with respect to such matters, which will include the due diligence procedures applied for the identification, evaluation, prevention and mitigation of significant risks and impacts and for verification and control, including what measures have been taken.	103-2 The management approach and its components 102-16 Values, principles, standards and norms of behavior	N/A N/A	13,17
3.1.b	The results of these policies should include key indicators of relevant non-financial results that allow the monitoring and evaluation of progress and that favor comparability between companies and sectors, in accordance with the national, European or international benchmarks used for each subject.	103-3 Evaluation of the management approach	N/A	18, 55
3.1.c	The main risks related to these issues related to the group's activities, including, when relevant and proportionate, its business relationships, products or services that may have negative effects in those areas, and how the group manages these risks, the group manages these risks, explaining the procedures used to detect and evaluate them in accordance with national, European or international reference frameworks for each subject. Information should be included on the impacts that have been detected, offering a breakdown of them, in particular on the main risks in the short, medium and long term.	102-15 Key impacts, risks, and opportunities	N/A	18-21
3.2	Detailed Information			
3.2.1	Application of due diligence procedures in the field of human rights; prevention of the risks of human rights violations and, where appropriate, measures to mitigate, manage and repair possible abuses committed	102-16 Values, principles, standards and norms of behaviour 412-2 Employee training in human rights policies or procedures	N/A Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year)	18, 55

3.2.2	Complaints for cases of human rights violations	412-1 Operations that have been subject to human rights reviews or impact assessments	N/A	18, 55
3.2.3	Promotion and compliance with the provisions of the fundamental conventions of the International Labor Organization related to respect for freedom of association and the right to collective bargaining; the elimination of discrimination in employment and occupation; the elimination of forced or compulsory labor; the effective abolition of child labor.	406-1 Incidents of discrimination and corrective actions taken	N/A	17, 55
4.	Anti-bribery and anti-corruption			
4.1	General information			
4.1.a	A description of the policies applied by the group with respect to such matters, which will include the due diligence procedures applied for the identification, evaluation, prevention and mitigation of significant risks and impacts and for verification and control, including what measures have been taken.	103-2 The management approach and its components 102-12 External initiatives 102-16 Values, principles, Standards and norms of behaviour	N/A N/A N/A	13-14, 17, 56
4.1.b	The results of these policies, should include key indicators of relevant non-financial results that allow the monitoring and evaluation of progress and that favor comparability between companies and sectors, in accordance with the national, European or international benchmarks used for each subject.	103-3 Evaluation of the management approach	N/A	17, 56
4.1.c	The main risks related to these issues related to the group's activities, including, when relevant and proportionate, its business relationships, products or services that may have negative effects in those areas, and how the group manages these risks, the group manages these risks, explaining the procedures used to detect and	102-15 Key impacts, risks and opportunities	N/A	21

	evaluate them in accordance with national, European or international reference frameworks for each subject. Information should be included on the impacts that have been detected, offering a breakdown of them, in particular on the main risks in the short, medium and long term.			
4.2	Detailed Information			
4.2.1	Measures taken to prevent corruption and bribery	102-17 Mechanisms for advice and concerns about ethics 205-1 Operations assessed for risks related to corruption 205-2 Communication and training about anti-corruption policies and procedures 205-3 Confirmed incidents of corruption and actions taken 415-1 Political contributions	N/A Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year) Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year) N/A N/A	13-14, 17, 56
4.2.2	Measures to combat money laundering	102-16 Values, principles, Standards and norms of behaviour 102-17 Mechanisms for advice and concerns about ethics	N/A N/A	13-14, 56
4.2.3	Contributions to foundations and non-profit entities	201-1 Direct economic value generated and distributed	Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year)	57-58
5.	Company information			
5.1	General Information			
5.1.a	A description of the policies applied by the group with	103-2 The management	N/A	6-8, 10-11,

	respect to such matters, which will include the due diligence procedures applied for the identification, evaluation, prevention and mitigation of significant risks and impacts and for verification and control, including what measures have been taken.	approach and its components 102-31 Review of economic, environmental, and social topics	N/A	13-14
5.1.b	The results of these policies should include key indicators of relevant non-financial results that allow the monitoring and evaluation of progress and that favor comparability between companies and sectors, in accordance with the national, European or international benchmarks used for each subject.	103-3 Evaluation of the management approach	N/A	56-64
5.1.c	The main risks related to these issues related to the group's activities, including, when relevant and proportionate, its business relationships, products or services that may have negative effects in those areas, and how the group manages these risks, the group manages these risks, explaining the procedures used to detect and evaluate them in accordance with national, European or international reference frameworks for each subject. Information should be included on the impacts that have been detected, offering a breakdown of them, in particular on the main risks in the short, medium and long term.	102-15 Key impacts, risks and opportunities	N/A	18-21
5.2	Detailed Information			
5.2.1	Company commitments to sustainable development			
5.2.1.1	The impact of the company's activity on employment and local development	203-1 Infrastructure investments and services supported	Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year)	56-58
5.2.1.2	The impact of the company's activity on local populations and in the territory	203-1 Infrastructure investments and services supported	Partial (Information not available: the company is updating its reporting systems and expects to have	56-58

			complete information next year)	
5.2.1.3	The relationships maintained with the actors of the local communities and the modalities of dialogue with them	203-1 Infrastructure investments and services supported	Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year)	56-58
5.2.1.4	Association or sponsorship actions	102-13 Membership of associations	N/A	57-58
5.2.2	Subcontracting and suppliers			
5.2.2.1	Inclusion in purchasing policy of social, gender equality and environmental issues	102-10 Significant changes in the organization and its supply chain 204-1 Proportion of spending on local suppliers 414-1 New suppliers that were screened using social criteria	N/A Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year) N/A	58-59
5.2.2.2	Consideration in relationships with suppliers and subcontractors of their social and environmental responsibility	414-1 New suppliers that were screened using social criteria	N/A	58-59
5.2.2.3	Supervision and audit systems and their results	308-2 Negative environmental impacts in the supply chain and actions taken	N/A	58-59
5.2.3	Consumers			
5.2.3.1	Measures for the health and safety of consumers	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	N/A	60-61
5.2.3.2	Claims systems, complaints received and their resolution	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	N/A	60-61
5.2.4	Tax information			
5.2.4.1	The benefits obtained country by	207-4 Country-by-country	Partial (Information not available: the company is	62

	country	reporting	updating its reporting systems and expects to have complete information next year)	
5.2.4.2	Taxes on benefits paid	207-4 Country-by-country reporting	Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year)	63-64
5.2.4.3	Public subsidies received	201-4 Financial assistance received from the government	Partial (Information not available: the company is updating its reporting systems and expects to have complete information next year)	63

3. Annual Corporate Governance Report

ISSUER IDENTIFICATION PARTICULARS

Year-end date:

[31/12/2020]

Tax Identification Code:

[A-17728593]

Registered name:

[**FLUIDRA, S.A.**]

Registered office:

[AVENIDA FRANCESC MACIA, 60 PLANTA 20, (SABADELL), BARCELONA]

A. OWNERSHIP STRUCTURE

A.1. Complete the following table regarding the company's share capital:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
02/07/2018	195,629,070.00	195,629,070	195,629,070

Indicate whether there are different classes of shares with different rights attaching thereto:

- Yes
 No

A.2. List the direct and indirect holders of significant shareholdings in the company at the end of the year, excluding members of the board of directors:

Name of shareholder	% voting rights attached to shares		% voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
RHÔNE CAPITAL LLC	0.00	32.22	0.00	0.00	32.22
PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L.	32.22	0.00	0.00	0.00	32.22
ROBERT GARRIGOS RUIZ	0.00	5.85	0.00	0.00	5.85
MANUEL PUIG ROCHA	0.00	5.00	0.00	0.00	5.00
JUAN PLANES VILA	0.03	7.07	0.00	0.00	7.10
ANIOL, S.L.	0.78	5.07	0.00	0.00	5.85
EDREM, S.L.	2.88	4.89	0.00	0.00	7.77
DISPUR, S.L.	0.94	6.13	0.00	0.00	7.07
BOYSER, S.L.	1.08	7.05	0.00	0.00	8.13
CONCERTED ACTION	0.00	25.00	0.00	0.00	25.00
BLACKROCK INC.	0.00	0.43	0.01	2.54	2.98
BLACKROCK EUROPEAN MASTER HEDGE FUND LIMITED	0.00	0.00	0.00	2.98	2.98

Breakdown of the indirect shareholdings:

Name of indirect shareholder	Name of direct shareholder	% voting rights attached to shares	% voting rights through financial instruments	% of total voting rights
ROBERT GARRIGOS RUIZ	PIUMOC INVERSIONS, S.L.U.	5.07	0.00	5.07
ROBERT GARRIGOS RUIZ	ANIOL, S.L.	0.78	0.00	0.78
MANUEL PUIG ROCHA	BANELANA, S.L.	5.00	0.00	5.00
JUAN PLANES VILA	DISPUR, S.L.	0.94	0.00	0.94
JUAN PLANES VILA	DISPUR POOL, S.L.	6.13	0.00	6.13
EDREM, S.L.	EDREM CARTERA, S.L.U.	4.89	0.00	4.89
DISPUR, S.L.	DISPUR POOL, S.L.	6.13	0.00	6.13
BOYSER, S.L.	BOYSER CORPORATE PORTFOLIO, S.L.	7.05	0.00	7.05

State the most significant movements in the shareholding structure that have occurred during the year:

Most significant movements

On 18th November 2020, Piscine Luxembourg Holdings 1, S.A.R.L., a wholly owned subsidiary of Rhône Capital LLC, carried out an accelerated placement of 6.2% of the Company's share capital: its shareholding in Fluidra at 31st December 2020 amounts to 32.22% of the Company's capital.

A.3. Complete the following tables regarding members of the board of directors who have voting rights attached to shares in the company:

Name of director	% voting rights attached to shares		% voting rights through financial instruments		% of total voting rights	% voting rights that <u>can be transferred</u> through financial	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr GABRIEL LÓPEZ ESCOBAR	0.01	0.00	0.00	0.00	0.01	0.00	0.00
Mr JOSÉ MANUEL VARGAS GÓMEZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ms ESTHER BERROZPE GALINDO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr BERNARDO CORBERA SERRA	0.11	0.14	0.00	0.00	0.25	0.00	0.00
Mr OSCAR SERRA DUFFO	0.03	0.00	0.00	0.00	0.03	0.00	0.00
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr ELOY PLANES CORTS	0.17	0.00	0.00	0.00	0.17	0.00	0.00
PIUMOC INVERSIONS, S.L.U.	5.50	0.00	0.00	0.00	5.50	0.00	0.00
Mr SEBASTIEN SIMON MAZELLA DI BOSCO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr BRUCE WALKER BROOKS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr MICHAEL STEVEN LANGMAN	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr BRIAN MCDONALD	0.00	0.00	0.00	0.00	0.00	0.00	0.00

% of total voting rights held by members of the board of directors	5.96
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Breakdown of indirect shareholdings:

Name of director	Name of direct shareholder	% voting rights attached to shares	% voting rights through financial instruments	% of total voting rights	% voting rights that can be transferred through financial instruments
Mr BERNARDO CORBERA SERRA	BERAN CARTERA, S.L.U.	0.15	0.00	0.15	0.00

There are no observations.

A.4. State any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as they are known to the company, except where they are immaterial or derive from ordinary commercial transactions, except those reported in section A.6:

Name of related parties	Type of relationship	Brief description
No data		

A.5. State any commercial, contractual or corporate relationships between owners of significant shareholdings and the company and/or the group, except where they are immaterial or derive from ordinary commercial transactions of the company:

Name of related parties	Type of relationship	Brief description
No data		

- A.6.** Describe any relationships, unless insignificant for both parties, between significant shareholders or shareholders represented on the board and directors, or their representatives in the case of board members that are legal persons.

Explain, as the case may be, how significant shareholders are represented. Specifically, state those directors who have been appointed to represent significant shareholders, those whose appointments were proposed by significant shareholders, or are related to significant shareholders and/or companies in their group, specifying the nature of such ties. In particular, mention the existence, identity and post of members of the board, or representatives of directors, of the listed company who are in turn members of the board or their representatives in companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders:

Name of related director or representative	Name of related significant shareholder	Name of the group company of the significant shareholder	Description of relationship/post
Mr JOSÉ MANUEL VARGAS GÓMEZ	PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L.	RHÔNE CAPITAL LLC	José Manuel Vargas Gómez is General Director of Rhône Group
Mr BERNARDO CORBERA SERRA	EDREM, S.L.	EDREM, S.L.	Bernardo Corbera Serra is CEO of Edrem, S.L.
Mr OSCAR SERRA DUFFO	BOYSER, S.L.	BOYSER, S.L.	Óscar Serra Duffo is chairman of the Board of Directors of Boyser, S.L.
Mr ELOY PLANES CORTS	DISPUR, S.L.	DISPUR, S.L.	Eloy Planes Corts is a director of Dispur, S.L.
Mr BERNAT GARRIGOS CASTRO	PIUMOC INVERSIONS, S.L.U.	ANIOL, S.L.	Bernat Garrigós Castro is CEO of Aniol, S.L.
Mr SEBASTIEN SIMON MAZELLA DI BOSCO	PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L.	RHÔNE CAPITAL LLC	Sebastien Simon Mazella di Bosco is General Director of Rhône Group
Mr BRUCE WALKER BROOKS	PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L.	RHÔNE CAPITAL LLC	The appointment of Bruce Walker Brooks as a director was proposed by Rhône
Mr MICHAEL STEVEN LANGMAN	PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L.	RHÔNE CAPITAL LLC	Michael Steven Langman is General Director of Rhône Group

A.7. State whether the company has been notified of any shareholders' agreements affecting the company pursuant to the provisions of articles 530 and 531 of the Companies Act (*Ley de Sociedades de Capital*). If so, briefly describe these agreements and list the shareholders bound by them:

Yes
 No

Parties to the shareholders' agreement	% share capital affected	Brief description of the agreement	Date of expiration of the agreement, if any
PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L., PIUMOC INVERSIONS, S.L.U., ANIOL, S.L., EDREM, S.L., DISPUR, S.L., BOYSER, S.L., EDREM CARTERA, S.L.U., DISPUR POOL, S.L., BOYSER CORPORATE PORTFOLIO, S.L.	60.14	On 03/11/2017 a shareholders' agreement was formalized by the same shareholders of Fluidra who are parties to the shareholders' agreement initially formalized on 05/09/2007 and Piscine Luxembourg Holdings 1, S.à.r.l. (controlled by Rhône Capital LLC), reported through Relevant Event no. 258222. This shareholders' agreement came into effect on 02/07/2018, which is the date of effects of the cross-border merger by absorption by Fluidra, S.A. (transferee) of Piscine Luxembourg Holdings 2 S.à.r.l. (transferor) reported by the Company through Relevant Event no. 258221.	Regulated in Clause 20 of the Agreement, available on www.fluidra.com , Shareholders and Investors, Corporate Governance, Shareholders' Agreements
PIUMOC INVERSIONS, S.L.U., ANIOL, S.L., EDREM, S.L., DISPUR, S.L., BOYSER, S.L., EDREM CARTERA, S.L.U., DISPUR POOL, S.L., BOYSER CORPORATE PORTFOLIO, S.L.	27.92	On 05/09/2007 a shareholders' agreement was formalized by certain shareholders in Fluidra, S.A. which was reported as a Relevant Event to the CNMV on 02/01/2008 with no. 87808. The agreement has been modified on 6 occasions (First novation: 10/10/2007; Second novation: 01/12/2010, Relevant Event no. 134239; Third novation: 30/07/2015, Relevant Event no. 227028; including supplementary agreement of 30/09/2015, Relevant Event no. 229114; Fourth novation: 27/07/2017 Relevant Event no. 255114; Fifth novation 03/11/2017, Relevant Event no. 258223, modified on 25/04/2018, Relevant Event no. 264650, subrogations on 23/05/2018 Relevant Event no. 266060, and supplementary agreement to the Fifth Novation on 27/07/2018, Relevant Event no. 268610; Sixth novation 22/12/2020, Notice of Other Relevant Information no. 6355).	Regulated in Clause One and Clause Seven of the Agreement, available on www.fluidra.com , Shareholders and Investors, Corporate Governance, Shareholders' Agreements

State whether the company is aware of the existence of concerted actions among its shareholders. If so, briefly describe them:

Yes
 No

Parties to the concerted	% share capital	Brief description of the concerted action	Date of expiration, if any
PIUMOC INVERSIONS, S.L.U., EDREM CARTERA, S.L.U., DISPUR POOL, S.L., BOYSER CORPORATE PORTFOLIO, S.L.,	25.00	The Syndication Agreement establishes the parties bound by it, and in relation to the shares referred to in it the parties undertake to exercise their voting rights at General Meetings of Fluidra as indicated in the Syndication Agreement.	Regulated in Clause One and Clause Seven of the Agreement, available on www.fluidra.com , Shareholders and Investors, Corporate Governance, Shareholders' Agreements

Expressly state whether any of such agreements, arrangements or concerted actions have been modified or terminated during the financial year:

On 22nd December 2020, the Sixth Novation of the Fluidra Vote and Share Syndication Agreement between the Company's current syndicated family shareholders (i.e. the "founding families" of Fluidra) was signed. The Agreement was initially formalized on 5th September 2007 and was subsequently modified on 10th October 2007, 1st December 2010, 30th July and 30th September 2015, 27th July and 3rd November 2017, 25th April and 27th July 2018.

This new Vote and Share Syndication Agreement sets out the intention of the current syndicated family shareholders in the Company to extend the term of the syndication, redistribute among them the number of syndicated shares, modify the restrictions on transferability of the released shares and incorporate a new case of authorized transfer of syndicated shares.

The syndicated family shareholders are holders in aggregate of 27.92% of the share capital of Fluidra (holding 25.00% as a syndicate).

A.8. State whether there is any individual or company that exercises or could exercise control over the company in accordance with article 5 of the Securities Market Act (*Ley del Mercado de Valores*). If so, identify the party in question:

Yes
 No

A.9. Complete the following tables regarding the company's own shares:

At year end:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
2,543,738		1.30

(*) Through:

Name of direct shareholder	Number of direct shares
No data	

Explain any significant variations occurring during the year:

Explain significant variations

Following the expiration on 27th March 2020 of the liquidity agreement formalized on 11th July 2017 with BNP Paribas, S.A., Sucursal en España, a new liquidity agreement was signed on 30th March 2020 with Banco de Sabadell, S.A. under and subject to the provisions of Circulars 1/2017, of 26th April, and 2/2019, of 27th November, of the CNMV, concerning liquidity agreements, and other applicable legislation.

On 18th November 2020, in the framework of the placement through an accelerated bookbuild offering among institutional investors carried out by BofA Securities Europe SA and Joh. Berenberg, Gossler & Co. KG as placement entities on behalf of Piscine Luxembourg Holdins 1 S.à.r.l., a company controlled by Rhône Capital LLC, Fluidra acquired a total of 978,146 own shares, representing 0.5% of its share capital, at a price of 16.50 euros per share, which represented a discount of 4.18% on the closing price on 18th November 2020. The aim of this purchase by the Company was to acquire own shares in order to comply with the obligations established in the share-based Incentive Plan for senior managers and executive directors of the Fluidra Group, approved by the General Shareholders' Meeting held on 27th June 2018.

A.10. Describe the terms and conditions and the duration of the powers currently in force given by the shareholders to the board of directors in order to issue, repurchase or transfer own shares of the company:

At the Ordinary General Shareholders' Meeting held on 3rd May 2017, it was resolved to (i) authorize the Company to proceed with the derivative acquisition of own shares, directly or through group companies, and with the express power to reduce the share capital to redeem own shares, delegating to the Board of Directors the necessary powers to execute the resolutions passed by the General Meeting in this regard, rendering the previous authorization without effect, and (ii) authorize it to apply the portfolio of own shares, as the case may be, to the execution or coverage of remuneration systems. The authorization granted is valid for a term of five (5) years as of the date the resolution is passed, i.e. until 3rd May 2022.

At the Board meeting of 11th December 2020, it was resolved, in the context of this authorization granted to the Board of Directors, to authorize the Chairman/CEO and the Co-CEO, jointly and severally and indistinctly, to proceed with the derivative acquisition and disposal of own shares up to a maximum number of shares not exceeding four (4%) per cent of the Company's share capital. This authorization will be valid until 31st December 2021.

A.11. Estimated free float:

	%
Estimated free float	29.19

A.12. State whether there are any restrictions (under the Articles of Association, legislative or of any other nature) on the transfer of securities and/or any restrictions on voting rights. In particular, disclose the existence of any restrictions that might hinder a takeover of the company through the acquisition of its shares on the market, and any prior authorization or communication arrangements in respect of acquisitions or transfers of the company's financial instruments that are applicable to it by virtue of sector-specific regulation.

Yes
 No

Description of the restrictions

The redrafted text of the vote and share syndication agreement formalized on 22nd December establishes that none of the Syndicated Shareholders (as defined in the agreement) may sell, transfer, assign, convey or otherwise dispose of or encumber the Syndicated Shares (25% of share capital) and/or ownership of the inherent voting or economic rights associated to the shares throughout the term of the syndication, i.e. the period running from the date on which the Fluidra shares are admitted for trading (i.e. 31st October 2007) and the first of the following dates: (i) 30th June 2024, (ii) the date on which the obligation may arise to submit a takeover bid for all the securities of Fluidra, in accordance with the provisions of Royal Decree 1066/2007, of 27th July, on the regime of takeover bids. As an exception to the above, with effect from 1st January 2022 and during the remainder of the Syndication Term, the Syndicated Shareholders may transfer certain Syndicated Shares up to a maximum, among all such Shareholders, equal to three (3) per cent of the share capital of Fluidra (the "Transferable Syndicated Shares"), based on the distribution set out for each Syndicated Shareholder in Appendix I to the vote and share syndication agreement, in accordance with certain rules and procedures.

The Agreement also establishes the mechanism for syndicating the votes associated to the Syndicated Shares.

In turn, the Shareholders' Agreement formalized on 3rd November 2017 between certain shareholders in Fluidra, S.A. (the "Current Shareholders") and Piscine Luxembourg Holdings 1, S.à.r.l. (a company controlled by Rhône Capital LLC) (the "SHA") establishes a general lock-up term for the Current Shareholders and Piscine Luxembourg Holdings 1, S.à.r.l. of 36 and 24 months, respectively, together with a series of rules and commitments, including a pre-emption right, for transfers by Piscine Luxembourg Holdings 1, S.à.r.l. after the aforesaid term of 24 months, provided that a series of circumstances and shareholding thresholds are met. Notwithstanding the above, on 26th June 2019 Piscine Luxembourg Holdings 1, S.à.r.l. carried out a private placement, having received prior authorization from the Current Shareholders, through the accelerated placement addressed exclusively to eligible investors of 7,850,000 shares representing approximately 4% of the Company's share capital. Subsequently, on 18th November 2020, Piscine Luxembourg Holdings 1, S.à.r.l. completed a second private placement, through the accelerated placement aimed exclusively at qualifying investors, of 12,121,212 shares representing approximately 6.2% of the Company's share capital. Following the two accelerated placements, Piscine Luxembourg Holdings 1, S.à.r.l. holds 63,028,088 shares in the Company, representing approximately 32.2% of the Company.

A.13. State whether the general shareholders' meeting has approved the adoption of anti-takeover measures pursuant to the provisions of Act 6/2007.

Yes
 No

If so, describe the measures approved and the terms on which the restrictions will become ineffective:

A.14. State whether the company has issued securities that are not traded on a regulated market in the European Union.

Yes
 No

If applicable, specify the different classes of shares and the rights and obligations attaching to each class of shares:

B. GENERAL SHAREHOLDERS' MEETING

B.1. State and, if applicable, describe whether there are differences with respect to the minimum requirements set out in the Companies Act in connection with the quorum needed to hold a valid general shareholders' meeting:

Yes
 No

B.2. State and, if applicable, describe any differences from the rules set out in the Companies Act for the adoption of corporate resolutions:

Yes
 No

	Qualified majority other than that established in article 201.2 LSC for cases described in article 194.1 LSC	Other situations of qualified majority
% established by the company for the adoption of resolutions	0.00	0.00

The Shareholders' Agreement formalized on 03/11/2017, Relevant Event notice no. 258222, provides for certain qualified majorities in order to pass certain resolutions of the General Shareholders' Meeting. The requirement for these qualified majorities is also established in article 33 of the company's Articles of Association and in article 25 of the General Meeting Regulations. See section B.3 below for further details.

B.3. State the rules applicable to the amendment of the company's Articles of Association. In particular, disclose the majorities provided for amending the Articles of Association, and any rules provided for the protection of shareholders' rights in the amendment of the Articles of Association.

The procedure for amending the Articles of Association must conform to the provisions of article 285 and following of the Companies Act, which require approval by the General Shareholders' Meeting, with the quorum and majorities established in articles 194 and 201 of the aforesaid Act, as well as the requirement to draw up and make available to the shareholders a mandatory report by the directors justifying the amendment. Article 27 of the Articles of Associations and article 15 of the General Meeting Regulations set out the principle contained in article 194 of the Companies Act and establish that in order for an ordinary or extraordinary General Meeting to resolve validly on any amendment of the Articles of Association, the attendance, in person or through a representative, of shareholders holding at least fifty per cent of the share capital with voting rights is required on the first call. On the second call, twenty-five per cent of the aforesaid capital will be sufficient. Article 24 of the General Meeting Regulations regulates the procedure for voting on proposed resolutions of the General Shareholders' Meeting, establishing, in the case of amendments to the Articles of Association, that each article or group of articles of sufficient entity is to be voted on separately. Furthermore, in accordance with the provisions of article 33 of the Articles of Association and article 35 of the General Meeting Regulations, in order to pass resolutions on the matters indicated below (the "Reserved Matters"), a vote in favour by sixty-nine per cent (69%) of the Company's share capital is required on first call and a vote in favour by sixty-six per cent (66%) of the Company's share capital on second call:

- (i) increase in share capital, the issue of debentures or securities convertible into shares, with or without preferential acquisition rights, as well as the delegation of the power to pass resolutions on these matters to the Board of Directors;
- (ii) reduction in share capital, except in cases where a reduction is mandatory by law;

- (iii) the approval of any structure modification operations, such as transformation, merger, de-merger, global transfer of assets and liabilities and moving the Company's registered office abroad;
- (iv) the approval of operations for the acquisition or disposal of essential assets in accordance with article 160.f) and article 511 bis of the Companies Act;
- (v) the voluntary dissolution of the Company;
- (vi) the modification of the number of members of the Board of Directors;
- (vii) the exclusion of the Company's shares from trading on any securities market; and
- (viii) the amendment of the Company's Articles of Association in relation to any of the Reserved Matters referred to above.

B.4. State data on attendance at general shareholders' meetings held during the year this report refers to and for the two previous years:

Date of general meeting	Attendance data				Total
	% shareholders present in person	% represented	% remote voting		
			Electronic voting	Other	
20/02/2018	8.54	75.53	0.00	0.00	84.07
Of which floating capital	0.02	22.25	0.00	0.00	22.27
27/06/2018	2.80	76.51	0.00	0.00	79.31
Of which floating capital	0.01	22.26	0.00	0.00	22.27
08/05/2019	1.36	86.75	0.00	0.00	88.11
Of which floating capital	0.79	11.42	0.00	0.00	12.21
19/05/2020	0.88	86.45	0.00	0.00	87.33
Of which floating capital	0.00	15.04	0.00	0.00	15.04

B.5. State whether any item on the agenda of the general shareholders' meetings held during the year has not been approved by the shareholders for any reason:

Yes
 No

B.6. State whether there are any restrictions in the Articles of Association requiring a minimum number of shares in order to attend the general meeting, or to vote remotely:

Yes
 No

B.7. State whether it has been established that certain decisions, other than those established by law, involving an acquisition, disposal, or contribution to another company of essential assets or similar corporate operations must be submitted for approval to the general shareholders' meeting:

Yes
 No

B.8. State the address and method for accessing the company's website to access information on corporate governance and other information on general shareholders' meetings that must be made available to shareholders through the company's website:

www.fluidra.com

Following the route to SHAREHOLDERS AND INVESTORS (<https://www.fluidra.com/es/accionistas>), among other options the following will appear:

STOCK EXCHANGE INFORMATION

REPORTING CENTER

RELEVANT EVENTS

CORPORATE GOVERNANCE

CONTACT

C. COMPANY MANAGEMENT STRUCTURE

C.1. Board of Directors

C.1.1 Maximum and minimum number of directors established in the Articles of Association and the number set by the general shareholders' meeting:

Maximum number of directors	12
Minimum number of directors	12
Number of directors established by the General Meeting	12

There are no observations in this regard.

C.1.2 Complete the following table on members of the board:

Name of director	Representative	Type of director	Position on the board	Date of first appointment	Date of last appointment	Selection procedure
Mr GABRIEL LÓPEZ ESCOBAR		Independent	DIRECTOR	30/10/2014	08/05/2019	GENERAL MEETING RESOLUTION
Mr JOSÉ MANUEL VARGAS GÓMEZ		Proprietary	DIRECTOR	02/07/2018	02/07/2018	GENERAL MEETING RESOLUTION
Ms ESTHER BERROZPE GALINDO		Independent	DIRECTOR	06/09/2019	06/09/2019	GENERAL MEETING RESOLUTION
Mr BERNARDO CORBERA SERRA		Proprietary	DIRECTOR	05/09/2007	03/05/2017	GENERAL MEETING RESOLUTION
Mr OSCAR SERRA DUFFO		Proprietary	VICE-CHAIRMAN	05/09/2007	03/05/2017	GENERAL MEETING RESOLUTION
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ		Independent	LEAD INDEPENDENT DIRECTOR	05/05/2015	08/05/2019	GENERAL MEETING RESOLUTION

Name of director	Representative	Type of director	Position on the board	Date of first appointment	Date of last appointment	Selection procedure
Mr ELOY PLANES CORTS		Executive	CHAIRMAN - CEO	31/10/2006	03/05/2017	GENERAL MEETING RESOLUTION
PIUMOC INVERSIONES, S.L.U.	Mr BERNAT GARRIGOS CASTRO	Proprietary	DIRECTOR	27/06/2018	27/06/2018	GENERAL MEETING RESOLUTION
Mr SEBASTIEN SIMON MAZELLA DI BOSCO		Proprietary	DIRECTOR	02/07/2018	02/07/2018	GENERAL MEETING RESOLUTION
Mr BRUCE WALKER BROOKS		Executive	CO-CEO	02/07/2018	02/07/2018	GENERAL MEETING RESOLUTION
Mr MICHAEL STEVEN LANGMAN		Proprietary	DIRECTOR	02/07/2018	02/07/2018	GENERAL MEETING RESOLUTION
Mr BRIAN MC DONALD		Independent	DIRECTOR	06/09/2019	06/09/2019	GENERAL MEETING RESOLUTION

Total number of directors	12
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State any directors that have left the board, either through resignation or by a resolution of the General Meeting, during the reporting period:

Name of director	Type of director at time of leaving	Date of last appointment	Date director left	Specialized committees on which director served	State whether director left before end of term
No data					

Reason for leaving, when it occurs before the end of the term of the post and other observations; information on whether the director has sent a letter to the other Board members and, in the case of removal of non-executive directors, the explanation or opinion of the director who has been removed by the General Meeting

There are no observations.

C.1.3 Complete the following tables concerning board members and their categories:

EXECUTIVE DIRECTORS		
Name of director	Position within the company's structure	Profile
Mr ELOY PLANES CORTS	Chairman - CEO	Eloy Planes Corts was born in Barcelona in 1969. Holder of a Degree in Industrial Engineering from the Polytechnic University of Catalonia (UPC) and a Master's Degree in Business Management from EADA. A member of the second generation of one of the founding families, Eloy Planes joined Fluidra (then "Astral") as R&D Manager in 1994 and in 1998 was appointed as Logistics Manager and then as General Manager of AstralPool España, leading the mergers of different commercial companies in Spain and gaining in-depth knowledge of the business. In 2000, Eloy took on the General Management of AstralPool, continuing with the expansion of the business in international markets. In 2002, the family group took a decisive step: under the leadership of Eloy Planes as General Manager, the Fluidra group was created (under the name of "Aquaria"), bringing together the pool production and distribution companies. Banco Sabadell acquired 20% of the share capital and joined the four owner families. Eloy led the change in logistical model. In 2006, Fluidra reached its current size with the incorporation of four previously independent partners. In the same year, Eloy was appointed CEO of the Fluidra group, leading the company to significant milestones: its flotation in 2007, its restructuring in 2008/09, accompanied by an acceleration of the internationalization process in the commercial aspect and the application of lean management in the industrial part of the group. In 2016, Eloy took on the role of Executive Chairman of Fluidra. In that same year he created the Fluidra Foundation. In 2017 a major transformational corporate operation lead by Eloy was announced: the merger with US company Zodiac, which was completed in July 2018. Eloy is Executive Chairman of the Board of Directors of Fluidra, world leader in Pools and Wellness. He is also the President of the Barcelona International Pool Trade Show and of the Catalunya Cultura Foundation.
Mr BRUCE WALKER BROOKS	Co-CEO	Bruce W. Brooks holds a Degree in Marketing from the University of Virginia. Bruce brings significant experience in international management to Fluidra, after more than 20 years at Black & Decker Corporation. In 1986, shortly after obtaining his degree, he started his career at that company, where he held a number of different posts over the years, including group vice-president, president of the consumer product group, president of construction tools and vice-president of mechanical tools. In 2011, he joined Zodiac Pool Solutions where he held the post of CEO. During his time at Zodiac, Bruce led the company to an approach focused on the residential pool market, thus leading the company's financial resurgence after 2011. In 2016, Bruce oversaw the successful transition of ownership from the Caryle Group to the Rhône Group and in 2018 he played a decisive role in in the plan to integrate with Fluidra.

EXECUTIVE DIRECTORS		
Name of director	Position within the company's structure	Profile
		Throughout his career, Bruce has shown great skill in the management and development of existing companies as well as in their expansion into new markets, at both domestic and international level and is highly valued for his strategic reasoning and his capacity to develop and execute systems and processes with the successful attainment of short and long-term goals. Bruce holds the post of co-CEO and is also a member of the Board of Directors of Fluidra.

Total number of executive directors	2
% of total board	16.67

There are no observations.

EXTERNAL PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented by the director or that proposed the director's appointment	Profile
Mr JOSÉ MANUEL VARGAS GÓMEZ	RHÔNE CAPITAL LLC	José Manuel Vargas has been a senior advisor at Rhône since 2006 and became a partner in November 2017. From April 2020, he is also Executive Chairman of Maxam. Previously he had been Chairman and CEO of Aena SME, SA, and led the restructuring process and partial privatization of the company and its IPO in 2015. He has also held the posts of CEO and Financial Director of Vocento and as a director of ABC. Prior to working in the communication sector, he had been financial director and general secretary of JOTSA (of the Philipp Holzmann group). José Manuel has served on a number of boards, such as those of the COPE radio station, Net TV and the newspaper Correo. In 2015 he won the prize for Best Executive of the Year awarded by the Spanish Executives Association (Asociación Española de Directivos -AED) and was named Person of the Year in the economic and financial field by Spanish economic newspaper El Economista. He graduated from the Complutense University of Madrid and holds a Law Degree from UNED. He is also a chartered accountant. Mr Vargas is currently also a member of the Board of Directors of Fluidra.

EXTERNAL PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented by the director or that proposed the director's appointment	Profile
Mr BERNARDO CORBERA SERRA	EDREM, S.L.	Born in Barcelona in 1965, he holds a Degree in Business Science from E.S.E.I. and has completed the IESE Senior Executive Programme. In the past he has held several posts in the Fluidra Group. In particular, he started his career at Astral Export, S.A. where he was responsible for expansion in Africa, the Middle East and Central America. In 1993, he moved to the USA where he took on the market study and subsequent implementation of Astral Products and Polytank in that country. In 1999, he joined Astral Grup with responsibility for North America and Mexico and was appointed as a member of the Executive Committee. In 2000 he was appointed to the Board of Directors of Fluidra, and CEO of Edrem, S.L., a family investment company. In addition, he manages and is a member of the board of several family businesses or in which he is a significant investor.
Mr OSCAR SERRA DUFFO	BOYSER, S.L.	Born in Barcelona in 1962. He obtained a Degree in Business Administration from Management School in 1981. He started his career in the marketing area of several family businesses, notably La Casera and Schweppes. In 1989 he joined the Commercial department of Plasteral, taking responsibility for the Spas division. Throughout his career he has worked in the areas of marketing and communication. At present, he does not provide services for the Fluidra Group, focusing his professional activity on the management of several real estate, communication and family companies. He is the chairman of the Board of Directors of Boyser, S.L.
PIUMOC INVERSIONS, S.L.U.	ANIOL, S.L.	The natural person acting as representative of Piumoc Inversions, S.L.U. in exercising the post of Director is Mr Bernat Garrigós Castro, whose profile is as follows: Born in Barcelona in 1967. He obtained a Degree in Biology from the University of Barcelona in 1991, and later, in 1994, studied for a Master's Degree in Environmental Management at Duke University and an Executive Development Programme organized by IESE Business School. Since 2004, Bernat has managed Aniol, S.L. He is currently involved in several projects involving new technologies. His career in the Fluidra Group has included posts in several companies. From 1995 to 1998 he was Product Manager at Astral Grup and subsequently, until 2002, held the post of Production Manager at Servaqua, S.A. Bernat is CEO of Aniol, S.L.

EXTERNAL PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented by the director or that proposed the director's appointment	Profile
Mr SEBASTIEN SIMON MAZELLA DI BOSCO	RHÔNE CAPITAL, LLC	Mr Sébastien Mazella di Bosco joined Rhône in 2005 and became Managing Director and a member of the Investments Committee in 2013. Previously, he had worked at the investment banking department of Lazard Frères in New York, specializing in mergers, acquisitions and North American and transatlantic capital markets in the consumer, food and retail sectors. During his time at Rhône, he has participated in the detection, execution and monitoring of investments in a wide range of sectors, such as industry, packaging, aviation, services and the consumer sector. He also covers the French and Benelux markets in all kinds of sectors. He currently serves on the Board of Fluidra (BME: FDR) and monitors Rhône's investment in Vista Global Holding. Previously he also held posts on the Boards of several companies in Rhône's investment portfolio, such as Ranpak, Arizona Chemical and Eden Springs. He graduated from the HEC School of Management and obtained a Degree in Philosophy from the Sorbonne in Paris.
Mr MICHAEL STEVEN LANGMAN	RHÔNE CAPITAL, LLC	Mr Langman cofounded Rhône in 1996 and has led the day-to-day management of the company since it started. Rhône is an alternative asset management company, specializing in venture capital. Mr Langman is a partner, manager and general director of Rhône. Prior to Rhône, he was managing director at Lazard Frères, where he specialized in mergers and acquisitions. Before joining Lazard Frères, he worked at the mergers and acquisition department of Goldman Sachs. He has more than thirty years' experience in financing, analysing and investing in public and private companies. As well as his post on the board of Fluidra, S.A., he currently serves on the board of CSM Bakery Solutions, Hudson's Bay Company and Vista Global. He is also a director and advisor to several philanthropic and educational institutions. He received a Degree with highest honours from the University of North Carolina at Chapel Hill and has a Master's Degree from the London School of Economics.

Total number de proprietary directors	6
% of total board	50.00

There are no observations.

EXTERNAL INDEPENDENT DIRECTORS	
Name of director	Profile
Mr GABRIEL LÓPEZ ESCOBAR	Born in Madrid in 1956, he holds a Degree in Business Science, a Master's Degree in Economic Sciences and a Postgraduate Diploma in Economic Science Studies and European Studies from the University of Nancy (France). He is registered in the Official Register of Auditors and on the Roster of the US Public Company Accounting Oversight Board (PCAOB). He joined PwC in 1984 and was a partner of the firm until 2014. He has extensive experience in all kind of auditing, financial advising and financial investigation services. He has been responsible for auditing major Spanish groups as well as the subsidiaries of international groups, providing his services to companies such as Abengoa (IBEX 35, Nasdaq), Deutsche Bahn, Kraft Foods, Marsans, Nacex, Randstad, RIU, Quirón, Securitas, Telvent (Nasdaq), ThyssenKrupp, TUI, Volkswagen/SEAT. During his final years at the Firm he was also Chairman of the Supervision Committee of PwC Spain. In 2015 he served as advisor to the Family Board of Grupo Empresarial Fuertes, S.L. He has been an advisor on the Audit Committee of Corporación Químico-Farmacéutico Esteve, S.A. since May 2018. He has been an independent director of BanSabadell Vida, BanSabadell Seguros Generales and BanSabadell Pensiones since July 2020. He has been an independent director of Fluidra since October 2014.
Ms ESTHER BERROZPE GALINDO	Ms Esther Berrozpe was president for Europe, the Middle East and Africa at Whirlpool Corporation and executive vice-president of the company, world leader in the household electrical goods sector, which in 2018 had annual sales of 21 billion dollars, 92,000 employees and 65 production, research and development centres. She holds a degree in Economics and Business Science from Deusto University in San Sebastián. She led the company's integration and transformation process following the acquisition of Indesit Company by Whirlpool in 2014. Esther has extensive international experience of more than two decades in consumer goods companies and has held positions of responsibility both in Europe and the USA. She has also worked for Paglieri, Sara Lee and Wella Group. She also has considerable experience in brand consolidation in the commercial, industrial and logistics area, as well as in talent management and change culture, and in mergers and acquisitions. Esther was an independent director of Pernod Ridard, Ontex Group and Roca Corporación until December 2020, when she was appointed CEO of Ontex Group with effect from 1 st January 2021.
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ	Jorge Constans holds a degree in Economics from the University of Barcelona, the General Management Programme of IESE and Business Management from ESADE. In a career spanning 22 years at Danone, he held several positions in sales, marketing, general management in Spain and was later Chairman and CEO of Danone France. He was then responsible for the Europe region, and responsibility for the USA was later added. During the last two years in the company he was chairman of the dairy product division, with turnover of 12 B€ and present in more than 50 countries. At Louis Vuitton he held the position of Chairman and CEO. He currently serves on the Boards of THOM Europe (leader in the jewellery sector in France), Puig and Fluidra.
Mr BRIAN MCDONALD	Mr Brian McDonald was CEO of RGIS from 2014 to 2017. RGIS is the world's leading inventory management company, a 680-million-dollar business with 53,000 associates in 30 countries around the world. Before joining RGIS, Brian was executive vice-president and operations directors at Tyco International, where he had direct responsibility for its fire and security installation and services division valued at 7.8 billion dollars. Brian worked at Tyco for more than 10 years in different roles, including Sales Director, Vice-President of Field Operations, Vice-President of Southern Operations and Managing Director of ADT United Kingdom/Ireland. Before joining Tyco, Brian held several executive positions with the UTC Power and Otis Elevator units of United Technologies.

EXTERNAL INDEPENDENT DIRECTORS

Name of director	Profile
	He has a Degree in Physics from the US Naval Academy and MBA in Operations management from the University of Virginia Darden Graduate School of Business. On graduating from the Naval Academy, Brian served for 5 years as a lieutenant and division officer aboard a US Navy aircraft carrier, overseeing its nuclear systems.

Total number of independent directors	4
% of total board	33.33

There are no observations.

State whether any director classified as independent receives from the company or its group any amount or benefit for items other than director remuneration, or maintains or has maintained during the last year a business relationship with the company or with any company of its group, whether in the director's own name or as a significant shareholder, director, or senior manager of an entity that maintains or has maintained such a relationship.

If applicable, include a reasoned statement from the board regarding the reasons why it considers that the director in question can carry out his duties as an independent director.

Name of director	Description of relationship	Reasoned statement
No data		

OTHER EXTERNAL DIRECTORS

Identify the other external directors and describe the reasons why they cannot be considered proprietary or independent directors, as well as their ties whether with the company, its management or its shareholders:

Name of director	Reasons	Company, director or shareholder with which the director has ties	Profile
No data			

Total number of other directors	N.A.
% of total board	N.A.

State the changes, in any, in the category of each director during the period:

Name of director	Date of change	Former category	Current category
No data			

C.1.4 Complete the following table with information regarding the number of female directors for the last 4 years, as well as the category of such directors:

	Number of female directors				% of total directors of each category			
	2020	2019	2018	2017	2020	2019	2018	2017
Executive					0.00	0.00	0.00	0.00
Proprietary				1	0.00	0.00	0.00	25.00
Independent	1	1			25.00	25.00	0.00	0.00
Other External					0.00	0.00	0.00	0.00
Total	1	1		1	8.33	8.33	0.00	11.11

C.1.5 State whether the company has diversity policies in relation to the board of directors of the company on such matters as age, gender, disability, or professional training and experience. Small and medium-sized enterprises, as defined in the Auditing Act, must disclose at least the policy they have implemented in relation to gender diversity.

- Yes
 No
 Partial policies

If such diversity policies exist, describe them, their goals, the measures and the way in which they have been applied and the results obtained during the year. Also state the specific measures adopted by the board of directors and the appointments and remuneration committee to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why it does not do so.

Description of policies, goals, measures and how they have been applied, as well as the results obtained

The Fluidra Board of Directors Regulations establish that the Board of Directors, in exercising its powers of proposal to the General Shareholders' Meeting and co-optation to fill vacancies, shall strive to ensure that, as far as possible, external or non-executive directors represent an ample majority over executive directors, in the composition of the board. Furthermore, the number of independent directors should represent at least one third of the total number of directors.

The Appointments and Remuneration Committee Regulations approved by the Board of Directors in March 2021 (previously regulated in article 14 of the Board of Directors Regulations) also establish that the Appointments and Remuneration Committee is responsible for evaluating the necessary skills, knowledge and experience on the Board, defining as a result the functions and aptitudes required in the candidates to fill vacancies, evaluating the time and dedication required for them to fulfil their duties. For this purpose: (a) it will draw up a matrix of necessary skills of the Board of Directors to help the Appointments and Remuneration Committee to analyse the skills, knowledge and experience of the directors who are members of the Board and to define the functions and aptitudes of the candidates who are to cover any vacancies arising; (b) it will evaluate the time and dedication required for them to fulfil their duties effectively; and (c) it will promote programs to update directors'

knowledge, when necessary. The Appointments and Remuneration Committee should also establish representation targets for the least-represented sex on the board, drawing up guidelines on how to reach this target and reporting to the Board on matters of gender diversity and qualifications of directors.

The selection policy for candidates to hold positions on the Board of Fluidra (“Selection Policy”) is aimed at favouring an appropriate composition of the Board of Directors. In accordance with the Good Governance Code for Listed Companies, the Selection Policy ensures that the proposed appointments of Company directors are based on a prior analysis of the Company’s needs, and favours diversity of knowledge, experience and gender within the Board of Directors.

In accordance with the Selection Policy, the Board of Directors is to ensure that selection procedures favour diversity of gender, experience and knowledge, so that they do not suffer from implicit bias that could lead to any kind of discrimination and, in particular, could hinder the selection of female candidates, promoting an increase in their presence in light of best corporate governance practice, subject at all times to the fundamental principle of merit and suitability of the candidate in line with the analysis of the Company’s needs carried out by the Board of Directors. Thus, the selection of candidates should strive to achieve a suitable balance in the Board of Directors as a whole that enriches decision making and brings multiple points of view to the debate on the matters on which it is competent.

In accordance with the Selection Policy, when a vacancy arises, the Board of Directors will instruct the Appointments and Remuneration Committee to draw up a report setting out the evaluation of the skills, knowledge and experience, and also the diversity that are necessary in the Board of Directors and define, consequently, the required functions and aptitudes of the candidates to fill each vacancy. Based on this report, the Board of Directors will carry out an analysis of the needs of the Company, the group and the Board of Directors which is to serve as the starting point for the selection process. The candidate selection process must, in any case, avoid any kind of bias that could lead to discrimination and, in particular, could hinder the selection of persons of either sex.

The Company applies the policy of diversity in selecting directors described above to fill the vacancies that arise on the Board of Directors that are to be filled with new candidates.

- C.1.6** Explain any measures approved by the Appointments Committee in order for selection procedures to be free of any implicit bias that hinders the selection of female directors, and in order for the company to search deliberately for women who meet the professional profile that is sought and include them among potential candidates and reach a balanced presence of men and women. Also state whether these measures include measures to foster the presence of a significant number of female senior executives:

Explanation of measures

In its Director selection and appointment criteria approved by the Board of Directors, Fluidra establishes that the company will take gender diversity into consideration in choosing directors, with the object of ensuring equality of opportunity as indicated in the Equality Act, the Code of Commerce, the Companies Act and the Auditing Act, with regard to non-financial and diversity reporting. Similarly, Fluidra will strive to achieve in relation to its Board of Directors, not only gender diversity, but also geographical diversity and diversity of age and professional experience. Accordingly, in the selection process, candidates will be evaluated under criteria of equality and objectivity, avoiding explicit bias that could lead to discrimination and, in particular, hinder the selection of female directors.

In addition to the measures included in the Selection Policy to foster diversity, described in section C.1.5 above, one of the principles of which is to avoid, in the selection of candidates, any kind of bias that could lead to discrimination and, in particular, hinder the selection of persons of either sex, the ESG (Environmental, Social and Corporate Governance) Policy determines that all persons, irrespective of their race, gender, relation or ideology have the same opportunities of access to the organization and personal treatment, to develop their professional potential, following the group’s principles and values. Furthermore, in accordance with the ESG Policy, the Company must foster a business culture based on equality of treatment and opportunities between men and women.

In 2020, there have been no vacancies to cover with new directors, the last selection process having taken place in 2019 as a result of the resignation of two independent directors as the maximum term of 12 years in the post, established in the Fluidra Board of Directors Regulations, had expired. The Appointments and Remuneration Committee explicitly informed the external advisor responsible for the entire selection process that the female sex was to prevail if the candidate had the suitable profile in terms of experience, knowledge and skills in order to foster gender diversity. As a result of the interest shown throughout the selection process, Esther Berrozpe, a professional with considerable international and extensive experience in mergers and business consolidations in the industrial area and in commercial brand consolidation, joined the Board. With regard to the other vacancy, after interviewing a significant number of candidates, most of them female, the person finally chosen for the post was Brian McDonald, as he was the candidate who best fitted the professional and skills profile that the Company required.

Furthermore, in the last selection process to fill a vacant senior management position, specifically, the position of HR Manager, which took place in 2019, the vacancy was filled by Amalia Santallusia.

The aim of the Appointments and Remuneration Committee is to continue increasing the number of female representatives on the Board of Directors and in Senior Management so that they become more balanced as future vacancies arise on the Board of Directors and in Senior Management to be filled by new candidates.

If there are few or no female directors or senior managers despite any measures adopted, describe the reasons for this:

Explanation of reasons

One of the goals of the Appointments and Remuneration Committee in relation to the director and senior management selection policy is to favour diversity in terms of professional background, knowledge, nationality and, especially, gender. The Appointments and Remuneration Committee is aware that currently it does not comply with the Corporate Governance recommendation concerning the percentage of women on the Board, and is therefore taking the necessary measures to increase the number of women on the Board of Directors and in Senior Management. However, such an increase can only occur when new candidates are selected to cover future vacancies on the Board, provided that the woman's skills profile is comparable to or superior to that of the male candidates. Evidence that the measures taken in relation to the selection of female directors and senior managers is working is that one of the last two vacancies on the Board has been filled by a woman, as well as the last senior management vacancy. The Appointments and Remuneration Committee continues to work so that future selection processes will continue to favour gender diversity on the Board of Directors and in Senior Management.

C.1.7 Explain the conclusions of the appointments committee regarding verification of compliance with the policy aimed at favouring an appropriate composition of the board of directors.

The Appointments and Remuneration Committee oversees compliance with the director Selection Policy for the purpose of ensuring that selection processes take into consideration gender diversity balanced with other criteria of the profile being sought such as knowledge, nationality, experience and solvency.

C.1.8 Explain, if applicable, the reasons why proprietary directors have been appointed at the proposal of shareholders whose shareholding is less than 3% of share capital:

Name of shareholder	Justification
No data	

State whether there has been no answer to formal petitions for presence on the board received from shareholders whose shareholding is equal to or greater than that of others at whose proposal proprietary directors have been appointed. If applicable, describe the reasons why such petitions have not been answered:

- Yes
 No

C.1.9 State any powers and faculties delegated by the board of directors to CEOs or committees of the board:

Name of director or committee	Brief description
ELOY PLANES CORTS	The Board of Directors has delegated on a permanent basis all the faculties permitted by law to Mr Eloy Planes, who has been legally appointed as CEO of the Company.
BRUCE WALKER BROOKS	The Board of Directors has delegated on a permanent basis all the faculties permitted by law to Mr Bruce Walker Brooks, who has been legally appointed as Co-CEO of the Company.

C.1.10 Identify any members of the board who are directors, representatives of directors or officers of other companies that form part of the listed company's group:

Name of director	Name of group company	Position	Does he/she have executive duties?
Mr ELOY PLANES CORTS	ASTRAL NIGERIA, LTD	DIRECTOR	NO
Mr ELOY PLANES CORTS	FLUIDRA COMMERCIAL, S.A.U.	Joint CEO	YES
Mr ELOY PLANES CORTS	INNODRIP, S.L.	Director	NO
Mr ELOY PLANES CORTS	FLUIDRA FINCO, S.L.U.	JOINT CEO	YES

[-----]

C.1.11 Identify, if any, the directors of your company or representatives of directors that are legal entities, who are members of the board of directors or representatives of directors that are legal entities of other companies listed on regulated securities markets other than group companies that have been reported to your company:

Name of director	Name of listed company	Position
Ms ESTHER BERROZPE GALINDO	ONTEX GROUP	DIRECTOR

[-]

C.1.12 State and, if applicable, explain whether the company has established rules on the maximum number of boards on which directors may serve, identifying, where appropriate, where this is regulated:

- Yes
 No

C.1.13 State the following items relating to the total remuneration of the board of directors:

Remuneration of the board of directors accrued in the year (thousand euros)	3,905
Amount of vested pension rights for present directors (thousand euros)	543
Amount of vested pension right for former directors (thousand euros)	

[Of the amount shown above in respect of vested pension rights for present directors, xxx thousand euros accrued in 2020.]

C.1.14 Identify the members of the company's senior management who are not executive directors and state the total remuneration accruing to them during the year:

Name	Position
Mr TROY FRANZEN	BUSINESS GENERAL MANAGER - AMERICAS
Mr JOE LINGUADOCA	GLOBAL OPERATIONS MANAGER
Mr KEITH MCQUEEN	GLOBAL INNOVATION AND DEVELOPMENT MANAGER
Mr CARLOS FRANQUESA CASTRILLO	BUSINESS GENERAL MANAGER - EMEA
Mr JAVIER TINTORÉ SEGURA	CFO
Mr NICOLÁS MARTÍNEZ FERNÁNDEZ	GLOBAL INTERNAL AUDIT AND COMPLIANCE MANAGER
Ms AMALIA SANTALLUSIA AGUILAR	GLOBAL HUMAN RESOURCES AND CORPORATE SOCIAL RESPONSIBILITY MANAGER
Mr STEPHEN MATYSIAK	BUSINESS GENERAL MANAGER - APAC
Mr JAUME CAROL PAÑACH	INDUSTRIAL MANAGER

Number of women in senior management	1
Percentage of total members of senior management	11.11
Total senior management remuneration (in thousand euros)	3,911

C.1.15 State whether the board regulations have been amended during the year:

Yes
 No

Description of amendments

Amendment of article 15.5 of the Board Regulations, in order to reinforce the functions of the Lead Director, which now reads as follows:

Article 15.5:

To the extent that the Chairman of the Board is an executive director of the Company, the Board of Directors must necessarily appoint an independent director as lead director, with the abstention of the executive directors. The lead independent director will be empowered to:

- (a) request that a Board meeting be convened, or the inclusion of new items on the agenda of an existing meeting;
- (b) co-ordinate and liaise with the non-executive directors and voice their concerns;
- (c) lead the Board's evaluation of its Chairman;
- (d) chair Board meetings in the absence of the Chairman and the Vice-Chairmen, if any; and
- (e) coordinate the Chairman succession plan.

Furthermore, at the Chairman's request or when the Board so resolves, the Lead Independent Director may contact investors and shareholders to find out their points of view for the purpose of forming an opinion on their concerns, particularly in relation to the Company's corporate governance.

In the event that one or more Vice-Chairmen of the Company are categorized as independent directors, the Board will empower any of them to carry out the functions referred to here.

C.1.16 State the procedures for the selection, appointment, re-election and removal of directors. Describe the competent bodies, the procedures to be followed and the criteria applied in each procedure.

Article 171 of the Board Regulations establishes that directors will be appointed at the proposal of the Appointments and Remuneration Committee, in the case of independent directors, and following a prior report by the Appointments and Remuneration Committee in the case of all other directors, by the General Shareholders' Meeting or by the Board of Director. The proposal for appointment or re-election must be accompanied by a justificatory report from the Board assessing the competence, experience and merits of the proposed candidate, which will be attached to the minutes of the General Shareholders' Meeting or Board meeting. These provisions will also apply to the natural persons

who are designated as the representatives of a director that is a legal person. The proposal of the natural person must be submitted for a report by the Appointments and Remuneration Committee.

In relation to external directors, article 18 of the Board Regulations establishes that the Board of Directors will strive to ensure that the elected candidates are persons of acknowledged solvency, competence and experience, and must exercise particular rigour in relation to those persons who are called upon to fill the positions of independent director established in article 6 of the Board Regulations.

In accordance with the provisions of the Appointments and Remuneration Committee Regulations approved in March 2021 (previously regulated in article 14 of the Board of Directors Regulations), the Appointments and Remuneration Committee will evaluate the necessary skills, knowledge and experience in the Board and will define, consequently, the functions and aptitudes necessary in the candidates who are to fill each vacancy and will evaluate the time and dedication required for them to carry out their duties properly. For this purpose it will, among others: (a) draw up a matrix of necessary skills of the Board of Directors to help the Appointments and Remuneration Committee to analyse the skills, knowledge and experience of the directors who are members of the Board and to define the functions and aptitudes of the candidates who are to cover any vacancies arising and (b) evaluate the time and dedication required for them to fulfil their duties effectively.

Removal of Directors: Article 21.1 of the Board Regulations establishes that directors will be removed from their post when the period for which they were appointed has ended and when the General Meeting so decides making use of the faculties conferred on it by law or the Articles of Association. Reference should therefore be made to the situations established in the Companies Act, specifically in article 223 and following.

The Board may only propose the removal of an independent director before the end of the term established in the Articles of Association when there is due cause, observed by the Board following a report by the Appointments and Remuneration Committee. In particular, due cause will be deemed to exist when the director has failed to comply with the inherent duties of the position or has incurred in the course of the term of office in any of the circumstances of impediment described in the definition of independent director established in the Companies Act.

In accordance with the Selection Policy, the selection of candidates is based on a prior analysis of the needs of the Company, the group and the Board. The Board must ensure that the procedures for selecting its members favour diversity of gender, experience and knowledge, so that they do not suffer from implicit bias that could lead to any kind of discrimination and, in particular, could hinder the selection of female candidates, promoting an increase in their presence in light of best corporate governance practice, subject at all times to the fundamental principle of merit and suitability of the candidate in line with the analysis of the Company's needs carried out by the Board of Directors. When a vacancy arises, the Board of Directors will instruct the Appointments and Remuneration Committee to draw up a report setting out the evaluation of the skills, knowledge and experience, and also the diversity that are necessary in the Board of Directors and define, consequently, the required functions and aptitudes of the candidates to fill each vacancy. Based on this report, the Board of Directors will carry out an analysis of the needs of the Company and the group, which is to serve as the starting point for the selection process. The Company may make use of the services of external advisors for the prior analysis of the Company's needs, the search for or evaluation of candidates to the post of director or the evaluation of their performance.

The candidate selection process must, in any case, avoid any kind of bias that could lead to discrimination and, in particular, could hinder the selection of persons of either sex.

Any director may ask the Appointments and Remuneration Committee to take potential candidates into consideration to cover vacancies on the Board, provided that they meet the requisites established in this Policy, for the Committee to decide whether it considers them suitable.

When the re-election of any director is being considered, the re-election proposal submitted to the General Meeting by the Board must be preceded by a report issued by the Appointments and Remuneration Committee. This report will evaluate, especially, the director's performance during his or her term of office and his or her capacity to continuing performing duties satisfactorily.

In particular, in the case of independent directors, particular consideration will be given to the analysis of the Company's needs in order to determine whether the candidate for re-election can perform the functions and has the skills required by the Board.

C.1.17 Explain the extent to which the annual evaluation of the board has given rise to significant changes in its internal organization and to the procedures applicable to its activities:

Description of changes

In accordance with the provisions of the Appointments and Remuneration Committee Regulations approved in March 2021 (previously regulated in article 14 of the Board Regulations), the Appointments and Remuneration Committee will evaluate the necessary skills, knowledge and experience on the Board and will define the necessary duties and aptitudes of the candidates to fill each vacancy accordingly, and will evaluate the time and dedication required in order to discharge the duties well. For this purpose: (a) it will draw up a matrix of necessary skills of the Board of Directors to help the Appointments and Remuneration Committee to analyse the skills, knowledge and experience of the directors who are members of the Board and to define the functions and aptitudes of the candidates who are to cover any vacancies arising; (b) it will evaluate the time and dedication required for them to fulfil their duties effectively; and (c) it will promote programs to update directors' knowledge, when necessary. The Appointments and Remuneration Committee will also lead and co-ordinate the annual performance evaluation process of the Board of Directors, the Chairman of the Board, its Committees, their members and of executive directors.

In 2018, the Appointments and Remuneration Committee was assisted by an external consultant, Seeliger y Conde, with the aim of analysing and evaluating the new composition and operation of the Board and its committees following the merger of Fluidra with the Zodiac group. The external consultant concluded that the performance of the Board of Directors was positive, indicating certain areas of improvement in the way the Board works which were implemented in the course of 2019 for the purpose of continuing with the integration of new directors, although they did not involve important changes in internal organization or in the procedures applicable to its activities. In 2020, the evaluation of the Board has been carried out by the Appointments and Remuneration Committee without the participation of external consultants. The conclusion reached was that the performance of the Board of Directors is positive, and that the integration of the new directors appointed in 2019 has been completed successfully and the action plans proposed in 2019 have been fulfilled.

Describe the evaluation process and the areas evaluated by the board of directors, assisted, as the case may be, by an external consultant, regarding the operation and composition of the board and its committees and any other area or aspect that has been evaluated.

Description of evaluation process and areas evaluated

The evaluation of the Board of Directors was carried out in 2020 without the participation of an external consultant and taking into account not only the recommendations of the Good Governance Code for Listed Companies but also international good governance best practice. The aim of this evaluation was to analyse the performance level of the Board, evaluating its organization, practice, composition and structure.

The evaluation of the Board has been carried out through an anonymous survey of the directors, with very similar questions to those asked in 2019 in order to compare results and evaluate the effectiveness of the action plan defined following the previous year's evaluation process. After the answers to the survey had been obtained, a report was drawn up on the result of the evaluation which has been discussed by the Appointments and Remuneration Committee which, as was the case last year, proposed four actions plans or recommendations to continue improving the excellent results obtained.

The results of the evaluation together with the proposed action plan has submitted to the Board of Directors and was approved by it.

The aspects evaluated were the operation of the Board of Directors and its committees, the quality of the Board and its composition, evaluating the professional and functional experience and soft skills of members, in order to offer individual feedback to maximize the contribution of the evaluation.

The areas evaluated were as follows:

- Operational evaluation and day-to-day working of the Board
- Evaluation of the Board's practices and tasks. This area is the one which obtained the best results compared to the previous year, as a result of the attainment of the measures designed in the action plan following the 2019 survey.
- Individual and collective evaluation of the Board's performance
- Evaluation of the Board's competences
- Training initiatives

C.1.18 In years when the evaluation has involved the assistance of an external advisor, detail any business relationship that the consultant or any company of its group have with the company or any of the group companies.

In 2018 the evaluation was carried out by the external consultant Seeliger y Conde, while in 2019 and 2020 it was carried out by the Appointments and Remuneration Committee.

C.1.19 State the circumstances in which the resignation of directors is mandatory.

In accordance with article 21.2 of the Board Regulations, directors must offer their resignation to the Board of Directors, formalizing their resignation if the Board so decides, in the following cases:

- a) When they cease to hold the executive position to which their appointment as director was associated.
- b) When they incur in any of the situations of incompatibility or prohibition established by law.
- c) When they are severely reprimanded by the Board of Directors because of breaching their obligations as directors.
- d) When their continued presence on the Board could jeopardize or damage the Company's interests, credit or reputation or when the reasons for which they were appointed no longer exist (for example, when a proprietary director disposes of its shareholding in the Company).
- e) In the case of independent directors, they may not remain in their position as such for a continued period of more than 12 years, and therefore at the end of that term they must offer their resignation to the Board of Directors.
- f) In the case of proprietary directors (i) when the shareholder they represent sells the shareholding in full and; furthermore (ii) in respect of the corresponding number, when the aforesaid shareholder reduces its shareholding to a level that requires a reduction in the number of proprietary directors.

- Article 21.3 also establishes that, in the event that a director ceases to hold his position before the end of the term of office, due to resignation or any other reason, the aforesaid director must explain the reasons in a letter which will be sent to all the members of the Board.

C.1.20 Are qualified majorities, different from the statutory majorities, required to adopt any type of decision?

Yes
 No

If so, describe the differences.

Description of differences

The Shareholders Agreement formalized on 03/11/2017, reported in Relevant Event notice no. 258222, establishes certain qualified majorities in order to pass certain resolutions by the Board. These qualified majorities are also established in article 42 of the Articles of Association and article 16 of the Board Regulations.

In this regard, in accordance with the provisions of article 16.4 of the Board Regulation, the majorities indicated below will be required in order to pass resolutions on the following matters ("Reserved Matters"):

- (i) The removal of the Secretary to the Board of Directors will require that at least seven (7) members of the Board vote in favour;
- (ii) The removal of any member of Senior Management will require that at least seven (7) members of the Board vote in favour provided that at least one of the proprietary and/or executive directors of each of the two groups of shareholders existing at the date of these Regulations votes in favour;
- (iii) The admission of the Company's shares for trading on the New York Stock Exchange or any comparable market that grants efficient access to capital markets will require that the resolution be passed (i) with the vote in favour of at least seven (7) members of the Board provided that at least one of the proprietary and/or executive directors of each of the two groups of shareholders existing at the date of these Regulations votes in favour or (ii) with the unanimous vote of all the members of the Board of Directors other than the proprietary and executive directors proposed by either of the two groups of majority shareholders in the Company existing on the date of these Regulations (i.e. eight (8) of the twelve (12) directors);
- (iv) The following reserved matters will require that at least nine (9) members of the Board vote in favour:
 - a. the appointment and removal of the Chairman of the Board of Directors;
 - b. the appointment and removal of the CEO;
 - c. the delegation of faculties by the Board to the Executive Committee, and the appointment of any of its members;
 - d. the appointment of the Secretary of the Board of Directors;
 - e. the appointment of any member of Senior Management,
 - f. any change in the list of positions that make up Senior Management;
 - g. additional long-term borrowing by the Company or any group company to the extent that such long-term borrowing means that the ratio of long-term net debt to consolidated adjusted EBITDA is more than 3:1 and
 - h. the modification of the number of members of Board committees.

For the purposes of this section, "Senior Management" will be understood to refer to persons who hold the post of Financial General Manager, General Manager for Europe, Asia, Latam and the Southern Hemisphere, Operations General Manager or General Manager for the Americas. The Board of Directors may modify the definition of "Senior Management" at any time.

C.1.21 Explain whether there are specific requirements, other than the requirements relating to directors, in order to be appointed chairman of the board of directors:

Yes
 No

Description of requirements

In accordance with the provisions of article 8 of the Board Regulations, the Chairman of the Board of directors will be elected out of the Board members with the favourable vote of at least nine (9) Board members, as established in the Company's Articles of Association, following a report from the Appointments and Remuneration Committee. The removal of the Chairman of the Board will require that the corresponding resolution be passed with the favourable vote of at least nine (9) members of the Board of Directors.

C.1.22 State whether the Articles of Association or the Board regulations establish any age limit for directors:

- Yes
 No

C.1.23 State whether the Articles of Association or the Board regulations establish any limit on the term of office or other stricter requisites in addition to those established by law for independent directors, that is different from the term established by regulatory provisions:

- Yes
 No

C.1.24 State whether the Articles of Association or the Board regulations establish specific rules for proxy voting at Board meetings through other directors, the manner of doing so and, in particular, the maximum number of delegations that a director may hold, as well as whether any restriction has been established regarding the categories of directors who may be delegated, beyond the restrictions imposed by legislation. If so, briefly describe such rules.

As established in article 16 of the Board Regulations, Directors shall make every effort to attend Board meetings and when it is impossible for them to attend in person, they will grant representation in writing, on a special basis for each meeting, appointing another member of the Board as proxy with the pertinent instructions and notifying the Chairman of the Board of Directors of this. Non-executive directors may only delegate another non-executive director to represent them.

C.1.25 State the number of meetings that the board of directors has held during the year. In addition, specify the number of times the board has met, if any, at which the chairman was not in attendance. Proxies granted with specific instructions shall be counted as attendance.

Number of meetings of the board	14
Number of board meetings at which the Chairman was not in attendance	0

State the number of meetings held by the lead independent director with the other directors, at which no executive director was present or represented:

Number of meetings	0
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State the number of meetings held by the different committees of the board during the year:

Number of meetings of the Audit Committee	9
Number of meetings of the Appointments and Remuneration Committee	8
Number of meetings of the Executive Committee	2

C.1.26 State the number of meetings that the board of directors has held during the year and data on attendance of its members:

Number of meetings at which at least 80% of the directors were present in person	14
% of personal attendance with respect to total votes during the year	100.00
Number of meetings at which all directors were present in person or represented by proxies with specific instructions	14
% of votes cast by directors present in person or represented by proxies with specific instructions compared to total votes during the year	100.00

C.1.27 State whether the individual and consolidated annual accounts that are submitted to the board are previously certified:

Yes
 No

Identify, if applicable, the person/persons that has/have certified the individual and consolidated annual accounts of the company for preparation by the board:

C.1.28 Explain the mechanisms, if any, established by the board of directors so that the annual accounts that the board of directors submits to the general shareholders' meeting are drawn up in accordance with accounting legislation.

As established in article 38.3 of the Board Regulations, the Board of Directors will strive to draw up the accounts definitively in such a way that they do not give rise to qualifications by the auditor. In exceptional cases in which there are qualifications, both the Chairman of the Audit Committee and the external auditors will explain clearly to the shareholders the content of such reservations and exceptions. However, when the Board considers that it should uphold its criteria, it will explain publicly the content and scope of the discrepancy.

C.1.29 Is the secretary of the board a director?

Yes
 No

If the secretary is not a director, complete the following table:

Name of secretary	Representative
Mr ALBERT COLLADO ARMENGOL	

C.1.30 State the specific mechanisms established by the company to preserve the independence of the external auditors and the mechanisms, if any, to preserve the independence of financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

To preserve the independence of the external auditors:

Article 13 of the Board Regulations establishes that the Audit Committee has the following functions in relation to the external auditor or audit firm:

- To propose to the Board of Directors, for submission to the General Shareholders' Meeting, the appointment of external auditors or audit firms as referred to in article 264 of the Companies Act, and their contract conditions, the scope of their professional engagement and, as the case may be, their revocation or non-renewal;
- To handle and supervise relations with the auditors or audit firms to receive information on any matters that could jeopardize their independence, so that they can be examined by the Committee, and any other matters related to the auditing process, as well as any other communications established in auditing legislation and auditing standards.
- It must in any case receive each year from the auditors or audit firms written confirmation of their independence from the company or entities related to it directly or indirectly, and information on any additional services of any kind provided to such entities and the professional fees received from them by such auditors or audit firms, or by persons or entities related to them in accordance with the provisions of legislation on Auditing.
- To issue annually, prior to the issue of the audit report, a report expressing an opinion on the independence of the auditors or audit firms. This report must contain the valuation of the provision of additional services as referred to above, other than statutory audit, individually considered and in aggregate, and in relation to the regime of independence or to legislation regulating auditing.
- To receive information on a regular basis from the auditor or audit firm on the audit plan and the results of the audit and verify that senior management has taken their recommendations into account;
- To ensure the independence of the auditor or audit firm and, for that purpose, (i) that the Company report the change in auditor to the CNMV as a relevant event, together with a statement on the existence of any disagreements with the outgoing auditor and, if any, the content thereof; (ii) that the Company and the auditor respect the legal rules in force on the provision of non-audit services and, in general, the other legal provisions established to ensure the auditors' independence; and (iii) that in the event of the resignation of the auditor or audit firm the circumstances causing it be examined.
- In the case of groups, favour that the auditor of the group undertake responsibility for the audits of the companies that make up the group.

In turn, article 54 of the Company's Articles of Association establishes that the auditors are to be appointed by the General Meeting before the end of the financial year that is to be audited, for an initial term, which may not be less than three years nor more than nine years, as of the date on which the first financial year to be audited commences, notwithstanding the provisions established in the legislation regulating the audit activity with regard to the possibility of an extension.

The General Meeting may appoint one or several natural or legal persons who will act jointly.

When the persons appointed are natural persons, the General Meeting must appoint as many alternates as principal auditors.

The General Meeting may not revoke the auditors' appointment before the end of the term for which they were appointed, unless there is due cause.

The Audit Committee will refrain from proposing to the Board of Directors, and the latter in turn will refrain from submitting to the General Meeting, the appointment as auditor of the Company's accounts of any firm that incurs in a cause of incompatibility under legislation on auditing as well as any firms in which the fees to be paid to them by the Company, for all services, are more than five per cent of its total revenues during the last financial year.

To preserve the independence of financial analysts, investment banks and rating agencies:

The Company maintains relations with financial analysts and investment banks in which it ensures the transparency, non-discrimination, veracity and reliability of the information provided. Corporate Financial General Management, through Investor Relations Management, is responsible for co-ordinating relations with and handling requests for information from institutional or private investors. The mandates to investment banks are granted by Corporate Financial General Management while Analysis and Planning Management handles the work with such banks.

In 2018 the Company obtained credit ratings from Moody's and Standard & Poor's, which are published on the company's website and were originally reported to the market through Relevant Event notices number 261590 and number 268995. These credit ratings from Moody's and Standard & Poor's were updated and confirmed respectively on 27th February and 31st August 2020.

The independence of financial analysts is protected by the existence of Investor Relations Management which is specifically dedicated to dealing with them, guaranteeing objective, equitable and non-discriminatory treatment among investors. To guarantee the principles of transparency and non-discrimination, and complying at all times with the regulations on the Securities Market, the Company has several communication channels:

- . Personalized attention to analysts and investors
- . Publication of information on quarterly, half-yearly and annual results, communications of privileged information and other relevant information. Publication of press releases.
- . E-mail on the website (investor_relations@fluidra.com, accionistas@fluidra.com) . Shareholder information telephone service (34 937243900)
- . Presentations, both face-to-face and by telephone. Visits to the Company's premises

All this information is accessible through the Company's website (www.fluidra.com).

C.1.31 State whether the Company has changed the external auditor. If so, identify the incoming and outgoing auditor:

- Yes
 No

If there has been any disagreement with the outgoing auditor, explain the content of such disagreements:

- Yes
 No

C.1.32 State whether the audit firm performs other non-audit work for the company and/or its group. If so, state the amount of the fees received for such work and the percentage this amount represents of the fees billed to the company and/or its group for audit work:

- Yes
 No

	Company	Group companies	Total
Amount of other non-audit work (thousand euros)	57	12	69
Amount of non-audit work / Amount of audit work (%)	33.20	0.93	4.90

C.1.33 State whether the audit report on the annual accounts for the previous year has qualifications. If so, state the reasons given to the shareholders at the General Meeting by the chairman of the audit committee to explain the content and scope of such qualifications.

- Yes
 No

C.1.34 State the number of years for which the current audit firm has been auditing the company's individual and/or consolidated annual accounts without interruption. Also state the percentage that the number of years audited by the current audit firm represents with respect to the total number of years in which the annual accounts have been audited:

	Individual	Consolidated
Number of years without a break	5	5

	Individual	Consolidated
No. of years audited by current audit firm / No. of years the company or its group has been audited (%)	29.40	26.30

C.1.35 State whether there is a procedure to ensure directors have the necessary information to prepare meetings of management bodies sufficiently in advance and, if so, describe it:

- Yes
 No

Description of the procedure

Fluidra adopts the necessary measures so that directors receive, whenever possible, sufficiently in advance the necessary information, specifically drawn up and oriented in order to prepare the meetings of the Board and its Committees.

In this regard, in accordance with article 15 of the Board Regulations, notice of the meetings of the Board of Directors is to be issued at least five days in advance and will always include the agenda for the meeting and the information necessary to deliberate on and pass resolutions on the matters to be discussed included in the agenda, unless the meeting Board of Directors has been held or convened exceptionally for reasons of urgency. The Chairman, as the person responsible for the efficient operation of the Board, with the Secretary's collaboration, will ensure that directors receive such information adequately. The Chairman of the Board of Directors may convene extraordinary meetings of the Board when in his opinion the circumstances so require, and in such cases the term of advance notice and other requisites indicated above do not apply. However, every effort will be made to ensure that any documentation that is to be provided to the Directors is delivered sufficiently in advance. Furthermore, Board meetings will be deemed valid without the need to have been previously convened if all the members are present or represented and agree unanimously to hold a meeting.

Furthermore, the Board and its Committees have an action plan that details and schedules the activities to be carried out each year, according to the competences and tasks assigned to them.

To provide all the information and clarifications necessary in relation to the matters discussed, the principal senior managers of the Group regularly attend the meetings of the Board and its Committees, to provide information on matters within their area of competence.

Furthermore, article 22 of the Board Regulations establishes as follows:

1. Any director may request information on any matter that falls under the competence of the Board and, in this regard, examine its books, records, documents and other documentation. The right to information extends to companies in which a stake is held, whenever possible.
2. The request for information should be addressed to the Secretary of the Board of Directors, who will convey it to the Chairman of the Board of Directors and the appropriate person in the Company.
3. The Secretary will inform the director of the confidential nature of the information he or she requests and receives and of the duty of confidentiality in accordance with the Board Regulations.

C.1.36 State whether the company has established any rules requiring directors to inform the company and, as the case may be, resign, when situations affecting them occur, whether or not they are related to their actions in the company, that could be damaging to the company's credit and reputation, and, if so, provide a detailed description:

- Yes
 No

Explain the rules

Article 32.2 of the Board Regulations establishes the obligation for directors to inform the Company in any cases that might damage the company's credit or reputation and, in particular, to inform the board of any criminal investigations in which they are involved as investigated persons, as well as the subsequent procedural phases, any disqualification procedures initiated against them, any near-insolvency economic situations of any trading companies in which they hold stakes or which they represent or, as the case may be, the commencement of insolvency proceedings against such companies.

This same article also establishes that in the event that a director is prosecuted or a court order is issued against a director for the commencement of a trial for any of the criminal offences listed in article 213 of the Companies Act, the Board will examine the case as soon as possible and, in light of its specific circumstances, will decide whether or not the director is to remain in office.

C.1.37 State whether the board has been informed or is otherwise aware of any situation affecting a member of the board, whether or not it is related to that member's actions in the company, that could be damaging to the company's credit or reputation, unless there are special circumstances that have been duly noted in the minutes:

Yes
 No

C.1.38 Describe the significant agreements entered into by the company that come into effect, are amended, or terminate in the event of a change in control at the company as a result of a takeover bid, and the effects thereof.

Not applicable

C.1.39 Identify individually, when directors are involved, and on an aggregate basis in all other cases, and provide a detailed description of the agreements between the company and its management level and decision-making positions or employees that provide for indemnities, guarantee or "golden parachute" clauses upon resignation or unfair dismissal, or if the contractual relationship is terminated as a result of a takeover bid or other type of transaction.

Number of beneficiaries	9
Type of beneficiary	Description of the agreement
Executive Chairman /CEO / Senior Managers	The Executive Chairman's contract establishes compensation in the event of termination of his contract by Fluidra for any reason, except in the event of serious and culpable or negligent breach of his obligations as an executive director, for an amount equal to two years' salary, based on the gross fixed annual salary received in the year termination occurs and the gross variable annual salary for the preceding year. He will also be entitled to receive this compensation if he decides to end the contract by choice, provided that this is for any of the following causes: serious breach by the Company of the obligations acquired relating to his post. Reduction and substantial limitation of his duties or powers. Substantial modification of the conditions agreed in the contract. Change of ownership of the share capital of Fluidra, whether or not there is any variation in the Company's governing bodies. The contract includes a post-contractual non-compete clause for a term of two years after the end of provision of services.

Type of beneficiary	Description of the agreement
	<p>The economic compensation established for the obligation undertaken by virtue of the non-compete clause is two years' fixed gross annual salary at the time of termination of the contract. The amount of this compensation includes the legal compensation he would be entitled to receive for termination of his previous employment relationship, of sixteen years and seven months, which was suspended by his appointment as a director. The CEO's contract establishes compensation in the event of termination of his contract by Fluidra for any reason, except in the event of serious and culpable or negligent breach of his obligations as an executive director, for an amount equal to one year's salary, based on the gross fixed annual salary received in the year termination occurs and the gross target variable annual salary. He will also be entitled to receive this compensation if he decides to end the contract by choice, provided that this is for any of the following causes: serious breach by the Company of the obligations acquired relating to his post. Reduction and substantial limitation of his duties or powers. Substantial modification of the conditions agreed in the contract. Change of ownership of the share capital of Fluidra, whether or not there is any variation in the Company's governing bodies. The contract includes a post-contractual non-compete clause for a term of two years after the end of provision of services. The economic compensation deriving from the non-compete clause is included in the amount of the remuneration established for the director. Senior Managers: Two Senior Managers have a post contractual non-compete clause for a term of 18 months and two others have such a clause for a term of 12 months after the end of provision of services. 15% of their fixed remuneration remunerates the obligation undertaken by virtue of the post-contractual non-compete clause. Another Senior Manager has a post-contractual non-compete and non-solicitation and restriction on the provision of services clause for a term of 12 months in a specific geographical area which does not provided for any additional compensation other than his annual remuneration. One Senior Manager is entitled to receive compensation in the event of termination of his contract by Fluidra for any reason, except in the event of fair dismissal, the amount of which is equal to one year's fixed gross annual salary at the time of termination. Three Senior Managers are entitled to receive compensation in the event of termination of their contract by the Group within 12 months following the date on which a change in control takes place, or at the manager's choice if such a change in control occurs, the amount of which is equal to one year's fixed gross annual salary as well as payment of medical insurance for a term of not more than 12 months and payment of an outplacement service. One of the Senior Managers is also entitled to receive such compensation in the event that he decides to terminate his contract, provided that this is due to certain causes or in the event of dismissal without cause.</p>

State whether, beyond the cases established by law, such contracts have to be reported to and/or approved by the decision-making bodies of the company or its group. If so, specify the procedures, cases envisaged and the nature of the bodies responsible for approval or reporting:

	Board of Directors	General Meeting
Body that authorizes the clauses	√	
	Yes	No
Is the General Meeting informed of the clauses?	√	

C.2. Committees of the board of directors

C.2.1 Describe all the committees of the board of directors, their members and the proportion of executive, proprietary, independent and other external directors of which they are comprised:

Audit Committee		
Name	Position	Category
Mr GABRIEL LÓPEZ ESCOBAR	MEMBER	Independent
Mr JOSÉ MANUEL VARGAS GÓMEZ	MEMBER	Proprietary
Mr BERNARDO CORBERA SERRA	MEMBER	Proprietary
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ	MEMBER	Independent
Mr BRIAN MC DONALD	CHAIRMAN	Independent

% executive directors	0.00
% proprietary directors	40.00
% independent directors	60.00
% other external directors	0.00

Explain the duties assigned to this committee, including, if appropriate, those that are in addition to the duties established by law, and describe the procedures and rules of organization and operation thereof. For each of these duties, state the most important actions carried out during the year and how each of the duties assigned to it, either by law or the Articles of Association or in corporate resolutions, has been exercised in practice.

The functions of the Audit Committee, and its procedures and rules of organization and operation, are set out in article 13 of the Board of Directors Regulations, and in the Audit Committee Regulations approved by the Board of Directors in March 2021. In this regard, the duties assigned to this Committee correspond mainly to those established by law and duties deriving from good governance recommendations and the Audit Committee Technical Guide. Certain additional duties are included in article 10 of the Audit Committee Regulations, principally with regard to compliance.

The most relevant activities carried out by this Committee in 2020 are detailed in the annual report on the activities of the Audit Committee for 2020, available at www.fluidra.com.

Identify the directors who are members of the audit committee and who have been appointed taking into account their knowledge and experience in the areas of accounting, auditing, or both, and report the data of appointment of the chairman of this committee.

Name of directors with experience	Mr GABRIEL LÓPEZ ESCOBAR / Mr JOSÉ MANUEL VARGAS GÓMEZ / Mr BERNARDO CORBERA SERRA / Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ / Mr BRIAN MC DONALD
Date of appointment of chairman to that post	12/05/2020

Appointments and Remuneration Committee		
Name	Position	Category
Ms ESTHER BERROZPE GALINDO	CHAIRWOMAN	Independent
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ	MEMBER	Independent
PIUMOC INVERSIONS, S.L.U.	MEMBER	Proprietary
Mr SEBASTIEN SIMON MAZELLA DI BOSCO	MEMBER	Proprietary

% executive directors	0.00
% proprietary directors	50.00
% independent directors	50.00
% other external directors	0.00

Explain the duties assigned to this committee, including, if appropriate, those that are in addition to the duties established by law, and describe the procedures and rules of organization and operation thereof. For each of these duties, state the most important actions carried out during the year and how each of the duties assigned to it, either by law or the Articles of Association or in corporate resolutions, has been exercised in practice.

- The duties of the Appointments and Remuneration Committee, and its procedures and rules of organization and operation, are set out in article 14 of the Board of Directors Regulations, and in the Appointments and Remuneration Committee Regulations approved by the Board of Directors in March 2021. In this regard, the duties assigned to this Committee correspond mainly to those established by law and duties deriving from good governance recommendations and the Appointments and Remuneration Committee Technical Guide. The Committee is also entrusted with the task of advising and oversight in matters related to Fluidra's ESG policy and strategy.

The most relevant activities carried out by this Committee in 2020 are detailed in the annual report on the activities of the Appointments and Remuneration Committee for 2020, available at www.fluidra.com.

Executive Committee		
Name	Position	Category
Mr OSCAR SERRA DUFFO	MEMBER	Proprietary
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ	MEMBER	Independent
Mr ELOY PLANES CORTS	CHAIRMAN	Executive
Mr SEBASTIEN SIMON MAZELLA DI BOSCO	MEMBER	Proprietary
Mr BRUCE WALKER BROOKS	MEMBER	Executive

% executive directors	40.00
% proprietary directors	40.00
% independent directors	20.00
% other external directors	0.00

Explain the duties delegated or assigned to this committee other than those already described in section C.1.9, and describe the procedures and rules of organization and operation thereof. For each of these duties, state the most important actions carried out during the year and how each of the duties assigned to it, either by law or the Articles of Association or in other corporate resolutions, has been exercised in practice.

The duties of the Executive Committee, and its procedures and rules of organization and operation, are set out in article 12 of the Board of Directors Regulations.

The Executive Committee met on two occasions in 2020 and the most relevant activities carried out by this Committee consisted of assisting the Board of Directors in matters of strategy, budget and R&D.

C.2.2 Complete the following table with information regarding the number of female directors on the committees of the board of directors at the end of the last four years:

	Number of female directors							
	2020		2019		2018		2017	
	Number	%	Number	%	Number	%	Number	%
Audit Committee	0	0.00	0	0.00	0	0.00	0	0.00
Appointments and Remuneration Committee	1	25.00	1	25.00	0	0.00	0	0.00
Executive Committee	0	0.00	0	0.00	0	0.00	0	0.00

C.2.3 State, if applicable, the existence of regulations of the board committees, where such regulations may be consulted, and any amendments made during the year. Also state whether any annual report on the activities of each committee has been prepared voluntarily.

APPOINTMENTS AND REMUNERATION COMMITTEE



ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES

The Committee is regulated in the Board of Directors Regulations (article 14), which are published both at the CNMV and on the Company's website. The Company has drawn up an annual report on the activity of the Appointments and Remuneration Committee, the contents of which will be published together with the informative documentation for shareholders in relation to the Ordinary General Shareholders' Meeting.

AUDIT COMMITTEE

The Committee is regulated in the Board of Directors Regulations (article 13) and in the Internal Conduct Regulation, which are published both at the CNMV and on the Company's website. The Company has drawn up an annual report on the activity of the Audit Committee, the contents of which will be published together with the informative documentation for shareholders in relation to the Ordinary General Shareholders' Meeting.

EXECUTIVE COMMITTEE

The Committee is regulated in the Board of Directors Regulations (article 12), which are published both at the CNMV and on the Company's website.

D. RELATED-PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS

D.1. Explain any procedure and the competent bodies for the approval of related-party and intragroup transactions.

Transactions with related parties that take place in the context of the sale or purchase of materials and products in the normal course of operations or rental of premises owned by related parties are verified at the end of the year, following instructions of the Audit Committee, by the group's Internal Audit Management with the aim of verifying that the consideration is based on market prices. The results are submitted to the Audit Committee which certifies whether these transactions have been carried out on an arm's length basis. Furthermore, in the middle of the year Internal Audit Management carries out a quantitative analysis of fluctuations in related-party transactions and reports the results to the Audit Committee.

Any related-party transactions that do not correspond to normal business operations are analysed and approved by the Audit Committee and/or the Board of Directors.

D.2. Describe transactions that are significant due to their amount or subject-matter carried out between the company or group companies and the company's significant shareholders:

Name of significant shareholder	Name of company or group company	Nature of the relationship	Type of transaction	Amount (thousand euros)
No data				N.A.

D.3. Describe transactions that are significant due to their amount or subject-matter carried out between the company or group companies and the company's directors or senior managers:

Name of directors or senior managers	Name of company or group company	Relationship	Nature of the transaction	Amount (thousand euros)
No data				N.A.

- D.4.** Report significant transactions carried out by the company with other companies belonging to the same group, provided that they are not eliminated in the process of drawing up the consolidated financial statements and are not part of the company's normal business activity with regard to their object and conditions.

In any case, report any intragroup transaction with entities established in countries or territories considered to be tax havens:

Name of the group company	Brief description of the transaction	Amount (thousand euros)
No data		N.A.

- D.5.** Provide details of significant transactions between the company or group companies and other related parties that have not been reported under previous headings:

Name of the related party	Brief description of the transaction	Amount (thousand euros)
IBERSPA, S.L.	Purchase of goods by FLUIDRA group from IBERSPA.	4,354

- D.6.** Describe the mechanisms established to detect, determine and resolve potential conflicts of interest between the company and/or its group, and its directors, senior managers or significant shareholders.

In accordance with the provisions of the Board of Directors Regulation, a Board member must inform the Board of Directors of the existence of any conflicts of interest and refrain from attending and intervening in the deliberations that affect matters in which that member is subject to a conflict of interest. A conflict of interest of the Board member is also considered to exist when the matter affects any of the following persons: the spouse or person with a similar relationship; ascendants, descendants and siblings and the respective spouses or persons with a similar relationship; ascendants, descendants and siblings of the spouse or person with a similar relationship; and concerted persons and companies or entities on which any of the persons enumerated above may exercise a significant influence. If the Board member is a legal person, the following shall be deemed to be related persons; members who, in relation to the legal person that is a director, are in any of the situations contemplated in the first paragraph of article 42 of the Code of Commerce, Board members, de facto or in law, liquidators and attorneys-in-fact with general powers of the legal person that is a Board member, companies that form part of the same group, and their members and persons who are deemed to be related parties of the representative or director that is a legal person. Board members may not use the Company's name or cite their status as Board members in order to carry out operations on their own account or on the account of persons related to them. Board members may not carry out, directly or indirectly, professional or commercial transactions with the Company unless they notify the Board in advance of the situation of conflict of interest and the Board approves the transaction. In the case of transactions carried out in the ordinary course of the business activity and which are of a habitual or recurring nature, a generic authorization from the Board of Directors will suffice. Board members must report any direct or indirect stake that they or their related persons hold in the capital of a company with the same, a similar or complementary kind of activity to that which constitutes the corporate object. Furthermore, Board members may not engage, on their own account or on the account of another, in the same, a similar or complementary kind of activity to that which constitutes the corporate object and may not hold the post of Board member or senior manager in companies that are competitors of the Company, except for any posts they may hold, as the case may be, in group companies, unless they obtain the express authorization of the General Meeting, and notwithstanding the provisions of the Companies Act.

Situations of conflict of interest of the Board members will be disclosed in the annual report.

Furthermore, article 10 of the Internal Rules of Conduct on the Securities Market establishes as follows in relation to conflicts of interest:

Subject Persons in a situation of conflict of interest must observe the following general principles of conduct: Independence: Subject Persons must act at all times with freedom of judgement, with loyalty to the Company and its shareholders and independently of their own interests or those of any other party. Consequently, they will refrain from favouring their own interests to the expense of the Company's interests.

Abstinence: They must refrain from acting or influencing decision-making that could affect the persons or entities with which there is a conflict and from accessing Confidential Information affecting such a conflict.

Communication: Subject Persons must inform the Company's Manager of Legal Advising of any possible conflicts of interest in which they may find themselves.



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A conflict of interest is considered to be any situation in which the Company's interests or those of any of the companies of its group clash with the personal interest of the Subject Person. A personal interest of the Subject Person will exist when the matter affects him/her or Persons Closely Related to him/her.

Notwithstanding the provisions of the Internal Rules of Conduct on the Securities Market, the Company's Board members will be governed with regard to this matter by the provisions of the Company's Board of Directors Regulations.

Finally, in accordance with the provisions of article 35 of the Board Regulations, the execution by the Company of any transaction with Board members and with significant shareholders or with shareholders who are represented on the Board or with persons related to them will be submitted to the Board of Directors for authorization, subject to the prior favourable report of the Audit Committee. However, the Board's authorization will not be deemed necessary in related-party transactions that comply simultaneously with the following three conditions: (i) they are carried out by virtue of contracts with standard terms and conditions applicable en masse to a large number of customers; (ii) they are carried out at prices or rates established on a general basis by the party acting as supplier of the goods or services in question; and (iii) the amount thereof does not exceed 1% of the Company's annual revenues.

Board members affected by one of such transactions will not exercise or delegate their vote and will leave the room during the Board meeting while the Board is deliberating on the matter, and will be subtracted from the number of members of the Board for the purposes of determining quorum and majorities in relation to the matter in question.

D.7. State whether the company is controlled, in the sense of article 42 of the Code of Commerce, by another company, listed or not, and has business relation, directly or through its subsidiaries, with that company or any of its subsidiaries (other than those of the listed company) or carries on activities related to the activities of any of them.

Yes
 No

E. RISK MANAGEMENT AND CONTROL SYSTEMS

E.1. Explain the scope of the company's Risk Management and Control System, including the system for managing tax risks:

– Fluidra's risk management system is designed to mitigate all the risks to which the company may be exposed on account of its activity. The structure of risk management is based on three pillars.

- Common management systems, designed specifically to mitigate business risks.
- Internal control procedures, aimed at mitigating the risks deriving from drawing up financial information and improving the reliability of such information, which have been designed in accordance with Internal Control over Financial Reporting (ICFR).
- The risk map, which is the methodology used by Fluidra to identify, understand and assess the risks that affect the company. The aim is to obtain an overall view of risks, designing a system of efficient responses aligned with the business objectives.

These elements constitute an integrated system that provides adequate management of the risks and the controls that mitigate them at all levels of the organization.

Fluidra's risk management system is a global and dynamic system. Its sphere of action is the entire organization and its environment. It is intended to be permanently in force and compliance with it is mandatory for all employees, managers and directors of the company. In addition, the internal audit department is responsible for overseeing compliance with and correct operation of these systems.

E.2. Identify the decision-making bodies of the company responsible for preparing and implementing the Risk Management and Control System, including the system for managing tax risks:

Responsibility for drawing up and executing the risk management system is exercised basically by the Audit Committee, specifically supported by internal audit management.

Internal audit management is in charge of supervision and the correct operation of the risk management system.

The objectives of the audit committee are:

- To report to the General Shareholders' Meeting on any matters arising within its sphere of competence.
- To propose to the Board of Directors, for submission to the General Shareholders' Meeting, the appointment of auditors or audit firms as referred to in article 264 of the Companies Act, and their contract conditions, the scope of their professional engagement and, as the case may be, their revocation or non-renewal.
- To supervise the efficiency of the Company's internal control, specially Internal Control over Financial Reporting, internal audit, as the case may be, and the risk management systems, and to discuss with the auditors or audit firms any significant internal control weaknesses detected in the course of the audit.
- To supervise the process of drawing up and presenting regulated financial information.
- To review the Company's accounts, ensure compliance with legal requirements and correct application of generally accepted accounting principles, for which purpose it has the direct collaboration of the external and internal auditors.
- To handle relations with the auditors or audit firms in order to receive information on any matters that could compromise their independence, so that they can be examined by the Committee, and any other matters related to the auditing process, as well as any other communications established in auditing legislation and auditing standards. It must in any case receive each year from the auditors or audit firms written confirmation of their independence from the company or entities related to it directly or indirectly, and information on any additional services of any kind provided to such entities by such auditors or audit firms, or by persons or entities related to them in accordance with the provisions of Accounts Audit Act 19/1988, of 12th July.
- To issue annually, prior to the issue of the audit report, a report expressing an opinion on the independence of the auditors or audit firms. This report must disclose the provision of additional services as referred to above.
- To supervise performance of the audit contract, ensuring that the opinion on the Annual Accounts and the main contents of the audit report are expressed clearly and precisely, and to evaluate the results of each audit.
- To supervise compliance with the legislation concerning related-party transactions. In particular, it will ensure that information on such operations is reported to the market, in compliance with the provisions of Order 3050/2004, of the Ministry of Economy and Finance, of 15th September 2004.
- To examine compliance with the Internal Rules of Conduct, the Board of Directors Regulations, and, in general, the Company's rules of good governance and to make the necessary proposals for improvement.
- To receive information and, as the case may be, issue a report on any disciplinary measures sought to be imposed on members of the Company's senior management team.

With regard to tax, the tax strategy approved by the Board is governed by the following principles: compliance with the applicable tax obligations in the territories where it does business, promote a relationship of collaboration with the Tax Authorities with which it relates, and protect sustainable value generation for the Company's different stakeholders.

Tax Management of the Group reports, at least once a year, to the Board – through the Audit Committee – on the management of and compliance with tax obligations as well as tax risk control and management aspects.

E.3. Point out the main risks, including tax risks and to the extent that they are significant the risks deriving from corruption (with the scope indicated in Royal Decree Act 18/2017), that could affect the achievement of business goals:

In the process of identifying, understanding and assessing the risks that affect the company, the following risk factors have been considered:

Operational risks

- a) Safety incidents
- b) Erroneous actions and relations with workers
- c) Market risks and risks of the activities in which the Group does business
- d) Brand reputation
- e) Risks relating to processes
- f) Economic environment
- g) Climatology
- h) Geopolitical risk
- i) Integrations of new companies
- j) COVID-19

Financial risks

- a) Credit risk
- b) Default/ Insolvency of customers
- c) Liquidity risk

E.4. Identify whether the company has risk tolerance levels, including one for tax risk:

The various risks are identified and assessed on the basis of an analysis of the possible events that could give rise to such risks. The assessment is carried out using parameters that measure probability and impact. The controls in place to mitigate them are determined as well as the additional action plans necessary if such controls are considered insufficient.

This process, performed annually, lets the Company's Risk Map be obtained. The most relevant risks are taken from this map and, together with the main variations compared to the previous year, are submitted to the Audit Committee for discussion and approval.

The definition of the scale of gravity and the scale of probability is carried out based on qualitative and quantitative criteria. Once the critical risks have been identified and assessed, Company Management establishes specific actions, determining the person responsible and time to perform them, to mitigate the impact and probability of such risks and at the same time reviews the current controls over these risks. The analysis of risks, controls and actions to mitigate their impact and probability is presented annually to the Audit Committee, for supervision and approval. The Audit Committee subsequently reports to the Board of Directors.

E.5. State what risks, including tax risks, have materialized during the year:

The appearance of the COVID-19 coronavirus in China in January 2020 and its global expansion to a large number of countries led to the classification of the outbreak of the virus as a pandemic by the World Health Organization on 11th March 2020.

The Group has focused on permanent monitoring of the crisis in order to minimize the impact, protecting the safety of our employees and providing consistency and support to our customers, and assuring sufficient liquidity to be able to operate with normality.

As far as quantitative impacts are concerned, in the terms of sales in the month of February the Group was recording double-digit growth compared to the previous year, but due to the COVID-19 crisis, sales slowed with a fall in March that was just into two figures and that was close to 20% in April, with growth in the month of May, especially in the second half of the month, once opening conditions were restored to a more or less normal degree. This recovery was boosted in June with good performance in the entire northern hemisphere. All of this brought us to the end of the first half of the year with an increase of +2.4%. In the second half of the year, evolution was very positive, supported by growth in the residential business thanks to the "cocooning" or "stay at home" effect which has involved greater use of existing installations and, therefore, more maintenance, as well as the construction of new installations. The commercial pool sector continued to be impacted. Accordingly, the second half of the year has reported growth of 16.7%, which means growth for the entire year of 8.8%, absorbing the negative effects of COVID that had an impact at the beginning of the year. Additionally, COVID-19 has affected the supply chain, generating cost increases associated to certain stockouts, which have been offset by the savings associated to group personnel travel restrictions.

E.6. Explain the plans for responding to and supervising the company's main risks, including tax risks, as well as the procedures followed by the company to ensure that the board of directors responds to the new challenges that appear:

In addition to what is explained in section E.5 in relation to COVID-19, the following risks are also managed by the company:

- Development of new products. Continuing analysis of sales of new strategic products and comparison with competitors based on market research monitoring tools, statistical database analysis by type of market and product. Performance of comparative studies that will let us differentiate ourselves from competitors and update the product valuation dossiers with the information obtained. Specific action plans aimed at ensuring production capacities are adapted to the demand levels forecast for these new products.

- Financial risks: Financial risks undergo continuous monitoring of, among others, the exposure to exchange rate and/or interest rate risk, proposing corrective measures.

- Credit risks: The Fluidra Group has a very diversified customer portfolio. However, in the America region, the company carries out continuous and specific monitoring of two customers that concentrate an important credit risk, analysing both the credit limits and financial health of these customers. Furthermore, the merger made it possible to reduce the impact of this risk with the diversification of the Group's portfolio in more geographical areas.

- Technological risks: Given the activities carried on by the different business units of Fluidra, protecting their technology and developments is an essential milestone in order to maintain their competitive advantage. To this end the Company has certain development criteria and policies, as well as legal protocols that guarantee such protection.

- Risk in the management of subsidiaries: Fluidra is firmly determined and convinced that reinforcing and harmonizing its procedures and internal controls in the subsidiaries of the group is the right way to ensure prompt detection and eradication of any irregularity in the management of the subsidiaries. In this regard, Internal Audit is a very valuable tool in the pursuit of this goal.

- Human capital risks: The companies of the Fluidra Group have a variable remuneration policy linked to professional development and the achievement of personal objectives in order to identify and reward its best professionals in this way.

The parent company has a whistleblowing channel created by the Audit Committee, under the collegiate management of corporate HR management, Internal Audit and Legal, so that any employee of the group can report any issues relating to internal control, accounting or auditing. The company has an Internal Code of Conduct on matters relating to the securities market.

- Process-related risks: These risks are handled and monitored centrally by the Management Control department and verified by the Internal Audit department. The processes of obtaining consolidated financial information are carried out centrally under corporate criteria, and both the consolidated annual accounts and the individual annual accounts of each subsidiary are verified by external auditors.

- Tax and legal risks: Fluidra has a defined procedure for the identification and valuation of legal and tax risks which it applies on a regular basis. The object of this procedure is to identify any disputes or litigation that could have an impact on the Company's equity situation, or any differences that could arise due to a different interpretation of legislation in relation to a given tax. Based on the analysis carried out, the Company records the pertinent accounting provisions in order to have adequate cover in the event that any of these risks should materialize.

- Climate risks. The Company's risk map contemplates climatology or weather as a risk, in other words, the possible economic losses deriving from adverse movements in certain climate variables both at global and local level in any of the regions or countries where Fluidra does business. The system followed to cover the risks currently consists of the geographical diversification of the business, increasing the portfolio of products for adverse climates, and research into and development of products with low water, energy and chemical consumption as well as products and services that permit efficient management of pool installations at any time of year and in any weather situation.

F. INTERNAL CONTROL AND RISKS MANAGEMENT SYSTEMS ON FINANCIAL REPORTING (ICFR)

Describe the mechanisms that make up the control and risk management systems in relation to the company's financial reporting (ICFR).

F.1. Control environment in the company.

Indicate, specifying their main features, at least the following:

F.1.1 What bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) the implementation of this system; and (iii) supervision of the system.

Fluidra S.A. and its subsidiaries (hereinafter Fluidra) formally defines the responsibilities for the adequate and effective existence of ICFR in the Board of Directors Regulations.
The Board of Directors has designated Corporate Financial Management of Fluidra as responsible for the implementation and maintenance of ICFR.
As regards responsibility for supervising ICFR, article 13.3 of the Board Regulations explicitly includes the responsibility of the Audit Committee in relation to supervision of the ICFR, as well as the responsibility for supervising the process of drawing up and presenting regulated financial information.
The Audit Committee has the support of Internal Audit management in fulfilling its responsibilities and this is reflected in the charter for that management area.

F.1.2 Whether any of the following are in place, particularly with regard to the process of preparing financial information:

- Departments and/or mechanisms in charge of: (i) the design and review of the organizational structure; (ii) clearly defining the lines of responsibility and authority, with an appropriate distribution of tasks and duties; and (iii) ensuring that there are sufficient procedures for the proper dissemination of these in the company:

Fluidra has internal processes that establish the authorization levels necessary to modify the organizational structure. Defining the structure and reviewing it are ultimately responsibilities of the Executive Chairman and CEO, with the support of the Appointments and Remuneration Committee. The Appointments and Remuneration Committee is made up of 4 directors from the Board of Directors, of whom 2 are proprietary directors and 2 are independent.
Fluidra has an internal organization chart available on the corporate intranet which covers the main business areas and ranges from the position of Executive Chairman through the CEO to the level of General Management of each business. This organization chart specifies the areas and departments (including the departments involved in the preparation, analysis and supervision of the financial information), and details the hierarchical dependencies.
For the purposes of preparing regulated financial information, the Group Accounting Manual (GAM) sets out the basic lines of responsibility existing in the process, policies, documentation necessary and timing.

- Code of conduct, body that approves it, degree of dissemination and instruction, principles and values included (indicating whether the recording of operations and the preparation of financial information are specifically mentioned), body in charge of analysing breaches and proposing corrective actions and penalties:

Fluidra's commitments include focusing its efforts on ensuring that operations are carried out in an environment of ethical professional practice. This is carried out through the implementation of mechanisms aimed at preventing and detecting fraud committed by employees, or inappropriate practice that could lead to sanctions, fines or damage the Group's image, and also by reinforcing the importance of ethical values and integrity among its professionals.
Fluidra has a Code of Conduct (hereinafter Ethics Code), the first version of which was approved by the Board of Directors at a meeting held on 16th December 2008 and the latest version in September 2019.
The Ethics Code must be observed by all employees of the Group and is accessible to all employees through the corporate website, Intranet and Living Fluidra. All employees, when they join Fluidra, receive a copy of the Ethics Code which they have to sign as evidence of their agreement to comply with the internal policies of Fluidra.

The main values included in the Ethics Code are those of bringing maximum transparency to Fluidra's business, creating an environment of trust for its customers, suppliers, shareholders, employees, public and private institutions and for society in general. The Ethics Code is based on the ten principles declared in the UN Global Compact and seeks to be the guide that sets out the most relevant ethical principles and behaviour to be observed in internal and external relations, including and updating all conduct that is not permitted from a legal approach.

The general ethical principles considered in the Fluidra Ethics Code are specified in terms of the ICFR (Internal Control over Financial Reporting), in values associated to professional integrity and responsibility, guidelines for action related to a greater or lesser extent to the reliability of the financial information and compliance with applicable legislation.

Updates and amendments of the Ethics Code are proposed and promoted by the Audit Committee. The modifications that have been made to the Ethics Code are indicated below:

- On 28th February 2012, the Audit Committee approved the review of the Ethics Code with the aim of incorporating modifications that reflected the evolution of the legal framework to which it is subject, especially with regard to the responsibilities of the Board of Directors and the Audit Committee.
- During 2015, Fluidra reviewed the Ethics Code again, with the aim of bringing it into line with new legislative changes, updating it once again in 2016 to the latest changes in regulations.

In addition to the Ethics Code, Fluidra also has other features that seek to achieve an environment of ethical professional practice.

- During 2017, the Compliance Coordination Committee was consolidated, currently made up of the corporate areas of Human Resources, Internal Audit, Legal Advising and by the Financial General Manager. As established in its Rules of application, its main functions are as follows:
 - Promoting, disseminating and applying the Ethics Code throughout the Group.
 - Ensuring that the criminal offence prevention and control model is developed correctly in the Group.
 - Encouraging the creation of internal policies, rules and procedures.
- In September 2019, the Board of Directors of Fluidra published a new Ethics Code, resulting from the merger of the two codes of conduct of the former Fluidra and the former Zodiac. Group Management prepared a compulsory online course for all employees aimed at helping them to know and understand the principles and commitments of the organization. The course consisted of three parts: an information video of the Chairman of the Group, an online course on the New Ethics Code, and finally acceptance of the Fluidra Ethics Code.

- Whistleblowing channel that makes it possible to report any irregularities of a financial or accounting nature to the audit committee, as well as any possible breach of the code of conduct and irregular activities in the organization, specifying, if appropriate, whether it is confidential:

Fluidra has an internal whistleblowing channel ("Confidential Channel") through which all employees, board members, customers, suppliers, contractors or subcontractors and shareholders can address their queries and concerns. A communication channel has been enabled to send them: via the corporate website, intranet, Living Fluidra and an e-mail address. Fluidra also has an Ethics Committee, whose role is to deal with the queries and complaints received through the Confidential Channel. Its objective is to carry out monitoring and control of compliance with the principles established in the Ethics Code.

The Ethics Committee reports annually to the Audit Committee the breaches of the Ethics Code identified and the corrective actions and disciplinary measures proposed, if necessary. All communications between the Ethics Committee and the employees of Fluidra are totally confidential, respecting the limitations established in applicable personal data protection legislation. In this regard, all members of the Ethics Committee are authorized to know the combined information of all queries and notifications received from the group through the query and notification procedure.

- Regular training and update programmes for personnel involved in the preparation and review of financial information, as well as in the evaluation of ICFR, covering at least accounting policies, auditing, internal control and risk management:

With the aim of promoting training, Fluidra has the in-house school: FluidrAcademy. The aim of FluidrAcademy is to consolidate an offer of corporate training on multidisciplinary and business contents to promote the transmission of internal knowledge and interrelation between the professionals of Fluidra and on the other hand to strengthen internal training in Fluidra by offering courses on the main functional and business areas given by internal trainers, whenever possible, taking advantage of the knowledge of Fluidra.

For aspects related to the preparation of financial information, Fluidra invests in training on accounting and financial skills as follows:

1.- Training received during the Annual Finance Meeting: Every year, the Group holds the Finance Meeting, a gathering at which several workshops are given related to the most critical areas for the preparation of financial information as well as possible updates in financial matters, accounting legislation and in tools that have taken place during the year. Aimed at all personnel responsible for preparing financial statements in all the group companies, it is also attended by member of the internal audit team and of Senior Management of the Group.

2.-Subsidiary Training: In addition, Fluidra's training is provided to foreign subsidiaries through visits by teams of the Division and even from Central Services, going over reporting statements, the different information needs or criteria for obsolescence and insolvency, among others. For new employees, a week-long training visit is made to central services.

Finally, as regards the audit and internal control areas, the personnel responsible for the financial and internal audit function identify the needs of their teams in terms of training and propose training courses to cover any sporadic needs that may exist.

F.2. Financial reporting risk assessment

Indicate at least the following:

F.2.1 What are the main features of the risk identification process, including the process of identifying the risks of error or fraud, with respect to:

- Whether the process exists and is documented:

The process followed by Fluidra to identify risks of error in the financial information is systematic and is documented. Fluidra places special emphasis on the identification of risks of material error or fraud, by determining financial reporting control objectives for each of the risks identified. This risk identification process is carried out and documented by Financial Management of Fluidra and is supervised by the Audit Committee, with the support of Internal Audit.

Whether the process covers all the financial reporting objectives (existence and occurrence; completeness; valuation; presentation, breakdown and comparability, and rights and obligations), whether it is updated, and how often:

The process is structured so that, on a regular basis, the areas that can have a material effect on the financial statements are analysed based on a range of criteria that include quantitative and qualitative factors, identifying relevant areas/locations at transaction level, to the extent that they are affected by transactions with a material impact on the financial statements. The scope of the areas identified is reviewed by Corporate Financial Management of Fluidra and is ultimately supervised by the Audit Committee. If in the course of the year (i), circumstances not previously identified that show possible errors in the financial information or (ii), substantial changes in the operations of Fluidra come to light, Financial Management assesses the existence of the risks that should be added to the risks that have already been identified.

- The existence of a process for the identification of the consolidation perimeter, taking into account, among other matters, the possible existence of complex corporate structures, holding entities, or special purpose entities:

Through meetings with General Management of the divisions and the Legal Department, Financial Management regularly updates the corporate structure defining the consolidation perimeter for accounting and tax purposes. In addition, at least once a year the consolidation perimeter is supervised and approved by the Audit Committee. The Company has a tax policy that sets out the guidelines for the group's legal structure, seeking to attain the business goals while avoiding complex instrumental structures.

- Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements:

The process takes into account other types of risks to the extent that they affect the financial statements.

- What governance body of the company supervises the process:

As indicated in the Board of Directors Regulations, the Audit Committee is responsible for reviewing the internal control and risk management systems periodically, so that the main risks are identified, managed and reported adequately.

F.3. Control activities.

Indicate whether at least the following are in place and describe their main features:

F.3.1. Procedures for review and authorization of financial information, and description of the ICFR to be published in the securities market, indicating the persons or divisions responsible for them, as well as documentation describing the flows of activities and controls (including those relating to risk of fraud) of the various types of transactions that could materially affect the financial statements, including the closing process and the specific review of significant judgements, estimates, valuations, and projections.

Fluidra has a range of procedures to validate the accounting closing and the preparation of financial information for all areas. The control activities identified and formally documented focus on activities related directly to balances and transactions that could have a material effect on the financial statements and also seek to mitigate the risk of fraud.

As regards the closing procedure and the procedure for the review and authorization of the financial information published on the market, it commences with the establishment of a detailed calendar of closing activities duly distributed over all the divisions through the GAM. Thereafter, each subsidiary reports its financial data using a standard format determined by Financial Management using the Hyperion tool. Financial Management is then responsible for the consolidation process, and prepares the Consolidated Annual Accounts, which are validated by Corporate Financial Management for subsequent presentation to and supervision by the Executive Chairman, CEO, Internal Audit, the Audit Committee and the Board of Directors.

Fluidra also has a series of procedures through which Financial Management reviews ICFR, mainly consisting of:

- Existence of an ICFR management policy that articulates the scope, responsibilities, procedure for evaluating the effectiveness of the model, supervision of the model, establishment of action plans and their follow up, and supervision by the Audit Committee.
- System for evaluating the internal control model through Self-Evaluation questionnaires: Financial Management of Fluidra, based on the process of identifying and assessing risks and controls, defines self-evaluation questionnaires which must be completed by the Divisions considering the minimum requisites to guarantee reasonable assurance as to the reliability of the financial information. Internal Audit supervises the effectiveness of the model in accordance with the provisions of the internal audit plan.

In relation to the specific review of relevant judgements, estimates, valuations and projections, this takes place initially in the existing control activities either in the routine transactions of Fluidra, or through the control mechanisms in place in the process of preparing the financial information detailed in the GAM. Depending on the degree of judgement and estimation applied and the potential impact on the financial statements, there is a subsequent scale of discussion and review involving General and Financial Management of the Division, Corporate Financial Management, the CEO, the Executive Chairman, the Audit Committee and the Board of Directors, in that order, in cases of substantially relevant aspects in the preparation of financial information.

When third-party experts are involved in areas subject to judgement, estimate, valuation and projections, they discuss and present their results to Financial Management, after having applied a series of control and supervision procedures to the work carried out by these experts, and depending on their materiality they are submitted to the Audit Committee.

In particular, the main judgements and estimates broached during the year are those indicated in the notes to the Consolidated Annual Accounts for the year.

F.3.2 Internal control policies and procedures on information systems (including, among others, secure access, change control, operation of the systems, operational continuity, and segregation of duties) that provide support for the company's relevant processes in drawing up and publishing financial information.

Fluidra uses information systems to carry out and maintain adequate recording and control of its operations. As part of the process of identifying risks of error in the financial information, Fluidra identifies, through Financial Management, the systems and applications that are relevant in preparing it. The systems and applications identified include both those directly used in preparing the financial information and the interfaces with this system, notably in relation to sales/accounts receivable and purchases/accounts payable.

The policies and procedures concerning Fluidra's information systems cover both hardware and software security with regard to access (ensuring segregation of functions through adequate restriction of access), procedures to check the design of new systems or modifications to existing systems and continuity in their operation (or start-up of alternative systems and applications) in the event of incidents that affect their operation. These policies seek, among others, to guarantee the following aspects:

- Security of access both to data and applications.
- Control over changes in the applications.
- Correct operation of the applications.
- Availability of data and continuity of the applications
- Adequate segregation of functions

a) Secure access:

A series of measures at different levels have been defined to prevent unauthorized access both to data and to the applications. At software, operating system and database level, the user-password combination is used as a preventive control. At data level, profiles have been defined which limit access to data and on which a segregation of functions matrix is being developed that will ensure the compatibility of the user's functions according to his/her responsibilities.

b) Change control:

A change management methodology has been developed and implemented which establishes the safeguards and validations necessary to limit the risk in this process. Since 2012 a new methodology called "change request" has been in use.

The main aspects featured include the following:

- Approval by the business area
- Testing prior to production
- Specific environments for development and test tasks
- Reverse procedures
- Segregation of functions as the development team does not have access to production.

c) Operation:

To ensure that operations are carried out correctly, the interfaces between the systems involved in preparing financial information are monitored. There is also an internal "Help Desk" services for end users in the event of detecting any kind of incident, query or request for training and which controls the efficiency of the operation of the information systems.

d) Availability and continuity:

At its head offices, the Company has two Data-Processing Centres (main and backup) that enable it to ensure the availability of the information system in a contingency. All of this is supported, furthermore, by a Disaster Recovery Plan with the tasks and steps to be carried out to restore the systems in such an event. This DRP is tested in real conditions once a year.

In addition, daily backups are made of the data and applications, which are kept at a secure location temporarily. To recover such data there is a specific procedure although integral tests are not carried out regularly. Partial information recovery processes are however carried out regularly. In the head offices in the USA, data of the main applications are stored in California and replicated in real time to an alternative system in Utah. In addition, there are recovery points for the same data which are stored onsite in California for immediate recovery in situations in which the contingency in question has not physically damaged the data processing centre. Data recovery testing processes are performed routinely in order to verify the integrity of the system.

In Australia, the data of the main applications are stored in Sydney, replicated and sent weekly to a secure storage centre. There are also recovery points for the same data which are stored onsite in Sydney for immediate recovery in situations in which the contingency in question has not physically damaged the data processing centre. Data recovery testing processes are performed routinely in order to verify the integrity of the system.

e) Segregation of functions:

A series of profiles have been defined describing the functionalities to which a user should have access in the Information Systems. These profiles are used to prevent a user from having more privileges than are strictly necessary. The definition of these profiles is currently under review.

F.3.3 Internal control policies and procedures designed to supervise management of activities outsourced to third parties, as well as the aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect the financial statements.

If a service has to be outsourced or an independent expert involved in assessments, calculations and valuations with a significant impact on the financial information, Financial Management of Fluidra leads the decision-making process.

F.4. Information and communication.

Indicate whether at least the following are in place and describe their main features:

- F.4.1. A specific function charged with defining and updating accounting policies (accounting policy area or department) and with resolving questions or conflicts arising from their interpretation, maintaining fluid communications with those responsible for operations at the organization, as well as an updated accounting policy manual that has been communicated to the units through which the entity operates.

Among other functions, Financial Management is responsible for keeping the accounting policies applicable to the group up to date. In this regard, it is responsible for updating the GAM, which includes the group's accounting policies and chart of accounts, as well as an analysis of any regulatory and accounting changes that could have an impact on the financial information of Fluidra. The GAM is updated periodically, or when a significant new development so requires, and was last updated in July 2020. The updates review both accounting policies based on changes in applicable EU-IFRS and the group's accounting structure, ensuring traceability between individual charts of accounts of the group subsidiaries and the Fluidra chart of accounts which is used as the basis for drawing up the different reporting packages to be provided to external bodies. Changes and updates to the GAM are communicated to all responsible financial personnel by e-mail. The last update of the GAM is always available on the group's intranet under the heading "policies and procedures". Financial Management is also responsible for clearing up any doubts about the accounting treatment of certain transactions raised by the personnel responsible for preparing the financial information of Fluidra. To add greater convenience and efficiency to the responsibility of keeping the GAM up-to-date, and to identify any incidents and weaknesses that have to be remedied, there is a working group on accounting procedures, made up of a member of Corporate Financial Management, the Internal Audit Manager and the person responsible for updating the GAM, the aim of which is to update the GAM based on the incidents detected by internal audit in the course of its duties, which are not contemplated in the Group's current policies. This working group meets once a quarter and records minutes of the meetings.

- F.4.2 Mechanisms to capture and prepare financial information using standardized formats, to be applied and used by all units of the company or group, supporting the main financial statements and the notes, as well as the information provided on ICFR.

All the companies that form part of the Consolidated Group at the end of 2020 use a single standardized reporting format. Most of them (approximately 60% of turnover), have the same Corporate System for accounting in terms of capture and preparation of financial information. For the remaining 40%, which have not implemented that Information System at present, Fluidra ensures that standardized formats are used in preparing the financial information through mechanisms that reflect those used in the integrated tool. The financial information reported by all the subsidiaries covers the composition of the main Financial Statements and the notes. The Financial Management department of Fluidra is responsible for obtaining data from all the subsidiaries, and with this information makes the necessary consolidation adjustments to obtain the consolidated figures and complements the financial information with the reserved notes to Consolidated Financial Statements. In 2013, new reporting and consolidation software was implemented and has been fully active since 2015. To ensure the reliability of the information reported by the subsidiaries, they must report a range of data to allow an analysis of variations in asset and liability items and results obtained with respect to the monthly budget and the previous year, in which the various balance sheet and income statement items are interrelated, permitting greater knowledge in detail of the operations reported at local level. The Company has also implemented ICFR management software through which twice a year the subsidiaries included in the scope complete self-evaluation questionnaires on control and submit evidence of key controls. These questionnaires are suitably supervised by the responsible financial personnel of the corresponding division, creating action plans if considered necessary. Internal audit carries out supervision of the effectiveness of the controls twice a year, in accordance with the annual audit plan, reporting the results to the Audit Committee.

F.5. Supervision of operation of the system.

Indicate and describe the main features of at least the following:

F.5.1. The ICFR supervision activities carried out by the audit committee as well as whether the entity has an internal audit function whose duties include providing support to the committee in its work of supervising the internal control system, including ICFR. Information is also to be provided concerning the scope of the evaluation of ICFR performed during the year and on the procedure whereby the person or division charged with performing the evaluation reports the results thereof, whether the entity has an action plan in place describing possible corrective measures, and whether the impact thereof on the financial information has been considered.

The duties of the Audit Committee in relation to the supervision of ICFR are established in article 13 of the Board of Directors Regulations and, among others, are focused on:

- Supervising the efficiency of the Company's internal control, especially Internal Control on Financial Reporting, internal audit, as the case may be, and the risk management systems, and discussing with the auditors or audit firms any significant internal control weaknesses detected in the course of the audit.
- Supervising the process of drawing up and presenting regulated financial information.
- Reviewing the Company's accounts, ensuring compliance with legal requirements and correct application of generally accepted accounting principles, for which purpose it has the direct collaboration of the external and internal auditors.

• In relation to the information systems and internal control:

- Supervising the process of drawing up and the integrity of the financial information relating to the Company and, as the case may be, the group, reviewing compliance with regulatory requisites, adequate definition of the consolidation perimeter and correct application of accounting policies.

- Reviewing the internal control and risk management systems periodically, so that the main risks are identified, managed and reported adequately.

- Ensuring the independence and efficacy of the internal audit function; proposing the selection, appointment, re-election and removal of the person responsible for the internal audit service; proposing the budget for the service; receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.

- Establishing and supervising a mechanism that allows employees to report, confidentially and, if considered appropriate, anonymously, any irregularities of potential relevance, especially financial and accounting irregularities that they observe in the Company.

Internal Audit Management is located within the Group's organization structure, and depends on the Audit Committee, so that its independence is assured as well as the performance of the assigned functions. All the actions carried out by Internal Audit Management that require approval are approved by the Board of Directors at the proposal of the Audit Committee.

Internal Audit prepares and presents an Annual Internal Audit Plan which is reviewed and approved by the Audit Committee. In 2019, Internal Audit met with the Audit Committee in the months of February, March, May, July, October, November and December to present the results and evolution of its work. At these meetings, Internal Audit reported the weaknesses identified in the design of the internal control model, proposed the corresponding action plans and the dates of implementation of these plans. In turn, Internal Audit supervises the correct implementation of corrective actions.

In the months of May, June, October and December 2020, the Audit Committee, through Internal Audit Management, has supervised the correct review of the effectiveness of the controls conducted by Financial Management. A small number of weaknesses were detected, corresponding to the Australian subsidiary, which have been duly corrected. The weaknesses detected are reported to the heads of the Divisions and the corresponding action plans are designed, with a follow-up of their implementation.

F.5.2 Whether it has a discussion procedure whereby the auditor (as provided in the Technical Auditing Standards), the internal audit function, and other experts can inform senior management and the audit committee or the directors of the entity of the significant internal control weaknesses detected during the review of the annual accounts or such other reviews as may have been entrusted to them. Information shall also be provided on whether there is an action plan to attempt to correct or mitigate the weaknesses found.

The Audit Committee meets at least four times a year, with the aim of obtaining and analysing the necessary information to fulfil the tasks with which it has been entrusted by the Board of Directors.

Special attention is given to the review of the company's quarterly financial information, which is presented by General Financial Management. In order to carry out this process, the Audit Committee is assisted by Internal Audit, General Financial Management (responsible for preparing the financial information) and the Auditor, with the aim of ensuring the correct application of ruling accounting policies and the reliability of the financial information, and in order to be able to report any significant control weaknesses identified, if there are any, and the corresponding action plans.



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Prior to the reports issued by the Audit Committee, Internal Audit Management discusses the results of its work with local management, Financial Management and Corporate General Management, thus ensuring fluid and efficient communication among all parties. In relation to the External Auditors, they present annually the scope, timing and areas of emphasis of their audit work on the annual accounts, in accordance with the applicable auditing standards. They also meet with the Audit Committee to present the conclusions of their work and areas for improvements. The weaknesses reported are communicated to Internal Audit for inclusion in the implementation plan. It should be noted that the External Auditors have stated that no significant internal control weaknesses have come to light during the audit performed in 2020.

F.6. Other relevant information.

F.7. External audit report.

Report on:

F.7.1 Whether the information on ICFR sent to the markets has been reviewed by the external auditor, in which case the entity should include the corresponding report as an appendix. Otherwise, the reasons for this should be provided.

Fluidra has submitted the information on ICFR sent to the markets for 2020 to be reviewed by the External Auditor. The favourable report issued by the External Auditor is attached as an appendix to this document.



G. DEGREE TO WHICH CORPORATE GOVERNANCE RECOMMENDATIONS ARE FOLLOWED

State the company's degree of compliance with the recommendations of the Good Governance Code of Listed Companies.

If the company does not comply with any recommendation or follows it partially, a detailed explanation of the reasons must be given, providing shareholders, investors, and the market in general with sufficient information to assess the company's course of action. Generalized explanations will not be acceptable.

1. The Articles of Association of listed companies should not place an upper limit on the votes that can be cast by a single shareholder or impose other obstacles to the takeover of the company by means of share purchases on the market.

Complies Explain

2. When the listed company is controlled, in the sense of article 42 of the Code of Commerce, by another company, listed or not, and has business relations, directly or through its subsidiaries, with that other company or any of its subsidiaries (other than those of the listed company) or carries on activities related to those of any of such companies, it should provide detailed disclosure on:

a) The respective business activity and any business dealings between the listed company or its subsidiaries, on the one hand, and the parent company or its subsidiaries, on the other hand.

b) The mechanisms in place to resolve possible conflicts of interest.

Complies Complies partially Explain Not applicable

3. During the ordinary general meeting, the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

a) Changes taking place since the previous ordinary general meeting.

b) The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative rules followed instead.

Complies Complies partially Explain

4. The company should draw up and promote a policy relating to communication and contacts with shareholders and institutional investors in the framework of their involvement with the company, and with proxy advisors, that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position. This policy should be published on the company's website, complete with details of how it has been put into practice and the identities of the relevant spokespersons or those charged with its implementation.

And, notwithstanding the legal obligations on the dissemination of privileged information and other regulated information, the company should also have a general policy relating to the communication of economic and financial, non-financial and corporate information through the channels it considers appropriate (media, social networks or other channels) that contributes to maximizing the dissemination and quality of the information available to the market, investors and other stakeholders.

Complies [X] Complies partially [] Explain []

5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without a preferential subscription right for an amount exceeding 20% of capital at the time of such delegation.

When the board approves any issue of shares or convertible securities without preferential subscription rights, the company should immediately post on its website the reports explaining the exclusion referred to in mercantile legislation.

Complies [X] Complies partially [] Explain []

6. Listed companies that draw up the following reports on a voluntary or compulsory basis should publish them on their website sufficiently in advance of the ordinary general meeting, even if their distribution is not mandatory:

a) Report on auditor's independence.

b) Reports on the activities of the audit committee and the appointments and remuneration committee.

c) Report of the audit committee on related-party transactions.

Complies [X] Complies partially [] Explain []

7. The company should broadcast its general shareholders meetings live on the corporate website.

The company should also have mechanisms that permit the delegation and exercise of vote through remote means and, in the case of large cap companies and to the extent that it is proportionate, even active attendance at and participation in the General Meeting.

Complies [] Complies partially [X] Explain []

The Company has complied de facto in 2020 with the entire recommendation due to the situation generated by the pandemic and the Board of Directors is expected to propose to the General Shareholders' Meeting to be held in the month of May 2021 an amendment of the Articles of Association and the General Meeting Regulations so that they reflect the necessary changes in this regard.

8. The audit committee should strive to ensure that the annual accounts the board of directors presents to the general shareholders' meeting are drawn up in accordance with accounting legislation. In cases in which the auditor has include a qualification in the audit report, the chairman of the audit committee should give a clear account at the general meeting of the audit committee's opinion on its content and scope, the a summary of that opinion should be made available to the shareholders at the time of publishing the notice convening the meeting, together with the remaining proposals and reports of the board.

Complies [X] Complies partially [] Explain []

9. The company should publish the requisites and procedures it will accept as evidence of ownership of shares, the right to attend general meetings and the exercise or delegation of voting rights permanently on its website.

Such requisites and procedures should encourage shareholders to attend and exercise their rights and be applied in a non - discriminatory manner.

Complies [X] Complies partially [] Explain []

10. When a shareholder entitled to do so exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

- a) Immediately circulate these supplementary items and new proposals for resolutions.
- b) Publish the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.
- c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or inferences about votes.
- d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Complies [X] Complies partially [] Explain [] Not applicable []

11. In the event that the company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Complies [] Complies partially [] Explain [] Not applicable [X]

12. The board of directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the attainment of a profitable business that is sustainable in the long term, promoting its continuity and maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct based on good faith, ethics and respect for commonly accepted customs and good practice, but also strive to reconcile the company's interests with the legitimate interests of its employees, suppliers, customers and other stakeholders, as well as with the impact of its activities on the broader community and the environment.

Complies [X] Complies partially [] Explain []

13. The board of directors should have an optimal size to promote its efficient functioning and maximize participation. The recommended range is accordingly between five and fifteen members.

Complies [X] Explain []

14. The board of directors should approve a policy aimed at favouring an appropriate composition of the board of directors and that:

a) Is concrete and verifiable.

b) Ensures that appointment or re-election proposals are based on a prior analysis of the skills required by the board of directors; and

c) Favours a diversity of knowledge, experience, age and gender. For these purposes, measures that foster a significant number of female senior managers are deemed to favour gender diversity.

The results of the prior analysis of the skills required by the board should be reflected in the appointments committee's report, to be published when the general meeting is convened that is to resolve on the ratification, appointment or re-election of each director.

The appointments committee should perform an annual check on compliance with this policy and set out its findings in the annual corporate governance report.

Complies [X] Complies partially [] Explain []

15. Proprietary and independent directors should constitute an ample majority on the board of directors, and the number of executive directors should be the minimum necessary bearing in mind the complexity of the corporate group and the percentage shareholding of the executive directors in the company's capital.

The number of female directors should represent at least 40% of the members of the board of directors by the end of 2022 and thereafter, and prior to that should not be less than 30%.

Complies [] Complies partially [] Explain []

Of the total of 12 board members, 10 are non-executive directors, therefore complying with the recommendation on this matter. One of the goals of the Appointments and Remuneration Committee in relation to the director and senior manager selection policy is to favour diversity of professional background, knowledge, nationality and, especially, gender. The Appointments and Remuneration Committee is aware that at present it does not comply with the Corporate Governance recommendation concerning the percentage of female board members, and is therefore taking the necessary measures to increase the number of women on the Board of Directors, as described in sections C.1.5 and C.1.6. Such measures are for the purpose of ensuring that the selection processes take gender diversity into account, balanced with other criteria of the profile sought such as knowledge, nationality, experience and solvency. However, this aim can only be achieved when new candidates have to be selected to cover vacancies arising on the Board of Directors. Evidence that the measures adopted regarding the selection of female directors are working is that one of the last two vacancies on the Board of Directors has been filled by a woman. The Appointments and Remuneration Committee continues to work to ensure that future selection processes to cover new vacancies continue to favour gender diversity on the Board of Directors.

16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the capital of the company represented by such directors and the remainder of the company's capital.

This criterion can be relaxed:

- a) In large cap companies where few or no shareholdings attain the legal threshold to be regarded as significant.
- b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Complies [] Explain []

17. Independent directors should be at least half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30% of share capital, independent directors should occupy, at least, a third of board places.

Complies [] Explain []



18. Companies should disclose the following information about their directors on their websites and keep it regularly updated:

- a) Background and professional experience.
- b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.
- c) Statement of the director category to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.
- d) Dates of their first appointment as a board member and subsequent re-elections.
- e) Shares held in the company, and any options on such shares.

Complies] Complies partially] Explain]

19. Following verification by the appointments committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the request of shareholders controlling less than 3 percent of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Complies] Complies partially] Explain] Not applicable]

20. Proprietary directors should resign when the shareholders they represent dispose of their shareholding in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the number of proprietary shareholders should be reduced accordingly.

Complies] Complies partially] Explain] Not applicable]

21. The board of directors should not propose the removal of independent directors before the expiry of their term of office established in the Articles of Association, except when there is due cause, found to exist by the board of directors following a report of the appointments committee. In particular, due cause will be deemed to exist when directors take up new posts or responsibilities that prevent them allocating sufficient time to their duties as a board member, or are in breach of the inherent duties of their post or come under one of the disqualifying grounds for classification as independent director enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Complies Explain

22. Companies should establish rules obliging directors to disclose and, as the case may be, to resign when situations arise affecting them, whether or not they are related to their actions in the company, that might be damaging to the company's credit and reputation, and, in particular, obliging them to inform the board of any criminal cases in which they are involved as investigated parties and the corresponding judicial proceedings.

Once the board has been informed of or has otherwise learned of the situations mentioned in the preceding paragraph, it should examine the case as soon as possible and, in light of the particular circumstances and following a report of the appointments and remuneration committee, decide whether or not it should take some kind of measure, such as opening an internal investigation, requesting the director's resignation or proposing his or her removal from office. This matter should be reported in the annual corporate governance report, unless there are special circumstances that justify its omission, which must be noted in the minutes. The foregoing is notwithstanding the information which the company must publish, if applicable, at the time of taking the corresponding measures.

Complies Complies partially Explain

23. All directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independent directors and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the board makes significant or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary of the board, even if he or she is not a director.

Complies Complies partially Explain Not applicable

24. When a director, either by resignation or a resolution of the general meeting, ceases to hold his or her post before their tenure expires, he or she should explain sufficiently the reasons for his or her resignation or, in the case of non-executive directors, his or her opinion on the reasons for removal by the meeting, in a letter to be sent to all members of the board.

Notwithstanding that all the above may be reported in the annual corporate governance report, to the extent that it is relevant for investors the company should publish the resignation or removal as soon as possible, making sufficient reference to the reasons or circumstances indicated by the director.

Complies [X] Complies partially [] Explain [] Not applicable []

25. The appointments committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The board of directors regulations should lay down the maximum number of company boards on which directors can serve:

Complies [] Complies partially [X] Explain []

The Board Regulations establish that the Appointments and Remuneration Committee is responsible for assessing the necessary skills, knowledge and experience of the Board, defining the duties and necessary aptitudes in the candidates who are to fill each vacancy, evaluating the time and dedication required so that they can discharge their responsibilities effectively.

Furthermore, the Board Regulations establish that directors must have adequate dedication and will take the necessary measures for effective management and control of the Company.

In turn, the Selection Policy establishes that candidates for directors of the Company must be persons of recognized honourability, solvency, competence, experience, qualification, availability and commitment to the Company.

Although the Board Regulations do not establish the maximum number of Boards on which its directors may serve, this information is taken into account in evaluating the suitability of candidates in the process for the appointment and re-election of directors in order to evaluate the time and dedication available to them to discharge their duties as directors effectively, analysing each case individually considering good governance best practice in this matter.

Furthermore, the Board Regulations establish that directors must dedicate the necessary time and effort to their posts to discharge it effectively and, consequently, must inform the Appointments and Remuneration Committee of their other professional obligations, in case these might interfere with the required dedication. The Company has decided for the time being not to establish rules on the maximum number of boards on which directors may serve, based on the fact that, as there is no legal obligation, the dedication involved in belonging to a board varies depending on the complexity of the company, the committee chairs undertaken, whether or not the post of director is executive, etc. Accordingly, the policy that the Company is following is that any director who wishes to accept a new post on a board must report this prior to accepting it so that the Board of Fluidra, following a favourable report from the Appointments and Remuneration Committee, can resolve not to object, taking into account, among other things, that the new post does not prevent the director from fulfilling his or her duties as a director of Fluidra. The Appointments and Remuneration Committee takes into account the estimated dedication that the new post may require, as well as best practice in good governance of listed companies (including comparisons with listed companies, proxy advisor policies, etc.).

26. The board should meet with the necessary frequency to properly perform its functions, and at least eight times a year, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Complies [X] Complies partially [] Explain []

27. Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate another director to represent them and issue appropriate instructions.

Complies] Complies partially] Explain]

28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minutes if the person expressing them so requests.

Complies] Complies partially] Explain] Not applicable]

29. The company should establish suitable channels for directors to obtain the advice they need to carry out their duties including, if necessary, external advising at the company's expense.

Complies] Complies partially] Explain]

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Complies] Explain] Not applicable]

Although training sessions are provided on matters of interest, no training plan has been formalized.

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather the material they need.

When, exceptionally, for reasons of urgency, the chairman wishes to present decisions or resolutions for board approval that were not on the agenda, their inclusion will require the express prior consent, duly minuted, of the majority of directors present.

Complies] Complies partially] Explain]

32. Directors should be regularly informed of movements in share ownership and of the views of significant shareholders, investors and rating agencies on the company and its group.

Complies] Complies partially] Explain]



33. The chairman, as the person charged with the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's Articles of Association, should prepare and submit to the board a schedule of meeting dates and agendas; organize and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Complies] Complies partially] Explain]

34. When a lead independent director has been appointed, the Articles of Association or board of directors regulations should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chairman and vice-chairs, if any; give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairman succession plan.

Complies] Complies partially] Explain] Not applicable]

35. The secretary of the board should make special efforts to ensure that the board's actions and decisions are informed by the governance recommendations of the Good Governance Code that are applicable to the company.

Complies] Explain]

36. The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weaknesses detected in:

- a) The quality and efficiency of the board's operation.
- b) The operation and composition of its committees.
- c) The diversity in the composition and competences of the board.
- d) The performance of the chairman of the board of directors and the company's chief executive.
- e) The performance and contribution of each individual director, with particular attention to the chairs of board committees.

The evaluation of board committees should start from the reports they send the board of directors, while that of the board itself should start from the report of the appointments committee.

Every three years, the board of directors should engage an external consultant to aid in the evaluation process. This consultant's independence should be verified by the appointments committee.

Any business dealings that the consultant or any company in its group has with the company or with any company in its group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be described in the annual corporate governance report.

Complies] Complies partially] Explain]

37. Where there is an executive committee, at least two non-executive directors should be on this committee, at least one of whom is independent; and the secretary of the committee should be the secretary of the board.

Complies] Complies partially] Explain] Not applicable]

38. The board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the executive committee's minutes.

Complies] Complies partially] Explain] Not applicable]

39. The members of the audit committee, particularly its chairman, should be appointed taking into account their knowledge and experience in accounting, auditing and both financial and non-financial risk management.

Complies] Complies partially] Explain]



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40. Under the supervision of the audit committee, there should be a unit in charge of the internal audit function to oversee proper operation of reporting and internal control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.

Complies [X] Complies partially [] Explain []

41. The head of the unit handling the internal audit function should present an annual work programme to the audit committee for approval by the committee or by the board, inform it directly of the execution of this plan, including any incidents and scope limitations arising during its implementation, the results and monitoring of its recommendations and submit a report on its activities at the end of each year.

Complies [X] Complies partially [] Explain [] Not applicable []

42. In addition to the functions established by law, the audit committee should have the following functions:

1. In relation to internal control and reporting systems:

- a) Supervise and evaluate the process of drawing up and the integrity of the financial and non-financial information and the control and management systems over the financial and non-financial risks relating to the Company and, as the case may be, the group -including operational, technological, legal, social, environmental, political and reputational or corruption-related risks, reviewing compliance with regulatory requisites, adequate definition of the consolidation perimeter and correct application of accounting policies.
- b) Ensure the independence of the unit that undertakes the internal audit function; propose the selection, appointment and removal of the person responsible for the internal audit service; propose the budget for the service; approve or propose approval by the board of the approach and the annual internal audit work plan, ensuring that its activity is focused mainly on the relevant risks of the company (including reputational risks); receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.
- c) Establish and supervise a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any irregularities of potential relevance, including financial and accounting or any other kind of irregularities that they observe in the Company or the group. This mechanism should guarantee the confidentiality and, in any case, provide for cases in which communications may be made anonymously, respecting the rights of the reporter and the reported person.
- d) Ensure in general that the policies and systems established in relation to internal control are applied effectively in practice.

2. In relation to the external auditor:

- a) Investigate the circumstances giving rise to the resignation of the external auditor, should this come about.
- b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.
- c) Ensure that the company notifies any change of external auditor through the CNMV, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
- d) Ensure that the external auditor has a yearly meeting with the board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.
- e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and, in general, other regulations on auditor independence.

Complies [] Complies partially [] Explain []



New Audit Committee Regulations are expected to be approved in 2021 which will incorporate the modifications made in this recommendation.

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior manager.

Complies] Complies partially] Explain]

44. The audit committee should be informed of any structural and corporate modification operations the company is planning, so the committee can analyse and report to the board beforehand on their economic conditions and accounting impact, especially, when applicable, on the proposed swap ratio.

Complies] Complies partially] Explain] Not applicable]

45. The risk management and control policy should identify or determine at least:

- a) The different types of financial and non-financial risks the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks, including risks related to corruption), with the inclusion under financial or economic risks of contingent liabilities and other off- balance-sheet risks.
- b) A risk management and control model based on different levels, a part of which will include a committee specialized in risks when sectorial regulations so establish, or the company considers appropriate.
- c) The risk level the company sees as acceptable.
- d) The measures devised to mitigate the impact of the risks identified, should they materialize.
- e) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance- sheet risks.

Complies] Complies partially] Explain]

46. Companies should establish an internal risk control and management function to be exercised by one of the company's internal department or units, under the direct supervision of the audit committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:

- a) Ensure that risk control and management systems are functioning correctly and, specifically, that all the significant risks the company is exposed to are adequately identified, managed and quantified.
- b) Participate actively in the preparation of risk strategies and in key decisions about their management.
- c) Ensure that risk control and management systems are mitigating risks adequately in the context of the policy defined by the board of directors.

Complies [] Complies partially [] Explain []

This is done by Internal Audit.

47. Members of the appointments and remuneration committee - or of the appointments committee and the remuneration committee, if they are separate - should be appointed ensuring that they have adequate knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

Complies [] Complies partially [] Explain []

The members of the Appointments and Remuneration Committee have been appointed taking into account their knowledge, skills and experience as well as the mission of the Committee. However, as far as the composition of the Committee is concerned, it is made up of four non-executive directors, two of which are independent, and the other two are proprietary directors. The Chairman of the Committee is an independent director. Therefore, there is no majority of independent directors on this Committee, but rather such directors make up 50% of the members.

The reason why the Company does not comply with this part of the recommendation concerning composition is because clause 8.3.6 of the Shareholders' Agreement formalized between Rhône Capital and the founding families of Fluidra, dated 3rd November 2017, on the occasion of the merger between Fluidra and Zodiac, establishes that the Appointments and Remuneration Committee is to be made up of four (4) members, of which two (2) will be independent directors (one of them the Chairman), one will be designated "at the proposal of the Current Shareholders" (i.e. the four founding families of the Company) and one will be designated "at the proposal of the shareholder of Zodiac Holdco" (i.e. the Rhône Capital fund). This Shareholders' Agreement is published on the Company's website, www.fluidra.com, under "Shareholders and Investors" "Corporate Governance", "Shareholders' Agreements", and on the website of the CNMV and in the Mercantile Registry of Barcelona.

Indeed, given the shareholder concentration of Fluidra, as explained in section A.7 of the Annual Corporate Governance Report for 2019, the Company understands that it was necessary that the two blocks represented in the existing Shareholders' Agreement between Rhône Capital and the founding families of Fluidra each had a representative on a body such as the Appointments and Remuneration Committee, which was considered of great importance for the operation of the Company. This Committee was consequently composed of two proprietary directors and two independent directors, the Chairman being one of the independent directors, who co-ordinates and manages personally the work of this Committee.

48. Large cap companies should have separate appointments and remuneration committees.

Complies [] Explain [] Not applicable []



49. The appointments committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors.

When there are vacancies on the board, any director should be able to approach the appointments committee to propose candidates that it might consider suitable.

Complies [X] Complies partially [] Explain []

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

a) Propose to the board the standard conditions for senior management contracts.

b) Monitor compliance with the remuneration policy set by the company.

c) Periodically review the remuneration policy for directors and senior managers, including share-based remuneration systems and their application, and ensure that their individual remuneration is proportionate to the amounts paid to other directors and senior managers in the company.

d) Ensure that conflicts of interest do not undermine the independence of any external advice provided to the committee.

e) Verify the information on director and senior manager remuneration contained in corporate documents, including the annual report on directors' remuneration.

Complies [X] Complies partially [] Explain []

51. The remuneration committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors and senior managers.

Complies [X] Complies partially [] Explain []

52. The rules on the composition and operation of the supervisory and control committees should be set out in the board of directors regulations and should be consistent with the rules applicable to legally mandatory committees in accordance with the above recommendations, including the following rules:

- a) Committees should be formed exclusively by non-executive directors, with a majority of independent directors.
- b) They should be chaired by independent directors.
- c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of the directors and each committee's terms of reference; discuss their proposals and reports; and report back on their activities and work at the first full board meeting following each committee meeting.
- d) The committees may engage external advice, when they feel it necessary for the discharge of their functions.
- e) Minutes of their meetings should be drawn up and made available to all board members.

Complies [] Complies partially [] Explain [] Not applicable []

53. The task of supervising compliance with the Company's policies and rules on environmental, social and corporate governance matters, as well as internal codes of conduct, should be assigned to one board committee or split between several committees of the board of directors, which could be the audit committee, the appointments committee, a committee specializing in sustainability or corporate social responsibility or a dedicated committee established ad hoc by the board under its powers of self-organization. This committee should be made up exclusively of non-executive directors, the majority of which should be independent, and should be specifically charged with the minimum functions indicated in the following recommendation.

Complies [] Complies partially [] Explain []

54. The minimum functions referred to in the preceding recommendation are as follows:

- a) Oversee compliance with the company's corporate governance rules and internal codes of conduct, also ensuring that the corporate culture is aligned with its mission and values.
- b) Oversee application of the general policy relating to the communication of economic and financial, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The way in which the company communicates with and relates to its small and medium-sized shareholders will also be monitored.
- c) Periodically evaluate and review the company's corporate governance system and its environmental and social policy, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of the other stakeholders.
- d) Review the company's social and environmental practices to ensure that they conform to the established strategy and policies.
- e) Oversee and evaluate processes in relation to the different stakeholders.

Complies [X] Complies partially [] Explain []

55. The environmental and social sustainability policies should identify and include at least:

- a) The principles, commitments, goals and strategy in relation to shareholders, employees, customers, suppliers, social matters, environment, diversity, fiscal responsibility, respect for human rights and the prevention of corruption and other illegal conduct.
- b) The methods or systems to monitor compliance with the policies, the associated risks and their management.
- c) The mechanisms for supervising non-financial risk, including the risk related to ethics and business conduct.
- d) Channels for stakeholder communication, participation and dialogue.
- e) Responsible communication practices that prevent the manipulation of information and protect honour and integrity.

Complies [X] Complies partially [] Explain []

56. Directors' remuneration should be sufficient to attract and retain individuals with the desired profile and compensate the dedication, qualifications and responsibility that the post demands, but not so high as to compromise the independent judgement of non-executive directors.

Complies [X] Explain []

57. Variable remuneration linked to the company's performance and the director's personal performance, and remuneration in the form of awarding shares, options or rights on shares or instruments linked to the share price and long-term savings schemes such as pension plans, retirement systems or other benefits should be confined to executive directors.

Share-based remuneration of non-executive directors may be considered when it is subject to the condition that the shares must be kept until the end of their term of office. This condition, however, will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Complies] Complies partially] Explain]

58. In the case of variable remuneration, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company's sector, or other similar circumstances.

In particular, variable remuneration components should meet the following conditions:

- a) They should be subject to predetermined and measurable performance criteria that take into account the risk assumed to obtain a given outcome.
- b) They should promote the sustainability of the company and include non-financial criteria that are relevant for the creation of value in the long term, such as compliance with the company's internal rules and procedures and its risk management and control policies.
- c) They should be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Complies] Complies partially] Explain] Not applicable]

59. Payment of variable remuneration components should be subject to sufficient checks that predetermined performance or other conditions have effectively been met. Companies will include in the annual directors' remuneration report the criteria in terms of time required and methods to conduct such a check in line with the nature and characteristics of each variable component.

Additionally, companies should consider established a reduction clause ("malus") based on the deferral for a sufficient length of time of payment of part of the variable components that will lead to total or partial loss of such components in the event that prior to the time of payment any event occurs that renders this advisable.

Complies] Complies partially] Explain] Not applicable]

60. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduce the amount of such earnings.

Complies] Complies partially] Explain] Not applicable]

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments the value of which is linked to the share price.

Complies] Complies partially] Explain] Not applicable]

62. Once shares, options or financial instruments have been awarded as part of share-based remuneration, executive directors should not be allowed to transfer ownership or exercise them until a term of at least three years has elapsed.

This does not include cases in which a director has, at the time of transfer or exercise, a net economic exposure to the variation in the price of the shares for a market value equal to at least twice his or her annual fixed remuneration by holding shares, option or other financial instruments.

The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition, or, following a favourable opinion by the appointments and remuneration committee, to deal with any supervening extraordinary situations that so require.

Complies] Complies partially] Explain] Not applicable]

63. Contractual arrangements should include a clause that allows the company to reclaim variable components of remuneration when payment was not in line with the director's actual performance or based on data subsequently found to be inaccurate.

Complies] Complies partially] Explain] Not applicable]

64. Severance payments should not exceed an amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that the director has met the predetermined criteria or conditions.

For the purposes of this recommendation, severance payment will be deemed to include any payments the accrual of which or obligation to pay arises as a result of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings plans and any amounts paid by virtue of post-contractual non-compete clauses.

Complies] Complies partially] Explain] Not applicable]

El CEO's contract complies with this recommendation.

In relation to the Executive Chairman, his contract establishes compensation in cases of termination of the contract by Fluidra's decision or the Executive Chairman's own decision for the causes detailed in section C.1.39, for an amount equivalent to two years of his remuneration, based on the gross annual salary received in the year the termination of the contract takes place and the variable gross annual salary for the preceding year. This compensation includes the amount of the severance pay which the Executive Chairman is entitled to receive for the termination of his previous employment relationship of sixteen years and seven months, which was suspended when he was appointed to the Board. Additionally, his contract includes a post-contractual non-compete clause for a term of two years, with an economic compensation of two years of his fixed gross annual remuneration at the time of termination of his contract. If, as a result of the termination of his contract, the Executive Chairman were to receive, in addition to the non-competition compensation, the severance compensation for termination of his contract, the sum of the two amounts would exceed two years' salary. However, the Company understands that the amount of the compensation for termination of the contract (which was already reduced in 2015, from three to two years' annual salary, as a result of the introduction of this recommendation that year) should not be reduced, as it includes the termination of his prior employment relationship of sixteen years and seven months, which was suspended when he was appointed as a director.

H. OTHER INFORMATION OF INTEREST

1. If there are any significant aspects regarding corporate governance in the company or entities of the group that have not been included in the other sections of this report, but should be included in order to provide more complete and well-reasoned information regarding the corporate governance structure and practices in the entity or its group, briefly describe them.
2. In this section, you may also include any other information, clarification, or comment relating to the prior sections of this report to the extent they are relevant and not repetitive.

Specifically, state whether the company is subject to laws other than Spanish laws regarding corporate governance and, if applicable, include such information as the company is required to provide that is different from the information required in this report.

3. The company may also state whether it has voluntarily adhered to other international, industrial, or other codes of ethical principles or good practice. If so, identify the code in question and the date of adherence thereto. In particular, mention whether the company has signed up to the Code of Good Tax Practice, of 20th July 2010:

*Section A.2.

After 31st December 2020 (the year-end date the information in this report refers to) and taking into account the available information until 24th March 2021 by close of market, the following movements in the shareholder structure have taken place:

- On 19th January 2021, Piscine Luxembroug Holdings 1, S.A.R.L., a wholly owned subsidiary of Rhône Capital LLC, carried out an accelerated placement of 10.7% of the Company's share capital. The number of shares sold in the placement was 21 million. The amount of the placement totalled approximately € 424,200,000 and the selling price as € 20.20 per shares. After completing the placement, Piscine Luxembourg Holdings 1, S.à.r.l. holds 42,028,788 shares in the Company, representing approximately 21.5% of the Company's capital.
- On 20th January 2021, BlackRock Inc. (parent company which includes holdings of BlackRock European Master Hedge Fund Limited as well as that of other funds, accounts and portfolios) exceeded the threshold of 3% of the Company's capital, reaching specifically 3.063%.
- On 20th January 2021 G3T, S.L. informed the CNMV that it had acquired a significant shareholding in the Company's capital, which was for a total of 3.861% and which was then increased to 5.002% on 19th March 2021 as per the communication filed by G3T, S.L. to CNMV on 23rd March 2021.
- On 20th January 2021, THREADNEEDLE ASSET MANAGMEENT LMITED reported to the CNMV that it held a significant shareholding in the Company's capital, which totals 3.279%.

This annual corporate governance report was approved by the Board of Directors of the company at its meeting held on:

[25/03/2021]

State whether any directors voted against or abstained in relation to the approval of this Report.

[] Yes
[v] No

**Auditor's report on information relating to the Internal
Control Over Financial Reporting (ICFR) of
Fluidra, S.A. and subsidiaries for 2020**



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

AUDITOR'S REPORT ON INFORMATION RELATING TO THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

To the Directors of Fluidra S.A. and subsidiaries.

At the request of the Board of Directors of Fluidra, S.A. and subsidiaries (hereinafter, the Entity) and in accordance with our proposal dated March 15, 2021, we have applied certain procedures to the accompanying "ICFR-related information" of the Entity for 2020, which summarizes the Entity's internal control procedures regarding annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system as well as developing improvements to that system and preparing and establishing the content of the accompanying ICFR-related information.

It should be noted that irrespective of the quality of the design and effectiveness of the internal control system adopted by the Entity in relation to its annual financial reporting, it can only provide reasonable, rather than absolute assurance with respect to the objectives pursued, due to the inherent limitations to any internal control system.

Throughout the course of our audit work on the financial statements, and in conformity with Technical Auditing Standards, the sole purpose of our assessment of the Entity's internal control system was to establish the scope, nature, and timing of the audit procedures to be applied to the Entity's financial statements. Therefore, our internal control assessment performed for the audit of the aforementioned financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over regulated annual financial reporting.

For the purpose of issuing this report, we exclusively applied the specific procedures described below and indicated in the Guidelines on the Auditors' report relating to information on the Internal Control over Financial Reporting on Listed Companies, published by the Spanish National Securities Market Commission (CNMV) on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Given that the scope of the abovementioned procedures performed was limited and substantially less than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or its design or operating effectiveness, in relation to the Entity's annual financial reporting for 2020 described in the accompanying ICFR-related information. Consequently, had we applied additional procedures to those established by the Guidelines mentioned above or had we carried out an audit or a review of the internal control over regulated annual financial reporting, other matters might have been detected which would have been reported to you.

Additionally, since this special engagement neither constitutes an audit of the financial statements nor is it subject to prevailing audit regulations in Spain, we do not express an audit opinion in the terms provided for therein.

The procedures performed were as follows:

1. Reading and understanding the information prepared by the Entity regarding ICFR - disclosures included in the management report - and assessing whether this information meets all the minimum reporting requirements needed to fill out section F on the ICFR described in the Annual Corporate Governance Report template established in CNMV Circular 5/2013 of June 12, 2013, subsequently amended by CNMV Circular 7/2015 of June 22, 2015 and CNMV Circular 2/2018 of June 12 (hereinafter the CNMV Circulars).

2. Making inquiries of personnel responsible for preparing the information detailed in point 1 above: (i) to obtain an understanding of the process that goes into preparing the information; (ii) to obtain information that allows us to assess whether the terminology used complies with the framework definitions; and (iii) to obtain information on whether the control procedures described are in place and functioning.

3. Reviewing the explanatory documents supporting the information detailed in point 1 above, which will mainly include documents directly made available to those responsible for describing the ICFR. This documentation includes reports prepared by the Internal Audit Department, senior management, and other internal and external experts in their role supporting the Audit Committee.

4. Comparing the information detailed in point 1 above with our knowledge of the Entity's ICFR obtained through the procedures applied during our audit of the financial statements.

5. Reading the minutes of the meetings of the Board of Directors, the Audit Committee, and other Entity committees in order to evaluate the consistency between matters related to the ICFR and the information detailed in point 1 above.

6. Obtaining a representation letter in connection with the work performed, duly signed by those responsible for preparing and approving the information detailed in point 1 above.

As a result of the procedures applied to the ICFR-related information, no inconsistencies or incidents have come to our attention which might affect it.

This report was prepared exclusively within the framework of the requirements stipulated in article 540 of the consolidated text of the Corporate Enterprises Act and CNMV Circulars on ICFR description in Annual Corporate Governance Reports.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Alfredo Eguiagaray

March 26, 2021

Fluidra, S.A. and Subsidiaries

Consolidated Annual Accounts

2020

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

On 25 March 2021 the Board of Directors of Fluidra, S.A. approved for issue the consolidated annual accounts prepared in accordance with International Financial Reporting Standards as adopted by the European Union (which comprise the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated cash flow statement, the notes to the consolidated annual accounts and the consolidated directors' report) for the year ended 31 December 2020. In witness whereof, they are hereby signed on this sheet, by all members of the Board of Directors.

Mr. Eloy Planes Corts

Mr. Bruce Walker Brooks

Ms. Esther Berrozpe Galindo

Mr. Jorge Valentín Constans Fernández

Mr. Bernardo Corbera Serra

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

Mr. Michael Steven Langman

Mr. Gabriel López Escobar

Mr. Sébastien Mazella Di Bosco

Mr. Brian McDonald

Mr. Oscar Serra Duffo

Mr. José Manuel Vargas Gómez

FLUIDRA, S.A.

Annual Accounts and Directors' Report

31 December 2020

(Together with Independent Audit Report thereon)

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

Audit Report on Financial Statements
issued by an Independent Auditor

Fluidra, S.A.
Financial Statements and Management Report
for the year ended
December 31, 2020



AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

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

To the shareholders of Fluidra, S.A.:

Report on the financial statements

Opinion

We have audited the financial statements of Fluidra, S.A. (the Company), which comprise the balance sheet as at December 31, 2020, the income statement, the statement of changes in equity, the cash flow statement, and the notes thereto for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company as at December 31, 2020 and of its financial performance and its cash flows for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the aforementioned requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our audit opinion thereon, and we do not provide a separate opinion on these matters.

Measurement of investments in equity instruments of group companies and associates

Description At December 31, 2020 the Company has investments in equity instruments in group companies and associates amounting to 1,429 million euros, as indicated in Note 7.

The determination of the recoverable amounts of the investments in equity instruments in group companies and associates is based on Management estimates that entail using cash flow projections based on current results and expectations for the development of each market, growth rates, profitability, discount rates, tax rates and other assumptions used in the impairment tests, which are described in Notes 3 e) x. and 7 to the accompanying financial statements.

Consequently, given the significance of the amount involved and the complexity of the judgments used in the determination of certain assumptions considered by Management in the annual impairment tests, we have considered this area a key audit matter.

Our response

Our audit procedures for this area consisted, among others, in:

- ▶ Understanding the processes established by Company Management in the determination of the correct measurement of the investments in equity instruments in group companies and associates, including the assessment of the design and implementation of relevant controls.
- ▶ Reviewing the analysis made by the Company Management to identify any indication that the investments in group companies and associates may be impaired.
- ▶ Reviewing the reasonableness of the main assumptions used, in collaboration with our valuations experts, as well as the methodology followed for projecting results, comparing also these assumptions with those used in prior years and understanding the reasons for possible changes; additionally, verifying the level of compliance of projections with actual data from prior years.
- ▶ Comparing the carrying amounts of the Company's financial investments with their corresponding amounts of the resulting equity in the most recent audited financial statements, as well as discussing the associates' performance and prospects with Management.
- ▶ Reviewing the disclosures included in the notes to the financial statements required by the applicable regulatory framework for financial information.

Other information: management report

Other information refers exclusively to the 2020 management report, the preparation of which is the responsibility of the Company's directors and is not an integral part of the financial statements.

Our audit opinion on the financial statements does not cover the management report. Our responsibility for the management report, in conformity with prevailing audit regulations in Spain, entails:

- a) Checking only that the non-financial statement and certain information included in the Corporate Governance Report, to which the Audit Law refers, was provided as stipulated by applicable regulations and, if not, disclose this fact.
- b) Assessing and reporting on the consistency of the remaining information included in the management report with the financial statements, based on the knowledge of the entity obtained during the audit, in addition to evaluating and reporting on whether the content and presentation of this part of the management report are in conformity with applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are required to disclose this fact.

Based on the work performed, as described above, we have verified that the information referred to in paragraph a) above is provided as stipulated by applicable regulations and that the remaining information contained in the management report is consistent with that provided in the 2020 financial statements and its content and presentation are in conformity with applicable regulations.

Responsibilities of the directors and the audit committee for the financial statements

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position and results of the Company, in accordance with the regulatory framework for financial information applicable to the Company in Spain, identified in Note 2 to the accompanying financial statements, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with prevailing audit regulations in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Conclude on the appropriateness of the director's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee of the Company with a statement that we have complied with relevant ethical requirements, including those related to independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee of the Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

Additional report to the audit committee

The opinion expressed in this audit report is consistent with the additional report we issued to the audit committee on March 24, 2021.

Term of engagement

The ordinary general shareholders' meeting held on March 27, 2019 appointed us as auditors for 3 years, commencing on December 31, 2019.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Alfredo Eguiagaray

March 26, 2021

ANNUAL ACCOUNTS

Balance sheet
Income statement
Statement of recognised income and expense
Statement of total changes in equity
Statement of cash flows
Notes

FLUIDRA, S.A.
Individual Annual Accounts
31 December 2020

SUMMARY

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 - Statement of recognised income and expense
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FLUIDRA, S.A.

Income statement

31 December 2020 and 2019

(Expressed in thousands of euros)

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

	Notes	31/12/2020	31/12/2019
Revenue	Note 19	188,903	298,306
Dividend income		163,000	280,000
Services rendered		25,903	18,306
Self-constructed assets		1,531	861
Other operating income		1,977	3,099
Non-trading and other operating income		1,921	3,138
Capital grants released to income during the year		56	84
Profit from sales of fixed assets		-	(123)
Personnel expenses	Note 17	(29,123)	(26,015)
Salaries and wages		(25,363)	(23,393)
Employee benefit expense		(3,760)	(2,622)
Other operating expenses		(20,967)	(32,363)
External services		(20,894)	(32,300)
Taxes		(73)	(63)
(Charges) /Reversals due to impairment of non-current assets	Notes 7 & 8	-	-
Amortisation and depreciation	Notes 4 & 5	(5,229)	(5,490)
Impairment and gains/(losses) on disposal of fixed assets		(269)	-
Results from operating activities		<u>136,823</u>	<u>238,398</u>
Finance income		2,435	18
Group companies and associates	Note 19	-	-
Other		2,435	18
Finance cost		(166)	(2,179)
Debt with others		(166)	(2,179)
Change in fair value of financial instruments		-	(220)
Derivative financial instruments		-	(220)
Exchange gains/(losses)		(99)	(255)
Net finance income/cost		<u>2,170</u>	<u>(2,636)</u>
Profit/(loss) before tax		<u>138,993</u>	<u>235,762</u>
Income tax	Note 22	993	10,185
Profit/(loss) for the year from continuing operations		<u><u>139,986</u></u>	<u><u>245,947</u></u>

The accompany notes are an integral part of the annual accounts for the year ended 31 December 2020.

FLUIDRA, S.A.

Statement of changes in equity
for the years ended 31 December 2020 and 2019

A) Statement of recognised income and expense

(Expressed in thousands of euros)

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

	Notes	31/12/2020	31/12/2019
Profit/(loss) for the year		139,986	245,947
Income and expenses recognised directly in equity			
Grants, donations and bequests received		186	(16)
Tax effect		(46)	4
Total income and expense recognised directly in equity		<u>140</u>	<u>(12)</u>
Total recognised income and expense		<u>140,126</u>	<u>245,935</u>

The accompany notes are an integral part of the annual accounts for the year ended 31 December 2020.

FLUIDRA, S.A.

Statement of changes in equity
for the years ended 31 December 2020 and 2019

B) Statement of total changes in equity
(Expressed in thousands of euros)

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

	Capital	Share premium	Legal reserve	Other reserves	Interim dividend	Profit/(loss) for the year	Shares and investments in equity	Valuation: adjustments	Grants donations and bequests received	Total
Balance at 1 January 2019	195,629	1,148,591	18,141	50,379	-	(33,878)	(13,690)	-	131	1,365,303
Net profit/(loss) recognised directly in equity	-	-	-	-	-	-	-	-	(12)	(12)
Profit/(loss) for the year	-	-	-	-	-	245,947	-	-	-	245,947
Total recognised income and expense in the year	-	-	-	-	-	245,947	-	-	(12)	245,935
Capital increase	-	-	-	-	-	-	-	-	-	-
Transactions with own shares or holdings (net)	-	-	-	(8,623)	-	-	(310)	-	-	(8,933)
Distribution of dividends	-	-	-	-	-	-	-	-	-	-
Equity-based payments	-	-	-	1,867	-	-	-	-	419	2,286
Other changes in equity	-	-	-	(33,878)	-	33,878	-	-	-	-
Balance at 31 December 2019	<u>195,629</u>	<u>1,148,591</u>	<u>18,141</u>	<u>9,745</u>	<u>-</u>	<u>245,947</u>	<u>(14,000)</u>	<u>-</u>	<u>538</u>	<u>1,604,591</u>
Net profit/(loss) recognised directly in equity	-	-	-	-	-	-	-	-	140	140
Profit/(loss) for the year	-	-	-	-	-	139,986	-	-	-	139,986
Total recognised income and expense in the year	-	-	-	-	-	139,986	-	-	140	140,126
Capital increase	-	-	-	-	-	-	-	-	-	-
Transactions with own shares or holdings (net)	-	-	-	5,921	-	-	(21,841)	-	-	(15,920)
Distribution of dividends	-	-	-	-	(40,752)	-	-	-	-	(40,752)
Equity-based payments	-	-	-	7,690	-	-	-	-	-	7,690
Other changes in equity	-	-	20,985	224,962	-	(245,947)	-	-	-	-
Balance at 31 December 2020	<u>195,629</u>	<u>1,148,591</u>	<u>39,126</u>	<u>248,318</u>	<u>(40,752)</u>	<u>139,986</u>	<u>(35,841)</u>	<u>-</u>	<u>678</u>	<u>1,695,735</u>

The accompany notes are an integral part of the annual accounts for the year ended 31 December 2020.

FLUIDRA, S.A.

Statement of cash flows
for the years ended
31 December 2020 and 2019

(Expressed in thousands of euros)

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

	Notes	31/12/2020	31/12/2019
<u>Cash flows from/(used in) operating activities</u>			
Profit /(loss)for the year before tax		138,993	235,762
Adjustments for:			
Amortisation and depreciation	Notes 4 & 5	5,229	5,490
Impairment allowances	Notes 7 & 8	269	-
(Profit)/loss on the sale of property, plant and equipment		-	122
Finance income		(2,435)	(18)
Finance cost		166	2,179
Change in fair value of financial instruments		-	220
Change in provisions		(107)	(593)
Grants recognised in profit and loss		(1,138)	(15)
Share-based payment expenses		4,887	4,498
(Profit)/loss on the sale of subsidiaries		-	-
Exchange (gains)/losses		140	255
Changes in operating assets and liabilities:			
Trade and other receivables		6,940	(280,247)
Trade and other payables		(4,853)	972
Cash flows from operating activities			
Interest received		1,867	12
Interest paid		(166)	(2,174)
Income tax received/(paid)		7,425	18,839
Cash flows from operating activities		<u>157,217</u>	<u>(14,699)</u>
<u>Cash flows from/(used in) investing activities</u>			
Payments for investments in property, plant and equipment	Note 5	(854)	(198)
Payments for the acquisition of intangible assets	Notes 4 & 15	(4,889)	(3,648)
Payments for investments in financial assets	Notes 7 & 8	(173)	(1)
Proceeds from the sale of property, plant and equipment		-	28
Sale of subsidiaries	Notes 7 & 10	-	-
Proceeds from sale of investments in financial assets		346	531
Proceeds from the sale of subsidiaries in prior years		-	-
Cash flows from investing activities		<u>(5,570)</u>	<u>(3,288)</u>

	<u>Notes</u>	<u>31/12/2020</u>	<u>31/12/2019</u>
<u>Cash flows from/(used in) financing activities</u>			
Share issues		-	-
Acquisition of own equity instruments	Note 11	(37,735)	(10,177)
Disposal of own equity instruments	Note 11	21,815	1,246
Proceeds from grants		-	-
Issue of bank borrowings and other marketable securities		-	-
Net proceeds/(payments) on debt with Group companies and associates		(91,463)	28,077
Redemption and repayment of bank borrowing and other marketable securities		(20)	(4,378)
Dividends paid	Note 11	<u>(40,752)</u>	<u>-</u>
Cash flows from/(used in) financing activities		<u>(148,155)</u>	<u>14,768</u>
Increase /(decrease) in cash and cash equivalents		3,492	(3,219)
Cash and cash equivalents at start of year		6,610	9,839
Effect of currency translation differences on cash flows		<u>36</u>	<u>(10)</u>
Cash and cash equivalents at year end		<u>10,138</u>	<u>6,610</u>

The accompany notes are an integral part of the annual accounts for the year ended 31 December 2020.

FLUIDRA, S.A.

Notes to the Annual Accounts

31 December 2020

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

1. Nature, Activity and Composition of 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 September 17, 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 20, planta 20, in Sabadell (Barcelona).

The Company is the parent of a group of companies whose 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.

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

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

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

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

2. Basis of presentation

a) True and fair view

The annual accounts at 31 December 2020 have been prepared based on the accounting records of the Company and in accordance with prevailing legislation and the Spanish General Chart of Accounts, to give a true and fair view of the equity and financial position at 31 December 2020 and results of operations, changes in equity, and cash flows for the year then ended.

The Parent's directors expect these 2020 annual accounts to be approved by the shareholders at their general meeting without modification.

The annual accounts are presented in thousands of euros rounded to the nearest thousand. The euro is the Company's functional and presentation currency.

b) Comparative information

For comparative purposes, the annual accounts include the 2020 figures in addition to those of the prior year for each item of the balance sheet, the income statement, the statement of changes in equity, the statement of cash flows and the notes thereto, which were part of the 2019 annual accounts approved by the shareholders at their general meeting on 19 May 2020.

c) Group companies

As mentioned in note 7, the Company has a stake in subsidiaries. As a result, the Company is the parent of a Group of companies in accordance with current legislation. In addition to these individual annual accounts, on 25 March 2021 the directors prepared the consolidated annual accounts of Fluidra, S.A. and subsidiaries at 31 December 2020 in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU), which show profit attributable to equity holders of the Parent of Euros 96,388 thousand (a profit of Euros 8,322 thousand in 2019) and equity of Euros 1,428,040 thousand (Euros 1,445,492 thousand in 2019). The consolidated annual accounts will be filed at the Barcelona Mercantile Registry.

d) Critical issues regarding the valuation and estimation of relevant uncertainties and judgements used when applying accounting principles

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying the Company's accounting principles to prepare the annual accounts. A summary of the items requiring a greater degree of judgement or which are more complex, or where the assumptions and estimates made are significant to the preparation of the annual accounts, is as follows:

- Significant accounting estimates and key assumptions and judgements when applying accounting policies

In the Company's 2020 and 2019 annual accounts, estimates were used by Management in order to quantify certain assets, liabilities, income, expenses and commitments reported therein. These estimates basically refer to:

- Impairment of investments in Group companies and associates:

An impairment analysis of investments in Group companies and associates includes an analysis of their recoverable amount, which is understood to be the higher of the fair value less costs to sell and the present value of the cash flows expected to be received. This recoverable amount is calculated using cash flow projections based on past results and development expectations for each of the markets (see note 3, section e). The calculation of the recoverable amount requires the use of estimates by management. The key assumptions used to determine fair value less costs to sell and the value in use include the growth rates, profitability, the discount rate and tax rates. The estimates, including the methodology used, could have a significant impact on values and impairment loss. In addition, the capitalisation value is used as a reference.

- The fair value of financial instruments and of certain unquoted assets (see note 3f).
- The fair value of the commitment to the Company's management team to acquire an ownership interest in the Company's share capital (see note 20).
- Reasons that justify the classification of income from dividends and impairment losses on non-current assets within operating results (see note 3 e, section vii and note 17).

- Changes in accounting estimates

Although estimates are calculated by the Company's directors based on the best information available at 31 December 2020 and 2019, future events may require changes to these estimates in subsequent years. Any effect on the annual accounts of adjustments made in future reporting periods is recognised prospectively.

3. Significant Accounting Policies

The accounting principles and measurement criteria contained in the General Chart of Accounts have been used to prepare the annual accounts at 31 December 2020 and 2019.

The most significant ones are summarized as follows:

a) Foreign currency transactions, balances and cash flows

Foreign currency transactions have been translated into Euros using the exchange rate prevailing at the transaction date.

Monetary assets and liabilities denominated in foreign currency are translated to euros at the closing exchange rate, while non-monetary items measured at historical cost are translated at the exchange rate prevailing at the transaction date.

In the cash flow statement, cash flows from foreign currency transactions have been translated into Euros at the exchange rates at the dates the cash flows occur.

The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currency is presented under a separate caption in the statement of cash flows as Effect of exchange rate fluctuations.

Exchange gains and losses arising on the settlement of foreign currency transactions and on the translation into euros of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

b) Intangible assets

Intangible assets are measured at cost of acquisition or production. The production cost of inventories includes the acquisition cost of the asset, other consumables and the costs directly related to the units produced and a systematically calculated portion of either the variable or fixed indirect costs incurred during the transformation process.

Production costs are capitalised in the income statement under Self-constructed assets. Intangible assets are presented in the balance sheet at cost, less any accumulated amortization and impairment allowances.

Subsequent costs incurred in intangible assets are recorded as expenses, unless they increase the future economic benefits expected from the assets.

i. Computer software

Computer software acquired and produced by the Company is recognised when it meets the conditions set out for development expenses.

Computer software maintenance costs are charged as expenses when incurred.

ii. Research and development

Expenses related to research activities are recognised as an expense in the income statement when incurred.

The Company capitalises the development costs incurred in specific and individualised projects that meet the following conditions:

- Payments attributable to the performance of the project can be measured reliably.

FLUIDRA, S.A.

Notes to the Annual Accounts

2020

- The allocation, assignment and timing of costs for each project are clearly defined.
- There is evidence of the project's technical success, in terms of direct operation or sale to a third party of the results thereof once completed and if a market exists.
- The economic and commercial feasibility of the project is reasonably assured.
- Financing to develop the project, the availability of adequate technical and other resources to complete the development and to use or sell the resulting intangible asset are reasonably assured.
- There is an intention to complete the intangible asset for its use or sale.

If the Company is unable to distinguish the research stage from the development stage, the costs incurred are recognised as research expenses.

Costs recognised in profit and loss in previous years cannot subsequently be capitalised when they meet these conditions.

Upon registration in the corresponding Public Registry, development expenses are reclassified to the caption Patents, licences, trademarks and other similar items.

iii. Useful life and amortisation

The Company assesses the intangible asset's useful life to be either finite or indefinite. An intangible asset is deemed to have an indefinite useful life when there is no foreseeable limit to when it will generate net cash flows.

Intangible assets with finite useful lives are amortised by systematically allocating the amortisable amount over their useful lives using the following criteria:

	Amortisation method	Estimated years of useful life
Patents and brands	Straight-line basis	5-10
Computer software	Straight-line basis	4-5

To this end, amortisable amount is understood as acquisition cost less residual value, if applicable.

The Company deems the residual value of assets to be zero, unless:

- a) There is a commitment from a third part to purchase the asset at the end of its useful life.
- b) There is an active market for the intangible asset and:
 - i. Residual value can be determined using this market; and
 - ii. It is likely that this market subsists at the end of the useful life of the asset.

The Company reviews the residual value, useful life and amortisation method of intangible assets at the end of each reporting period. Changes to initially established criteria are accounted for as a change in accounting estimates.

In accordance with Royal Decree 602/2016 of 2 December, modifying the General Chart of Accounts, goodwill and intangible assets with an indefinite useful life will be amortised over a maximum period of 10 years. No goodwill or intangible assets with indefinite useful life are included on the Company's balance sheet.

iv. Impairment

The Company measures and determines valuation allowances for impairment of intangible assets and any reversals thereof in accordance with the criteria described in the section on property, plant and equipment.

c) Property, plant, and equipment**i) Initial recognition**

Property, plant and equipment are measured at cost of acquisition or production. The production cost of inventories includes the acquisition cost of the asset, other consumables and the costs directly related to the units produced and a systematically calculated portion of either the variable or fixed indirect costs incurred during the production process. Production costs are capitalised in the income statement under Self-constructed assets. Property, plant and equipment are presented in the balance sheet at cost, less any accumulated amortization and impairment allowances.

ii) Depreciation

Property, plant and equipment items are depreciated by allocating their depreciable amount on a systematic basis over their useful lives. To this end, depreciable amount is understood as acquisition cost less residual value. The Company determines the depreciation charge separately for each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and with a useful life that differs from the remainder of the asset.

Property, plant and equipment are depreciated using the following criteria:

	Depreciation method	Estimated years of useful life
Other installations, equipment and furniture	Straight-line basis	5-12
Other property, plant, and equipment	Straight-line basis	4-8

The Company reviews the residual value, useful life and depreciation method of property, plant and equipment at the end of each reporting period. Changes to initially established criteria are accounted for as a change in accounting estimates.

iii) Subsequent costs

Subsequent to initial recognition of the asset, only the costs incurred which increase capacity or productivity or which lengthen the useful life of the asset are capitalised. The carrying amount of parts that are replaced is derecognised. Costs of servicing are recognised in profit and loss as incurred.

Replacements of property, plant and equipment which meet the requirements for capitalisation are recognised together with a reduction of the carrying amount of the items replaced. In those cases in which the cost of the replaced items has not been depreciated separately and it is not practicable to determine the carrying amount thereof, the cost of the replacement is used as an indication of the cost of the replaced item at the date it was acquired or constructed.

Impairment of non-financial assets subject to amortisation or depreciation

The Company evaluates whether there are indications of possible impairment losses to verify whether the carrying amount of these assets exceeds the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. Additionally, and regardless of the existence of any indication of impairment, the Company tests intangible assets not yet ready to be put to use for potential impairment at least annually.

The calculation of an asset's value in use reflects an estimate of the future cash flows expected to derive from the asset, expectations about possible variations in the amount or timing of those future cash flows, the time value of money, the price for bearing uncertainty inherent in the asset and other factors that market participants would reflect in pricing the future cash flows expected to derive from the asset. Impairment losses are recognised in the income statement and are only reversed if there has been a change in the estimates used to calculate the asset's recoverable amount.

Where the Company has reasonable doubts as to the technical success or financial and commercial feasibility of in-progress research and development projects, the amounts in the balance sheet are recognised directly in losses on the disposal of intangible assets in the income statement and may not be reversed.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for CGU to which the asset belongs.

Any reversals of impairment losses are charged to the income statement. The increased carrying amount of an asset attributable to a reversal of an impairment loss cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset. After an impairment loss or reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the asset is adjusted in future periods based on its new carrying amount.

d) Leases***i. Lessee accounting***

The Company has the right to use certain assets under lease agreements.

Leases in which, at the start of the agreement, the Company assumes substantially all the risks and rewards incidental to ownership of the leased asset are classified as finance leases; all other leases are classified as operating leases.

- Operating leases

Lease payments under an operating lease, net of incentives received, are recognised as an expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the lease's benefit.

Contingent rents are recognised as an expense when it is probable that they will be incurred.

e) Financial instruments**i. Classification and separation of financial instruments**

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the economic substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument.

Furthermore, for measurement purposes financial instruments are classified into financial assets and liabilities held for trading, loans and receivables, debt and payables, investments in the equity of Group companies, joint ventures and associates and available for sale financial assets and financial liabilities. They are classified under the categories above in accordance with the characteristics of the instrument and the purpose that influenced their purchase.

Regular purchases and sales of financial assets are recognised on the trade date; i.e. the date on which the Company commits to purchase or sell the asset.

ii. Offsetting principles

A financial asset and a financial liability are offset only when the Company has a legally enforceable right to offset the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

iii. Financial assets and liabilities at fair value through profit or loss

This heading includes derivative financial instruments that have not been designated as hedging instruments.

Equity instruments that are not listed on an active market and whose fair value cannot be reliably measured are not classified into this category.

Financial assets and liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs directly attributable to the purchase or issue are recognised as an expense in the income statement as incurred.

After initial recognition, they are recorded at fair value through profit or loss. Fair value is not reduced by transaction costs incurred on sale or disposal. Accrual interest and dividends are recognised separately.

iv. Loans and receivables

Loans and receivables comprise trade and non-trade receivables with fixed or determinable payments that are not quoted in an active market other than those classified in other financial asset categories. Financial assets included in this category are initially measured at fair value, including transaction costs, and are subsequently measured at amortised cost using the effective interest rate method.

Nevertheless, financial assets which have no established interest rate, which mature or are expected to be received in the short term, and for which the effect of discounting is immaterial, are measured at their nominal amount.

v. Investments in the equity of Group companies, joint ventures and associates

Group companies are those over which the Company, either directly, or indirectly through subsidiaries, exercises control as defined in article 42 of the Spanish Code of Commerce, or when the companies are controlled by one or more individuals or entities acting jointly or under the same Management through agreements or statutory clauses.

Control is the power to govern the financial and operating policies of an entity or business so as to obtain benefits from its activities. In assessing control, potential voting rights held by the Company or other entities that are exercisable or convertible at the end of each reporting period are considered.

Associates are defined as the entities over which the Company has significant influence, either directly or through other subsidiaries. Significant influence is the power to participate in the financial and operating policy decisions of a company but no control or joint control over it is held. The existence of potential voting rights that are exercisable or convertible at the end of each reporting period, including potential voting rights held by the Company or other companies, are considered when assessing whether an entity has significant influence.

After initial recognition, they are measured at cost less any accumulated impairment, if applicable.

If an investment no longer meets the conditions for classification in this category, it is reclassified to available for sale investments and it is measured as such from the date of reclassification.

At least at year end, the necessary value adjustments are carried out provided there is objective evidence that the carrying value of an investment will not be recoverable. If amount of the impairment loss is measured as the difference between the carrying amount and the recoverable amount, the latter of which is understood to be the higher of the fair value less costs to sell and the present value of estimated future cash flows from the investment (see section x).

vi. Available-for-sale financial assets

This category includes the acquisition of debt securities and equity instruments that do not meet the requirements for classification in the previous categories.

Available-for-sale financial assets are initially measured at fair value plus directly attributable transaction costs.

After initial recognition, financial assets classified in this category are measured at fair value, and any related gain or loss is recorded in recognised income and expense, except for impairment losses. Fair value is not reduced by transaction costs incurred on sale or disposal. The amounts recognised in equity are included in profit and loss when the financial assets are derecognised and for the impairment loss mentioned in section x), if applicable. However, interest calculated using the effective interest rate method and dividends are recognised in profit or loss using the criteria set out in section vii).

vii. Interest and dividends

Interest is recognised using the effective interest rate method.

Dividends from investments in equity instruments are recognised when the Company is entitled to receive them and they are recorded under revenue given the Company's business activity. If the dividends are clearly derived from profits generated prior to the acquisition date because amounts higher than the profits generated by the investment since acquisition have been distributed, the carrying amount of the investment is reduced.

viii. Fair values

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing buyers and sellers on an arm's length basis. The Company generally applies the following systematic hierarchy to determine the fair value of financial assets and financial liabilities:

- Firstly, the Company applies the quoted prices of the most advantageous active market to which it has immediate access, adjusted where necessary to reflect any difference in credit risk between the instruments commonly traded and the instrument being measured. For this purpose, the bid price is used for assets purchased or liabilities to be issued and the offer price for assets to be purchased or liabilities issued. If the Company has assets and liabilities that offset market risks against each other, average market prices are used for the offset risk positions, applying the appropriate price to the net position.
- If there are no market prices available, the prices of recent transactions are used, adjusted for conditions.
- Otherwise, the Company applies generally accepted valuation techniques using, insofar as is possible, market data and, to a lesser extent, specific Company data.

ix. Amortised cost

The amortised cost of a financial asset or liability is the amount for which it was initially measured less repayment of the principal, plus or less the gradual accumulated allocation or repayment, using the effective interest rate method, of any difference existing between the initial value and the repayment value at maturity, less any decrease due to impairment loss or default.

Additionally, the effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument, or shorter where appropriate, to the carrying amount of the financial asset or liability. For financial instruments in which the variable to which commissions, basis points, transactions costs, discounts and premiums are related is reviewed at market rates before expected maturity, the amortisation period is that until the next review of conditions.

Cash flows are estimated considering all contractual conditions of the financial instrument, excluding future credit losses. The calculation includes the commissions and basis points of interest paid or received by the parties to the contract, as well as the transaction costs and any other premium or discount. In the event that the Company cannot reliably estimate cash flows or the expected life of a financial instrument, contractual cash flows over the whole contractual period are used.

x. Impairment of financial assets

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset and that event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

- Impairment of financial assets measured at amortised cost

The Company recognises impairment of loans and receivables and debt instruments when estimated future cash flows are reduced or delayed due to debtor insolvency.

The amount of the impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows, excluding future credit losses not incurred, discounted at the asset's original effective interest rate. For variable rate financial assets, the effective interest rate corresponding to the measurement date under the contractual conditions is used.

Impairment losses are recognised in profit or loss and can be reversed in subsequent years if the decrease can be objectively related to an event subsequent to their recognition. However, the loss can only be reversed up to the limit of the amortised cost of the asset that would have been recorded had the impairment loss not been recognised.

- Investments in Group companies, associates and joint ventures and equity instruments carried at cost

Impairment is calculated by comparing the carrying amount of the investment with its recoverable amount. The recoverable amount is the higher of value in use and fair value less costs to sell.

Value in use is calculated based on the Company's share of the present value of future cash flows expected to be derived from ordinary activities and from the disposal of the asset, or the estimated cash flows expected to be received from the distribution of dividends and the final disposal of the investment.

Nonetheless, and in certain cases, unless better evidence of the recoverable amount of the investment is available, when estimating impairment of these types of assets, the investee's equity is taken into consideration, adjusted, where appropriate, to generally accepted accounting principles and standards in Spain, corrected for any net unrealised gains existing at the measurement date.

In subsequent years, reversals of impairment losses in the form of increases in the recoverable amount are recognised, up to the limit of the carrying amount that would have been determined for the investment if no impairment loss had been recognised.

The recognition or reversal of an impairment loss is recorded in the income statement.

Impairment of an investment is limited to the amount of the investment, except when contractual, legal or constructive obligations have been assumed by the Company or payments have been made on behalf of the companies. In this last circumstance, a provision is recognised.

▪ Impairment of available-for-sale financial assets

In the case of available-for-sale financial assets, the decrease in fair value that is recorded directly in recognised income and expense is recognised in profit or loss when there is objective evidence of impairment, even though the financial asset has not been derecognised from the consolidated statement of financial position. The impairment loss recognised in profit and loss is calculated as the difference between cost or amortised cost, less any impairment loss previously recognised in the income statement and fair value.

For available-for-sale equity instruments, objective evidence of impairment exists when the carrying amount of an asset is uncollectible due to a significant or prolonged decline in its fair value. In any case, the instrument is considered to be impaired after a decline of a year and a half and of forty percent of its quoted price, when its value has not recovered.

However, in cases in which there is a decrease in the fair value of these instruments with a subsequent recovery to above the reference listed price, the year and a half will be counted from the date on which, after this recovery, the listed price begins to drop again for a prolonged period, unless the recovery of the fair value was an isolated event of minor significance, in which case, the year and a half is counted from the first drop. This same criterion is applicable to determine if there has been a drop in the listed price by forty percent. For these purposes, the reference listed price is understood to be the initial measurement of the asset, or the average weighted measurement based on groups of similar items, in the event that several acquisitions were made.

Impairment losses on investments in equity instruments cannot be reversed. Subsequent increases in fair value, once the impairment loss has been recognised, are recorded in equity.

The increase in the fair value of debt instruments, which can be objectively related to an event subsequent to the recognition of the impairment loss, is recorded against profit or loss up to the amount of the previously recognised impairment loss, and the surplus, if any, against recognised income and expense.

xi. Financial liabilities

Financial liabilities, including trade and other payables, that are not classified at fair value through profit or loss are initially recognized at fair value less any transaction costs directly attributable to the issue of the financial liability. These financial liabilities are subsequently measured at amortised cost using the effective interest rate method.

Nevertheless, financial liabilities which have no established interest rate, which mature or are expected to be received in the short term, and for which the effect of discounting is immaterial, are measured at their nominal amount.

The Company derecognises all or part of a financial liability when it either discharges the liability by paying the creditor or is legally released from primary responsibility for the liability either by process of law or by the creditor.

f) Derivatives and hedge accounting

The Company uses derivative financial instruments to cover the interest rate and foreign currency risks derived from its activity. Under the Fluidra Group's finance policies, the Company does not acquire or hold financial derivatives for trading. However, the derivative financial instruments that do not qualify as hedging derivatives are recorded as trading instruments.

Derivative financial instruments are initially measured at fair value, plus any transaction costs that are directly attributable to the acquisition or less any transaction costs directly attributable to the issue of the financial instruments. Nonetheless, transaction costs are subsequently recognised in profit and loss, inasmuch as they do not form part of the changes in the effective value of the hedge.

At the inception of the hedge, the Company formally designates and documents the hedging relationship and the risk management objective and strategy for undertaking the hedge. Hedge accounting is only applicable when the hedge is expected to be highly effective at the inception of the hedge and in subsequent periods in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, throughout the period for which the hedge was designated (prospective analysis) and the actual effectiveness, which can be reliably measured, is within a range of 80% - 125% (retrospective analysis).

For cash flow hedges of a forecast transaction, the Company assesses whether the forecast transaction that is the subject of the hedge is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

- Cash flow hedges

The Company recognises as recognised income and expense the gain or loss on the measurement at fair value of a hedging instrument that correspond to the portion determined to be an effective hedge. The ineffective portion and the specific component of the gain or loss or cash flows on the hedging instrument, excluding the measurement of the hedge effectiveness, are recognised in change in fair value of financial instruments.

The separate component of equity associated with the hedged item is adjusted to the lesser of the cumulative gain or loss on the hedging instrument from inception of the hedge and the cumulative change in fair value or present value of the expected future cash flows on the hedged item from inception of the hedge. However, if the Company expects that all or part of a loss recognised in equity will not be recovered in one or more future periods, it reclassifies the amount that is not expected to be recovered to profit or loss as finance income or cost.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in equity are reclassified to profit or loss in the same period or periods during which the asset acquired or liability assumed affects profit or loss and under the same caption of the income statement.

The Company prospectively discontinues hedge accounting when the circumstances mentioned in fair value hedges occur. In these cases, the cumulative gain or loss on the hedging instrument recognised in equity is not recognised in profit or loss until the forecast transaction occurs. Notwithstanding the foregoing, accumulated amounts in equity are reclassified to changes in the fair value of financial instruments in the income statement when the Company does not expect the transaction to occur.

g) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and demand deposits at banks. This caption also includes other short-term highly-liquid investments readily convertible into specific amounts of cash that do not mature beyond three months.

The Company recognises cash payments and receipts for financial assets and financial liabilities in which turnover is quick on a net basis in the statement of cash flows. Turnover is considered to be quick when the period between the date of acquisition and maturity does not exceed six months.

The Company classifies cash flows corresponding to interest earned and interest paid as an operating activity. Dividends received from subsidiaries are classified as operating activities and dividends paid by the Company, as financing activities.

h) Grants, donations and bequests

Grants, donations and bequests are recorded in recognised income and expense when, where applicable, they have been officially awarded, the conditions attached to them have been met or there is reasonable assurance that they will be received.

Financial liabilities comprising implicit assistance in the form of below-market interest rates are initially recognized at fair value. The difference between this value, adjusted where necessary for the issue costs of the financial liability and the amount received, is recognised as a government grant based on the nature of the grant awarded.

i) Own equity instruments held by the Company

The acquisition by the Company of equity instruments is presented separately at acquisition cost as a decrease in shareholders' equity in the balance sheet. In the transactions entered into with own equity instruments no profit or loss is recognised in the income statement.

Transaction costs related to own equity instruments, including issue costs related to a business combination, are recorded as a decrease in reserves, net of any tax effect.

Dividends related to equity instruments are recorded as a reduction in equity when they are approved by the shareholders in general meeting.

j) Classification of current and non-current assets and liabilities

The Company classifies assets and liabilities in the balance sheet as current and non-current. For these purposes, assets and liabilities are classified as current in accordance with the following criteria:

- Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Company's normal operating cycle, they are held primarily for trading, they are expected to be realised within twelve months from the reporting date, or are cash or cash equivalents, unless they are restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
- Liabilities are classified as current when they are expected to be settled in the Company's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within twelve months after the reporting period, or the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.
- Financial liabilities are classified as current liabilities when they are due to be settled within twelve months after the reporting date, even if the original term was for a period longer than twelve months, and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorised for issue.
- Deferred tax assets and deferred tax liabilities are recognised in the balance sheet as non-current assets and non-current liabilities, irrespective of the expected date of recovery or settlement.

k) Termination benefits

Unless otherwise justified, the Company is obliged to compensate its employees when it terminates their services. Termination benefits are recognised as a liability when the Company has a detailed formal plan for the termination and there is a valid expectation among the affected employees that termination will arise either because the plan has already started to be implemented or because its main characteristics have been published.

Termination benefits for voluntary redundancy are recognised when the scheme is announced and there is no realistic likelihood of the offer being withdrawn. These payments are measured based on the best estimate of the group of employees to be included in the plan.

l) Obligations with employees

In accordance with the agreements signed with executives, in the event of permanent invalidity, a percentage of the previously earned remuneration is paid yearly until death. At 31 December 2020 and 2019, there is no liability under this heading, as the obligation has been outsourced.

m) Share-based payment transactions

The Company recognises a personnel expense for all employee services received in share-based payment transactions upon receipt of said services, and the corresponding increase in equity if the transaction is settled with equity instruments or the corresponding liability if the transaction is paid with an amount based on the value of equity instruments.

The Company recognises equity-settled share-based payments, including non-monetary contributions to capital increases and the corresponding increase in equity, at the fair value of the goods or services received, unless fair value cannot be estimated reliably, in which case value is determined by reference to the fair value of the equity instruments granted.

The delivery of equity instruments as consideration for the services performed by the employees of the Company or third parties providing similar services are measured by reference to the fair value of the equity instruments granted.

Employee benefits paid in the form of equity instruments are recognised by applying the following criteria:

- If the equity instruments granted vest immediately on the grant date, the services received are recognised with a charge to the income statement, with a corresponding increase under Other equity instruments.
- If the equity instruments granted vest when the employees complete a specified service period, those services are accounted for during the vesting period, with a credit to Other equity instruments.

The Company measures the fair value of the instruments granted to employees at the grant date.

Market-related vesting conditions are taken into account when calculating the fair value of the equity instruments granted. Vesting conditions, other than market conditions, are taken into account by adjusting the number of equity instruments included in the measurement of the transaction amount so that, ultimately, the amount recognised for services received is based on the number of equity instruments that eventually vest. Consequently, the Company recognises an amount for the services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest, revising this estimate if the number of equity instruments expected to vest differs from previous estimates.

Once the services received and the corresponding increase in equity have been recognised in Other equity instruments, no additional adjustments to equity are made after the vesting date, without prejudice to making the corresponding reclassifications in equity.

n) Income from the rendering of services

Revenue from the rendering of services is recognised at the fair value of the consideration received or receivable. Volume rebates, prompt payment and any other discounts, as well as the interest added to the nominal amount of the consideration are recognised as a reduction in the consideration.

However, the Company includes interest on trade receivables maturing in less than a year that do not specify a contractual interest rate when the result of upgrading the cash flows is insignificant.

Discounts given to customers are recognised as a reduction in sales revenue when it is probable that the discount conditions will be met.

Revenues associated with the rendering of services are recognised in the income statement by reference to the stage of completion at the reporting date when revenues, the stage of completion, the costs incurred and the costs to complete the transaction can be estimated reliably and it is probable that the economic benefits derived from the transaction will flow to the Company.

o) Income tax

Tax expense (income) comprises current tax and deferred tax.

Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Current and deferred tax is recognised in profit or loss, except to the extent that the tax arises from: (i) a transaction or event which is recognised, in the same or a different period, outside profit or loss, directly in equity or a business combination.

Deductions and other income tax relief granted by public administrations as a decrease on the amount payable for this tax are recognised as a decrease in the corporate income tax expense in the year in which they are accrued.

The Company and other Group companies are taxed under the consolidated tax return regime. Fluidra, S.A. is the parent of this consolidated tax group and is responsible for making the relevant payments to the tax authorities (see note 22).

In addition to the factors to be considered for individual taxation, set out previously, the following factors are taken into account when determining the accrued income tax expense for the companies forming the consolidated tax group:

Temporary and permanent differences arising from the elimination of profits and losses on transactions between Group companies, derived from the process of determining consolidated taxable income.

* Deductions and credits corresponding to each company forming the consolidated tax group. For these purposes, deductions and credits are allocated to the company that carried out the activity or obtained the profit necessary to obtain the right to the deduction or tax credit.

Temporary differences arising from the elimination of profits and losses on transactions between tax group companies are allocated to the company which recognised the profit/loss and are valued using the tax rate of that company.

A reciprocal credit and debit arises between the companies that contribute tax losses to the consolidated Group and the rest of the companies that offset those losses. If there is a tax loss which cannot be offset by the other companies in the consolidated group,

these tax loss carryforwards are recognised as deferred tax assets in accordance with the criteria established for their recognition, considering the tax group as the taxpayer.

The Parent of the Group records the total consolidated income tax payable (recoverable) with a debit (credit) to receivables (payables) from/to Group companies and associates.

The amount of the debt relating to the subsidiaries is recognised with a credit (debit) to payables (receivables) to/from Group companies.

Recognition of taxable temporary differences

Deferred tax liabilities deriving from taxable temporary differences are recognised in all cases except where they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.

Recognition of deductible temporary differences

Deferred tax assets arising on deductible temporary differences are recognised provided that it is probable that sufficient taxable income will be available against which the deductible temporary differences can be utilised. Assets that arise from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income are not recognised.

Tax planning opportunities are only considered for the purpose of assessing the recoverability of deferred tax assets if the Company intends to use them or it is probable that it will use them.

Measurement

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period and factoring in the tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets and liabilities.

p) Transactions between Group companies

Transactions between Group companies are recognised at fair value of the consideration given or received. The difference between this value and the amount agreed, if applicable, is recognised in line with the underlying economic substance of the transaction.

4. Intangible assets

Details of intangible assets and movement during 2020 and 2019 are as follows:

	Thousands of euros				Balances at 31/12/2020
	Balances at 31/12/2019	Additions	Impairment	Transfers	
Cost					
Patents, licences, trademarks and other similar rights	1,208	58	(269)	-	997
Computer software	32,717	4,790	-	30	37,537
Under construction	153	41	-	(30)	164
	<u>34,078</u>	<u>4,889</u>	<u>(269)</u>	<u>-</u>	<u>38,698</u>
Accumulated amortisation					
Patents, licences, trademarks and other similar rights	(814)	(41)	-	(2)	(857)
Computer software	(22,433)	(4,607)	-	2	(27,038)
	<u>(23,247)</u>	<u>(4,648)</u>	<u>-</u>	<u>-</u>	<u>(27,895)</u>
Carrying amount	<u>10,831</u>	<u>241</u>	<u>(269)</u>	<u>-</u>	<u>10,803</u>

	Thousands of euros				Balances at 31/12/2019
	Balances at 31/12/2018	Additions	Disposals	Transfers	
Cost					
Patents, licences, trademarks and other similar rights	1,180	28	-	-	1,208
Computer software	29,056	3,469	(160)	352	32,717
Under construction	354	151	-	(352)	153
	<u>30,590</u>	<u>3,648</u>	<u>(160)</u>	<u>-</u>	<u>34,078</u>
Accumulated amortisation					
Patents, licences, trademarks and other similar rights	(708)	(106)	-	-	(814)
Computer software	(17,615)	(4,856)	38	-	(22,433)
	<u>(18,323)</u>	<u>(4,962)</u>	<u>38</u>	<u>-</u>	<u>(23,247)</u>
Carrying amount	<u>12,267</u>	<u>(1,314)</u>	<u>(122)</u>	<u>-</u>	<u>10,831</u>

a) Patents, licences, trademarks and other similar rights

Additions in 2020 and 2019 mainly related to exclusivity rights over the Fludira trademark in various countries. In 2020, impairment of Euros 269 thousand was recognised on an unused patent. No impairment was recognised in 2019.

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b) Computer software

Capitalised expenses relate to the cost of software licences acquired, external expenses relating to the development of the corporate ERP and personnel expenses for Company staff involved in the development, which are capitalised in the caption Self-constructed assets. In 2020 computer software amounting to Euros 1,531 thousand (Euros 862 thousand in 2019) has been capitalised.

c) Fully amortised assets

The cost of fully amortised intangible assets still in use at 31 December is as follows:

	Thousands of euros	
	2020	2019
Patents, licences, trademarks and other similar rights	234	215
Computer software	16,508	9,531
	<u>16,742</u>	<u>9,746</u>

5. Property, plant and equipment

Details of property, plant and equipment and movement during 2020 and 2019 are as follows:

	Thousands of euros				Balances at 31/12/2020
	Balances at 31/12/2019	Additions	Disposals	Transfers	
Cost					
Other installations, equipment and furniture	1,936	10	-	-	1,946
Other property, plant and equipment	4,255	826	-	6	5,087
Under construction	7	18	-	(6)	19
	<u>6,198</u>	<u>854</u>	<u>-</u>	<u>-</u>	<u>7,052</u>
Accumulated depreciation					
Other installations, equipment and furniture	(1,081)	(150)	-	-	(1,231)
Other property, plant and equipment	(3,449)	(431)	-	-	(3,880)
	<u>(4,530)</u>	<u>(581)</u>	<u>-</u>	<u>-</u>	<u>(5,111)</u>
Carrying amount	<u>1,668</u>	<u>273</u>	<u>-</u>	<u>-</u>	<u>1,941</u>

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	Thousands of euros				Balances at 31/12/2019
	Balances at 31/12/2018	Additions	Disposals	Transfers	
Cost					
Other installations, equipment and furniture	1,899	37	-	-	1,936
Other property, plant and equipment	4,126	154	(25)	-	4,255
Under construction	26	7	(26)	-	7
	<u>6,051</u>	<u>198</u>	<u>(51)</u>	<u>-</u>	<u>6,198</u>
Accumulated depreciation					
Other installations, equipment and furniture	(979)	(102)	-	-	(1,081)
Other property, plant and equipment	(3,045)	(427)	23	-	(3,449)
	<u>(4,024)</u>	<u>(529)</u>	<u>23</u>	<u>-</u>	<u>(4,530)</u>
Carrying amount	<u>2,027</u>	<u>(331)</u>	<u>(28)</u>	<u>-</u>	<u>1,668</u>

a) Fully depreciated assets

The cost of fully depreciated property, plant and equipment still in use at 31 December is as follows:

	Thousands of euros	
	2020	2019
Other installations, tools and furniture	1,287	1,284
Other property, plant and equipment	3,684	3,531
	<u>4,971</u>	<u>4,815</u>

b) Insurance

The Company has taken out several insurance policies to cover the risks to which its property, plant and equipment items are exposed. The coverage of these policies is considered sufficient.

6. Operating leases - Lessee

The Company has leased from third parties several floors in office buildings and parking spaces, as well as several vehicles and other assets under operating leases.

The most significant lease contracts are as follows:

- Floor twenty of the building in Avinguda Francesc Macià, 60 in Sabadell (Barcelona). The lease matures in 2021.
- Floor seventeen of the building in Avinguda Francesc Macià, 60 in Sabadell (Barcelona). The lease matures in 2023.
- Offices in Calle Ametllers, 6 in Polinyà (Barcelona). The lease matures in 2021.

On 11 November 2020, a lease agreement for an office building in calle Alcalde Barnils, 69-71 in Sant Cugat del Vallés was signed, where the Fluidra Group's headquarters will be located. This agreement came into force on 1 January 2021 for a renewable 5-year term (plus a 5-year extension) with a 5-month grace period.

The accompany notes are an integral part of the annual accounts for the year ended 31 December 2020.

Operating lease payments recognised as an expense for the year are as follows:

	Thousands of euros	
	2020	2019
Leased offices and parking spaces	488	883
Leased vehicles	249	219
Other assets under lease	195	99
	<u>932</u>	<u>1,201</u>

The future minimum lease payments under non-cancellable operating leases are as follows:

	Thousands of euros	
	2020	2019
Within one year	823	350
Between one and five years	5,171	374
	<u>5,994</u>	<u>724</u>

7. Investments in equity instruments of Group companies and associates

Non-current

Movement in non-current investments in equity instruments of Group companies and associates in 2020 and 2019 is as follows:

	Thousands of euros				Balances at 31/12/2020
	Balances at 31/12/2019	Additions	Disposals	Transfers	
<i>Equity instruments</i>					
Interests in Group companies and associates	1,423,817	4,175	-	-	1,427,992
<i>Loans to companies</i>					
Non-current loans to Group companies and associates	1,293	35	(121)	(61)	1,146
Net carrying amount	<u>1,425,110</u>	<u>4,210</u>	<u>(121)</u>	<u>(61)</u>	<u>1,429,138</u>

	Thousands of euros				Balances at 31/12/2019
	Balances at 31/12/2018	Additions	Disposals	Transfers	
<i>Equity instruments</i>					
Interests in Group companies and associates	1,418,457	5,360	-	-	1,423,817
<i>Loans to companies</i>					
Non-current loans to Group companies and associates	1,353	58	(118)	-	1,293
Net carrying amount	<u>1,419,810</u>	<u>5,418</u>	<u>(118)</u>	<u>-</u>	<u>1,425,110</u>

The accompany notes are an integral part of the annual accounts for the year ended 31 December 2020.

a) Interests in Group companies and associates

Information relating to interests in Group companies and associates is presented in Appendix I.

In 2020, the Company has made the following movements in interests in Group companies:

- The Company increased its interest in the subsidiary Fluidra Finco, S.L. as a result of the long-term variable remuneration plan aimed at Fluidra, S.A.'s executive directors and management team and the subsidiaries that make up the consolidated group, with share-based equity instruments for a total amount of Euros 4,175 thousand.

None of the Group companies in which the Company has holdings are listed on the stock exchange.

In accordance with article 13.1 of the rewritten text of the Spanish Companies Act, Group companies that are single shareholder companies are entered as such on the Mercantile Register.

The recoverable amount of the groups and companies in which the Company has interests is determined on the basis of the higher of fair value less costs of disposal and value in continuing use. These calculations use cash flow projections based on finance budgets and/or strategic plans, approved by Management, for the cash generating units to which goodwill has been allocated and covered a period of five years. These projections are adjusted based on the degree of compliance with the strategic plans and/or financial budgets in prior years. The estimated long-term growth rate is between 1.64% and 2.26% (between 1.71% and 1.98% in 2019) and does not exceed the medium to long-term growth rate for the markets in which the CGUs operate. The discount rates after taxes used range between 6.24% and 10.47% (between 6.32% and 10.00% in 2019). However, this recoverable value is analysed from an individual perspective for each of the directly and indirectly held subsidiaries of the Company, based on the forecast evolution of each subsidiary in line with the average projections and discount rates used for CGUs, taking into account their borrowings.

The Group's market capitalisation at 31 December 2020 amounts to Euros 4,098.4 million (Euros 2,386.7 million at 31 December 2019).

The Company has not recorded any valuation adjustments in 2020 or 2019.

b) Loans to Group companies

At 31 December 2020 there are two loans granted to Fluidra Australis Pty Ltd for Euros 1,576 thousand. The first loan was arranged on 21 July 2015 for USD 1,200. The second loan was arranged on 24 February 2017 for USD 1,400; at 31 December 2020 the outstanding balance is USD 1,860 in relation to the two aforementioned loans.

In 2020, movement in Non-current loans to Group companies and associates relates to the provision for interest and exchange differences on the loans granted to Fluidra Australia Pty Ltd, as these loans are granted in a currency other than the Euro.

At 31 December 2020, Current debt with Group companies on loans includes Euros 452 thousand relating to the current portion of the two loans mentioned above (Euros 427 in 2019).

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Current

Details of current investments in Group companies and associates at 31 December 2020 and 2019 are as follows:

	Thousands of euros	
	2020	2019
Receivables from Group companies under the consolidated tax regime	9,126	8,474
Cash-pooling receivables (Fluidra Finco, S.L.U)	250,504	-
Receivables from Group companies for current loans	1,088	280,437
	<u>260,718</u>	<u>288,911</u>

The Company and other Group companies are taxed under the consolidated tax return regime. Fluidra, S.A. is the parent of this consolidated tax group and is responsible for making the relevant payments to the tax authorities (see note 22).

Balances receivable under this heading from different Group companies subject to the consolidated tax regime are recorded under Receivables from Group companies under the consolidated tax regime.

Details of debt between Group companies, by company, as a result of the tax effect generated by the consolidated tax regime are as follows:

<u>Debtors</u>	Thousands of euros	
	2020	2019
Sacopa, S.A.U.	2,476	1,497
Fluidra Comercial España, S.A.U.	1,998	1,900
Cepex, S.A.U	1,294	930
I.D.Electroquímica, S.L.U.	780	786
Metalast, S.A.U.	724	924
Poltank, S.A.U.	447	493
Fluidra Export, S.A.	364	237
Inquide, S.A.U.	333	320
Industrias Mecánicas Lago, S.A.U.	321	228
Unistral Recambios, S.A.U.	251	249
Fluidra Global Distribution, S.L.U.	138	179
Fluidra Industry, S.A.U.	-	570
Togama, S.A.U.	-	88
Trace Logistics, S.A.	-	73
	<u>9,126</u>	<u>8,474</u>

At 31 December 2020, Fluidra, S.A. no longer performs the centralised cash pooling function in any bank since all cash pooling credit policies are centralised by Fluidra Finco, S.L (see note 14).

At 31 December 2019, Fluidra, S.A. performed the centralised function in Deutsche Bank with minor balances, with the total bank debt reflected under the caption Bank borrowings and other marketable securities.

Receivables with Group companies for current loans at 31 December 2019 includes the interim dividend distributed by the subsidiary Fluidra Finco, S.L.U. for Euros 280,000 thousand.

8. Non-current investments

Details of non-current investments and movement in 2020 and 2019 are as follows:

	Thousands of euros				
	Balances at 31/12/2019	Additions	Disposals	Transfers	Balances at 31/12/2020
Equity instruments	-	-	-	-	-
<i>Other financial assets</i>					
Other financial assets	1,202	172	(13)	-	1,361
	1,202	172	(13)	-	1,361
Net carrying amount	<u>1,202</u>	<u>172</u>	<u>(13)</u>	<u>-</u>	<u>1,361</u>

	Thousands of euros				
	Balances at 31/12/2018	Additions	Disposals	Transfers	Balances at 31/12/2019
Equity instruments	-	-	-	-	-
<i>Other financial assets</i>					
Other financial assets	1,202	1	(1)	-	1,202
	1,202	1	(1)	-	1,202
Net carrying amount	<u>1,202</u>	<u>1</u>	<u>(1)</u>	<u>-</u>	<u>1,202</u>

Equity instruments are classified under available for sale financial assets, while other financial assets and non-current loans to Group companies, current investments in Group companies and associates (see note 7) and trade and other receivables (see note 9) are classified under loans and receivables. There are no significant differences between the fair values and the carrying amounts of these categories.

Other financial assets mainly includes the non-current receivable from shareholders (see note 22) and non-current deposits.

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9. Trade and other receivables

Details of trade and other receivables are as follows:

	Thousands of euros	
	Balances at 31/12/2020	Balances at 31/12/2019
Receivables, Group companies	2,529	5,718
Other receivables	110	111
Current income tax assets (see note 22)	5,515	5,659
Public administrations	1,177	5,373
	<u>9,331</u>	<u>16,861</u>

During 2020 and 2019 there have been no impairment adjustments.

10. Current investments

At 31 December 2020 there are no current investments. At 31 December 2019, investments relate in full to funds for own shares.

11. Equity**a) Share capital**

At 31 December 2020 Fluidra, S.A.'s share capital consists of 195,629,070 ordinary shares with a par value of Euros 1 each, fully subscribed. The shares are represented by book entries and are established as such by being recorded in the corresponding accounting record. The 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.

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

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

The Company only knows the identity of its shareholders through the information that they provide voluntarily or in compliance with applicable regulations. In accordance with the Company's information, the structure of significant ownership interest at 31 December 2020 and 2019 is as follows:

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Ownership percentage	31/12/2020	31/12/2019
Rhône Capital L.L.C.	32.22%	38.42%
Boyser, S.R.L.	8.13%	8.13%
Dispur, S.L.	7.11%	7.07%
Edrem, S.L.	6.92%	6.93%
Piumoc Inversions, S.L.U.	5.50%	5.07%
Maveor, S.L.	5.00%	5.00%
Other shareholders	35.12%	29.38%
	<u>100.00%</u>	<u>100.00%</u>

b) Share premium

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

c) Reserves

The breakdown of this heading is as follows:

	Thousands of euros	
	Balances at 31/12/2020	Balances at 31/12/2019
Legal reserve	39,126	18,141
Voluntary reserve	248,318	9,745
	<u>287,444</u>	<u>27,886</u>

i) Legal reserve

Pursuant to article 274 of the Spanish Companies Act, 10% of profit for each year must be transferred to the legal reserve until the balance of this reserve reaches at least 20% of the share capital. At 31 December 2020, this legal reserve is fully funded.

This reserve can be used to increase capital by the amount exceeding 10% of the new 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.

ii) Voluntary reserve

The Company's voluntary reserves at 31 December 2020 amounting to Euros 248,318 thousand (Euros 9,745 thousand at 31 December 2019), as well as the share premium and profit/(loss) for the year, are freely available, but are subject to the legal restrictions on distribution included in article 273 of the rewritten text of the Spanish Companies Act in Royal Decree 1/2010 of 2 July.

d) Dividends

In accordance with the minutes from the Ordinary General Shareholders' Meeting held on 14 May 2020, it was agreed not to distribute a dividend in 2020. On 8 September 2020 however, the Company's Board of Directors approved a gross interim dividend distribution against 2020 results of Euros 0.21 per share. This dividend was paid out on 27 October 2020.

e) Treasury shares

The movements in treasury shares during 2020 and 2019 are as follows:

	Number	Euros	
		Face value	Average acquisition/disposal price
Balance at 1 January 2019	2,136,688	2,136,688	6.4072
Acquisitions	937,600	937,600	10.8543
Disposals	(1,492,890)	(1,492,890)	(9.2444)
Balance at 31.12.19	<u>1,581,398</u>	<u>1,581,398</u>	<u>8.8527</u>
Acquisitions	2,416,594	2,416,594	15.6149
Disposals	(1,454,254)	(1,454,254)	(15.0182)
Balances at 31.12.20	<u>2,543,738</u>	<u>2,543,738</u>	<u>14.0899</u>

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

No Group company owns shares in the Parent.

f) Valuation adjustments

This caption includes 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.

g) Proposed distribution of results

The allocation of the Company's results for the year ended 31 December 2019, approved by shareholders at their general meeting on 19 May 2020, and the proposed distribution of the Company's 2020 results are as follows:

	Euros	
	31/12/2020	31/12/2019
Basis of allocation:		
Profit for the year	139,986,046.50	245,947,002.26
Distribution to:		
Legal reserves	-	20,984,520.07
Voluntary reserves	99,233,984.73	191,084,838.30
Interim dividend	40,752,061.77	-
Prior years' losses	-	33,877,643.89
	<u>139,986,046.50</u>	<u>245,947,002.26</u>

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12. Provisions

A breakdown of Other provisions is as follows:

	Thousands of euros	
	2020	2019
Provisions for taxes	8,105	2,516
Provisions for obligations with employees	-	15
Litigation and other liabilities	5	5
Total	8,110	2,536

Non-current provisions is broken down into three headings: Provisions for taxes to cover potential risks related to tax obligations; Provisions for obligations to employees recorded in accordance with employment legislation to cover potential future employee compensation and benefits; and Provisions for litigation and other liabilities, which includes provisions recorded in connection with contingencies arisen as a result of the Company's activities.

The movements during 2020 and 2019 are as follows:

	Provision for obligations with employees	Litigation and other liabilities	Provision for taxes	Total
At 1 January 2019	650	5	2,254	2,909
Charge for the year	15	-	2,933	2,948
Applications	(650)	-	(2,671)	(3,321)
At 31 December 2019	15	5	2,516	2,536
Charge for the year	-	-	5,590	5,590
Applications	(15)	-	-	(15)
At 31 December 2020	-	5	8,106	8,110

13. Current and non-current bank loans and borrowings and other marketable securities

At 31 December 2020 and 31 December 2019 there are no bank borrowings or other marketable securities.

During 2019, the facilities still in force at the previous year-end were cancelled. The cash-pooling facility with Deutsche Bank remained and was cancelled in 2020.

In order to reduce financial costs and diversify sources of financing, Fluidra, S.A. set into action a promissory notes scheme on the Alternative Fixed Income Market (MARF). On 3 July 2020, the scheme was extended for a further year and for Euros 75 million. There is no debt amount at 31 December 2020 or 31 December 2019.

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14. Debt with Group companies and associates

The breakdown of this heading is as follows:

	Thousands of euros	
	Balances at 31/12/2020	Balances at 31/12/2019
Group companies	5,571	6,057
Payables to Group companies under the consolidated income tax regime	6,040	5,846
Cash-pooling debt (Fluidra Finco, S.L.U)	-	114,941
Payables to Group companies for cash-pooling	-	6,054
	<u>11,611</u>	<u>132,898</u>

The Company and other Group companies are taxed under the consolidated tax return regime. Fluidra, S.A. is the parent of this consolidated tax group and is responsible for making the relevant payments to the tax authorities.

Balances payable under this heading from different Group companies subject to the consolidated tax regime are recorded under Payables to Group companies under the consolidated tax regime (see note 22).

In addition, the Company was the parent on all centralised cash-pooling credit policies for the Group, reflecting the total bank debt under the caption Bank borrowings and other marketable securities. Balances payable under this heading with Group companies that are part of the centralised cash-pooling accounts are recorded in Payables to Group companies for cash pooling. After setting up the subsidiary Fluidra Finco, S.L., this centralised function has been fully transferred. At 31 December 2019, the cash pooling with Deutsche Bank is still in place.

Details by company of the credits between Group companies as a result of the tax effect generated by the consolidated tax regime for corporate income tax are as follows:

<u>Creditors</u>	Thousands of euros	
	2020	2019
Fluidra Commercial, S.A.U.	4,006	811
Fluidra Finco, S.L.	833	3,376
Fluidra Engineering Services, S.L.	431	536
Talleres del Agua, S.L.U.	411	158
Togama, S.A.U.	150	-
Innodrip, S.L.U.	90	134
Fluidra JV Youli, S.L.U.	64	203
Trace Logistics, S.A.U.	33	-
Fluidra Services España, S.L.U.	22	26
Fluidra Industry España, S.A.U.	-	602
	<u>6,040</u>	<u>5,846</u>

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Details by company of accounts receivable with Group companies on account of cash-pooling centralised by Fluidra, S.A. was as follows:

<u>Creditors</u>	Thousands of euros	
	2020	2019
Fluidra Österreich GmbH "SSA"	-	3,500
Fluidra Deutschland, GmbH	-	2,511
Fluidra Commercial, S.A.U	-	42
Fluidra Switzerland, S.A.	-	1
	-	6,054

15. Trade and other payables

The breakdown of this heading is as follows:

	Thousands of euros	
	Balances at 31/12/2020	Balances at 31/12/2019
Creditors	6,093	7,366
Public administrations	1,257	1,005
Employee benefits payable	5,077	2,698
Other debt	143	5,765
	12,570	16,834

16. Risk management policy

The Company's activities are exposed to various financial risks: market risk (currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk, and cash flow interest rate risk. The Company focuses its risk management on uncertainty in the financial markets and aims to minimise potential adverse effects on the Company's profits. The Company uses derivatives to mitigate certain risks.

Market, liquidity, foreign exchange and interest rate risk management is monitored by the Group's Central Cash Department in accordance with the policies defined by the Group. This department identifies, evaluates, and covers financial risks in close collaboration with the Group's operating units.

Credit risk is managed centrally by the Company in accordance with the parameters set out in Group policies.

a) Credit Risk

Credit risk exists when a potential loss may arise from Fluidra, S.A.'s counterparties not meeting their contractual obligations, that is, due to not collecting the financial assets according to the established amounts and time frame.

The accompanying table shows the ageing analysis of Trade and other receivables which are past due but not impaired at 31 December 2020 and 2019 as they are mainly debts with Group companies.

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	Thousands of euros	
	2020	2019
Not due	429	2,438
Past due	2,210	3,391
0 - 90 days	1,208	1,628
90 - 120 days	131	199
More than 120 days	871	1,564

b) Liquidity Risk

Liquidity risk is the possibility that Fluidra, S.A. will not have sufficient funds or access to sufficient funds at an acceptable cost to meet its payment obligations at all times.

The Company applies a prudent policy to cover its liquidity risks based on having sufficient cash and marketable securities, as well as sufficient financing through credit facilities, to settle market positions. Due to the dynamic nature of the underlying businesses, the Group's Treasury Department aims to maintain sufficient headroom on its undrawn committed borrowing facilities.

During the next few months, based on its cash flow forecasts, the Company does not expect any difficulties in terms of liquidity.

c) Foreign currency risk

The Company is not significantly exposed to foreign currency risk.

Currency risk is associated with recognised assets and liabilities. Details of financial assets and liabilities in foreign currencies and transactions in foreign currencies are provided in notes 7 and 13.

Although the Company arranges forward contracts for the economic hedging of foreign currency risks, they are not recognised applying hedge accounting.

The Company manage the foreign currency risk of future commercial transactions, recognised assets and liabilities by forward currency contracts entered into by the Group's Treasury Department. Foreign exchange risk arises when future commercial transactions or firm commitments, recognised assets and liabilities and net investments in foreign operations are denominated in a currency that is not the Company's functional currency. The Company has several indirect investments in foreign operations whose net assets are exposed to foreign currency translation risk. The Group manages the foreign currency risk relating to the net assets of its foreign operations in Australia and the United States mainly by holding borrowings denominated in the related foreign currency.

d) Cash flow interest rate risk

The income and cash flows from operating activities are not significantly affected by fluctuations in market interest rates.

There are no significant cash flow interest rate risks.

The Company manages cash flow interest rates in coordination with the Group.

e) Market risk

The Company is not exposed to significant market risk.

17. Income and expensesa) Revenue

Revenue in 2020 and 2019 relates to consultancy services rendered to Group companies and dividends.

b) Personnel expenses

Details of personnel expenses in 2020 and 2019 are as follows:

	Thousands of euros	
	Balances at 31/12/2020	Balances at 31/12/2019
Salaries, wages and indemnities	20,476	15,983
Social Security payable by the company	3,317	2,968
Payments to personnel in equity instruments	4,887	6,805
Other employee welfare expenses	443	259
	<u>29,123</u>	<u>26,015</u>

18. Employee information

The average headcount in 2020 and 2019 of the Company's personnel and directors, distributed by category, is as follows:

	31/12/2020	31/12/2019
Directors (*)	12	12
Management	2	2
Sales, logistics and production staff	63	41
Administration and purchasing staff	170	171
	<u>247</u>	<u>226</u>

(*) The Directors category includes two senior managers in 2020 and 2019.

At year end the distribution by gender of personnel and the directors is as follows:

	31/12/2020		31/12/2019	
	Male	Female	Male	Female
Directors (*)	11	1	11	1
Management	2	-	2	-
Sales, logistics and production staff	47	19	31	12
Administration and purchasing staff	115	65	101	73
	<u>175</u>	<u>85</u>	<u>145</u>	<u>86</u>

(*) The Directors category includes two senior managers in 2020 and 2019.

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The average number of employees with a disability equal to or greater than 33% during 2020 is 3 employees, with one from the professional category "Sales, logistics and production" and two from the "Administration and purchasing staff" category. In 2019 there were 2 employees with a disability equal to or greater than 33% from the "Sales, logistics and production" and "Administration and purchasing staff" categories.

19. Transactions with Group companies and associates

Details of the most important transactions with Group companies and associates are as follows:

	Thousands of euros	
	31/12/2020	31/12/2019
Income		
Dividends	163,000	280,000
Services rendered	25,903	18,306
Interest income	-	-
Total income	<u>188,903</u>	<u>298,306</u>
Expenses for services received	<u>5,075</u>	<u>5,722</u>
Total costs	<u>5,075</u>	<u>5,722</u>

Details of the dividends recorded in 2020 and 2019 are as follows:

	Thousands of euros	
	31/12/2020	31/12/2019
Fluidra Finco, S.A.	163,000	280,000
	<u>163,000</u>	<u>280,000</u>

As a result of the transfer of interests in Group companies and associates to the subsidiary Fluidra Finco, S.L., the Company only receives dividends from this company (see note 7).

The income caption Services rendered includes necessary recurrent services rendered by Fluidra, SA. to the Group companies in the area of management and administration. The main services included fall under the following areas: Chairperson, Board of Directors and CEO, General Director of Operations, Internal Auditing, Finance, Investor Relations, Legal Services, Tax, Investments and Acquisitions, Human Resources, Supply Chain, IT Systems, Communication and Marketing, Lean Management, Procurement, E-Business, Planning and Analysis, General Division Management, General Services (telephony, travel and insurance) and Technical Office and Sales Support.

20. Information on the Directors**a) Remuneration and balances with the Company's Directors and senior management**

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

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

	Thousands of euros	
	31/12/2020	31/12/2019
Total key management personnel	2,334	1,949
Total Directors of the Company (*)	6,643	6,355

(*) At 31 December 2020, of the Total Company Directors, a portion of the remuneration (Euros 6,643 thousand) is paid by the Parent company and Euros 171 thousand by one of the Group subsidiaries (Euros 6,355 thousand paid by the Parent company and Euros 232 thousand by one of the Group subsidiaries in 2019)

The members of the Company's Board of Directors have received Euros 1,216 thousand in the twelve-month period ended 31 December 2020 (the same as in 2019) from the consolidated companies in which they act as board members. Furthermore, for their executive duties, they have received at total of Euros 5,478 thousand in the twelve-month period ended 31 December 2020 (Euros 5,251 thousand in the same period in 2019), of which Euros 5,307 thousand have been paid by the Parent company and Euros 171 thousand by Group subsidiaries (Euros 5,019 thousand and Euros 232 thousand, respectively, in 2019). The executive function includes remuneration in kind corresponding to the share plan, a vehicle and life insurance. Similarly, the members of the Board of Directors have received Euros 120 thousand compensation for travel expenses (Euros 120 thousand in 2019).

During the twelve-month period ended 31 December 2020 the Company has taken out life insurance policies and has recognised an expense of Euros 84 thousand (Euros 29 thousand in 2019) to cover survival, death and temporary and permanent incapacity contingencies.

In addition, during the year ended 31 December 2020, the Company made contributions to benefit plans amounting to Euros 47 thousand (Euros 41 thousand in 2019).

During 2020, civil liability insurance premiums for all the Group's directors to cover damages arising in the performance of duties during the year have been paid amounting to Euros 47 thousand (Euros 65 thousand in 2019).

In addition to the above-mentioned, the Group has no pension plan or life insurance policies for former or current members of the Board of Directors or key management personnel, nor has it given any guarantees on their behalf.

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

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

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

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

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

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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 31 December 2020, the best estimate of the fair value of the plan's total amount comes to approximately Euros 29,971 thousand (the same estimated amount as at 31 December 2019), which will be settled in full in equity instruments. At 31 December 2020, an equity increase was recorded in this respect for the amount of Euros 6,889 thousand (Euros 7,300 thousand at 31 December 2019).

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.

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 prior to the transaction were included in the price paid, whilst services counted after the transaction date are taken to the income statement as long-term 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. Consequently, the percentage that does not belong to Rhône Capital L.L.C. is reflected in the grants heading, net of the tax effect.

The best estimate of services counted after the transaction amounts to Euros 11,479 thousand (Euros 11,479 thousand at 31 December 2019). At 31 December 2020, an equity increase was recorded in this respect for the amount of Euros 2,202 thousand (Euros 2,007 thousand at 31 December 2019).

b) Transactions other than ordinary business or under terms differing from market conditions carried out by the directors of the Company

During 2020 and 2019 the Directors 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.

c) Conflicts of interest concerning the Directors of the 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.

21. Other commitments and contingencies

At 31 December 2020 and 2019 the Company has not presented any mortgage guarantees.

At 31 December 2020, the Company has guarantees from financial institutions and other companies amounting to Euros 336 thousand (Euros 994 thousand in 2019), of which none are technical guarantees.

22. Taxation

During 2020 and 2019, the Company continues to be taxed under the consolidated tax return regime. Fluidra, S.A. is the parent of this consolidated tax group and is responsible for making the relevant payments to the tax authorities. The companies that make up this tax group are: Fluidra Export, S.A., Cepex, S.A.U., Fluidra Commercial, S.A.U., Fluidra Comercial España, S.A.U., Fluidra J.V. Youli, S.L., Fluidra Services España, S.L.U., Industrias Mecánicas Lago, S.A.U., I.D.Electroquímica, S.L., Inquide, S.A.U., Metalast, S.A.U., Poltank, S.A.U., Fluidra Global Distribution, S.L.U., Sacopa, S.A.U., Talleres del Agua, S.L.U., Togama, S.A.U., Trace Logistics, S.A.U., Unistral Recambios, S.A.U., Fluidra Engineering Services, S.L., Innodrip, S.L.U, and Fluidra Finco, S.L. Profit calculated in accordance with tax legislation are subject to 25% tax on the tax base of companies located in Spanish territory outside the Basque provinces.

A reconciliation of net income and expenses for the year with taxable income at 31 December 2020 and 2019 is as follows:

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	Thousands of euros						
	2020						
	Income statement			Income and expense recognised in equity			
	Increases	Decreases	Net	Increases	Decreases	Net	Total
Income and expense for the period	-	-	139,986	153	(13)	140	140,126
Corporate income tax	-	-	(993)	50	(4)	46	(947)
Profit/(loss) before tax			138,993			186	139,179
Permanent differences - ind. company	486	(163,000)	(162,514)	-	-	-	(162,514)
Permanent differences - consolidated tax group	-	-	-	-	-	-	-
Temporary differences - ind. company	6,427	(11,807)	(5,380)	-	-	-	(5,380)
Temporary differences - consolidated tax group	-	-	-	-	-	-	-
Offset of tax loss carryforwards			1,909			-	1,909
Taxable income			<u>(30,810)</u>				<u>(30,624)</u>

	Thousands of euros						
	2019						
	Income statement			Income and expense recognised in equity			
	Increases	Decreases	Net	Increases	Decreases	Net	Total
Income and expense for the period	-	-	245,947	-	(12)	(12)	245,935
Corporate income tax	-	-	(10,185)	-	(4)	(4)	(10,189)
Profit/(loss) before tax			235,762			(16)	235,746
Permanent differences - ind. company	499	(281,298)	(280,799)				(280,799)
Permanent differences - consolidated tax group	-	-	-	-	-	-	-
Temporary differences - ind. company	17,086	(6,421)	10,665	-	-	-	10,665
Temporary differences - consolidated tax group	-	-	-	-	-	-	-
Offset of tax loss carryforwards			-			-	-
Taxable income			<u>(34,372)</u>				<u>(34,388)</u>

The individual company's permanent differences relate mainly to the elimination of dividends and other non-deductible expenses.

The temporary differences of the individual company correspond to non-tax-deductible provisions and the reversal of restrictions on the deductibility of depreciation and amortisation in 2013 and 2014.

The accompanying notes are an integral part of the annual accounts for the year ended 31 December 2020.

FLUIDRA, S.A.

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Details of deferred tax assets and liabilities by type of asset and liability are as follows:

	Thousands of euros					
	Assets		Liabilities		Net	
	2020	2019	2020	2019	2020	2019
Deferred gains	-	-	1,137	1,137	(1,137)	(1,137)
Tax credit for unused tax loss carryforwards and deductions	89	288	-	-	89	288
Limit on deductibility of amortisation/depreciation	4	6	-	-	4	6
Provision for obligations with employees	3,413	1,855	-	-	3,413	1,855
Other items	208	2,818	3	7	205	2,811
	<u>3,714</u>	<u>4,967</u>	<u>1,140</u>	<u>1,144</u>	<u>2,574</u>	<u>3,823</u>

The breakdown of changes by type of deferred tax asset and liability is as follows:

	Thousands of euros				
	31/12/2019	Profit and loss	Equity	Other	31/12/2020
Deferred gains	(1,137)	-	-	-	(1,137)
Tax credit for unused tax loss carryforwards and deductions	288	(489)	-	290	89
Limit on deductibility of amortisation/depreciation	6	(2)	-	-	4
Provision for obligations with employees	1,855	1,218	-	340	3,413
Other items	2,811	(2,606)	-	-	205
Total	<u>3,823</u>	<u>(1,879)</u>	<u>-</u>	<u>630</u>	<u>2,574</u>

	Thousands of euros				
	31/12/2018	Profit and loss	Equity	Other	31/12/2019
Deferred gains	(1,137)	-	-	-	(1,137)
Tax credit for unused tax loss carryforwards and deductions	501	(213)	-	-	288
Limit on deductibility of amortisation/depreciation	13	(7)	-	-	6
Provision for obligations with employees	2,110	(255)	-	-	1,855
Other items	41	2,770	-	-	2,811
Total	<u>1,528</u>	<u>2,295</u>	<u>-</u>	<u>-</u>	<u>3,823</u>

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

The accompanying notes are an integral part of the annual accounts for the year ended 31 December 2020.

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Initially, the shareholders who contributed shares in the above-mentioned transaction availed themselves of said tax exemption, therefore transferring to the parent company their commitment to the tax authorities regarding the corresponding deferred tax, which amounted to Euros 7,790 thousand. However, on 31 March 2006 these shareholders signed a commitment to the Parent Company to return the entire amount subject to the exemption, which will be callable in the event that the equity shares linked to it are sold by the parent company or the corresponding tax is directly paid by the contributing shareholders in the event that they fully or partially sell the shares received as consideration for said contribution. Consequently, at 31 December 2006 the Company recognised a non-current deferred tax and a non-current account receivable for the same 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, this non-current deferred tax (recorded in the deferred gains caption in the previous table) and the non-current account receivable were reduced to Euros 1,137 thousand At 31 December 2020 and 2019 neither non-current deferred tax nor the non-current account receivable have shown any variation.

At 31 December 2020, items charged and credited to equity accounts for the year corresponding to grants totalled Euros 46 thousand. (At 31 December 2019, there were no items charged and credited to equity accounts for the year).

At 31 December 2020 deferred tax assets are expected to be reversed in the coming 12 months for Euros 20 thousand. At 31 December 2019, deferred tax assets and liabilities were not expected to reverse in the following 12 months

The breakdown of corporate income tax income is as follows:

	Thousands of euros	
	2020	2019
Current tax		
for the year	(9,228)	(8,821)
Tax deductions	627	114
Prior years' adjustments	126	73
Other	5,649	1,115
Deferred taxes		
Origination and reversal of temporary differences	1,345	(2,666)
Tax credit for unused tax loss carryforwards and deductions	488	-
Prior years' adjustments	-	-
Total income tax expense	<u>(993)</u>	<u>(10,185)</u>

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

	Thousands of euros	
	2020	2019
Current tax	(8,601)	(8,707)
Withholdings and payments made on account during the year	-	-
Additional liabilities of Group companies under the consolidated tax regime	3,086	2,628
Tax payable/(receivable) in 2018	-	420
Tax payable/(receivable) in 2019	-	-
Current income tax (assets)/liabilities (see note 9)	<u>(5,515)</u>	<u>(5,659)</u>

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

	Thousands of euros	
	2020	2019
Profit for the year before tax from continuing operations	138,993	235,762
Profit at 25%	34,748	58,941
Permanent differences	(40,889)	(70,200)
Tax deductions	(627)	(114)
Other	5,775	1,188
Income tax expense/(income)	<u>(993)</u>	<u>(10,185)</u>

Deferred tax assets related to taxable income available for offset and unused deductions recorded at 31 December 2020 and 2019 are as follows:

	Thousands of euros	
	2020	2019
Deductions	1	12
Tax loss carryforwards	89	276
	<u>90</u>	<u>288</u>

The amounts and periods of reversal for the capitalised deductions at 31 December 2020 are as follows:

Years	Thousands of euros	Last year for utilisation
2015	1	No limit
	<u>1</u>	

FLUIDRA, S.A.

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The amounts and periods of reversal for the capitalized tax loss carryforwards at 31 December 2020 are as follows:

Years	Thousands of euros	Last year for utilisation
2016	89	No limit
	89	

Deferred tax assets related to taxable income available for offset and unused deductions recorded at 31 December 2020 and 2019 are as follows:

	Thousands of euros	
	2020	2019
Deductions	1,558	1,848
Tax loss carryforwards	0	0
	1,558	1,848

The amounts and periods of reversal for non-capitalised deductions at 31 December 2020 are as follows:

Years	Thousands of euros	Last year for utilisation
2010 - 2019	1,558	2025 – No limit
	1,588	

The years open to inspection are:

Tax	Open tax periods
Corporate income tax	2016 - 2020
Value added tax	2017 - 2020
Personal income tax	2017 - 2020
Tax on Economic Activities	2017 - 2020

Tax returns cannot be considered definitive until they have been inspected by the tax authorities or the inspection period of four years has elapsed. Due to different possible interpretations of current fiscal legislation, additional tax liabilities could arise in the event of an inspection. Nevertheless, the directors do not expect that these liabilities, should they materialise, would significantly affect these annual accounts.

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

In April 2019, the Spanish tax authorities notified that partial verification and investigation proceedings had started on the VAT obligations of Fluidra, S.A. The year being inspected for VAT is 2018. The certificate of acceptance

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with regard these inspections was signed on 27 February 2020. The Tax Authorities have not performed any adjustments and have refunded the amount charged, along with the corresponding interest in arrears.

There are no inspections in progress at 31 December 2020.

The Company's Directors consider that in the event of additional tax inspections, the possibility that contingent liabilities arise is remote and the additional tax payable, if any, that may derive would not have a significant impact on the Company's annual accounts.

23. Information on late payment to suppliers

According to Law 31/2014 of 3 December establishing measures on combating late payment in commercial transactions, the information on late payment to suppliers in Spain is as follows:

	<u>2020</u>	<u>2019</u>
	<u>Days</u>	<u>Days</u>
Average payment period to suppliers	46.62	46.15
Ratio of transactions	51.60	45.97
Ratio of transactions payable	23.80	46.97
	<u>Amount (thousands of euros)</u>	<u>Amount (thousands of euros)</u>
Total payments made	20,400	29,331
Total payments outstanding	4,462	6,158

24. Auditors' and related Group companies' fees

Ernst & Young, S.L. have invoiced the following net fees for professional services during the year ended 31 December 2020 and 2019:

	<u>Thousands of euros</u>	
	<u>31/12/2020</u>	<u>31/12/2019</u>
Audit services	173	173
Other assurance services	57	74
Other services	-	-
Total	<u>230</u>	<u>247</u>

The amount of "Other assurance services" for 2020 includes: the report on the system of internal control over financial reporting (SCIIF), the review report on the non-financial information, the review of the integrated report and the review of the financial reports of certain R+D projects.

The amount of "Other assurance services" for 2019 includes: the report on the system of internal control over financial reporting (SCIIF), the review report on the Proforma/recurring EBITDA information presented within the information provided to the analysts and the review of the financial reports of certain R+D projects.

The amounts detailed in the above table include the total fees for services rendered in 2020 and 2019, irrespective of the date of invoice.

No other company affiliated with EY, S.L. has invoiced fees for professional services to the Group during the year ended 31 December 2020 and 2019.

The accompany notes are an integral part of the annual accounts for the year ended 31 December 2020.

25. Environmental issues

Given the company's business activities, at 31 December 2020 and 2019 there are no significant assets for the protection or improvement of the environment and it has not incurred any major expenses of an environmental nature during either year.

The Company's Board of Directors considers that there are no significant contingencies in connection with the protection and improvement of the environment and that it is not necessary to recognise any provisions for environmental liabilities and charges at year end.

26. Main accounting implications of Covid-19

The emergence of the Covid-19 Coronavirus in China in January 2020, and its global spread affecting many countries around the world, led to the outbreak being classified as a pandemic by the World Health Organization on 11 March 2020. In particular, the Spanish Government proceeded, among other measures, to declare a state of emergency by publishing Royal Decree 463/2020 of 14 March, which was lifted on 1 July 2020, and to approve a number of extraordinary urgent measures to address the economic and social impact of COVID-19, by means of, among others, Royal Decree-Law 8/2020 of 17 March. At the date of preparation of these annual accounts, the state of emergency declared by the Spanish Government via Royal Decree 926/2020 of 25 October, initially approved until 9 November 2020, is still in force and has been extended until 9 May 2021 by Royal Decree 956/2020 of 3 November.

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

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

The Group has supported the communities where it operates by manufacturing components for intensive care ventilators as well as personal protective equipment. In addition, a campaign has been launched to raise awareness, under the slogan "A swimming pool is a safe place", since properly treated pool water can eliminate the virus. This campaign includes measures and advice on the safe use of both public and private swimming pools.

In March and April, the Company adopted measures to mitigate the effects of the economic slowdown, such as temporarily reducing executives' and directors' salaries and filing for furlough schemes (ERTE) for 48% of the workforce from 1 April 2020 to 31 May 2020, so as to control costs as far as possible during the most uncertain points of the pandemic. The speedy and efficient rolling out of home working practices together with the gradual easing of restrictions from the end of April meant that the entire workforce could return to the office as quickly as possible. The consolidated Group's sales recovery during May and June alongside the cost savings relating to employees' limited movement led to improved Group results at the first semester reporting date. During the second half of the year, the outlook has been incredibly positive as a result of growth in the residential pool business segment thanks to the "cocooning" and "stay at home" effect which has led to greater use of existing installations, and therefore more maintenance work, as well as new installations.

The good business performance during the second half of the year means that the business plans have been met and the Group has repaid the voluntary salary reductions of employees, executives and directors. Similarly, the long-term variable remuneration plan approved on 27 June 2018 has been re-estimated upwards, amounting to Euros 29,971 at 31 December 2020.

Up until the date of these annual accounts, there have been no material effects on the Company's business and, based on the Directors' current estimates, no material effects are expected in 2021.

27. Subsequent events

On 13 January 2021, the subsidiary Zodiac Pool Systems LLC, indirectly wholly-owned by Fluidra, S.A. completed the acquisition of all substantial assets of the business Built Right Pool Heaters LLC ("Built Right"), a heat pump manufacturer located in Florida, U.S., from where it will continue to operate.

Built Right specialises in the manufacture and servicing of high-quality heat pumps. Adding Built Right to the Fluidra catalogue significantly reinforces the Company's position in the pool and spa heat pump solutions business, while also enabling Fluidra to better meet the needs of customers through a broader product offering.

The price of this acquisition amounted to approximately 10 million U.S. dollars.

On 10 March 2021, Fluidra Holdco America, Inc., a wholly-owned subsidiary indirectly held by Fluidra, signed a share purchase agreement whereby it has acquired 100% of the share capital of the US company Custom Molded Products, LLC ("CMP").

CMP is a Georgia-based firm considered one of the leaders in the US business of designing, manufacturing, marketing and selling pool and spa products, including built-in equipment, sanitising systems, water fountains and lighting. The company operates several manufacturing and distribution facilities in multiple locations in the United States and China, and has a broad portfolio of pool and wellness products that complement Fluidra's product offerings. CMP's product reputation, together with its operational and manufacturing expertise, will help Fluidra to accelerate growth by providing its customers with a wider range of pool and spa technology, as well as greater product supply capacity.

The transaction has been valued at USD 245 million which has been fully paid for at closing with Fluidra's existing cash and debt facilities. The transaction also includes a net working capital adjustment to offset the seasonality of working capital, which peaks in early spring.

On March 25th, the Board of Directors has agreed to propose to the General Shareholders' Meeting the distribution of a dividend of € 0.40 per share against voluntary reserves.

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Information on Group companies

31 December 2020

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

Name	% of interest		Euros						
	Address	Ind	Capital and share premium	Reserves	Profit/(loss) for the year	Interim dividend	Total shareholders' equity 2020	Carrying amount of interest 2020	
Details of subsidiaries									
FLUIDRA FINCO, S.L.U.		100%							
			(9)	1,416,563,305	-15,779,639	36,623,497	-18,000,000	1,419,407,163	1,370,170,594
FLUIDRA COMMERCIAL, S.A.U.		100%	(10)	142,690,175	-25,667,956	47,033,444		164,055,663	
AO ASTRAL SNG		90%		194,936	195,285	-59,947		330,274	
ASTRAL AQUADESIGN Limited Liability Company		58.50%		11,873	-1,800	10,856		20,929	
ASTRAL BAZENOVE PRISLUSENTSVI, S.R.O.		100%		71,395	1,949,342	1,418,388		3,439,125	
ASTRAL INDIA PRIVATE, LIMITED		100%		77,897	766,707	224,221		1,068,826	
FLUIDRA INDIA PRIVATE LIMITED		100%		1,408	311,896	106,748		420,052	
ASTRALPOOL CYPRUS, LTD		90%		201,000	917,461	289,243		1,407,704	
ASTRALPOOL HONGKONG, CO., LIMITED		100%		994	541,769	23,400		566,162	
ASTRALPOOL UK LIMITED		100%	(4)	51,603	1,435,414	455,351		1,942,368	
CEPEX MEXICO, S.A. DE C.V.		100%		633,090	-64,256	-5,484		563,350	
CEPEX S.A.U.		100%		60,200	17,035,606	6,761,897		23,857,703	
CERTIKIN INTERNATIONAL, LIMITED		100%	(4)	1,500,003	6,531,770	1,781,597		9,813,371	
CERTIKIN INTERNATIONAL (IRELAND) LIMITED		100%		100				100	
CERTIKIN SWIMMING POOL PRODUCTS INDIA PRIVATE LIMITED		100%		405,622	204,634	202		610,457	
FLUIDRA ADRIATIC D.O.O.		100%		9,987	1,041,583	354,472		1,406,042	
FLUIDRA BALKANS JSC		61.16%		216,353	-453,015	620,798		384,136	
FLUIDRA BH D.O.O BIJEJINA		60%		10,009	-7,362	35,499		38,146	
FLUIDRA BRASIL INDÚSTRIA E COMÉRCIO LTDA		100%		17,914,607	-11,173,523	755,318		7,496,403	
VEICO . COM. BR INDÚSTRIA E COMÉRCIO LTDA		100%		794,821	-1,398,992	-28,704		-632,876	
TEN FOUR INDÚSTRIA E SERVIÇOS LTDA		100%	(6)	2,666,013	-3,437,353	-149,542		-920,881	
FLUIDRA CHILE, S.A.		100%		2,746,065	-1,707,122	-80,077		958,866	
FLUIDRA COLOMBIA, S.A.S		100%		1,743,492	-729,015	-170,615		843,862	
FLUIDRA COMERCIAL ESPAÑA, S.A.U.		100%		1,202,072	18,234,760	9,616,583		29,053,415	
FLUIDRA COMERCIAL PORTUGAL Unipessoal, LDA		100%		1,375,641	5,343,678	1,344,055		8,063,373	
FLUIDRA DEUTSCHLAND GmbH		100%		4,017,808	109,317	1,597,175		5,724,300	
FLUIDRA EGYPT, Egyptian Limited Liability Company		90%		32,611	1,662,662	730,550		2,425,824	
W.I.T. EGYPT, Egyptian Limited Liability Company		89.99%		116,225	974,439	29,473		1,120,138	

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31 December 2020

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

Name	% of interest		Euros					
	Address	Ind	Capital and share premium	Reserves	Profit/(loss) for the year	Interim dividend	Total shareholders' equity 2020	Carrying amount of interest 2020
Details of subsidiaries								
FLUIDRA ENGINEERING SERVICES, S.L.U.		100%	60,000	942,627	-1,307,475		-304,847	
FLUIDRA EXPORT, S.A.U.		100%	601,000	1,748,026	1,857,038		4,206,064	
FLUIDRA GLOBAL DISTRIBUTION, S.L.U.		100%	1,753,100	321,635	1,350,591		3,425,326	
FLUIDRA HELLAS, S.A.		86.96%	3,768,050	335,465	875,135		4,978,651	
FLUIDRA HOLDINGS AUSTRALIA PTY LTD		100%	86,456,462	-79,673,047	-12,968,737		-6,185,321	
FLUIDRA GROUP AUSTRALIA PTY LTD		100%	20,509,252	3,791,108	13,678,673		37,979,033	
FABTRONICS		80%	(6) (3)100%	62	2,454,210	2,537,093	4,991,365	
FLUIDRA (N.Z.) LIMITED		100%	59	356,338	117,972		474,368	
FLUIDRA AUSTRALIA PTY LTD		100%	(2)	1,432,037	15,804,970	-17,277,551	-40,543	
PRICE CHEMICALS PTY LTD		100%		336,650	-1,744,503	1,505,785	97,932	
FLUIDRA HOLDINGS SOUTH AFRICA PTY LTD		100%	20,237,942	-8,890,720	-342,643		11,004,580	
ZODIAC POOL CARE SOUTH AFRICA (PROPIETARY) LIMITED		100%	0	0	0		0	
FLUIDRA WATERLINX PTY, LTD		100%	24,629,026	-12,644,590	2,356,515		14,340,952	
FLUIDRA INDONESIA PT.		100%	1,870,547	258,774	713,663		2,842,985	
FLUIDRA JV YOULI, S.L.U.		100%	4,500,000	1,246,717	3,057,426		8,804,143	
FLUIDRA KAZAKHSTAN Limited Liability Company		51%	47,260	524,332	661,144		1,232,736	
FLUIDRA MAGYARORSZÁG Kft.		95%	140,426	1,063,088	630,543		1,834,057	
FLUIDRA MALAYSIA SDN.BHD.		100%	364,620	415,575	45,546		825,740	
FLUIDRA MAROC, S.A.R.L.		90%	311,143	3,501,909	717,188		4,530,240	
FLUIDRA MEXICO, S.A. DE C.V.		100%	3,358,504	-1,859,319	436,499		1,935,685	
FLUIDRA MIDDLE EAST FZE		100%	211,231	12,521,478	1,074,245		13,806,954	
FLUIDRA AL URDOUN FZ		70%	168,517	-168,517	0		0	
FLUIDRA MONTENEGRO DOO		60%	10,000	143,384	17,706		171,090	
FLUIDRA NORDIC A/S (Previously Fluidra Denmark A/S)		100%	63,652	170,639	1,148,136		1,382,426	
FLUIDRA NORDIC AB		100%	5,768	553,285	0		559,052	
FLUIDRA ÖSTERREICH GmbH "SSA"		98.5%	1,158,434	2,922,941	4,170,793		8,252,168	
FLUIDRA POLSKA, SP. Z.O.O.		100%	95,376	782,924	388,006		1,266,306	
FLUIDRA ROMANIA S.A.		66.66%	50,000	-35,188	322,572		337,383	

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31 December 2020

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

Name	% of interest		Euros					
	Address	Ind	Capital and share premium	Reserves	Profit/(loss) for the year	Interim dividend	Total shareholders' equity	Carrying amount of interest
							2020	2020
Details of subsidiaries								
FLUIDRA SERBICA, D.O.O. BEOGRAD		60%	10,000	309,228	169,995		489,222	
FLUIDRA SERVICES ITALIA, S.R.L.		100%	1,060,000	12,827,084	2,010,714		15,897,798	
FLUIDRA COMMERCIALE ITALIA, S.P.A.		100%	620,000	12,895,382	3,249,623		16,765,005	
AGRISILOS, S.R.L.		90%	10,000	1,414,772	869,723		2,294,496	
LAGHETTO FRANCE, S.A.R.L.		90%	1,000	-839,967	0		-838,967	
FLUIDRA SINGAPORE, PTE LTD		100%	238,473	794,827	45,813		1,079,113	
FLUIDRA SOUTH AFRICA (PTY) LTD		100%	2,538,673	-2,105,007	-701		432,965	
FLUIDRA SWITZERLAND, S.A.		100%	922,085	-348,468	40,470		614,088	
FLUIDRA (THAILAND) CO, LTD		100%	487,769	358,875	7,883		854,527	
ASTRALPOOL (THAILAND) CO., LTD		99%	92,912	1,476,031	444,910		2,013,853	
FLUIDRA TR SU VE HAVUZ EKIPMANLARI AS		51%	168,796	1,831,410	466,482		2,466,688	
TURCAT POLYESTER SANAYI VE TICARET A.S.		25.5%	79,200	-95,439	-168		-16,407	
FLUIDRA TUNISIE, SARL		100%	67,016	4,020	9,082		80,119	
FLUIDRA VIETNAM LTD		100%	119,209	124,314	229,789		473,311	
I.D. ELECTROQUÍMICA, S.L.		100%	5,022	1,787,139	4,503,267		6,295,428	
INQUIDE, S.A.U.		100%	10,293,709	704,583	673,184		11,671,476	
METALAST, S.A.U.		100%	601,056	10,783,378	8,107,999		19,492,433	
NINGBO LINYA SWIMMING POOL & WATER TREATMENT CO., LTD		100%	1,114,323	2,148,642	-1,418,398		1,844,568	
POLTANK, S.A.U.		100%	601,010	9,567,808	3,403,976		13,572,795	
TURCAT POLYESTER SANAYI VE TICARET A.S.		50%	79,200	-95,439	-168		-16,407	
RIIOT LABS NV/SA		100%	306,400	-1,133,055	-361,235		-1,187,889	
SACOPA, S.A.U.		100%	601,000	8,903,128	15,143,679		24,647,807	
SIBO FLUIDRA NETHERLANDS B.V.		70%	323,528	6,337,157	6,487,673		13,148,358	
UNISTRAL RECAMBIOS, S.A.U.		100%	60,110	701,140	1,274,451		2,035,701	
YA SHI TU SWIMMING POOL EQUIPMENT (SHANGHAI) Co, Ltd		100%	85,183	832,008	155,743		1,072,934	
ZODIAC POOL DEUTSCHLAND GMBH		100%	3,962,512	6,680,773	-4,419,460		6,223,826	
INDUSTRIAS MECANICAS LAGO, S.A.U.		100%	60,110	1,042,101	1,676,739		2,778,951	

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

Name	% of interest		Euros					
	Address	Ind	Capital and share premium	Reserves	Profit/(loss) for the year	Interim dividend	Total shareholders' equity	Carrying amount of interest
							2020	2020
Details of subsidiaries								
NINGBO DONGCHUAN SWIMMING POOL EQUIPEMENTS CO., LTD		70%	905,369	3,976,058	3,688,912		8,570,339	
PRODUCTES ELASTOMERS, S.A.		70%	60,200	654,219	177,262		891,681	
TALLERES DEL AGUA, S.L.U.		100%	2,203,753	-348,017	-458,944		1,396,792	
TOGAMA, S.A.U.		100%	3,275,734	158,365	317,582		3,751,681	
MANUFACTURAS GRE, S.A.U.		100%	445,343	12,244,010	7,478,486		20,167,840	
ME 2000, S.R.L.		100%	671,039	-748,355	-142,030		-219,347	
TRACE LOGISTICS, S.A.U.		100%	4,509,000	1,043,795	-132,878		5,419,918	
TRACE LOGISTICS NORTH BV		100%	30,000	0	-52,475		-22,475	
FLUIDRA SERVICES ESPAÑA, S.L.U.	(5)	100%	3,100	143,682	-7,436		139,346	
INNODRIP, S.L.U.		100%	760,000	-70,971	-366,181		322,848	
ZPNA HOLDINGS SAS		100%	399,106,292	-104,410	-1,139,771		397,862,111	
ZODIAC POOL SOLUTIONS LLC		100%	291,185,567	-590,863,569	-13,612,059		-313,290,061	
ZODIAC POOL SYSTEMS CANADA INC		100%	4,366,186	-463,160	735,479		4,638,505	
ZODIAC POOL SYSTEMS LLC		100%	79,239,158	34,691,754	79,498,672		193,429,584	
COVER POOLS INCORPORATED		100%	0	38,844,439	6,197,300		45,041,739	
FLUIDRA LATAM EXPORT LLC		100%	178,659	93,257	91,298		363,215	
FLUIDRA USA, INC		100%	4,955,885	-3,008,486	465,484		2,412,883	
ZPES HOLDINGS SAS		84.85%	313,215,844	154,661,173	6,848,378		474,725,395	
ZODIAC POOL SOLUTIONS SAS		84.85%	604,523,102	-400,321,603	-1,652,290		202,549,209	
ZODIAC INTERNATIONAL SAS		84.85%	18,341,776	4,666,002	3,135,794		26,143,572	
ZODIAC POOL CARE EUROPE SAS		84.85%	6,884,263	45,391,036	11,592,893		63,868,191	
ZODIAC SWIMMING POOL EQUIPMENT (SHENZEN) CO, LTD		84.85%	83,031	324,890	57,497		465,418	
FLUIDRA COMMERCIAL FRANCE, S.A.S.		17.68%	13,307,294	5,578,811	9,379,470		28,265,575	
FLUIDRA ASSISTANCE SAS		17.68%	50,000	-5,217	5,038		49,821	
FLUIDRA BELGIQUE, S.R.L.		17.68%	18,600	655,594	1,159,521		1,833,716	

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

Name	% of interest		Euros					
	Address	Ind	Capital and share premium	Reserves	Profit/(loss) for the year	Interim dividend	Total shareholders' equity	Carrying amount of interest
							2020	2020
Details of subsidiaries								
POOLWEB, SAS		17.68%	37,000	312,783	375,713		725,496	
AYW CONCEPT BV/SRL		17.68% (6)	131,200	579,920	473		711,593	
PENTAGONE APCD BV/SRL		17.68% (6)	18,592	-12,547	343,250		349,294	
FLUIDRA COMMERCIAL FRANCE, S.A.S.		67.17%	13,307,294	5,578,811	9,379,470		28,265,575	
FLUIDRA ASSISTANCE SAS		67.17%	50,000	-5,217	5,038		49,821	
FLUIDRA BELGIQUE, S.R.L.		67.17%	18,600	655,594	1,159,521		1,833,716	
POOLWEB, SAS		67.17%	37,000	312,783	375,713		725,496	
AYW CONCEPT BV/SRL		67.17%	131,200	579,920	473		711,593	
PENTAGONE APCD BV/SRL		67.17%	18,592	-12,547	343,250		349,294	
FLUIDRA INDUSTRY FRANCE, S.A.R.L.		84.85%	2,050,000	4,572,427	884,055		7,506,483	
PISCINES TECHNIQUES 2000, S.A.S.		84.85%	1,062,169	480,102	169,417		1,711,688	
FLUIDRA SERVICES FRANCE, S.A.S.		100%	21,920,200	2,184,720	2,663,874		26,768,794	
ZPES HOLDINGS SAS		15.15%	313,215,844	154,661,173	6,848,378		474,725,395	
FLUIDRA COMMERCIAL FRANCE, S.A.S.		11.99%	13,307,294	5,578,811	9,379,470		28,265,575	
FLUIDRA ASSISTANCE SAS		11.99%	50,000	-5,217	5,038		49,821	
FLUIDRA BELGIQUE, S.R.L.		11.99%	18,600	655,594	1,159,521		1,833,716	
POOLWEB, SAS		11.99%	37,000	312,783	375,713		725,496	
AYW CONCEPT BV/SRL		11.99%	131,200	579,920	473		711,593	
PENTAGONE APCD BV/SRL		11.99%	18,592	-12,547	343,250		349,294	
FLUIDRA INDUSTRY FRANCE, S.A.R.L.		15.15%	2,050,000	4,572,427	884,055		7,506,483	
PISCINES TECHNIQUES 2000, S.A.S.		15.15%	1,062,169	480,102	169,417		1,711,688	
ZODIAC POOL SOLUTIONS SAS		15.15%	604,523,102	-400,321,603	-1,652,290		202,549,209	
ZODIAC INTERNATIONAL SAS		15.15%	18,341,776	4,666,002	3,135,794		26,143,572	
ZODIAC POOL CARE EUROPE SAS		15.15%	6,884,263	45,391,036	11,592,893		63,868,191	
ZODIAC SWIMMING POOL EQUIPMENT (SHENZHEN) CO, LTD		15.15%	83,031	324,890	57,497		465,418	

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

Name	% of interest		Euros				
			Capital and share premium	Reserves	Profit/(loss) for the year	Interim dividend	Total shareholders' equity
Address	Ind					2020	2020
Details of subsidiaries							
FLUIDRA COMMERCIAL FRANCE, S.A.S.		3.16%	13,307,294	5,578,811	9,379,470		28,265,575
FLUIDRA ASSISTANCE SAS		3.16%	50,000	-5,217	5,038		49,821
FLUIDRA BELGIQUE, S.R.L.		3.16%	18,600	655,594	1,159,521		1,833,716
POOLWEB, SAS		3.16%	37,000	312,783	375,713		725,496
AYW CONCEPT BV/SRL		3.16%	131,200	579,920	473		711,593
PENTAGONE APCD BV/SRL		3.16%	18,592	-12,547	343,250		349,294
OCM PRODUCTS LIMITED		50%					(1)
ASTRAL NIGERIA, LTD.		25%					(1)
DISCOVERPOOLS COM, INC.		11%					(1)

(1) Companies belonging to the Fluidra Commercial, S.A. and subsidiaries subgroup.

(2) Fluidra Australia Pty Ltd fully owns the companies Astral Pool Holdings Pty Ltd, Hurlcon Staffing Pty Ltd and Hurlcon Investments Pty Ltd.

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

(4) The companies Certikin International Limited and Astralpool UK Limited, wholly-owned subsidiaries of Fluidra, S.A. and registered in England under numbers 03047290 and 01823941, respectively, are exempt from the requirement of the Companies Act 2006 in relation to the audit of the individual annual accounts by virtue of section S479C.

(5) Newly-incorporated companies during the twelve-month period ended 31 December 2020.

(6) Companies acquired during the twelve-month period ended 31 December 2020.

(7) In the twelve-month period ended 31 December 2020, the following companies have been wound up: La Tienda Swimming Pool Maintenance LLC, Loitech (Ningbo) Heating Equipment CO., Ltd, U.S. Pool Holdings, INC, Fluidra Projects USA INC and Aqua Products INC.

(8) In the twelve-month period ended 31 December 2020, Tecnical Pool Service, S.L. and Set Energietechnik GMBH were sold.

(8) Merged with Zodiac Pool Care Portugal Unipessoal, LDA

(9) Company merged with Fluidra Industry, S.A.U. and Piscine Luxembourg Holding 3, S.A.R.L.

(10) Company merged with Fluidra Industry España, S.A.U.

Details of the corporate name and purpose
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Subsidiaries

- 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.
- Astral AquaDesign Limited Liability Company, domiciled in Moscow (Russia), is mainly engaged in the distribution, design, installation and project management of fountains and ponds.
- Astral Bazénové Prislusentsvi, S.R.O., domiciled in Modletice-Doubravice (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.
- Astralpool (Thailand) Co., Ltd, domiciled in Samuthprakarn (Thailand), is mainly engaged in the marketing of pool-related accessories.
- Astralpool UK Limited., domiciled in Fareham (England), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.
- AYW Concept BV/SRL, with registered address in Wavre (Belgium), has the registered activities of purchase, sale, operation, development, construction, management, decoration, rental, subletting, exchange, property appraisal, purchase and sale related negotiations, brokering and sale, rental, subletting of real estate and in general all activities directly or indirectly relating to real estate development in the broadest sense. Creating and organising events and fairs. It can act as guarantor and provide any type of personal or real collateral to any person or business, associated or otherwise. It may obtain interests, by any legal means, in any company, business or corporation with the same, similar or ancillary activities or which could promote or facilitate the development of its registered activity and provide it with new products, points of sale or raw materials, or promote its sales or distribution. It may undertake all kinds of transactions, commercial, industrial, financial, movable or immovable, which are directly or indirectly related with its registered activity and which promote the achievement and development of its purpose. It may participate by contribution, subscription, sale, investment, merger, financial or other intervention in all other companies, associations and businesses, both in Belgium and abroad. The company can also act as director or liquidator in other companies.
- Cepex Mexico, S.A. de C.V., domiciled in Mexico City (Mexico), is mainly engaged in the marketing of fluid handling products.
- Cepex S.A.U., domiciled in Granollers (Barcelona, Spain), is mainly engaged in the manufacture, production and distribution of plastic material by injection system and, in particular, plastic parts for armature.

Details of the corporate name and purpose
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- Certikin International, Limited, domiciled in Witney Oxon (England), is engaged in the marketing of swimming-pool products.
- Certikin International (Ireland) Limited, domiciled in Dublin (Ireland), is mainly engaged in providing financial advisory services in the acquisition of new shares.
- Certikin Swimming Pool Products India Private Limited, domiciled in Bangalore (India), is mainly engaged in the marketing of swimming-pool products.
- Cover Pools Incorporated, domiciled in West Valley City (USA), is mainly engaged in the manufacture and distribution of automatic pool covers.
- Fabtronics Australia Pty Ltd, established in Braeside, Australia, has as its object the design and sale of electronic components.
- Fluidra Adriatic D.O.O., domiciled in Zagreb (Croatia) is mainly engaged in the purchase, sale and distribution of machinery, equipment, materials, products and special equipment for pool and water system maintenance.
- Fluidra Al Urdoun Fz, domiciled in Zarqa Free Zone (Jordan) is mainly engaged in the marketing of pool material.
- Fluidra Assistance, S.A.S., domiciled in Perpignan (France), is mainly engaged in the installation, assembly and implementation of all products and materials relating to pools and water treatment and the provision of post-sales services and the maintenance and installation of these products and materials.
- Fluidra Australia Pty Ltd, domiciled in Melbourne (Australia), is mainly engaged in the purchase, sale and distribution of machinery, equipment, products and special equipment for pool and water system maintenance. It owns 100 % of the capital of Hurlcon Staffing Pty Ltd and Hurlcon Investments Pty Ltd, as well as 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 Courcelles (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.

Details of the corporate name and purpose
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- Fluidra Colombia, S.A.S., domiciled in Funza (Colombia), is engaged in the purchase and sale, distribution, marketing, import, export of all types of machinery, equipment, components and machinery parts, tools, accessories and products for swimming-pools, irrigation and water treatment and purification in general, built with both metal materials and any type of plastic materials and plastic derivatives.
- Fluidra Comercial España, S.A.U., domiciled in Polinyà (Barcelona, Spain), is engaged in the manufacture, purchase and sale and distribution of all types of machinery, equipment, components and machinery spare parts, tools, accessories and products for swimming-pools, irrigation and water treatment and purification.
- Fluidra Comercial Portugal Unipessoal, Lda., domiciled in São Domingo da Rana (Portugal), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.
- Fluidra Commerciale Italia, S.P.A., domiciled in Brescia (Italy), is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.
- Fluidra Commerciale France, S.A.S., domiciled in Perpignan (France) is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.
- Fluidra Commercial, S.A.U., (merged with 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 Deutschland, GmbH, domiciled in Hirschberg (Germany) is engaged in the manufacture, purchase and sale, distribution, marketing, export and import of all types of swimming-pool products.
- Fluidra Egypt, Egyptian Limited Liability Company, domiciled in Cairo (Egypt), is mainly engaged in the marketing of swimming-pool accessories.
- Fluidra Engineering Services, S.L.U., domiciled in Sabadell (Barcelona, Spain) is engaged in the rendering of advisory services for group companies.
- Fluidra Export, S.A.U., domiciled in Polinyà (Barcelona, Spain), is engaged in both domestic and foreign marketing of all types of products and goods, mainly in the marketing of pool-related products, basically acquired from related parties.
- Fluidra Finco, S.L.U., (merged with Fluidra Industry, S.A.U. and Piscine Luxembourg Holdings 3 S.A.R.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.
- Fluidra Group Australia Pty Ltd, domiciled in Smithfield (Australia), is mainly engaged in the manufacture, assembly and distribution of pool equipment and other related products.

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- Fluidra Hellas, S.A. domiciled in Aspropyrgos (Greece), is mainly engaged in the distribution of pool-related products.
- Fluidra Holdings Australia Pty 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 France, S.A.S., with registered offices in Perpignan (France), is mainly engaged in the manufacture of automatic covers for swimming pools of all types, as well as the purchase and sale of materials, accessories and products for swimming pools.
- 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 Selangor (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 Middle East Fze, domiciled in Jebel Ali (Dubai), is engaged in the marketing of equipment for swimming-pools and water treatment, as well as related accessories.
- Fluidra Montenegro DOO domiciled in Podgorica (Montenegro) is mainly engaged in the purchase, sale and distribution of machinery, equipment, materials, accessories, products and special equipment for pool and water system and irrigation maintenance.
- Fluidra (N.Z.) Limited, domiciled in North Shore City (New Zealand), is engaged in the distribution and sale of pool material.

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- Fluidra Nordic AB, domiciled in Källered (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 Nordic A/S (formerly Fluidra Danmark A/S), domiciled in Rødekro (Denmark), is engaged in the import of technical components and equipment for all types of water treatment processes.
- Fluidra Österreich GmbH "SSA", domiciled in Gödigg (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 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, IT, logistics, marketing and financial brokering services for the benefit of the other companies in the Group to which it belongs.
- Fluidra Services Italia, S.R.L., domiciled in Brescia (Italy), is engaged in the rendering of services, including and mainly, accounting, administrative and financial.
- 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 Lugano (Switzerland) is mainly engaged in the marketing of pool material.
- Fluidra (Thailand) Co., Ltd, domiciled in Samuthprakarn (Thailand), is engaged in the holding and use of equity shares and securities.
- Fluidra Tr Su Ve Havuz Ekipmanlari AS, domiciled in Tuzla (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., with its registered office in El Manar (Tunisia), has as its main purpose the provision of manufacturing services and related activities aimed at promoting and strengthening the Fluidra Group's activity in Tunisia.
- Fluidra USA, LLC, domiciled in Jacksonville (USA), is engaged in the marketing of pool-related products and accessories.

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- 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, domiciled in Johannesburg (South Africa), is mainly engaged in the manufacture and distribution of swimming-pools, equipment and spa and garden accessories.
- I.D. Electroquímica, S.L., domiciled in Alicante (Alicante, Spain), is engaged in the sale of all types of process development machines and electrochemical reactors.
- Industrias Mecánicas Lago, S.A.U., domiciled in Sant Julià de Ramis (Girona, Spain), is engaged in the manufacture and marketing of liquid and fluid transfer pumps, swimming-pools and their accessories.
- Innodrip, S.L.U., domiciled in Sabadell (Barcelona, Spain) is engaged in the rendering of services aimed at the sustainable use of water.
- Inquide, S.A.U., domiciled in Polinyà (Barcelona, Spain), is mainly engaged in the manufacture of chemical products and specialties in general, excluding pharmaceutical products.
- Laghetto France, S.A.R.L., domiciled in Saint-Cannat (France), is mainly engaged in the purchase and sale of sports, leisure and pool materials and equipment and related accessories.
- Manufacturas Gre, S.A.U. (merged with Swimco Corp, S.L.U.), domiciled in Munguia (Vizcaya, Spain), is engaged in the manufacture and marketing of products, accessories and pool-related products.
- Me 2000, S.R.L., domiciled in Brescia (Italy), is engaged in property development and lease.
- Metalast, S.A.U., domiciled in Polinyà (Barcelona, Spain), is engaged in the manufacture of metal articles, boiler works, street furniture and wholesale sale of accessories.
- Ningbo Dongchuan Swimming Pool Equipment Co., LTD, domiciled in Ningbo (China), is engaged in the production and installation of swimming-pool equipment, brushes, plastic and aluminium products, industrial thermometer, water disinfection equipment and water testing equipment. Import and export of technology for own use or as an agent.
- Ningbo Linya Swimming Pool & Water Treatment Equip`Co., Ltd., domiciled in Ningbo (China), is engaged in the design, research, development and production of swimming-pool and water disinfection equipment, pumps, dehumidifiers, metal products, plastic products and vitreous coatings.
- Pentagone APCD BV/SRL, established in Wavre (Belgium), has as its corporate purpose the production, distribution, sale, installation, maintenance and repair, as an intermediary or on its own account, of swimming pools, saunas, jacuzzis, etc., and all accessories. The purchase and sale of all products for the maintenance of swimming pools. The purchase, sale and rental of all swimming pool accessories. The company is engaged in the research and development of new applications in the field of water treatment, dehumidification, air treatment, heat pump heating and robotics. The company acts on its own account, on consignment, as a commission agent or as a representative. It may have interests in any undertaking, business or company having a similar or analogous purpose, or which may facilitate the realisation of such purpose. The company may carry out its purpose in Belgium or abroad in the manner it considers most appropriate. In general, it may carry out any type of transaction, whether commercial, industrial, financial, civil, movable or immovable, whether in Belgium or abroad, directly or indirectly related to its purpose.

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

31 December 2020

- 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 Chassieu (France), is engaged in the purchase and sale of equipment used in pools and other businesses related to water and relax, technical assistance to professionals in the field and creation and sale of computer programs related to the above activities.
- 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.
- Riïot Labs NV/SA, domiciled in Harzé, Aywaille (Belgium), is mainly engaged in the design, development, manufacture, marketing and operation, by any means, including via the granting of patents and licences to third parties, of objects linked to the analysis and treatment of swimming-pool water quality and IT software relating to these objects and any similar, comparable or supplementary product.
- Sacopa, S.A.U., domiciled in Sant Jaume de Llierca (Girona, Spain), is mainly engaged in the processing, marketing and sale of plastic materials, as well as the manufacture, assembly, processing, purchase and sale and distribution of all types of lighting and decoration devices and tools. Foreign and domestic trading activities of all types of goods and products directly and indirectly related to the above products, their purchase and sale and distribution. Representation of domestic and foreign brands and commercial and industrial enterprises engaged in the manufacture of the aforementioned products.
- 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.
- Ten Four Industria e Serviços LTDA, established in Valinhos (Brazil), has as its corporate purpose the manufacture and marketing of cleaning and polishing products; the manufacture on behalf of third parties and trade in agricultural defensives, fertilisers and soil improvers; the supply of containers, packaging, fractioning, wrapping, repackaging, inserts, labels, packaging and bags for solid and liquid products for third parties; road transport of cargo, in general, municipal, inter-municipal and inter-state; road transport of dangerous goods, provision of freight transport logistics organisation services; warehousing of goods for third parties and other service activities provided mainly to businesses, provision of advisory and consultancy services, including registration and the like, promotional marketing.

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

31 December 2020

- 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.
- Trace Logistics North, B.V., domiciled in Veghel (Holland), 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, depositing, loading and unloading duties and any other function required 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 Tuzla (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.
- Veico. Com. Br Indústria e Comércio LTDA, domiciled in Ciudad de Brusque (Brazil), is engaged in the manufacture and marketing of all types of swimming-pool articles and accessories.
- W.I.T. Egypt, Egyptian Limited Liability Company, domiciled in Cairo (Egypt), is mainly engaged in the marketing of swimming-pool accessories.
- Ya Shi Tu Swimming Pool Equipment (Shanghai) Co, Ltd., domiciled in Tower E, Building 18, nº 238, Nandandong Road, Xu Hui District (Shanghai), is mainly engaged in the marketing of swimming-pool products.
- Zodiac International, S.A.S., established in Belberaud (France), is principally engaged in the construction, purchase, sale and rental of space, maritime and air navigation equipment and objects made of rubberised or unglummed fabrics, as well as the manufacture and marketing of inflatables (boats or semi-rigid craft).
- Zodiac Pool Care Europe, S.A.S., domiciled in Belberaud (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 Großostheim (Germany), is engaged in the distribution and sale of pool-related products and accessories.
- Zodiac Pool Solutions, LLC, domiciled in Carlsbad (USA) is engaged in the holding and use of equity shares and securities, and advising, managing and administering the companies in which it holds an ownership interest.
- Zodiac Pool Solutions, S.A.S., domiciled in Belberaud (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.

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

31 December 2020

- Zodiac Pool Systems Canada, INC, domiciled in Vancouver (Canada), is engaged in the distribution and sale of pool-related products and accessories.
- Zodiac Pool Systems, LLC, domiciled in Carlsbad (USA), is mainly engaged in the manufacture and distribution of several Group brands relating to pool equipment.
- Zodiac Swimming Pool Equipment (Shenzen), Co, Ltd, domiciled in Shenzen (China), is mainly engaged in the rendering of technical services for pool and spa equipment; the distribution, sale, import and export of pool and spa products and elements and post-sales services.
- ZPES Holdings, S.A.S., domiciled in Belberaud (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 Belberaud (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.

DIRECTORS' REPORT

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

FLUIDRA, S.A.
Notes to the Annual Accounts
31 December 2019

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1. General business outlook

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- 1.2. General description of Risk Policy
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- 1.4. Research, Development and Technological Innovation
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- 1.6. Personnel
- 1.7. Non-financial information and diversity - Act 11/2018

2. Annual Corporate Governance Report

FLUIDRA, S.A.

Directors' Report

31 December 2020

1. **General business outlook**

1.1. **Business evolution and results**

Revenue decreased by Euros 109,403 thousand with respect to the corresponding prior year period. This decrease is essentially explained by the drop in dividend income from Fluidra Finco, S.L.U., the only Group company that Fluidra, S.A. has a direct stake in at 31 December 2020 (see note 7). Euros 163,000 thousand were received in 2020 compared to Euros 280,000 thousand in 2019.

Personnel expenses have risen mainly as a result of the average workforce rising to 21 employees, essentially in the "Sales, Logistics and production" departments, affecting the salaries and wages expense. (see note 18).

The Other operating expenses heading has decreased substantially by Euros 11,128 thousand compared to the prior year. This is mainly due to the effect of the pandemic on employees' movement.

Due to the main changes mentioned above, operating results for the year go from Euros 238.4 million in 2019 to a Euros 136.8 million in 2020.

In terms of the net finance result, there is a significant difference between the 2019 result (a loss of Euros 2,636 thousand) and the 2020 result (a profit of 2,170 thousand), due mainly to the interest generated on the positive cash pooling balances.

If we analyse the Balance Sheet at 31 December 2020 compared to the Balance Sheet at 31 December 2019, there is a significant change in current investments in Group companies and associates, due to the debt generated on the Euros 280,000 dividend, which at 31 December 2019 was pending collection and which has been collected during 2020. At 31 December 2020, there is a balance of Euros 250,503 thousand under Other financial assets, deriving from the cash pooling balance receivable from Fluidra Finco, S.L.U. There is a significant decrease in Trade and other receivables as a result of the drop in the public entities, other heading, which decreases from Euros 5,373 at 31 December 2019 to Euros 1,177 thousand at 31 December 2020. (see note 7 and note 9).

With regard to liabilities, there is a significant increase in Shareholders' equity due to the profit/(loss) for the year, which stands at Euros 139,986. The distribution of the interim dividend amounting to Euros 40,752 thousand has partially offset the increase in Shareholders' equity. The current debt with Group companies and associates shows a decrease from Euros 132,898 thousand at 31 December 2019 to Euros 11,611 thousand at 31 December 2020 due to lower cash-pooling debt with Fluidra Finco, S.L.U. and the fact that the cash pooling accounts are no longer centralised by Fluidra, S.A. (see note 13 and note 14).

The average payment period to suppliers is 47 days.

1.2. **General description of Risk Policy**

In terms of managing the risk policy, the Company has not modified its management of financial market risks (exchange rate and interest rate), maintaining the same hedging policies.

1.3. **Treasury shares**

Over 2020 the Company has carried out several purchase and sale transactions of treasury shares (2,416,594 shares purchased and 1,454,254 sold). At year end, the Company owned 2,543,738 treasury shares, which account for 1.30% of share capital and a cost of Euros 35,841 thousand.

1.4. **Research, Development and Technological Innovation**

No investments have been made in research, development and technological innovation during 2020.

FLUIDRA, S.A.

Directors' Report

31 December 2020

1.5. Environmental issues

At 31 December 2020 there are no significant assets for the protection or improvement of the environment, and it has not incurred any major expenses of an environmental nature during either year.

1.6. Personnel

The number of employees at year end has increased by 21 compared to 2020.

1.7. Dividends

In March 2020, at the time of preparing the Financial Statements referred to the exercise 2019, the Board of Directors of the Company had planned to propose the distribution of a dividend with charge to the results of the exercise. However, due to the exceptional moment that Spain and all the world were facing (state of emergency declaration in Spain and outbreak of the Covid 19 pandemic), finally it was prudently decided, to apply the whole 2019 results to Voluntary Reserves. Once the hardest months of the pandemic elapsed, the activity in the subsidiaries had been resumed, and after the verification of an extraordinary recovery of the Company results, the Board of Directors agreed in October 2020, the distribution of an interim dividend in the exercise 2020. This dividend, although formally constitutes an interim dividend of year 2020, conceptually was related to the undistributed dividend charged to exercise 2019. The reason why it was implemented in this way was to be able to pay the dividend in the month of October - in the absence of a General Shareholders' Meeting - the Board could only approve it as an interim dividend.

1.8. Non-financial information and diversity - Act 11/2018

The information required by Act 11/2018 is included in the consolidated directors' report which forms an integral part of the Consolidated Annual Accounts. The individual directors' report is exempt from reporting requirements.

1.9. Subsequent events

See note 27

FLUIDRA, S.A.

Directors' Report

31 December 2020

2. **Annual Corporate Governance Report**

ISSUER IDENTIFICATION PARTICULARS

Year-end date:

[31/12/2020]

Tax Identification Code:

[A-17728593]

Registered name:

[**FLUIDRA, S.A.**]

Registered office:

[AVENIDA FRANCESC MACIA, 60 PLANTA 20, (SABADELL), BARCELONA]

A. OWNERSHIP STRUCTURE

A.1. Complete the following table regarding the company's share capital:

Date of last change	Share capital (€)	Number of shares	Number of voting rights
02/07/2018	195,629,070.00	195,629,070	195,629,070

Indicate whether there are different classes of shares with different rights attaching thereto:

- Yes
 No

A.2. List the direct and indirect holders of significant shareholdings in the company at the end of the year, excluding members of the board of directors:

Name of shareholder	% voting rights attached to shares		% voting rights through financial instruments		% of total voting rights
	Direct	Indirect	Direct	Indirect	
RHÔNE CAPITAL LLC	0.00	32.22	0.00	0.00	32.22
PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L.	32.22	0.00	0.00	0.00	32.22
ROBERT GARRIGOS RUIZ	0.00	5.85	0.00	0.00	5.85
MANUEL PUIG ROCHA	0.00	5.00	0.00	0.00	5.00
JUAN PLANES VILA	0.03	7.07	0.00	0.00	7.10
ANIOL, S.L.	0.78	5.07	0.00	0.00	5.85
EDREM, S.L.	2.88	4.89	0.00	0.00	7.77
DISPUR, S.L.	0.94	6.13	0.00	0.00	7.07
BOYSER, S.L.	1.08	7.05	0.00	0.00	8.13
CONCERTED ACTION	0.00	25.00	0.00	0.00	25.00
BLACKROCK INC.	0.00	0.43	0.01	2.54	2.98
BLACKROCK EUROPEAN MASTER HEDGE FUND LIMITED	0.00	0.00	0.00	2.98	2.98

Breakdown of the indirect shareholdings:

Name of indirect shareholder	Name of direct shareholder	% voting rights attached to shares	% voting rights through financial instruments	% of total voting rights
ROBERT GARRIGOS RUIZ	PIUMOC INVERSIONS, S.L.U.	5.07	0.00	5.07
ROBERT GARRIGOS RUIZ	ANIOL, S.L.	0.78	0.00	0.78
MANUEL PUIG ROCHA	BANELANA, S.L.	5.00	0.00	5.00
JUAN PLANES VILA	DISPUR, S.L.	0.94	0.00	0.94
JUAN PLANES VILA	DISPUR POOL, S.L.	6.13	0.00	6.13
EDREM, S.L.	EDREM CARTERA, S.L.U.	4.89	0.00	4.89
DISPUR, S.L.	DISPUR POOL, S.L.	6.13	0.00	6.13
BOYSER, S.L.	BOYSER CORPORATE PORTFOLIO, S.L.	7.05	0.00	7.05

State the most significant movements in the shareholding structure that have occurred during the year:

Most significant movements

On 18th November 2020, Piscine Luxembourg Holdings 1, S.A.R.L., a wholly owned subsidiary of Rhône Capital LLC, carried out an accelerated placement of 6.2% of the Company's share capital: its shareholding in Fluidra at 31st December 2020 amounts to 32.22% of the Company's capital.

A.3. Complete the following tables regarding members of the board of directors who have voting rights attached to shares in the company:

Name of director	% voting rights attached to shares		% voting rights through financial instruments		% of total voting rights	% voting rights that <u>can be transferred</u> through financial	
	Direct	Indirect	Direct	Indirect		Direct	Indirect
Mr GABRIEL LÓPEZ ESCOBAR	0.01	0.00	0.00	0.00	0.01	0.00	0.00
Mr JOSÉ MANUEL VARGAS GÓMEZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ms ESTHER BERROZPE GALINDO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr BERNARDO CORBERA SERRA	0.11	0.14	0.00	0.00	0.25	0.00	0.00
Mr OSCAR SERRA DUFFO	0.03	0.00	0.00	0.00	0.03	0.00	0.00
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr ELOY PLANES CORTS	0.17	0.00	0.00	0.00	0.17	0.00	0.00
PIUMOC INVERSIONS, S.L.U.	5.50	0.00	0.00	0.00	5.50	0.00	0.00
Mr SEBASTIEN SIMON MAZELLA DI BOSCO	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr BRUCE WALKER BROOKS	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr MICHAEL STEVEN LANGMAN	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mr BRIAN MCDONALD	0.00	0.00	0.00	0.00	0.00	0.00	0.00

% of total voting rights held by members of the board of directors	5.96
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Breakdown of indirect shareholdings:

Name of director	Name of direct shareholder	% voting rights attached to shares	% voting rights through financial instruments	% of total voting rights	% voting rights that can be transferred through financial instruments
Mr BERNARDO CORBERA SERRA	BERAN CARTERA, S.L.U.	0.15	0.00	0.15	0.00

There are no observations.

A.4. State any family, commercial, contractual or corporate relationships between owners of significant shareholdings, insofar as they are known to the company, except where they are immaterial or derive from ordinary commercial transactions, except those reported in section A.6:

Name of related parties	Type of relationship	Brief description
No data		

A.5. State any commercial, contractual or corporate relationships between owners of significant shareholdings and the company and/or the group, except where they are immaterial or derive from ordinary commercial transactions of the company:

Name of related parties	Type of relationship	Brief description
No data		

- A.6.** Describe any relationships, unless insignificant for both parties, between significant shareholders or shareholders represented on the board and directors, or their representatives in the case of board members that are legal persons.

Explain, as the case may be, how significant shareholders are represented. Specifically, state those directors who have been appointed to represent significant shareholders, those whose appointments were proposed by significant shareholders, or are related to significant shareholders and/or companies in their group, specifying the nature of such ties. In particular, mention the existence, identity and post of members of the board, or representatives of directors, of the listed company who are in turn members of the board or their representatives in companies that hold significant shareholdings in the listed company or in group companies of these significant shareholders:

Name of related director or representative	Name of related significant shareholder	Name of the group company of the significant shareholder	Description of relationship/post
Mr JOSÉ MANUEL VARGAS GÓMEZ	PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L.	RHÔNE CAPITAL LLC	José Manuel Vargas Gómez is General Director of Rhône Group
Mr BERNARDO CORBERA SERRA	EDREM, S.L.	EDREM, S.L.	Bernardo Corbera Serra is CEO of Edrem, S.L.
Mr OSCAR SERRA DUFFO	BOYSER, S.L.	BOYSER, S.L.	Óscar Serra Duffo is chairman of the Board of Directors of Boyser, S.L.
Mr ELOY PLANES CORTS	DISPUR, S.L.	DISPUR, S.L.	Eloy Planes Corts is a director of Dispur, S.L.
Mr BERNAT GARRIGOS CASTRO	PIUMOC INVERSIONS, S.L.U.	ANIOL, S.L.	Bernat Garrigós Castro is CEO of Aniol, S.L.
Mr SEBASTIEN SIMON MAZELLA DI BOSCO	PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L.	RHÔNE CAPITAL LLC	Sebastien Simon Mazella di Bosco is General Director of Rhône Group
Mr BRUCE WALKER BROOKS	PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L.	RHÔNE CAPITAL LLC	The appointment of Bruce Walker Brooks as a director was proposed by Rhône
Mr MICHAEL STEVEN LANGMAN	PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L.	RHÔNE CAPITAL LLC	Michael Steven Langman is General Director of Rhône Group

A.7. State whether the company has been notified of any shareholders' agreements affecting the company pursuant to the provisions of articles 530 and 531 of the Companies Act (*Ley de Sociedades de Capital*). If so, briefly describe these agreements and list the shareholders bound by them:

[v] Yes
[] No

Parties to the shareholders' agreement	% share capital affected	Brief description of the agreement	Date of expiration of the agreement, if any
PISCINE LUXEMBOURG HOLDINGS 1, S.A.R.L., PIUMOC INVERSIONS, S.L.U., ANIOL, S.L., EDREM, S.L., DISPUR, S.L., BOYSER, S.L., EDREM CARTERA, S.L.U., DISPUR POOL, S.L., BOYSER CORPORATE PORTFOLIO, S.L.	60.14	On 03/11/2017 a shareholders' agreement was formalized by the same shareholders of Fluidra who are parties to the shareholders' agreement initially formalized on 05/09/2007 and Piscine Luxembourg Holdings 1, S.à.r.l. (controlled by Rhône Capital LLC), reported through Relevant Event no. 258222. This shareholders' agreement came into effect on 02/07/2018, which is the date of effects of the cross-border merger by absorption by Fluidra, S.A. (transferee) of Piscine Luxembourg Holdings 2 S.à.r.l. (transferor) reported by the Company through Relevant Event no. 258221.	Regulated in Clause 20 of the Agreement, available on www.fluidra.com , Shareholders and Investors, Corporate Governance, Shareholders' Agreements
PIUMOC INVERSIONS, S.L.U., ANIOL, S.L., EDREM, S.L., DISPUR, S.L., BOYSER, S.L., EDREM CARTERA, S.L.U., DISPUR POOL, S.L., BOYSER CORPORATE PORTFOLIO, S.L.	27.92	On 05/09/2007 a shareholders' agreement was formalized by certain shareholders in Fluidra, S.A. which was reported as a Relevant Event to the CNMV on 02/01/2008 with no. 87808. The agreement has been modified on 6 occasions (First novation: 10/10/2007; Second novation: 01/12/2010, Relevant Event no. 134239; Third novation: 30/07/2015, Relevant Event no. 227028; including supplementary agreement of 30/09/2015, Relevant Event no. 229114; Fourth novation: 27/07/2017 Relevant Event no. 255114; Fifth novation 03/11/2017, Relevant Event no. 258223, modified on 25/04/2018, Relevant Event no. 264650, subrogations on 23/05/2018 Relevant Event no. 266060, and supplementary agreement to the Fifth Novation on 27/07/2018, Relevant Event no. 268610; Sixth novation 22/12/2020, Notice of Other Relevant Information no. 6355).	Regulated in Clause One and Clause Seven of the Agreement, available on www.fluidra.com , Shareholders and Investors, Corporate Governance, Shareholders' Agreements

State whether the company is aware of the existence of concerted actions among its shareholders. If so, briefly describe them:

Yes
 No

Parties to the concerted	% share capital	Brief description of the concerted action	Date of expiration, if any
PIUMOC INVERSIONS, S.L.U., EDREM CARTERA, S.L.U., DISPUR POOL, S.L., BOYSER CORPORATE PORTFOLIO, S.L.,	25.00	The Syndication Agreement establishes the parties bound by it, and in relation to the shares referred to in it the parties undertake to exercise their voting rights at General Meetings of Fluidra as indicated in the Syndication Agreement.	Regulated in Clause One and Clause Seven of the Agreement, available on www.fluidra.com , Shareholders and Investors, Corporate Governance, Shareholders' Agreements

Expressly state whether any of such agreements, arrangements or concerted actions have been modified or terminated during the financial year:

On 22nd December 2020, the Sixth Novation of the Fluidra Vote and Share Syndication Agreement between the Company's current syndicated family shareholders (i.e. the "founding families" of Fluidra) was signed. The Agreement was initially formalized on 5th September 2007 and was subsequently modified on 10th October 2007, 1st December 2010, 30th July and 30th September 2015, 27th July and 3rd November 2017, 25th April and 27th July 2018.

This new Vote and Share Syndication Agreement sets out the intention of the current syndicated family shareholders in the Company to extend the term of the syndication, redistribute among them the number of syndicated shares, modify the restrictions on transferability of the released shares and incorporate a new case of authorized transfer of syndicated shares.

The syndicated family shareholders are holders in aggregate of 27.92% of the share capital of Fluidra (holding 25.00% as a syndicate).

A.8. State whether there is any individual or company that exercises or could exercise control over the company in accordance with article 5 of the Securities Market Act (*Ley del Mercado de Valores*). If so, identify the party in question:

Yes
 No

A.9. Complete the following tables regarding the company's own shares:

At year end:

Number of direct shares	Number of indirect shares (*)	Total % of share capital
2,543,738		1.30

(*) Through:

Name of direct shareholder	Number of direct shares
No data	

Explain any significant variations occurring during the year:

Explain significant variations

Following the expiration on 27th March 2020 of the liquidity agreement formalized on 11th July 2017 with BNP Paribas, S.A., Sucursal en España, a new liquidity agreement was signed on 30th March 2020 with Banco de Sabadell, S.A. under and subject to the provisions of Circulars 1/2017, of 26th April, and 2/2019, of 27th November, of the CNMV, concerning liquidity agreements, and other applicable legislation.

On 18th November 2020, in the framework of the placement through an accelerated bookbuild offering among institutional investors carried out by BofA Securities Europe SA and Joh. Berenberg, Gossler & Co. KG as placement entities on behalf of Piscine Luxembourg Holdins 1 S.à.r.l., a company controlled by Rhône Capital LLC, Fluidra acquired a total of 978,146 own shares, representing 0.5% of its share capital, at a price of 16.50 euros per share, which represented a discount of 4.18% on the closing price on 18th November 2020. The aim of this purchase by the Company was to acquire own shares in order to comply with the obligations established in the share-based Incentive Plan for senior managers and executive directors of the Fluidra Group, approved by the General Shareholders' Meeting held on 27th June 2018.

A.10. Describe the terms and conditions and the duration of the powers currently in force given by the shareholders to the board of directors in order to issue, repurchase or transfer own shares of the company:

At the Ordinary General Shareholders' Meeting held on 3rd May 2017, it was resolved to (i) authorize the Company to proceed with the derivative acquisition of own shares, directly or through group companies, and with the express power to reduce the share capital to redeem own shares, delegating to the Board of Directors the necessary powers to execute the resolutions passed by the General Meeting in this regard, rendering the previous authorization without effect, and (ii) authorize it to apply the portfolio of own shares, as the case may be, to the execution or coverage of remuneration systems. The authorization granted is valid for a term of five (5) years as of the date the resolution is passed, i.e. until 3rd May 2022.

At the Board meeting of 11th December 2020, it was resolved, in the context of this authorization granted to the Board of Directors, to authorize the Chairman/CEO and the Co-CEO, jointly and severally and indistinctly, to proceed with the derivative acquisition and disposal of own shares up to a maximum number of shares not exceeding four (4%) per cent of the Company's share capital. This authorization will be valid until 31st December 2021.

A.11. Estimated free float:

	%
Estimated free float	29.19

A.12. State whether there are any restrictions (under the Articles of Association, legislative or of any other nature) on the transfer of securities and/or any restrictions on voting rights. In particular, disclose the existence of any restrictions that might hinder a takeover of the company through the acquisition of its shares on the market, and any prior authorization or communication arrangements in respect of acquisitions or transfers of the company's financial instruments that are applicable to it by virtue of sector-specific regulation.

Yes
 No

Description of the restrictions

The redrafted text of the vote and share syndication agreement formalized on 22nd December establishes that none of the Syndicated Shareholders (as defined in the agreement) may sell, transfer, assign, convey or otherwise dispose of or encumber the Syndicated Shares (25% of share capital) and/or ownership of the inherent voting or economic rights associated to the shares throughout the term of the syndication, i.e. the period running from the date on which the Fluidra shares are admitted for trading (i.e. 31st October 2007) and the first of the following dates: (i) 30th June 2024, (ii) the date on which the obligation may arise to submit a takeover bid for all the securities of Fluidra, in accordance with the provisions of Royal Decree 1066/2007, of 27th July, on the regime of takeover bids. As an exception to the above, with effect from 1st January 2022 and during the remainder of the Syndication Term, the Syndicated Shareholders may transfer certain Syndicated Shares up to a maximum, among all such Shareholders, equal to three (3) per cent of the share capital of Fluidra (the "Transferable Syndicated Shares"), based on the distribution set out for each Syndicated Shareholder in Appendix I to the vote and share syndication agreement, in accordance with certain rules and procedures.

The Agreement also establishes the mechanism for syndicating the votes associated to the Syndicated Shares.

In turn, the Shareholders' Agreement formalized on 3rd November 2017 between certain shareholders in Fluidra, S.A. (the "Current Shareholders") and Piscine Luxembourg Holdings 1, S.à.r.l. (a company controlled by Rhône Capital LLC) (the "SHA") establishes a general lock-up term for the Current Shareholders and Piscine Luxembourg Holdings 1, S.à.r.l. of 36 and 24 months, respectively, together with a series of rules and commitments, including a pre-emption right, for transfers by Piscine Luxembourg Holdings 1, S.à.r.l. after the aforesaid term of 24 months, provided that a series of circumstances and shareholding thresholds are met. Notwithstanding the above, on 26th June 2019 Piscine Luxembourg Holdings 1, S.à.r.l. carried out a private placement, having received prior authorization from the Current Shareholders, through the accelerated placement addressed exclusively to eligible investors of 7,850,000 shares representing approximately 4% of the Company's share capital. Subsequently, on 18th November 2020, Piscine Luxembourg Holdings 1, S.à.r.l. completed a second private placement, through the accelerated placement aimed exclusively at qualifying investors, of 12,121,212 shares representing approximately 6.2% of the Company's share capital. Following the two accelerated placements, Piscine Luxembourg Holdings 1, S.à.r.l. holds 63,028,088 shares in the Company, representing approximately 32.2% of the Company.

A.13. State whether the general shareholders' meeting has approved the adoption of anti-takeover measures pursuant to the provisions of Act 6/2007.

Yes
 No

If so, describe the measures approved and the terms on which the restrictions will become ineffective:

A.14. State whether the company has issued securities that are not traded on a regulated market in the European Union.

Yes
 No

If applicable, specify the different classes of shares and the rights and obligations attaching to each class of shares:

B. GENERAL SHAREHOLDERS' MEETING

B.1. State and, if applicable, describe whether there are differences with respect to the minimum requirements set out in the Companies Act in connection with the quorum needed to hold a valid general shareholders' meeting:

Yes
 No

B.2. State and, if applicable, describe any differences from the rules set out in the Companies Act for the adoption of corporate resolutions:

Yes
 No

	Qualified majority other than that established in article 201.2 LSC for cases described in article 194.1 LSC	Other situations of qualified majority
% established by the company for the adoption of resolutions	0.00	0.00

The Shareholders' Agreement formalized on 03/11/2017, Relevant Event notice no. 258222, provides for certain qualified majorities in order to pass certain resolutions of the General Shareholders' Meeting. The requirement for these qualified majorities is also established in article 33 of the company's Articles of Association and in article 25 of the General Meeting Regulations. See section B.3 below for further details.

B.3. State the rules applicable to the amendment of the company's Articles of Association. In particular, disclose the majorities provided for amending the Articles of Association, and any rules provided for the protection of shareholders' rights in the amendment of the Articles of Association.

The procedure for amending the Articles of Association must conform to the provisions of article 285 and following of the Companies Act, which require approval by the General Shareholders' Meeting, with the quorum and majorities established in articles 194 and 201 of the aforesaid Act, as well as the requirement to draw up and make available to the shareholders a mandatory report by the directors justifying the amendment. Article 27 of the Articles of Associations and article 15 of the General Meeting Regulations set out the principle contained in article 194 of the Companies Act and establish that in order for an ordinary or extraordinary General Meeting to resolve validly on any amendment of the Articles of Association, the attendance, in person or through a representative, of shareholders holding at least fifty per cent of the share capital with voting rights is required on the first call. On the second call, twenty-five per cent of the aforesaid capital will be sufficient. Article 24 of the General Meeting Regulations regulates the procedure for voting on proposed resolutions of the General Shareholders' Meeting, establishing, in the case of amendments to the Articles of Association, that each article or group of articles of sufficient entity is to be voted on separately. Furthermore, in accordance with the provisions of article 33 of the Articles of Association and article 35 of the General Meeting Regulations, in order to pass resolutions on the matters indicated below (the "Reserved Matters"), a vote in favour by sixty-nine per cent (69%) of the Company's share capital is required on first call and a vote in favour by sixty-six per cent (66%) of the Company's share capital on second call:

- (i) increase in share capital, the issue of debentures or securities convertible into shares, with or without preferential acquisition rights, as well as the delegation of the power to pass resolutions on these matters to the Board of Directors;
- (ii) reduction in share capital, except in cases where a reduction is mandatory by law;

- (iii) the approval of any structure modification operations, such as transformation, merger, de-merger, global transfer of assets and liabilities and moving the Company's registered office abroad;
- (iv) the approval of operations for the acquisition or disposal of essential assets in accordance with article 160.f) and article 511 bis of the Companies Act;
- (v) the voluntary dissolution of the Company;
- (vi) the modification of the number of members of the Board of Directors;
- (vii) the exclusion of the Company's shares from trading on any securities market; and
- (viii) the amendment of the Company's Articles of Association in relation to any of the Reserved Matters referred to above.

B.4. State data on attendance at general shareholders' meetings held during the year this report refers to and for the two previous years:

Date of general meeting	Attendance data				Total
	% shareholders present in person	% represented	% remote voting		
			Electronic voting	Other	
20/02/2018	8.54	75.53	0.00	0.00	84.07
Of which floating capital	0.02	22.25	0.00	0.00	22.27
27/06/2018	2.80	76.51	0.00	0.00	79.31
Of which floating capital	0.01	22.26	0.00	0.00	22.27
08/05/2019	1.36	86.75	0.00	0.00	88.11
Of which floating capital	0.79	11.42	0.00	0.00	12.21
19/05/2020	0.88	86.45	0.00	0.00	87.33
Of which floating capital	0.00	15.04	0.00	0.00	15.04

B.5. State whether any item on the agenda of the general shareholders' meetings held during the year has not been approved by the shareholders for any reason:

Yes
 No

B.6. State whether there are any restrictions in the Articles of Association requiring a minimum number of shares in order to attend the general meeting, or to vote remotely:

Yes
 No

B.7. State whether it has been established that certain decisions, other than those established by law, involving an acquisition, disposal, or contribution to another company of essential assets or similar corporate operations must be submitted for approval to the general shareholders' meeting:

Yes
 No

B.8. State the address and method for accessing the company's website to access information on corporate governance and other information on general shareholders' meetings that must be made available to shareholders through the company's website:

www.fluidra.com

Following the route to SHAREHOLDERS AND INVESTORS (<https://www.fluidra.com/es/accionistas>), among other options the following will appear:

STOCK EXCHANGE INFORMATION

REPORTING CENTER

RELEVANT EVENTS

CORPORATE GOVERNANCE

CONTACT

C. COMPANY MANAGEMENT STRUCTURE

C.1. Board of Directors

C.1.1 Maximum and minimum number of directors established in the Articles of Association and the number set by the general shareholders' meeting:

Maximum number of directors	12
Minimum number of directors	12
Number of directors established by the General Meeting	12

There are no observations in this regard.

C.1.2 Complete the following table on members of the board:

Name of director	Representative	Type of director	Position on the board	Date of first appointment	Date of last appointment	Selection procedure
Mr GABRIEL LÓPEZ ESCOBAR		Independent	DIRECTOR	30/10/2014	08/05/2019	GENERAL MEETING RESOLUTION
Mr JOSÉ MANUEL VARGAS GÓMEZ		Proprietary	DIRECTOR	02/07/2018	02/07/2018	GENERAL MEETING RESOLUTION
Ms ESTHER BERROZPE GALINDO		Independent	DIRECTOR	06/09/2019	06/09/2019	GENERAL MEETING RESOLUTION
Mr BERNARDO CORBERA SERRA		Proprietary	DIRECTOR	05/09/2007	03/05/2017	GENERAL MEETING RESOLUTION
Mr OSCAR SERRA DUFFO		Proprietary	VICE-CHAIRMAN	05/09/2007	03/05/2017	GENERAL MEETING RESOLUTION
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ		Independent	LEAD INDEPENDENT DIRECTOR	05/05/2015	08/05/2019	GENERAL MEETING RESOLUTION

Name of director	Representative	Type of director	Position on the board	Date of first appointment	Date of last appointment	Selection procedure
Mr ELOY PLANES CORTS		Executive	CHAIRMAN - CEO	31/10/2006	03/05/2017	GENERAL MEETING RESOLUTION
PIUMOC INVERSIONES, S.L.U.	Mr BERNAT GARRIGOS CASTRO	Proprietary	DIRECTOR	27/06/2018	27/06/2018	GENERAL MEETING RESOLUTION
Mr SEBASTIEN SIMON MAZELLA DI BOSCO		Proprietary	DIRECTOR	02/07/2018	02/07/2018	GENERAL MEETING RESOLUTION
Mr BRUCE WALKER BROOKS		Executive	CO-CEO	02/07/2018	02/07/2018	GENERAL MEETING RESOLUTION
Mr MICHAEL STEVEN LANGMAN		Proprietary	DIRECTOR	02/07/2018	02/07/2018	GENERAL MEETING RESOLUTION
Mr BRIAN MC DONALD		Independent	DIRECTOR	06/09/2019	06/09/2019	GENERAL MEETING RESOLUTION

Total number of directors	12
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State any directors that have left the board, either through resignation or by a resolution of the General Meeting, during the reporting period:

Name of director	Type of director at time of leaving	Date of last appointment	Date director left	Specialized committees on which director served	State whether director left before end of term
No data					

Reason for leaving, when it occurs before the end of the term of the post and other observations; information on whether the director has sent a letter to the other Board members and, in the case of removal of non-executive directors, the explanation or opinion of the director who has been removed by the General Meeting

There are no observations.

C.1.3 Complete the following tables concerning board members and their categories:

EXECUTIVE DIRECTORS		
Name of director	Position within the company's structure	Profile
Mr ELOY PLANES CORTS	Chairman - CEO	Eloy Planes Corts was born in Barcelona in 1969. Holder of a Degree in Industrial Engineering from the Polytechnic University of Catalonia (UPC) and a Master's Degree in Business Management from EADA. A member of the second generation of one of the founding families, Eloy Planes joined Fluidra (then "Astral") as R&D Manager in 1994 and in 1998 was appointed as Logistics Manager and then as General Manager of AstralPool España, leading the mergers of different commercial companies in Spain and gaining in-depth knowledge of the business. In 2000, Eloy took on the General Management of AstralPool, continuing with the expansion of the business in international markets. In 2002, the family group took a decisive step: under the leadership of Eloy Planes as General Manager, the Fluidra group was created (under the name of "Aquaria"), bringing together the pool production and distribution companies. Banco Sabadell acquired 20% of the share capital and joined the four owner families. Eloy led the change in logistical model. In 2006, Fluidra reached its current size with the incorporation of four previously independent partners. In the same year, Eloy was appointed CEO of the Fluidra group, leading the company to significant milestones: its flotation in 2007, its restructuring in 2008/09, accompanied by an acceleration of the internationalization process in the commercial aspect and the application of lean management in the industrial part of the group. In 2016, Eloy took on the role of Executive Chairman of Fluidra. In that same year he created the Fluidra Foundation. In 2017 a major transformational corporate operation lead by Eloy was announced: the merger with US company Zodiac, which was completed in July 2018. Eloy is Executive Chairman of the Board of Directors of Fluidra, world leader in Pools and Wellness. He is also the President of the Barcelona International Pool Trade Show and of the Catalunya Cultura Foundation.
Mr BRUCE WALKER BROOKS	Co-CEO	Bruce W. Brooks holds a Degree in Marketing from the University of Virginia. Bruce brings significant experience in international management to Fluidra, after more than 20 years at Black & Decker Corporation. In 1986, shortly after obtaining his degree, he started his career at that company, where he held a number of different posts over the years, including group vice-president, president of the consumer product group, president of construction tools and vice-president of mechanical tools. In 2011, he joined Zodiac Pool Solutions where he held the post of CEO. During his time at Zodiac, Bruce led the company to an approach focused on the residential pool market, thus leading the company's financial resurgence after 2011. In 2016, Bruce oversaw the successful transition of ownership from the Caryle Group to the Rhône Group and in 2018 he played a decisive role in in the plan to integrate with Fluidra.

EXECUTIVE DIRECTORS		
Name of director	Position within the company's structure	Profile
		Throughout his career, Bruce has shown great skill in the management and development of existing companies as well as in their expansion into new markets, at both domestic and international level and is highly valued for his strategic reasoning and his capacity to develop and execute systems and processes with the successful attainment of short and long-term goals. Bruce holds the post of co-CEO and is also a member of the Board of Directors of Fluidra.

Total number of executive directors	2
% of total board	16.67

There are no observations.

EXTERNAL PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented by the director or that proposed the director's appointment	Profile
Mr JOSÉ MANUEL VARGAS GÓMEZ	RHÔNE CAPITAL LLC	José Manuel Vargas has been a senior advisor at Rhône since 2006 and became a partner in November 2017. From April 2020, he is also Executive Chairman of Maxam. Previously he had been Chairman and CEO of Aena SME, SA, and led the restructuring process and partial privatization of the company and its IPO in 2015. He has also held the posts of CEO and Financial Director of Vocento and as a director of ABC. Prior to working in the communication sector, he had been financial director and general secretary of JOTSA (of the Philipp Holzmann group). José Manuel has served on a number of boards, such as those of the COPE radio station, Net TV and the newspaper Correo. In 2015 he won the prize for Best Executive of the Year awarded by the Spanish Executives Association (Asociación Española de Directivos -AED) and was named Person of the Year in the economic and financial field by Spanish economic newspaper El Economista. He graduated from the Complutense University of Madrid and holds a Law Degree from UNED. He is also a chartered accountant. Mr Vargas is currently also a member of the Board of Directors of Fluidra.

EXTERNAL PROPRIETARY DIRECTORS		
Name of director	Name of significant shareholder represented by the director or that proposed the director's appointment	Profile
Mr BERNARDO CORBERA SERRA	EDREM, S.L.	Born in Barcelona in 1965, he holds a Degree in Business Science from E.S.E.I. and has completed the IESE Senior Executive Programme. In the past he has held several posts in the Fluidra Group. In particular, he started his career at Astral Export, S.A. where he was responsible for expansion in Africa, the Middle East and Central America. In 1993, he moved to the USA where he took on the market study and subsequent implementation of Astral Products and Polytank in that country. In 1999, he joined Astral Grup with responsibility for North America and Mexico and was appointed as a member of the Executive Committee. In 2000 he was appointed to the Board of Directors of Fluidra, and CEO of Edrem, S.L., a family investment company. In addition, he manages and is a member of the board of several family businesses or in which he is a significant investor.
Mr OSCAR SERRA DUFFO	BOYSER, S.L.	Born in Barcelona in 1962. He obtained a Degree in Business Administration from Management School in 1981. He started his career in the marketing area of several family businesses, notably La Casera and Schweppes. In 1989 he joined the Commercial department of Plasteral, taking responsibility for the Spas division. Throughout his career he has worked in the areas of marketing and communication. At present, he does not provide services for the Fluidra Group, focusing his professional activity on the management of several real estate, communication and family companies. He is the chairman of the Board of Directors of Boyser, S.L.
PIUMOC INVERSIONS, S.L.U.	ANIOL, S.L.	The natural person acting as representative of Piumoc Inversions, S.L.U. in exercising the post of Director is Mr Bernat Garrigós Castro, whose profile is as follows: Born in Barcelona in 1967. He obtained a Degree in Biology from the University of Barcelona in 1991, and later, in 1994, studied for a Master's Degree in Environmental Management at Duke University and an Executive Development Programme organized by IESE Business School. Since 2004, Bernat has managed Aniol, S.L. He is currently involved in several projects involving new technologies. His career in the Fluidra Group has included posts in several companies. From 1995 to 1998 he was Product Manager at Astral Grup and subsequently, until 2002, held the post of Production Manager at Servaqua, S.A. Bernat is CEO of Aniol, S.L.

EXTERNAL PROPRIETARY DIRECTORS

Name of director	Name of significant shareholder represented by the director or that proposed the director's appointment	Profile
Mr SEBASTIEN SIMON MAZELLA DI BOSCO	RHÔNE CAPITAL, LLC	Mr Sébastien Mazella di Bosco joined Rhône in 2005 and became Managing Director and a member of the Investments Committee in 2013. Previously, he had worked at the investment banking department of Lazard Frères in New York, specializing in mergers, acquisitions and North American and transatlantic capital markets in the consumer, food and retail sectors. During his time at Rhône, he has participated in the detection, execution and monitoring of investments in a wide range of sectors, such as industry, packaging, aviation, services and the consumer sector. He also covers the French and Benelux markets in all kinds of sectors. He currently serves on the Board of Fluidra (BME: FDR) and monitors Rhône's investment in Vista Global Holding. Previously he also held posts on the Boards of several companies in Rhône's investment portfolio, such as Ranpak, Arizona Chemical and Eden Springs. He graduated from the HEC School of Management and obtained a Degree in Philosophy from the Sorbonne in Paris.
Mr MICHAEL STEVEN LANGMAN	RHÔNE CAPITAL, LLC	Mr Langman cofounded Rhône in 1996 and has led the day-to-day management of the company since it started. Rhône is an alternative asset management company, specializing in venture capital. Mr Langman is a partner, manager and general director of Rhône. Prior to Rhône, he was managing director at Lazard Frères, where he specialized in mergers and acquisitions. Before joining Lazard Frères, he worked at the mergers and acquisition department of Goldman Sachs. He has more than thirty years' experience in financing, analysing and investing in public and private companies. As well as his post on the board of Fluidra, S.A., he currently serves on the board of CSM Bakery Solutions, Hudson's Bay Company and Vista Global. He is also a director and advisor to several philanthropic and educational institutions. He received a Degree with highest honours from the University of North Carolina at Chapel Hill and has a Master's Degree from the London School of Economics.

Total number de proprietary directors	6
% of total board	50.00

There are no observations.

EXTERNAL INDEPENDENT DIRECTORS	
Name of director	Profile
Mr GABRIEL LÓPEZ ESCOBAR	Born in Madrid in 1956, he holds a Degree in Business Science, a Master's Degree in Economic Sciences and a Postgraduate Diploma in Economic Science Studies and European Studies from the University of Nancy (France). He is registered in the Official Register of Auditors and on the Roster of the US Public Company Accounting Oversight Board (PCAOB). He joined PwC in 1984 and was a partner of the firm until 2014. He has extensive experience in all kind of auditing, financial advising and financial investigation services. He has been responsible for auditing major Spanish groups as well as the subsidiaries of international groups, providing his services to companies such as Abengoa (IBEX 35, Nasdaq), Deutsche Bahn, Kraft Foods, Marsans, Nacex, Randstad, RIU, Quirón, Securitas, Telvent (Nasdaq), ThyssenKrupp, TUI, Volkswagen/SEAT. During his final years at the Firm he was also Chairman of the Supervision Committee of PwC Spain. In 2015 he served as advisor to the Family Board of Grupo Empresarial Fuertes, S.L. He has been an advisor on the Audit Committee of Corporación Químico-Farmacéutico Esteve, S.A. since May 2018. He has been an independent director of BanSabadell Vida, BanSabadell Seguros Generales and BanSabadell Pensiones since July 2020. He has been an independent director of Fluidra since October 2014.
Ms ESTHER BERROZPE GALINDO	Ms Esther Berrozpe was president for Europe, the Middle East and Africa at Whirlpool Corporation and executive vice-president of the company, world leader in the household electrical goods sector, which in 2018 had annual sales of 21 billion dollars, 92,000 employees and 65 production, research and development centres. She holds a degree in Economics and Business Science from Deusto University in San Sebastián. She led the company's integration and transformation process following the acquisition of Indesit Company by Whirlpool in 2014. Esther has extensive international experience of more than two decades in consumer goods companies and has held positions of responsibility both in Europe and the USA. She has also worked for Paglieri, Sara Lee and Wella Group. She also has considerable experience in brand consolidation in the commercial, industrial and logistics area, as well as in talent management and change culture, and in mergers and acquisitions. Esther was an independent director of Pernod Ridard, Ontex Group and Roca Corporación until December 2020, when she was appointed CEO of Ontex Group with effect from 1 st January 2021.
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ	Jorge Constans holds a degree in Economics from the University of Barcelona, the General Management Programme of IESE and Business Management from ESADE. In a career spanning 22 years at Danone, he held several positions in sales, marketing, general management in Spain and was later Chairman and CEO of Danone France. He was then responsible for the Europe region, and responsibility for the USA was later added. During the last two years in the company he was chairman of the dairy product division, with turnover of 12 B€ and present in more than 50 countries. At Louis Vuitton he held the position of Chairman and CEO. He currently serves on the Boards of THOM Europe (leader in the jewellery sector in France), Puig and Fluidra.
Mr BRIAN MCDONALD	Mr Brian McDonald was CEO of RGIS from 2014 to 2017. RGIS is the world's leading inventory management company, a 680-million-dollar business with 53,000 associates in 30 countries around the world. Before joining RGIS, Brian was executive vice-president and operations directors at Tyco International, where he had direct responsibility for its fire and security installation and services division valued at 7.8 billion dollars. Brian worked at Tyco for more than 10 years in different roles, including Sales Director, Vice-President of Field Operations, Vice-President of Southern Operations and Managing Director of ADT United Kingdom/Ireland. Before joining Tyco, Brian held several executive positions with the UTC Power and Otis Elevator units of United Technologies.

EXTERNAL INDEPENDENT DIRECTORS

Name of director	Profile
	He has a Degree in Physics from the US Naval Academy and MBA in Operations management from the University of Virginia Darden Graduate School of Business. On graduating from the Naval Academy, Brian served for 5 years as a lieutenant and division officer aboard a US Navy aircraft carrier, overseeing its nuclear systems.

Total number of independent directors	4
% of total board	33.33

There are no observations.

State whether any director classified as independent receives from the company or its group any amount or benefit for items other than director remuneration, or maintains or has maintained during the last year a business relationship with the company or with any company of its group, whether in the director's own name or as a significant shareholder, director, or senior manager of an entity that maintains or has maintained such a relationship.

If applicable, include a reasoned statement from the board regarding the reasons why it considers that the director in question can carry out his duties as an independent director.

Name of director	Description of relationship	Reasoned statement
No data		

OTHER EXTERNAL DIRECTORS

Identify the other external directors and describe the reasons why they cannot be considered proprietary or independent directors, as well as their ties whether with the company, its management or its shareholders:

Name of director	Reasons	Company, director or shareholder with which the director has ties	Profile
No data			

Total number of other directors	N.A.
% of total board	N.A.

State the changes, in any, in the category of each director during the period:

Name of director	Date of change	Former category	Current category
No data			

C.1.4 Complete the following table with information regarding the number of female directors for the last 4 years, as well as the category of such directors:

	Number of female directors				% of total directors of each category			
	2020	2019	2018	2017	2020	2019	2018	2017
Executive					0.00	0.00	0.00	0.00
Proprietary				1	0.00	0.00	0.00	25.00
Independent	1	1			25.00	25.00	0.00	0.00
Other External					0.00	0.00	0.00	0.00
Total	1	1		1	8.33	8.33	0.00	11.11

C.1.5 State whether the company has diversity policies in relation to the board of directors of the company on such matters as age, gender, disability, or professional training and experience. Small and medium-sized enterprises, as defined in the Auditing Act, must disclose at least the policy they have implemented in relation to gender diversity.

- Yes
 No
 Partial policies

If such diversity policies exist, describe them, their goals, the measures and the way in which they have been applied and the results obtained during the year. Also state the specific measures adopted by the board of directors and the appointments and remuneration committee to achieve a balanced and diverse presence of directors.

If the company does not apply a diversity policy, explain the reasons why it does not do so.

Description of policies, goals, measures and how they have been applied, as well as the results obtained

The Fluidra Board of Directors Regulations establish that the Board of Directors, in exercising its powers of proposal to the General Shareholders' Meeting and co-optation to fill vacancies, shall strive to ensure that, as far as possible, external or non-executive directors represent an ample majority over executive directors, in the composition of the board. Furthermore, the number of independent directors should represent at least one third of the total number of directors.

The Appointments and Remuneration Committee Regulations approved by the Board of Directors in March 2021 (previously regulated in article 14 of the Board of Directors Regulations) also establish that the Appointments and Remuneration Committee is responsible for evaluating the necessary skills, knowledge and experience on the Board, defining as a result the functions and aptitudes required in the candidates to fill vacancies, evaluating the time and dedication required for them to fulfil their duties. For this purpose: (a) it will draw up a matrix of necessary skills of the Board of Directors to help the Appointments and Remuneration Committee to analyse the skills, knowledge and experience of the directors who are members of the Board and to define the functions and aptitudes of the candidates who are to cover any vacancies arising; (b) it will evaluate the time and dedication required for them to fulfil their duties effectively; and (c) it will promote programs to update directors'

knowledge, when necessary. The Appointments and Remuneration Committee should also establish representation targets for the least-represented sex on the board, drawing up guidelines on how to reach this target and reporting to the Board on matters of gender diversity and qualifications of directors.

The selection policy for candidates to hold positions on the Board of Fluidra (“Selection Policy”) is aimed at favouring an appropriate composition of the Board of Directors. In accordance with the Good Governance Code for Listed Companies, the Selection Policy ensures that the proposed appointments of Company directors are based on a prior analysis of the Company’s needs, and favours diversity of knowledge, experience and gender within the Board of Directors.

In accordance with the Selection Policy, the Board of Directors is to ensure that selection procedures favour diversity of gender, experience and knowledge, so that they do not suffer from implicit bias that could lead to any kind of discrimination and, in particular, could hinder the selection of female candidates, promoting an increase in their presence in light of best corporate governance practice, subject at all times to the fundamental principle of merit and suitability of the candidate in line with the analysis of the Company’s needs carried out by the Board of Directors. Thus, the selection of candidates should strive to achieve a suitable balance in the Board of Directors as a whole that enriches decision making and brings multiple points of view to the debate on the matters on which it is competent.

In accordance with the Selection Policy, when a vacancy arises, the Board of Directors will instruct the Appointments and Remuneration Committee to draw up a report setting out the evaluation of the skills, knowledge and experience, and also the diversity that are necessary in the Board of Directors and define, consequently, the required functions and aptitudes of the candidates to fill each vacancy. Based on this report, the Board of Directors will carry out an analysis of the needs of the Company, the group and the Board of Directors which is to serve as the starting point for the selection process. The candidate selection process must, in any case, avoid any kind of bias that could lead to discrimination and, in particular, could hinder the selection of persons of either sex.

The Company applies the policy of diversity in selecting directors described above to fill the vacancies that arise on the Board of Directors that are to be filled with new candidates.

- C.1.6 Explain any measures approved by the Appointments Committee in order for selection procedures to be free of any implicit bias that hinders the selection of female directors, and in order for the company to search deliberately for women who meet the professional profile that is sought and include them among potential candidates and reach a balanced presence of men and women. Also state whether these measures include measures to foster the presence of a significant number of female senior executives:

Explanation of measures

In its Director selection and appointment criteria approved by the Board of Directors, Fluidra establishes that the company will take gender diversity into consideration in choosing directors, with the object of ensuring equality of opportunity as indicated in the Equality Act, the Code of Commerce, the Companies Act and the Auditing Act, with regard to non-financial and diversity reporting. Similarly, Fluidra will strive to achieve in relation to its Board of Directors, not only gender diversity, but also geographical diversity and diversity of age and professional experience. Accordingly, in the selection process, candidates will be evaluated under criteria of equality and objectivity, avoiding explicit bias that could lead to discrimination and, in particular, hinder the selection of female directors.

In addition to the measures included in the Selection Policy to foster diversity, described in section C.1.5 above, one of the principles of which is to avoid, in the selection of candidates, any kind of bias that could lead to discrimination and, in particular, hinder the selection of persons of either sex, the ESG (Environmental, Social and Corporate Governance) Policy determines that all persons, irrespective of their race, gender, relation or ideology have the same opportunities of access to the organization and personal treatment, to develop their professional potential, following the group’s principles and values. Furthermore, in accordance with the ESG Policy, the Company must foster a business culture based on equality of treatment and opportunities between men and women.

In 2020, there have been no vacancies to cover with new directors, the last selection process having taken place in 2019 as a result of the resignation of two independent directors as the maximum term of 12 years in the post, established in the Fluidra Board of Directors Regulations, had expired. The Appointments and Remuneration Committee explicitly informed the external advisor responsible for the entire selection process that the female sex was to prevail if the candidate had the suitable profile in terms of experience, knowledge and skills in order to foster gender diversity. As a result of the interest shown throughout the selection process, Esther Berrozpe, a professional with considerable international and extensive experience in mergers and business consolidations in the industrial area and in commercial brand consolidation, joined the Board. With regard to the other vacancy, after interviewing a significant number of candidates, most of them female, the person finally chosen for the post was Brian McDonald, as he was the candidate who best fitted the professional and skills profile that the Company required.

Furthermore, in the last selection process to fill a vacant senior management position, specifically, the position of HR Manager, which took place in 2019, the vacancy was filled by Amalia Santallusia.

The aim of the Appointments and Remuneration Committee is to continue increasing the number of female representatives on the Board of Directors and in Senior Management so that they become more balanced as future vacancies arise on the Board of Directors and in Senior Management to be filled by new candidates.

If there are few or no female directors or senior managers despite any measures adopted, describe the reasons for this:

Explanation of reasons

One of the goals of the Appointments and Remuneration Committee in relation to the director and senior management selection policy is to favour diversity in terms of professional background, knowledge, nationality and, especially, gender. The Appointments and Remuneration Committee is aware that currently it does not comply with the Corporate Governance recommendation concerning the percentage of women on the Board, and is therefore taking the necessary measures to increase the number of women on the Board of Directors and in Senior Management. However, such an increase can only occur when new candidates are selected to cover future vacancies on the Board, provided that the woman's skills profile is comparable to or superior to that of the male candidates. Evidence that the measures taken in relation to the selection of female directors and senior managers is working is that one of the last two vacancies on the Board has been filled by a woman, as well as the last senior management vacancy. The Appointments and Remuneration Committee continues to work so that future selection processes will continue to favour gender diversity on the Board of Directors and in Senior Management.

C.1.7 Explain the conclusions of the appointments committee regarding verification of compliance with the policy aimed at favouring an appropriate composition of the board of directors.

The Appointments and Remuneration Committee oversees compliance with the director Selection Policy for the purpose of ensuring that selection processes take into consideration gender diversity balanced with other criteria of the profile being sought such as knowledge, nationality, experience and solvency.

C.1.8 Explain, if applicable, the reasons why proprietary directors have been appointed at the proposal of shareholders whose shareholding is less than 3% of share capital:

Name of shareholder	Justification
No data	

State whether there has been no answer to formal petitions for presence on the board received from shareholders whose shareholding is equal to or greater than that of others at whose proposal proprietary directors have been appointed. If applicable, describe the reasons why such petitions have not been answered:

Yes
 No

C.1.9 State any powers and faculties delegated by the board of directors to CEOs or committees of the board:

Name of director or committee	Brief description
ELOY PLANES CORTS	The Board of Directors has delegated on a permanent basis all the faculties permitted by law to Mr Eloy Planes, who has been legally appointed as CEO of the Company.
BRUCE WALKER BROOKS	The Board of Directors has delegated on a permanent basis all the faculties permitted by law to Mr Bruce Walker Brooks, who has been legally appointed as Co-CEO of the Company.

C.1.10 Identify any members of the board who are directors, representatives of directors or officers of other companies that form part of the listed company's group:

Name of director	Name of group company	Position	Does he/she have executive duties?
Mr ELOY PLANES CORTS	ASTRAL NIGERIA, LTD	DIRECTOR	NO
Mr ELOY PLANES CORTS	FLUIDRA COMMERCIAL, S.A.U.	Joint CEO	YES
Mr ELOY PLANES CORTS	INNODRIP, S.L.	Director	NO
Mr ELOY PLANES CORTS	FLUIDRA FINCO, S.L.U.	JOINT CEO	YES

[-----]

C.1.11 Identify, if any, the directors of your company or representatives of directors that are legal entities, who are members of the board of directors or representatives of directors that are legal entities of other companies listed on regulated securities markets other than group companies that have been reported to your company:

Name of director	Name of listed company	Position
Ms ESTHER BERROZPE GALINDO	ONTEX GROUP	DIRECTOR

[-]

C.1.12 State and, if applicable, explain whether the company has established rules on the maximum number of boards on which directors may serve, identifying, where appropriate, where this is regulated:

- Yes
 No

C.1.13 State the following items relating to the total remuneration of the board of directors:

Remuneration of the board of directors accrued in the year (thousand euros)	3,905
Amount of vested pension rights for present directors (thousand euros)	543
Amount of vested pension right for former directors (thousand euros)	

[Of the amount shown above in respect of vested pension rights for present directors, xxx thousand euros accrued in 2020.]

C.1.14 Identify the members of the company's senior management who are not executive directors and state the total remuneration accruing to them during the year:

Name	Position
Mr TROY FRANZEN	BUSINESS GENERAL MANAGER - AMERICAS
Mr JOE LINGUADOCA	GLOBAL OPERATIONS MANAGER
Mr KEITH MCQUEEN	GLOBAL INNOVATION AND DEVELOPMENT MANAGER
Mr CARLOS FRANQUESA CASTRILLO	BUSINESS GENERAL MANAGER - EMEA
Mr JAVIER TINTORÉ SEGURA	CFO
Mr NICOLÁS MARTÍNEZ FERNÁNDEZ	GLOBAL INTERNAL AUDIT AND COMPLIANCE MANAGER
Ms AMALIA SANTALLUSIA AGUILAR	GLOBAL HUMAN RESOURCES AND CORPORATE SOCIAL RESPONSIBILITY MANAGER
Mr STEPHEN MATYSIAK	BUSINESS GENERAL MANAGER - APAC
Mr JAUME CAROL PAÑACH	INDUSTRIAL MANAGER

Number of women in senior management	1
Percentage of total members of senior management	11.11
Total senior management remuneration (in thousand euros)	3,911

C.1.15 State whether the board regulations have been amended during the year:

Yes
 No

Description of amendments

Amendment of article 15.5 of the Board Regulations, in order to reinforce the functions of the Lead Director, which now reads as follows:

Article 15.5:

To the extent that the Chairman of the Board is an executive director of the Company, the Board of Directors must necessarily appoint an independent director as lead director, with the abstention of the executive directors. The lead independent director will be empowered to.

- (a) request that a Board meeting be convened, or the inclusion of new items on the agenda of an existing meeting;
- (b) co-ordinate and liaise with the non-executive directors and voice their concerns;
- (c) lead the Board's evaluation of its Chairman;
- (d) chair Board meetings in the absence of the Chairman and the Vice-Chairmen, if any; and
- (e) coordinate the Chairman succession plan.

Furthermore, at the Chairman's request or when the Board so resolves, the Lead Independent Director may contact investors and shareholders to find out their points of view for the purpose of forming an opinion on their concerns, particularly in relation to the Company's corporate governance.

In the event that one or more Vice-Chairmen of the Company are categorized as independent directors, the Board will empower any of them to carry out the functions referred to here.

C.1.16 State the procedures for the selection, appointment, re-election and removal of directors. Describe the competent bodies, the procedures to be followed and the criteria applied in each procedure.

Article 171 of the Board Regulations establishes that directors will be appointed at the proposal of the Appointments and Remuneration Committee, in the case of independent directors, and following a prior report by the Appointments and Remuneration Committee in the case of all other directors, by the General Shareholders' Meeting or by the Board of Director. The proposal for appointment or re-election must be accompanied by a justificatory report from the Board assessing the competence, experience and merits of the proposed candidate, which will be attached to the minutes of the General Shareholders' Meeting or Board meeting. These provisions will also apply to the natural persons

who are designated as the representatives of a director that is a legal person. The proposal of the natural person must be submitted for a report by the Appointments and Remuneration Committee.

In relation to external directors, article 18 of the Board Regulations establishes that the Board of Directors will strive to ensure that the elected candidates are persons of acknowledged solvency, competence and experience, and must exercise particular rigour in relation to those persons who are called upon to fill the positions of independent director established in article 6 of the Board Regulations.

In accordance with the provisions of the Appointments and Remuneration Committee Regulations approved in March 2021 (previously regulated in article 14 of the Board of Directors Regulations), the Appointments and Remuneration Committee will evaluate the necessary skills, knowledge and experience in the Board and will define, consequently, the functions and aptitudes necessary in the candidates who are to fill each vacancy and will evaluate the time and dedication required for them to carry out their duties properly. For this purpose it will, among others: (a) draw up a matrix of necessary skills of the Board of Directors to help the Appointments and Remuneration Committee to analyse the skills, knowledge and experience of the directors who are members of the Board and to define the functions and aptitudes of the candidates who are to cover any vacancies arising and (b) evaluate the time and dedication required for them to fulfil their duties effectively.

Removal of Directors: Article 21.1 of the Board Regulations establishes that directors will be removed from their post when the period for which they were appointed has ended and when the General Meeting so decides making use of the faculties conferred on it by law or the Articles of Association. Reference should therefore be made to the situations established in the Companies Act, specifically in article 223 and following.

The Board may only propose the removal of an independent director before the end of the term established in the Articles of Association when there is due cause, observed by the Board following a report by the Appointments and Remuneration Committee. In particular, due cause will be deemed to exist when the director has failed to comply with the inherent duties of the position or has incurred in the course of the term of office in any of the circumstances of impediment described in the definition of independent director established in the Companies Act.

In accordance with the Selection Policy, the selection of candidates is based on a prior analysis of the needs of the Company, the group and the Board. The Board must ensure that the procedures for selecting its members favour diversity of gender, experience and knowledge, so that they do not suffer from implicit bias that could lead to any kind of discrimination and, in particular, could hinder the selection of female candidates, promoting an increase in their presence in light of best corporate governance practice, subject at all times to the fundamental principle of merit and suitability of the candidate in line with the analysis of the Company's needs carried out by the Board of Directors. When a vacancy arises, the Board of Directors will instruct the Appointments and Remuneration Committee to draw up a report setting out the evaluation of the skills, knowledge and experience, and also the diversity that are necessary in the Board of Directors and define, consequently, the required functions and aptitudes of the candidates to fill each vacancy. Based on this report, the Board of Directors will carry out an analysis of the needs of the Company and the group, which is to serve as the starting point for the selection process. The Company may make use of the services of external advisors for the prior analysis of the Company's needs, the search for or evaluation of candidates to the post of director or the evaluation of their performance.

The candidate selection process must, in any case, avoid any kind of bias that could lead to discrimination and, in particular, could hinder the selection of persons of either sex.

Any director may ask the Appointments and Remuneration Committee to take potential candidates into consideration to cover vacancies on the Board, provided that they meet the requisites established in this Policy, for the Committee to decide whether it considers them suitable.

When the re-election of any director is being considered, the re-election proposal submitted to the General Meeting by the Board must be preceded by a report issued by the Appointments and Remuneration Committee. This report will evaluate, especially, the director's performance during his or her term of office and his or her capacity to continuing performing duties satisfactorily.

In particular, in the case of independent directors, particular consideration will be given to the analysis of the Company's needs in order to determine whether the candidate for re-election can perform the functions and has the skills required by the Board.

C.1.17 Explain the extent to which the annual evaluation of the board has given rise to significant changes in its internal organization and to the procedures applicable to its activities:

Description of changes

In accordance with the provisions of the Appointments and Remuneration Committee Regulations approved in March 2021 (previously regulated in article 14 of the Board Regulations), the Appointments and Remuneration Committee will evaluate the necessary skills, knowledge and experience on the Board and will define the necessary duties and aptitudes of the candidates to fill each vacancy accordingly, and will evaluate the time and dedication required in order to discharge the duties well. For this purpose: (a) it will draw up a matrix of necessary skills of the Board of Directors to help the Appointments and Remuneration Committee to analyse the skills, knowledge and experience of the directors who are members of the Board and to define the functions and aptitudes of the candidates who are to cover any vacancies arising; (b) it will evaluate the time and dedication required for them to fulfil their duties effectively; and (c) it will promote programs to update directors' knowledge, when necessary. The Appointments and Remuneration Committee will also lead and co-ordinate the annual performance evaluation process of the Board of Directors, the Chairman of the Board, its Committees, their members and of executive directors.

In 2018, the Appointments and Remuneration Committee was assisted by an external consultant, Seeliger y Conde, with the aim of analysing and evaluating the new composition and operation of the Board and its committees following the merger of Fluidra with the Zodiac group. The external consultant concluded that the performance of the Board of Directors was positive, indicating certain areas of improvement in the way the Board works which were implemented in the course of 2019 for the purpose of continuing with the integration of new directors, although they did not involve important changes in internal organization or in the procedures applicable to its activities. In 2020, the evaluation of the Board has been carried out by the Appointments and Remuneration Committee without the participation of external consultants. The conclusion reached was that the performance of the Board of Directors is positive, and that the integration of the new directors appointed in 2019 has been completed successfully and the action plans proposed in 2019 have been fulfilled.

Describe the evaluation process and the areas evaluated by the board of directors, assisted, as the case may be, by an external consultant, regarding the operation and composition of the board and its committees and any other area or aspect that has been evaluated.

Description of evaluation process and areas evaluated

The evaluation of the Board of Directors was carried out in 2020 without the participation of an external consultant and taking into account not only the recommendations of the Good Governance Code for Listed Companies but also international good governance best practice. The aim of this evaluation was to analyse the performance level of the Board, evaluating its organization, practice, composition and structure.

The evaluation of the Board has been carried out through an anonymous survey of the directors, with very similar questions to those asked in 2019 in order to compare results and evaluate the effectiveness of the action plan defined following the previous year's evaluation process. After the answers to the survey had been obtained, a report was drawn up on the result of the evaluation which has been discussed by the Appointments and Remuneration Committee which, as was the case last year, proposed four actions plans or recommendations to continue improving the excellent results obtained.

The results of the evaluation together with the proposed action plan has submitted to the Board of Directors and was approved by it.

The aspects evaluated were the operation of the Board of Directors and its committees, the quality of the Board and its composition, evaluating the professional and functional experience and soft skills of members, in order to offer individual feedback to maximize the contribution of the evaluation.

The areas evaluated were as follows:

- Operational evaluation and day-to-day working of the Board
- Evaluation of the Board's practices and tasks. This area is the one which obtained the best results compared to the previous year, as a result of the attainment of the measures designed in the action plan following the 2019 survey.
- Individual and collective evaluation of the Board's performance
- Evaluation of the Board's competences
- Training initiatives

C.1.18 In years when the evaluation has involved the assistance of an external advisor, detail any business relationship that the consultant or any company of its group have with the company or any of the group companies.

In 2018 the evaluation was carried out by the external consultant Seeliger y Conde, while in 2019 and 2020 it was carried out by the Appointments and Remuneration Committee.

C.1.19 State the circumstances in which the resignation of directors is mandatory.

In accordance with article 21.2 of the Board Regulations, directors must offer their resignation to the Board of Directors, formalizing their resignation if the Board so decides, in the following cases:

- a) When they cease to hold the executive position to which their appointment as director was associated.
- b) When they incur in any of the situations of incompatibility or prohibition established by law.
- c) When they are severely reprimanded by the Board of Directors because of breaching their obligations as directors.
- d) When their continued presence on the Board could jeopardize or damage the Company's interests, credit or reputation or when the reasons for which they were appointed no longer exist (for example, when a proprietary director disposes of its shareholding in the Company).
- e) In the case of independent directors, they may not remain in their position as such for a continued period of more than 12 years, and therefore at the end of that term they must offer their resignation to the Board of Directors.
- f) In the case of proprietary directors (i) when the shareholder they represent sells the shareholding in full and; furthermore (ii) in respect of the corresponding number, when the aforesaid shareholder reduces its shareholding to a level that requires a reduction in the number of proprietary directors.

- Article 21.3 also establishes that, in the event that a director ceases to hold his position before the end of the term of office, due to resignation or any other reason, the aforesaid director must explain the reasons in a letter which will be sent to all the members of the Board.

C.1.20 Are qualified majorities, different from the statutory majorities, required to adopt any type of decision?

Yes
 No

If so, describe the differences.

Description of differences

The Shareholders Agreement formalized on 03/11/2017, reported in Relevant Event notice no. 258222, establishes certain qualified majorities in order to pass certain resolutions by the Board. These qualified majorities are also established in article 42 of the Articles of Association and article 16 of the Board Regulations.

In this regard, in accordance with the provisions of article 16.4 of the Board Regulation, the majorities indicated below will be required in order to pass resolutions on the following matters ("Reserved Matters"):

- (i) The removal of the Secretary to the Board of Directors will require that at least seven (7) members of the Board vote in favour;
- (ii) The removal of any member of Senior Management will require that at least seven (7) members of the Board vote in favour provided that at least one of the proprietary and/or executive directors of each of the two groups of shareholders existing at the date of these Regulations votes in favour;
- (iii) The admission of the Company's shares for trading on the New York Stock Exchange or any comparable market that grants efficient access to capital markets will require that the resolution be passed (i) with the vote in favour of at least seven (7) members of the Board provided that at least one of the proprietary and/or executive directors of each of the two groups of shareholders existing at the date of these Regulations votes in favour or (ii) with the unanimous vote of all the members of the Board of Directors other than the proprietary and executive directors proposed by either of the two groups of majority shareholders in the Company existing on the date of these Regulations (i.e. eight (8) of the twelve (12) directors);
- (iv) The following reserved matters will require that at least nine (9) members of the Board vote in favour:
 - a. the appointment and removal of the Chairman of the Board of Directors;
 - b. the appointment and removal of the CEO;
 - c. the delegation of faculties by the Board to the Executive Committee, and the appointment of any of its members;
 - d. the appointment of the Secretary of the Board of Directors;
 - e. the appointment of any member of Senior Management,
 - f. any change in the list of positions that make up Senior Management;
 - g. additional long-term borrowing by the Company or any group company to the extent that such long-term borrowing means that the ratio of long-term net debt to consolidated adjusted EBITDA is more than 3:1 and
 - h. the modification of the number of members of Board committees.

For the purposes of this section, "Senior Management" will be understood to refer to persons who hold the post of Financial General Manager, General Manager for Europe, Asia, Latam and the Southern Hemisphere, Operations General Manager or General Manager for the Americas. The Board of Directors may modify the definition of "Senior Management" at any time.

C.1.21 Explain whether there are specific requirements, other than the requirements relating to directors, in order to be appointed chairman of the board of directors:

Yes
 No

Description of requirements

In accordance with the provisions of article 8 of the Board Regulations, the Chairman of the Board of directors will be elected out of the Board members with the favourable vote of at least nine (9) Board members, as established in the Company's Articles of Association, following a report from the Appointments and Remuneration Committee. The removal of the Chairman of the Board will require that the corresponding resolution be passed with the favourable vote of at least nine (9) members of the Board of Directors.

C.1.22 State whether the Articles of Association or the Board regulations establish any age limit for directors:

- Yes
 No

C.1.23 State whether the Articles of Association or the Board regulations establish any limit on the term of office or other stricter requisites in addition to those established by law for independent directors, that is different from the term established by regulatory provisions:

- Yes
 No

C.1.24 State whether the Articles of Association or the Board regulations establish specific rules for proxy voting at Board meetings through other directors, the manner of doing so and, in particular, the maximum number of delegations that a director may hold, as well as whether any restriction has been established regarding the categories of directors who may be delegated, beyond the restrictions imposed by legislation. If so, briefly describe such rules.

As established in article 16 of the Board Regulations, Directors shall make every effort to attend Board meetings and when it is impossible for them to attend in person, they will grant representation in writing, on a special basis for each meeting, appointing another member of the Board as proxy with the pertinent instructions and notifying the Chairman of the Board of Directors of this. Non-executive directors may only delegate another non-executive director to represent them.

C.1.25 State the number of meetings that the board of directors has held during the year. In addition, specify the number of times the board has met, if any, at which the chairman was not in attendance. Proxies granted with specific instructions shall be counted as attendance.

Number of meetings of the board	14
Number of board meetings at which the Chairman was not in attendance	0

State the number of meetings held by the lead independent director with the other directors, at which no executive director was present or represented:

Number of meetings	0
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State the number of meetings held by the different committees of the board during the year:

Number of meetings of the Audit Committee	9
Number of meetings of the Appointments and Remuneration Committee	8
Number of meetings of the Executive Committee	2

C.1.26 State the number of meetings that the board of directors has held during the year and data on attendance of its members:

Number of meetings at which at least 80% of the directors were present in person	14
% of personal attendance with respect to total votes during the year	100.00
Number of meetings at which all directors were present in person or represented by proxies with specific instructions	14
% of votes cast by directors present in person or represented by proxies with specific instructions compared to total votes during the year	100.00

C.1.27 State whether the individual and consolidated annual accounts that are submitted to the board are previously certified:

Yes
 No

Identify, if applicable, the person/persons that has/have certified the individual and consolidated annual accounts of the company for preparation by the board:

C.1.28 Explain the mechanisms, if any, established by the board of directors so that the annual accounts that the board of directors submits to the general shareholders' meeting are drawn up in accordance with accounting legislation.

As established in article 38.3 of the Board Regulations, the Board of Directors will strive to draw up the accounts definitively in such a way that they do not give rise to qualifications by the auditor. In exceptional cases in which there are qualifications, both the Chairman of the Audit Committee and the external auditors will explain clearly to the shareholders the content of such reservations and exceptions. However, when the Board considers that it should uphold its criteria, it will explain publicly the content and scope of the discrepancy.

C.1.29 Is the secretary of the board a director?

Yes
 No

If the secretary is not a director, complete the following table:

Name of secretary	Representative
Mr ALBERT COLLADO ARMENGOL	

C.1.30 State the specific mechanisms established by the company to preserve the independence of the external auditors and the mechanisms, if any, to preserve the independence of financial analysts, investment banks and rating agencies, including how legal provisions have been implemented in practice.

To preserve the independence of the external auditors:

Article 13 of the Board Regulations establishes that the Audit Committee has the following functions in relation to the external auditor or audit firm:

- To propose to the Board of Directors, for submission to the General Shareholders' Meeting, the appointment of external auditors or audit firms as referred to in article 264 of the Companies Act, and their contract conditions, the scope of their professional engagement and, as the case may be, their revocation or non-renewal;
- To handle and supervise relations with the auditors or audit firms to receive information on any matters that could jeopardize their independence, so that they can be examined by the Committee, and any other matters related to the auditing process, as well as any other communications established in auditing legislation and auditing standards.
- It must in any case receive each year from the auditors or audit firms written confirmation of their independence from the company or entities related to it directly or indirectly, and information on any additional services of any kind provided to such entities and the professional fees received from them by such auditors or audit firms, or by persons or entities related to them in accordance with the provisions of legislation on Auditing.
- To issue annually, prior to the issue of the audit report, a report expressing an opinion on the independence of the auditors or audit firms. This report must contain the valuation of the provision of additional services as referred to above, other than statutory audit, individually considered and in aggregate, and in relation to the regime of independence or to legislation regulating auditing.
- To receive information on a regular basis from the auditor or audit firm on the audit plan and the results of the audit and verify that senior management has taken their recommendations into account;
- To ensure the independence of the auditor or audit firm and, for that purpose, (i) that the Company report the change in auditor to the CNMV as a relevant event, together with a statement on the existence of any disagreements with the outgoing auditor and, if any, the content thereof; (ii) that the Company and the auditor respect the legal rules in force on the provision of non-audit services and, in general, the other legal provisions established to ensure the auditors' independence; and (iii) that in the event of the resignation of the auditor or audit firm the circumstances causing it be examined.
- In the case of groups, favour that the auditor of the group undertake responsibility for the audits of the companies that make up the group.

In turn, article 54 of the Company's Articles of Association establishes that the auditors are to be appointed by the General Meeting before the end of the financial year that is to be audited, for an initial term, which may not be less than three years nor more than nine years, as of the date on which the first financial year to be audited commences, notwithstanding the provisions established in the legislation regulating the audit activity with regard to the possibility of an extension.

The General Meeting may appoint one or several natural or legal persons who will act jointly.

When the persons appointed are natural persons, the General Meeting must appoint as many alternates as principal auditors.

The General Meeting may not revoke the auditors' appointment before the end of the term for which they were appointed, unless there is due cause.

The Audit Committee will refrain from proposing to the Board of Directors, and the latter in turn will refrain from submitting to the General Meeting, the appointment as auditor of the Company's accounts of any firm that incurs in a cause of incompatibility under legislation on auditing as well as any firms in which the fees to be paid to them by the Company, for all services, are more than five per cent of its total revenues during the last financial year.

To preserve the independence of financial analysts, investment banks and rating agencies:

The Company maintains relations with financial analysts and investment banks in which it ensures the transparency, non-discrimination, veracity and reliability of the information provided. Corporate Financial General Management, through Investor Relations Management, is responsible for co-ordinating relations with and handling requests for information from institutional or private investors. The mandates to investment banks are granted by Corporate Financial General Management while Analysis and Planning Management handles the work with such banks.

In 2018 the Company obtained credit ratings from Moody's and Standard & Poor's, which are published on the company's website and were originally reported to the market through Relevant Event notices number 261590 and number 268995. These credit ratings from Moody's and Standard & Poor's were updated and confirmed respectively on 27th February and 31st August 2020.

The independence of financial analysts is protected by the existence of Investor Relations Management which is specifically dedicated to dealing with them, guaranteeing objective, equitable and non-discriminatory treatment among investors. To guarantee the principles of transparency and non-discrimination, and complying at all times with the regulations on the Securities Market, the Company has several communication channels:

- . Personalized attention to analysts and investors
- . Publication of information on quarterly, half-yearly and annual results, communications of privileged information and other relevant information. Publication of press releases.
- . E-mail on the website (investor_relations@fluidra.com, accionistas@fluidra.com) . Shareholder information telephone service (34 937243900)
- . Presentations, both face-to-face and by telephone. Visits to the Company's premises

All this information is accessible through the Company's website (www.fluidra.com).

C.1.31 State whether the Company has changed the external auditor. If so, identify the incoming and outgoing auditor:

- Yes
 No

If there has been any disagreement with the outgoing auditor, explain the content of such disagreements:

- Yes
 No

C.1.32 State whether the audit firm performs other non-audit work for the company and/or its group. If so, state the amount of the fees received for such work and the percentage this amount represents of the fees billed to the company and/or its group for audit work:

- Yes
 No

	Company	Group companies	Total
Amount of other non-audit work (thousand euros)	57	12	69
Amount of non-audit work / Amount of audit work (%)	33.20	0.93	4.90

C.1.33 State whether the audit report on the annual accounts for the previous year has qualifications. If so, state the reasons given to the shareholders at the General Meeting by the chairman of the audit committee to explain the content and scope of such qualifications.

- Yes
 No

C.1.34 State the number of years for which the current audit firm has been auditing the company's individual and/or consolidated annual accounts without interruption. Also state the percentage that the number of years audited by the current audit firm represents with respect to the total number of years in which the annual accounts have been audited:

	Individual	Consolidated
Number of years without a break	5	5

	Individual	Consolidated
No. of years audited by current audit firm / No. of years the company or its group has been audited (%)	29.40	26.30

C.1.35 State whether there is a procedure to ensure directors have the necessary information to prepare meetings of management bodies sufficiently in advance and, if so, describe it:

- Yes
 No

Description of the procedure

Fluidra adopts the necessary measures so that directors receive, whenever possible, sufficiently in advance the necessary information, specifically drawn up and oriented in order to prepare the meetings of the Board and its Committees.

In this regard, in accordance with article 15 of the Board Regulations, notice of the meetings of the Board of Directors is to be issued at least five days in advance and will always include the agenda for the meeting and the information necessary to deliberate on and pass resolutions on the matters to be discussed included in the agenda, unless the meeting Board of Directors has been held or convened exceptionally for reasons of urgency. The Chairman, as the person responsible for the efficient operation of the Board, with the Secretary's collaboration, will ensure that directors receive such information adequately. The Chairman of the Board of Directors may convene extraordinary meetings of the Board when in his opinion the circumstances so require, and in such cases the term of advance notice and other requisites indicated above do not apply. However, every effort will be made to ensure that any documentation that is to be provided to the Directors is delivered sufficiently in advance. Furthermore, Board meetings will be deemed valid without the need to have been previously convened if all the members are present or represented and agree unanimously to hold a meeting.

Furthermore, the Board and its Committees have an action plan that details and schedules the activities to be carried out each year, according to the competences and tasks assigned to them.

To provide all the information and clarifications necessary in relation to the matters discussed, the principal senior managers of the Group regularly attend the meetings of the Board and its Committees, to provide information on matters within their area of competence.

Furthermore, article 22 of the Board Regulations establishes as follows:

1. Any director may request information on any matter that falls under the competence of the Board and, in this regard, examine its books, records, documents and other documentation. The right to information extends to companies in which a stake is held, whenever possible.
2. The request for information should be addressed to the Secretary of the Board of Directors, who will convey it to the Chairman of the Board of Directors and the appropriate person in the Company.
3. The Secretary will inform the director of the confidential nature of the information he or she requests and receives and of the duty of confidentiality in accordance with the Board Regulations.

C.1.36 State whether the company has established any rules requiring directors to inform the company and, as the case may be, resign, when situations affecting them occur, whether or not they are related to their actions in the company, that could be damaging to the company's credit and reputation, and, if so, provide a detailed description:

- Yes
 No

Explain the rules

Article 32.2 of the Board Regulations establishes the obligation for directors to inform the Company in any cases that might damage the company's credit or reputation and, in particular, to inform the board of any criminal investigations in which they are involved as investigated persons, as well as the subsequent procedural phases, any disqualification procedures initiated against them, any near-insolvency economic situations of any trading companies in which they hold stakes or which they represent or, as the case may be, the commencement of insolvency proceedings against such companies.

This same article also establishes that in the event that a director is prosecuted or a court order is issued against a director for the commencement of a trial for any of the criminal offences listed in article 213 of the Companies Act, the Board will examine the case as soon as possible and, in light of its specific circumstances, will decide whether or not the director is to remain in office.

C.1.37 State whether the board has been informed or is otherwise aware of any situation affecting a member of the board, whether or not it is related to that member's actions in the company, that could be damaging to the company's credit or reputation, unless there are special circumstances that have been duly noted in the minutes:

Yes
 No

C.1.38 Describe the significant agreements entered into by the company that come into effect, are amended, or terminate in the event of a change in control at the company as a result of a takeover bid, and the effects thereof.

Not applicable

C.1.39 Identify individually, when directors are involved, and on an aggregate basis in all other cases, and provide a detailed description of the agreements between the company and its management level and decision-making positions or employees that provide for indemnities, guarantee or "golden parachute" clauses upon resignation or unfair dismissal, or if the contractual relationship is terminated as a result of a takeover bid or other type of transaction.

Number of beneficiaries	9
Type of beneficiary	Description of the agreement
Executive Chairman /CEO / Senior Managers	The Executive Chairman's contract establishes compensation in the event of termination of his contract by Fluidra for any reason, except in the event of serious and culpable or negligent breach of his obligations as an executive director, for an amount equal to two years' salary, based on the gross fixed annual salary received in the year termination occurs and the gross variable annual salary for the preceding year. He will also be entitled to receive this compensation if he decides to end the contract by choice, provided that this is for any of the following causes: serious breach by the Company of the obligations acquired relating to his post. Reduction and substantial limitation of his duties or powers. Substantial modification of the conditions agreed in the contract. Change of ownership of the share capital of Fluidra, whether or not there is any variation in the Company's governing bodies. The contract includes a post-contractual non-compete clause for a term of two years after the end of provision of services.

Type of beneficiary	Description of the agreement
	<p>The economic compensation established for the obligation undertaken by virtue of the non-compete clause is two years' fixed gross annual salary at the time of termination of the contract. The amount of this compensation includes the legal compensation he would be entitled to receive for termination of his previous employment relationship, of sixteen years and seven months, which was suspended by his appointment as a director. The CEO's contract establishes compensation in the event of termination of his contract by Fluidra for any reason, except in the event of serious and culpable or negligent breach of his obligations as an executive director, for an amount equal to one year's salary, based on the gross fixed annual salary received in the year termination occurs and the gross target variable annual salary. He will also be entitled to receive this compensation if he decides to end the contract by choice, provided that this is for any of the following causes: serious breach by the Company of the obligations acquired relating to his post. Reduction and substantial limitation of his duties or powers. Substantial modification of the conditions agreed in the contract. Change of ownership of the share capital of Fluidra, whether or not there is any variation in the Company's governing bodies. The contract includes a post-contractual non-compete clause for a term of two years after the end of provision of services. The economic compensation deriving from the non-compete clause is included in the amount of the remuneration established for the director. Senior Managers: Two Senior Managers have a post contractual non-compete clause for a term of 18 months and two others have such a clause for a term of 12 months after the end of provision of services. 15% of their fixed remuneration remunerates the obligation undertaken by virtue of the post-contractual non-compete clause. Another Senior Manager has a post-contractual non-compete and non-solicitation and restriction on the provision of services clause for a term of 12 months in a specific geographical area which does not provided for any additional compensation other than his annual remuneration. One Senior Manager is entitled to receive compensation in the event of termination of his contract by Fluidra for any reason, except in the event of fair dismissal, the amount of which is equal to one year's fixed gross annual salary at the time of termination. Three Senior Managers are entitled to receive compensation in the event of termination of their contract by the Group within 12 months following the date on which a change in control takes place, or at the manager's choice if such a change in control occurs, the amount of which is equal to one year's fixed gross annual salary as well as payment of medical insurance for a term of not more than 12 months and payment of an outplacement service. One of the Senior Managers is also entitled to receive such compensation in the event that he decides to terminate his contract, provided that this is due to certain causes or in the event of dismissal without cause.</p>

State whether, beyond the cases established by law, such contracts have to be reported to and/or approved by the decision-making bodies of the company or its group. If so, specify the procedures, cases envisaged and the nature of the bodies responsible for approval or reporting:

	Board of Directors	General Meeting
Body that authorizes the clauses	√	
	Yes	No
Is the General Meeting informed of the clauses?	√	

C.2. Committees of the board of directors

C.2.1 Describe all the committees of the board of directors, their members and the proportion of executive, proprietary, independent and other external directors of which they are comprised:

Audit Committee		
Name	Position	Category
Mr GABRIEL LÓPEZ ESCOBAR	MEMBER	Independent
Mr JOSÉ MANUEL VARGAS GÓMEZ	MEMBER	Proprietary
Mr BERNARDO CORBERA SERRA	MEMBER	Proprietary
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ	MEMBER	Independent
Mr BRIAN MC DONALD	CHAIRMAN	Independent

% executive directors	0.00
% proprietary directors	40.00
% independent directors	60.00
% other external directors	0.00

Explain the duties assigned to this committee, including, if appropriate, those that are in addition to the duties established by law, and describe the procedures and rules of organization and operation thereof. For each of these duties, state the most important actions carried out during the year and how each of the duties assigned to it, either by law or the Articles of Association or in corporate resolutions, has been exercised in practice.

The functions of the Audit Committee, and its procedures and rules of organization and operation, are set out in article 13 of the Board of Directors Regulations, and in the Audit Committee Regulations approved by the Board of Directors in March 2021. In this regard, the duties assigned to this Committee correspond mainly to those established by law and duties deriving from good governance recommendations and the Audit Committee Technical Guide. Certain additional duties are included in article 10 of the Audit Committee Regulations, principally with regard to compliance.

The most relevant activities carried out by this Committee in 2020 are detailed in the annual report on the activities of the Audit Committee for 2020, available at www.fluidra.com.

Identify the directors who are members of the audit committee and who have been appointed taking into account their knowledge and experience in the areas of accounting, auditing, or both, and report the data of appointment of the chairman of this committee.

Name of directors with experience	Mr GABRIEL LÓPEZ ESCOBAR / Mr JOSÉ MANUEL VARGAS GÓMEZ / Mr BERNARDO CORBERA SERRA / Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ / Mr BRIAN MC DONALD
Date of appointment of chairman to that post	12/05/2020

Appointments and Remuneration Committee		
Name	Position	Category
Ms ESTHER BERROZPE GALINDO	CHAIRWOMAN	Independent
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ	MEMBER	Independent
PIUMOC INVERSIONS, S.L.U.	MEMBER	Proprietary
Mr SEBASTIEN SIMON MAZELLA DI BOSCO	MEMBER	Proprietary

% executive directors	0.00
% proprietary directors	50.00
% independent directors	50.00
% other external directors	0.00

Explain the duties assigned to this committee, including, if appropriate, those that are in addition to the duties established by law, and describe the procedures and rules of organization and operation thereof. For each of these duties, state the most important actions carried out during the year and how each of the duties assigned to it, either by law or the Articles of Association or in corporate resolutions, has been exercised in practice.

- The duties of the Appointments and Remuneration Committee, and its procedures and rules of organization and operation, are set out in article 14 of the Board of Directors Regulations, and in the Appointments and Remuneration Committee Regulations approved by the Board of Directors in March 2021. In this regard, the duties assigned to this Committee correspond mainly to those established by law and duties deriving from good governance recommendations and the Appointments and Remuneration Committee Technical Guide. The Committee is also entrusted with the task of advising and oversight in matters related to Fluidra's ESG policy and strategy.

The most relevant activities carried out by this Committee in 2020 are detailed in the annual report on the activities of the Appointments and Remuneration Committee for 2020, available at www.fluidra.com.

Executive Committee		
Name	Position	Category
Mr OSCAR SERRA DUFFO	MEMBER	Proprietary
Mr JORGE VALENTÍN CONSTANS FERNÁNDEZ	MEMBER	Independent
Mr ELOY PLANES CORTS	CHAIRMAN	Executive
Mr SEBASTIEN SIMON MAZELLA DI BOSCO	MEMBER	Proprietary
Mr BRUCE WALKER BROOKS	MEMBER	Executive

% executive directors	40.00
% proprietary directors	40.00
% independent directors	20.00
% other external directors	0.00

Explain the duties delegated or assigned to this committee other than those already described in section C.1.9, and describe the procedures and rules of organization and operation thereof. For each of these duties, state the most important actions carried out during the year and how each of the duties assigned to it, either by law or the Articles of Association or in other corporate resolutions, has been exercised in practice.

The duties of the Executive Committee, and its procedures and rules of organization and operation, are set out in article 12 of the Board of Directors Regulations.

The Executive Committee met on two occasions in 2020 and the most relevant activities carried out by this Committee consisted of assisting the Board of Directors in matters of strategy, budget and R&D.

C.2.2 Complete the following table with information regarding the number of female directors on the committees of the board of directors at the end of the last four years:

	Number of female directors							
	2020		2019		2018		2017	
	Number	%	Number	%	Number	%	Number	%
Audit Committee	0	0.00	0	0.00	0	0.00	0	0.00
Appointments and Remuneration Committee	1	25.00	1	25.00	0	0.00	0	0.00
Executive Committee	0	0.00	0	0.00	0	0.00	0	0.00

C.2.3 State, if applicable, the existence of regulations of the board committees, where such regulations may be consulted, and any amendments made during the year. Also state whether any annual report on the activities of each committee has been prepared voluntarily.

APPOINTMENTS AND REMUNERATION COMMITTEE



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The Committee is regulated in the Board of Directors Regulations (article 14), which are published both at the CNMV and on the Company's website. The Company has drawn up an annual report on the activity of the Appointments and Remuneration Committee, the contents of which will be published together with the informative documentation for shareholders in relation to the Ordinary General Shareholders' Meeting.

AUDIT COMMITTEE

The Committee is regulated in the Board of Directors Regulations (article 13) and in the Internal Conduct Regulation, which are published both at the CNMV and on the Company's website. The Company has drawn up an annual report on the activity of the Audit Committee, the contents of which will be published together with the informative documentation for shareholders in relation to the Ordinary General Shareholders' Meeting.

EXECUTIVE COMMITTEE

The Committee is regulated in the Board of Directors Regulations (article 12), which are published both at the CNMV and on the Company's website.

D. RELATED-PARTY TRANSACTIONS AND INTRAGROUP TRANSACTIONS

D.1. Explain any procedure and the competent bodies for the approval of related-party and intragroup transactions.

Transactions with related parties that take place in the context of the sale or purchase of materials and products in the normal course of operations or rental of premises owned by related parties are verified at the end of the year, following instructions of the Audit Committee, by the group's Internal Audit Management with the aim of verifying that the consideration is based on market prices. The results are submitted to the Audit Committee which certifies whether these transactions have been carried out on an arm's length basis. Furthermore, in the middle of the year Internal Audit Management carries out a quantitative analysis of fluctuations in related-party transactions and reports the results to the Audit Committee.

Any related-party transactions that do not correspond to normal business operations are analysed and approved by the Audit Committee and/or the Board of Directors.

D.2. Describe transactions that are significant due to their amount or subject-matter carried out between the company or group companies and the company's significant shareholders:

Name of significant shareholder	Name of company or group company	Nature of the relationship	Type of transaction	Amount (thousand euros)
No data				N.A.

D.3. Describe transactions that are significant due to their amount or subject-matter carried out between the company or group companies and the company's directors or senior managers:

Name of directors or senior managers	Name of company or group company	Relationship	Nature of the transaction	Amount (thousand euros)
No data				N.A.

- D.4.** Report significant transactions carried out by the company with other companies belonging to the same group, provided that they are not eliminated in the process of drawing up the consolidated financial statements and are not part of the company's normal business activity with regard to their object and conditions.

In any case, report any intragroup transaction with entities established in countries or territories considered to be tax havens:

Name of the group company	Brief description of the transaction	Amount (thousand euros)
No data		N.A.

- D.5.** Provide details of significant transactions between the company or group companies and other related parties that have not been reported under previous headings:

Name of the related party	Brief description of the transaction	Amount (thousand euros)
IBERSPA, S.L.	Purchase of goods by FLUIDRA group from IBERSPA.	4,354

- D.6.** Describe the mechanisms established to detect, determine and resolve potential conflicts of interest between the company and/or its group, and its directors, senior managers or significant shareholders.

In accordance with the provisions of the Board of Directors Regulation, a Board member must inform the Board of Directors of the existence of any conflicts of interest and refrain from attending and intervening in the deliberations that affect matters in which that member is subject to a conflict of interest. A conflict of interest of the Board member is also considered to exist when the matter affects any of the following persons: the spouse or person with a similar relationship; ascendants, descendants and siblings and the respective spouses or persons with a similar relationship; ascendants, descendants and siblings of the spouse or person with a similar relationship; and concerted persons and companies or entities on which any of the persons enumerated above may exercise a significant influence. If the Board member is a legal person, the following shall be deemed to be related persons; members who, in relation to the legal person that is a director, are in any of the situations contemplated in the first paragraph of article 42 of the Code of Commerce, Board members, de facto or in law, liquidators and attorneys-in-fact with general powers of the legal person that is a Board member, companies that form part of the same group, and their members and persons who are deemed to be related parties of the representative or director that is a legal person. Board members may not use the Company's name or cite their status as Board members in order to carry out operations on their own account or on the account of persons related to them. Board members may not carry out, directly or indirectly, professional or commercial transactions with the Company unless they notify the Board in advance of the situation of conflict of interest and the Board approves the transaction. In the case of transactions carried out in the ordinary course of the business activity and which are of a habitual or recurring nature, a generic authorization from the Board of Directors will suffice. Board members must report any direct or indirect stake that they or their related persons hold in the capital of a company with the same, a similar or complementary kind of activity to that which constitutes the corporate object. Furthermore, Board members may not engage, on their own account or on the account of another, in the same, a similar or complementary kind of activity to that which constitutes the corporate object and may not hold the post of Board member or senior manager in companies that are competitors of the Company, except for any posts they may hold, as the case may be, in group companies, unless they obtain the express authorization of the General Meeting, and notwithstanding the provisions of the Companies Act.

Situations of conflict of interest of the Board members will be disclosed in the annual report.

Furthermore, article 10 of the Internal Rules of Conduct on the Securities Market establishes as follows in relation to conflicts of interest:

Subject Persons in a situation of conflict of interest must observe the following general principles of conduct: Independence: Subject Persons must act at all times with freedom of judgement, with loyalty to the Company and its shareholders and independently of their own interests or those of any other party. Consequently, they will refrain from favouring their own interests to the expense of the Company's interests.

Abstinence: They must refrain from acting or influencing decision-making that could affect the persons or entities with which there is a conflict and from accessing Confidential Information affecting such a conflict.

Communication: Subject Persons must inform the Company's Manager of Legal Advising of any possible conflicts of interest in which they may find themselves.



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A conflict of interest is considered to be any situation in which the Company's interests or those of any of the companies of its group clash with the personal interest of the Subject Person. A personal interest of the Subject Person will exist when the matter affects him/her or Persons Closely Related to him/her.

Notwithstanding the provisions of the Internal Rules of Conduct on the Securities Market, the Company's Board members will be governed with regard to this matter by the provisions of the Company's Board of Directors Regulations.

Finally, in accordance with the provisions of article 35 of the Board Regulations, the execution by the Company of any transaction with Board members and with significant shareholders or with shareholders who are represented on the Board or with persons related to them will be submitted to the Board of Directors for authorization, subject to the prior favourable report of the Audit Committee. However, the Board's authorization will not be deemed necessary in related-party transactions that comply simultaneously with the following three conditions: (i) they are carried out by virtue of contracts with standard terms and conditions applicable en masse to a large number of customers; (ii) they are carried out at prices or rates established on a general basis by the party acting as supplier of the goods or services in question; and (iii) the amount thereof does not exceed 1% of the Company's annual revenues.

Board members affected by one of such transactions will not exercise or delegate their vote and will leave the room during the Board meeting while the Board is deliberating on the matter, and will be subtracted from the number of members of the Board for the purposes of determining quorum and majorities in relation to the matter in question.

D.7. State whether the company is controlled, in the sense of article 42 of the Code of Commerce, by another company, listed or not, and has business relation, directly or through its subsidiaries, with that company or any of its subsidiaries (other than those of the listed company) or carries on activities related to the activities of any of them.

Yes
 No

E. RISK MANAGEMENT AND CONTROL SYSTEMS

E.1. Explain the scope of the company's Risk Management and Control System, including the system for managing tax risks:

– Fluidra's risk management system is designed to mitigate all the risks to which the company may be exposed on account of its activity. The structure of risk management is based on three pillars.

- Common management systems, designed specifically to mitigate business risks.
- Internal control procedures, aimed at mitigating the risks deriving from drawing up financial information and improving the reliability of such information, which have been designed in accordance with Internal Control over Financial Reporting (ICFR).
- The risk map, which is the methodology used by Fluidra to identify, understand and assess the risks that affect the company. The aim is to obtain an overall view of risks, designing a system of efficient responses aligned with the business objectives.

These elements constitute an integrated system that provides adequate management of the risks and the controls that mitigate them at all levels of the organization.

Fluidra's risk management system is a global and dynamic system. Its sphere of action is the entire organization and its environment. It is intended to be permanently in force and compliance with it is mandatory for all employees, managers and directors of the company. In addition, the internal audit department is responsible for overseeing compliance with and correct operation of these systems.

E.2. Identify the decision-making bodies of the company responsible for preparing and implementing the Risk Management and Control System, including the system for managing tax risks:

Responsibility for drawing up and executing the risk management system is exercised basically by the Audit Committee, specifically supported by internal audit management.

Internal audit management is in charge of supervision and the correct operation of the risk management system.

The objectives of the audit committee are:

- To report to the General Shareholders' Meeting on any matters arising within its sphere of competence.
- To propose to the Board of Directors, for submission to the General Shareholders' Meeting, the appointment of auditors or audit firms as referred to in article 264 of the Companies Act, and their contract conditions, the scope of their professional engagement and, as the case may be, their revocation or non-renewal.
- To supervise the efficiency of the Company's internal control, specially Internal Control over Financial Reporting, internal audit, as the case may be, and the risk management systems, and to discuss with the auditors or audit firms any significant internal control weaknesses detected in the course of the audit.
- To supervise the process of drawing up and presenting regulated financial information.
- To review the Company's accounts, ensure compliance with legal requirements and correct application of generally accepted accounting principles, for which purpose it has the direct collaboration of the external and internal auditors.
- To handle relations with the auditors or audit firms in order to receive information on any matters that could compromise their independence, so that they can be examined by the Committee, and any other matters related to the auditing process, as well as any other communications established in auditing legislation and auditing standards. It must in any case receive each year from the auditors or audit firms written confirmation of their independence from the company or entities related to it directly or indirectly, and information on any additional services of any kind provided to such entities by such auditors or audit firms, or by persons or entities related to them in accordance with the provisions of Accounts Audit Act 19/1988, of 12th July.
- To issue annually, prior to the issue of the audit report, a report expressing an opinion on the independence of the auditors or audit firms. This report must disclose the provision of additional services as referred to above.
- To supervise performance of the audit contract, ensuring that the opinion on the Annual Accounts and the main contents of the audit report are expressed clearly and precisely, and to evaluate the results of each audit.
- To supervise compliance with the legislation concerning related-party transactions. In particular, it will ensure that information on such operations is reported to the market, in compliance with the provisions of Order 3050/2004, of the Ministry of Economy and Finance, of 15th September 2004.
- To examine compliance with the Internal Rules of Conduct, the Board of Directors Regulations, and, in general, the Company's rules of good governance and to make the necessary proposals for improvement.
- To receive information and, as the case may be, issue a report on any disciplinary measures sought to be imposed on members of the Company's senior management team.

With regard to tax, the tax strategy approved by the Board is governed by the following principles: compliance with the applicable tax obligations in the territories where it does business, promote a relationship of collaboration with the Tax Authorities with which it relates, and protect sustainable value generation for the Company's different stakeholders.

Tax Management of the Group reports, at least once a year, to the Board – through the Audit Committee – on the management of and compliance with tax obligations as well as tax risk control and management aspects.

E.3. Point out the main risks, including tax risks and to the extent that they are significant the risks deriving from corruption (with the scope indicated in Royal Decree Act 18/2017), that could affect the achievement of business goals:

In the process of identifying, understanding and assessing the risks that affect the company, the following risk factors have been considered:

Operational risks

- a) Safety incidents
- b) Erroneous actions and relations with workers
- c) Market risks and risks of the activities in which the Group does business
- d) Brand reputation
- e) Risks relating to processes
- f) Economic environment
- g) Climatology
- h) Geopolitical risk
- i) Integrations of new companies
- j) COVID-19

Financial risks

- a) Credit risk
- b) Default/ Insolvency of customers
- c) Liquidity risk

E.4. Identify whether the company has risk tolerance levels, including one for tax risk:

The various risks are identified and assessed on the basis of an analysis of the possible events that could give rise to such risks. The assessment is carried out using parameters that measure probability and impact. The controls in place to mitigate them are determined as well as the additional action plans necessary if such controls are considered insufficient.

This process, performed annually, lets the Company's Risk Map be obtained. The most relevant risks are taken from this map and, together with the main variations compared to the previous year, are submitted to the Audit Committee for discussion and approval.

The definition of the scale of gravity and the scale of probability is carried out based on qualitative and quantitative criteria. Once the critical risks have been identified and assessed, Company Management establishes specific actions, determining the person responsible and time to perform them, to mitigate the impact and probability of such risks and at the same time reviews the current controls over these risks. The analysis of risks, controls and actions to mitigate their impact and probability is presented annually to the Audit Committee, for supervision and approval. The Audit Committee subsequently reports to the Board of Directors.

E.5. State what risks, including tax risks, have materialized during the year:

The appearance of the COVID-19 coronavirus in China in January 2020 and its global expansion to a large number of countries led to the classification of the outbreak of the virus as a pandemic by the World Health Organization on 11th March 2020.

The Group has focused on permanent monitoring of the crisis in order to minimize the impact, protecting the safety of our employees and providing consistency and support to our customers, and assuring sufficient liquidity to be able to operate with normality.

As far as quantitative impacts are concerned, in the terms of sales in the month of February the Group was recording double-digit growth compared to the previous year, but due to the COVID-19 crisis, sales slowed with a fall in March that was just into two figures and that was close to 20% in April, with growth in the month of May, especially in the second half of the month, once opening conditions were restored to a more or less normal degree. This recovery was boosted in June with good performance in the entire northern hemisphere. All of this brought us to the end of the first half of the year with an increase of +2.4%. In the second half of the year, evolution was very positive, supported by growth in the residential business thanks to the "cocooning" or "stay at home" effect which has involved greater use of existing installations and, therefore, more maintenance, as well as the construction of new installations. The commercial pool sector continued to be impacted. Accordingly, the second half of the year has reported growth of 16.7%, which means growth for the entire year of 8.8%, absorbing the negative effects of COVID that had an impact at the beginning of the year. Additionally, COVID-19 has affected the supply chain, generating cost increases associated to certain stockouts, which have been offset by the savings associated to group personnel travel restrictions.

E.6. Explain the plans for responding to and supervising the company's main risks, including tax risks, as well as the procedures followed by the company to ensure that the board of directors responds to the new challenges that appear:

In addition to what is explained in section E.5 in relation to COVID-19, the following risks are also managed by the company:

- Development of new products. Continuing analysis of sales of new strategic products and comparison with competitors based on market research monitoring tools, statistical database analysis by type of market and product. Performance of comparative studies that will let us differentiate ourselves from competitors and update the product valuation dossiers with the information obtained. Specific action plans aimed at ensuring production capacities are adapted to the demand levels forecast for these new products.

- Financial risks: Financial risks undergo continuous monitoring of, among others, the exposure to exchange rate and/or interest rate risk, proposing corrective measures.

- Credit risks: The Fluidra Group has a very diversified customer portfolio. However, in the America region, the company carries out continuous and specific monitoring of two customers that concentrate an important credit risk, analysing both the credit limits and financial health of these customers. Furthermore, the merger made it possible to reduce the impact of this risk with the diversification of the Group's portfolio in more geographical areas.

- Technological risks: Given the activities carried on by the different business units of Fluidra, protecting their technology and developments is an essential milestone in order to maintain their competitive advantage. To this end the Company has certain development criteria and policies, as well as legal protocols that guarantee such protection.

- Risk in the management of subsidiaries: Fluidra is firmly determined and convinced that reinforcing and harmonizing its procedures and internal controls in the subsidiaries of the group is the right way to ensure prompt detection and eradication of any irregularity in the management of the subsidiaries. In this regard, Internal Audit is a very valuable tool in the pursuit of this goal.

- Human capital risks: The companies of the Fluidra Group have a variable remuneration policy linked to professional development and the achievement of personal objectives in order to identify and reward its best professionals in this way.

The parent company has a whistleblowing channel created by the Audit Committee, under the collegiate management of corporate HR management, Internal Audit and Legal, so that any employee of the group can report any issues relating to internal control, accounting or auditing. The company has an Internal Code of Conduct on matters relating to the securities market.

- Process-related risks: These risks are handled and monitored centrally by the Management Control department and verified by the Internal Audit department. The processes of obtaining consolidated financial information are carried out centrally under corporate criteria, and both the consolidated annual accounts and the individual annual accounts of each subsidiary are verified by external auditors.

- Tax and legal risks: Fluidra has a defined procedure for the identification and valuation of legal and tax risks which it applies on a regular basis. The object of this procedure is to identify any disputes or litigation that could have an impact on the Company's equity situation, or any differences that could arise due to a different interpretation of legislation in relation to a given tax. Based on the analysis carried out, the Company records the pertinent accounting provisions in order to have adequate cover in the event that any of these risks should materialize.

- Climate risks. The Company's risk map contemplates climatology or weather as a risk, in other words, the possible economic losses deriving from adverse movements in certain climate variables both at global and local level in any of the regions or countries where Fluidra does business. The system followed to cover the risks currently consists of the geographical diversification of the business, increasing the portfolio of products for adverse climates, and research into and development of products with low water, energy and chemical consumption as well as products and services that permit efficient management of pool installations at any time of year and in any weather situation.

F. INTERNAL CONTROL AND RISKS MANAGEMENT SYSTEMS ON FINANCIAL REPORTING (ICFR)

Describe the mechanisms that make up the control and risk management systems in relation to the company's financial reporting (ICFR).

F.1. Control environment in the company.

Indicate, specifying their main features, at least the following:

F.1.1 What bodies and/or functions are responsible for: (i) the existence and maintenance of an adequate and effective ICFR; (ii) the implementation of this system; and (iii) supervision of the system.

Fluidra S.A. and its subsidiaries (hereinafter Fluidra) formally defines the responsibilities for the adequate and effective existence of ICFR in the Board of Directors Regulations.
The Board of Directors has designated Corporate Financial Management of Fluidra as responsible for the implementation and maintenance of ICFR.
As regards responsibility for supervising ICFR, article 13.3 of the Board Regulations explicitly includes the responsibility of the Audit Committee in relation to supervision of the ICFR, as well as the responsibility for supervising the process of drawing up and presenting regulated financial information.
The Audit Committee has the support of Internal Audit management in fulfilling its responsibilities and this is reflected in the charter for that management area.

F.1.2 Whether any of the following are in place, particularly with regard to the process of preparing financial information:

- Departments and/or mechanisms in charge of: (i) the design and review of the organizational structure; (ii) clearly defining the lines of responsibility and authority, with an appropriate distribution of tasks and duties; and (iii) ensuring that there are sufficient procedures for the proper dissemination of these in the company:

Fluidra has internal processes that establish the authorization levels necessary to modify the organizational structure. Defining the structure and reviewing it are ultimately responsibilities of the Executive Chairman and CEO, with the support of the Appointments and Remuneration Committee. The Appointments and Remuneration Committee is made up of 4 directors from the Board of Directors, of whom 2 are proprietary directors and 2 are independent.
Fluidra has an internal organization chart available on the corporate intranet which covers the main business areas and ranges from the position of Executive Chairman through the CEO to the level of General Management of each business. This organization chart specifies the areas and departments (including the departments involved in the preparation, analysis and supervision of the financial information), and details the hierarchical dependencies.
For the purposes of preparing regulated financial information, the Group Accounting Manual (GAM) sets out the basic lines of responsibility existing in the process, policies, documentation necessary and timing.

- Code of conduct, body that approves it, degree of dissemination and instruction, principles and values included (indicating whether the recording of operations and the preparation of financial information are specifically mentioned), body in charge of analysing breaches and proposing corrective actions and penalties:

Fluidra's commitments include focusing its efforts on ensuring that operations are carried out in an environment of ethical professional practice. This is carried out through the implementation of mechanisms aimed at preventing and detecting fraud committed by employees, or inappropriate practice that could lead to sanctions, fines or damage the Group's image, and also by reinforcing the importance of ethical values and integrity among its professionals.
Fluidra has a Code of Conduct (hereinafter Ethics Code), the first version of which was approved by the Board of Directors at a meeting held on 16th December 2008 and the latest version in September 2019.
The Ethics Code must be observed by all employees of the Group and is accessible to all employees through the corporate website, Intranet and Living Fluidra. All employees, when they join Fluidra, receive a copy of the Ethics Code which they have to sign as evidence of their agreement to comply with the internal policies of Fluidra.

The main values included in the Ethics Code are those of bringing maximum transparency to Fluidra's business, creating an environment of trust for its customers, suppliers, shareholders, employees, public and private institutions and for society in general. The Ethics Code is based on the ten principles declared in the UN Global Compact and seeks to be the guide that sets out the most relevant ethical principles and behaviour to be observed in internal and external relations, including and updating all conduct that is not permitted from a legal approach.

The general ethical principles considered in the Fluidra Ethics Code are specified in terms of the ICFR (Internal Control over Financial Reporting), in values associated to professional integrity and responsibility, guidelines for action related to a greater or lesser extent to the reliability of the financial information and compliance with applicable legislation.

Updates and amendments of the Ethics Code are proposed and promoted by the Audit Committee. The modifications that have been made to the Ethics Code are indicated below:

- On 28th February 2012, the Audit Committee approved the review of the Ethics Code with the aim of incorporating modifications that reflected the evolution of the legal framework to which it is subject, especially with regard to the responsibilities of the Board of Directors and the Audit Committee.
- During 2015, Fluidra reviewed the Ethics Code again, with the aim of bringing it into line with new legislative changes, updating it once again in 2016 to the latest changes in regulations.

In addition to the Ethics Code, Fluidra also has other features that seek to achieve an environment of ethical professional practice.

- During 2017, the Compliance Coordination Committee was consolidated, currently made up of the corporate areas of Human Resources, Internal Audit, Legal Advising and by the Financial General Manager. As established in its Rules of application, its main functions are as follows:
 - Promoting, disseminating and applying the Ethics Code throughout the Group.
 - Ensuring that the criminal offence prevention and control model is developed correctly in the Group.
 - Encouraging the creation of internal policies, rules and procedures.
- In September 2019, the Board of Directors of Fluidra published a new Ethics Code, resulting from the merger of the two codes of conduct of the former Fluidra and the former Zodiac. Group Management prepared a compulsory online course for all employees aimed at helping them to know and understand the principles and commitments of the organization. The course consisted of three parts: an information video of the Chairman of the Group, an online course on the New Ethics Code, and finally acceptance of the Fluidra Ethics Code.

- Whistleblowing channel that makes it possible to report any irregularities of a financial or accounting nature to the audit committee, as well as any possible breach of the code of conduct and irregular activities in the organization, specifying, if appropriate, whether it is confidential:

Fluidra has an internal whistleblowing channel ("Confidential Channel") through which all employees, board members, customers, suppliers, contractors or subcontractors and shareholders can address their queries and concerns. A communication channel has been enabled to send them: via the corporate website, intranet, Living Fluidra and an e-mail address. Fluidra also has an Ethics Committee, whose role is to deal with the queries and complaints received through the Confidential Channel. Its objective is to carry out monitoring and control of compliance with the principles established in the Ethics Code.

The Ethics Committee reports annually to the Audit Committee the breaches of the Ethics Code identified and the corrective actions and disciplinary measures proposed, if necessary. All communications between the Ethics Committee and the employees of Fluidra are totally confidential, respecting the limitations established in applicable personal data protection legislation. In this regard, all members of the Ethics Committee are authorized to know the combined information of all queries and notifications received from the group through the query and notification procedure.

- Regular training and update programmes for personnel involved in the preparation and review of financial information, as well as in the evaluation of ICFR, covering at least accounting policies, auditing, internal control and risk management:

With the aim of promoting training, Fluidra has the in-house school: FluidrAcademy. The aim of FluidrAcademy is to consolidate an offer of corporate training on multidisciplinary and business contents to promote the transmission of internal knowledge and interrelation between the professionals of Fluidra and on the other hand to strengthen internal training in Fluidra by offering courses on the main functional and business areas given by internal trainers, whenever possible, taking advantage of the knowledge of Fluidra.

For aspects related to the preparation of financial information, Fluidra invests in training on accounting and financial skills as follows:

1.- Training received during the Annual Finance Meeting: Every year, the Group holds the Finance Meeting, a gathering at which several workshops are given related to the most critical areas for the preparation of financial information as well as possible updates in financial matters, accounting legislation and in tools that have taken place during the year. Aimed at all personnel responsible for preparing financial statements in all the group companies, it is also attended by member of the internal audit team and of Senior Management of the Group.

2.-Subsidiary Training: In addition, Fluidra's training is provided to foreign subsidiaries through visits by teams of the Division and even from Central Services, going over reporting statements, the different information needs or criteria for obsolescence and insolvency, among others. For new employees, a week-long training visit is made to central services.

Finally, as regards the audit and internal control areas, the personnel responsible for the financial and internal audit function identify the needs of their teams in terms of training and propose training courses to cover any sporadic needs that may exist.

F.2. Financial reporting risk assessment

Indicate at least the following:

F.2.1 What are the main features of the risk identification process, including the process of identifying the risks of error or fraud, with respect to:

- Whether the process exists and is documented:

The process followed by Fluidra to identify risks of error in the financial information is systematic and is documented. Fluidra places special emphasis on the identification of risks of material error or fraud, by determining financial reporting control objectives for each of the risks identified. This risk identification process is carried out and documented by Financial Management of Fluidra and is supervised by the Audit Committee, with the support of Internal Audit.

Whether the process covers all the financial reporting objectives (existence and occurrence; completeness; valuation; presentation, breakdown and comparability, and rights and obligations), whether it is updated, and how often:

The process is structured so that, on a regular basis, the areas that can have a material effect on the financial statements are analysed based on a range of criteria that include quantitative and qualitative factors, identifying relevant areas/locations at transaction level, to the extent that they are affected by transactions with a material impact on the financial statements. The scope of the areas identified is reviewed by Corporate Financial Management of Fluidra and is ultimately supervised by the Audit Committee. If in the course of the year (i), circumstances not previously identified that show possible errors in the financial information or (ii), substantial changes in the operations of Fluidra come to light, Financial Management assesses the existence of the risks that should be added to the risks that have already been identified.

- The existence of a process for the identification of the consolidation perimeter, taking into account, among other matters, the possible existence of complex corporate structures, holding entities, or special purpose entities:

Through meetings with General Management of the divisions and the Legal Department, Financial Management regularly updates the corporate structure defining the consolidation perimeter for accounting and tax purposes. In addition, at least once a year the consolidation perimeter is supervised and approved by the Audit Committee. The Company has a tax policy that sets out the guidelines for the group's legal structure, seeking to attain the business goals while avoiding complex instrumental structures.

- Whether the process takes into account the effects of other types of risks (operational, technological, financial, legal, tax, reputational, environmental, etc.) to the extent that they affect the financial statements:

The process takes into account other types of risks to the extent that they affect the financial statements.

- What governance body of the company supervises the process:

As indicated in the Board of Directors Regulations, the Audit Committee is responsible for reviewing the internal control and risk management systems periodically, so that the main risks are identified, managed and reported adequately.

F.3. Control activities.

Indicate whether at least the following are in place and describe their main features:

F.3.1. Procedures for review and authorization of financial information, and description of the ICFR to be published in the securities market, indicating the persons or divisions responsible for them, as well as documentation describing the flows of activities and controls (including those relating to risk of fraud) of the various types of transactions that could materially affect the financial statements, including the closing process and the specific review of significant judgements, estimates, valuations, and projections.

Fluidra has a range of procedures to validate the accounting closing and the preparation of financial information for all areas. The control activities identified and formally documented focus on activities related directly to balances and transactions that could have a material effect on the financial statements and also seek to mitigate the risk of fraud.

As regards the closing procedure and the procedure for the review and authorization of the financial information published on the market, it commences with the establishment of a detailed calendar of closing activities duly distributed over all the divisions through the GAM. Thereafter, each subsidiary reports its financial data using a standard format determined by Financial Management using the Hyperion tool. Financial Management is then responsible for the consolidation process, and prepares the Consolidated Annual Accounts, which are validated by Corporate Financial Management for subsequent presentation to and supervision by the Executive Chairman, CEO, Internal Audit, the Audit Committee and the Board of Directors.

Fluidra also has a series of procedures through which Financial Management reviews ICFR, mainly consisting of:

- Existence of an ICFR management policy that articulates the scope, responsibilities, procedure for evaluating the effectiveness of the model, supervision of the model, establishment of action plans and their follow up, and supervision by the Audit Committee.
- System for evaluating the internal control model through Self-Evaluation questionnaires: Financial Management of Fluidra, based on the process of identifying and assessing risks and controls, defines self-evaluation questionnaires which must be completed by the Divisions considering the minimum requisites to guarantee reasonable assurance as to the reliability of the financial information. Internal Audit supervises the effectiveness of the model in accordance with the provisions of the internal audit plan.

In relation to the specific review of relevant judgements, estimates, valuations and projections, this takes place initially in the existing control activities either in the routine transactions of Fluidra, or through the control mechanisms in place in the process of preparing the financial information detailed in the GAM. Depending on the degree of judgement and estimation applied and the potential impact on the financial statements, there is a subsequent scale of discussion and review involving General and Financial Management of the Division, Corporate Financial Management, the CEO, the Executive Chairman, the Audit Committee and the Board of Directors, in that order, in cases of substantially relevant aspects in the preparation of financial information.

When third-party experts are involved in areas subject to judgement, estimate, valuation and projections, they discuss and present their results to Financial Management, after having applied a series of control and supervision procedures to the work carried out by these experts, and depending on their materiality they are submitted to the Audit Committee.

In particular, the main judgements and estimates broached during the year are those indicated in the notes to the Consolidated Annual Accounts for the year.

F.3.2 Internal control policies and procedures on information systems (including, among others, secure access, change control, operation of the systems, operational continuity, and segregation of duties) that provide support for the company's relevant processes in drawing up and publishing financial information.

Fluidra uses information systems to carry out and maintain adequate recording and control of its operations. As part of the process of identifying risks of error in the financial information, Fluidra identifies, through Financial Management, the systems and applications that are relevant in preparing it. The systems and applications identified include both those directly used in preparing the financial information and the interfaces with this system, notably in relation to sales/accounts receivable and purchases/accounts payable.

The policies and procedures concerning Fluidra's information systems cover both hardware and software security with regard to access (ensuring segregation of functions through adequate restriction of access), procedures to check the design of new systems or modifications to existing systems and continuity in their operation (or start-up of alternative systems and applications) in the event of incidents that affect their operation. These policies seek, among others, to guarantee the following aspects:

- Security of access both to data and applications.
- Control over changes in the applications.
- Correct operation of the applications.
- Availability of data and continuity of the applications
- Adequate segregation of functions

a) Secure access:

A series of measures at different levels have been defined to prevent unauthorized access both to data and to the applications. At software, operating system and database level, the user-password combination is used as a preventive control. At data level, profiles have been defined which limit access to data and on which a segregation of functions matrix is being developed that will ensure the compatibility of the user's functions according to his/her responsibilities.

b) Change control:

A change management methodology has been developed and implemented which establishes the safeguards and validations necessary to limit the risk in this process. Since 2012 a new methodology called "change request" has been in use.

The main aspects featured include the following:

- Approval by the business area
- Testing prior to production
- Specific environments for development and test tasks
- Reverse procedures
- Segregation of functions as the development team does not have access to production.

c) Operation:

To ensure that operations are carried out correctly, the interfaces between the systems involved in preparing financial information are monitored. There is also an internal "Help Desk" services for end users in the event of detecting any kind of incident, query or request for training and which controls the efficiency of the operation of the information systems.

d) Availability and continuity:

At its head offices, the Company has two Data-Processing Centres (main and backup) that enable it to ensure the availability of the information system in a contingency. All of this is supported, furthermore, by a Disaster Recovery Plan with the tasks and steps to be carried out to restore the systems in such an event. This DRP is tested in real conditions once a year.

In addition, daily backups are made of the data and applications, which are kept at a secure location temporarily. To recover such data there is a specific procedure although integral tests are not carried out regularly. Partial information recovery processes are however carried out regularly. In the head offices in the USA, data of the main applications are stored in California and replicated in real time to an alternative system in Utah. In addition, there are recovery points for the same data which are stored onsite in California for immediate recovery in situations in which the contingency in question has not physically damaged the data processing centre. Data recovery testing processes are performed routinely in order to verify the integrity of the system.

In Australia, the data of the main applications are stored in Sydney, replicated and sent weekly to a secure storage centre. There are also recovery points for the same data which are stored onsite in Sydney for immediate recovery in situations in which the contingency in question has not physically damaged the data processing centre. Data recovery testing processes are performed routinely in order to verify the integrity of the system.

e) Segregation of functions:

A series of profiles have been defined describing the functionalities to which a user should have access in the Information Systems. These profiles are used to prevent a user from having more privileges than are strictly necessary. The definition of these profiles is currently under review.

F.3.3 Internal control policies and procedures designed to supervise management of activities outsourced to third parties, as well as the aspects of assessment, calculation or valuation entrusted to independent experts, which may materially affect the financial statements.

If a service has to be outsourced or an independent expert involved in assessments, calculations and valuations with a significant impact on the financial information, Financial Management of Fluidra leads the decision-making process.

F.4. Information and communication.

Indicate whether at least the following are in place and describe their main features:

- F.4.1. A specific function charged with defining and updating accounting policies (accounting policy area or department) and with resolving questions or conflicts arising from their interpretation, maintaining fluid communications with those responsible for operations at the organization, as well as an updated accounting policy manual that has been communicated to the units through which the entity operates.

Among other functions, Financial Management is responsible for keeping the accounting policies applicable to the group up to date. In this regard, it is responsible for updating the GAM, which includes the group's accounting policies and chart of accounts, as well as an analysis of any regulatory and accounting changes that could have an impact on the financial information of Fluidra. The GAM is updated periodically, or when a significant new development so requires, and was last updated in July 2020. The updates review both accounting policies based on changes in applicable EU-IFRS and the group's accounting structure, ensuring traceability between individual charts of accounts of the group subsidiaries and the Fluidra chart of accounts which is used as the basis for drawing up the different reporting packages to be provided to external bodies. Changes and updates to the GAM are communicated to all responsible financial personnel by e-mail. The last update of the GAM is always available on the group's intranet under the heading "policies and procedures". Financial Management is also responsible for clearing up any doubts about the accounting treatment of certain transactions raised by the personnel responsible for preparing the financial information of Fluidra. To add greater convenience and efficiency to the responsibility of keeping the GAM up-to-date, and to identify any incidents and weaknesses that have to be remedied, there is a working group on accounting procedures, made up of a member of Corporate Financial Management, the Internal Audit Manager and the person responsible for updating the GAM, the aim of which is to update the GAM based on the incidents detected by internal audit in the course of its duties, which are not contemplated in the Group's current policies. This working group meets once a quarter and records minutes of the meetings.

- F.4.2 Mechanisms to capture and prepare financial information using standardized formats, to be applied and used by all units of the company or group, supporting the main financial statements and the notes, as well as the information provided on ICFR.

All the companies that form part of the Consolidated Group at the end of 2020 use a single standardized reporting format. Most of them (approximately 60% of turnover), have the same Corporate System for accounting in terms of capture and preparation of financial information. For the remaining 40%, which have not implemented that Information System at present, Fluidra ensures that standardized formats are used in preparing the financial information through mechanisms that reflect those used in the integrated tool. The financial information reported by all the subsidiaries covers the composition of the main Financial Statements and the notes. The Financial Management department of Fluidra is responsible for obtaining data from all the subsidiaries, and with this information makes the necessary consolidation adjustments to obtain the consolidated figures and complements the financial information with the reserved notes to Consolidated Financial Statements. In 2013, new reporting and consolidation software was implemented and has been fully active since 2015. To ensure the reliability of the information reported by the subsidiaries, they must report a range of data to allow an analysis of variations in asset and liability items and results obtained with respect to the monthly budget and the previous year, in which the various balance sheet and income statement items are interrelated, permitting greater knowledge in detail of the operations reported at local level. The Company has also implemented ICFR management software through which twice a year the subsidiaries included in the scope complete self-evaluation questionnaires on control and submit evidence of key controls. These questionnaires are suitably supervised by the responsible financial personnel of the corresponding division, creating action plans if considered necessary. Internal audit carries out supervision of the effectiveness of the controls twice a year, in accordance with the annual audit plan, reporting the results to the Audit Committee.

F.5. Supervision of operation of the system.

Indicate and describe the main features of at least the following:

- F.5.1. The ICFR supervision activities carried out by the audit committee as well as whether the entity has an internal audit function whose duties include providing support to the committee in its work of supervising the internal control system, including ICFR. Information is also to be provided concerning the scope of the evaluation of ICFR performed during the year and on the procedure whereby the person or division charged with performing the evaluation reports the results thereof, whether the entity has an action plan in place describing possible corrective measures, and whether the impact thereof on the financial information has been considered.

The duties of the Audit Committee in relation to the supervision of ICFR are established in article 13 of the Board of Directors Regulations and, among others, are focused on:

- Supervising the efficiency of the Company's internal control, especially Internal Control on Financial Reporting, internal audit, as the case may be, and the risk management systems, and discussing with the auditors or audit firms any significant internal control weaknesses detected in the course of the audit.
- Supervising the process of drawing up and presenting regulated financial information.
- Reviewing the Company's accounts, ensuring compliance with legal requirements and correct application of generally accepted accounting principles, for which purpose it has the direct collaboration of the external and internal auditors.

• In relation to the information systems and internal control:

- Supervising the process of drawing up and the integrity of the financial information relating to the Company and, as the case may be, the group, reviewing compliance with regulatory requisites, adequate definition of the consolidation perimeter and correct application of accounting policies.

- Reviewing the internal control and risk management systems periodically, so that the main risks are identified, managed and reported adequately.

- Ensuring the independence and efficacy of the internal audit function; proposing the selection, appointment, re-election and removal of the person responsible for the internal audit service; proposing the budget for the service; receiving periodic information on its activities; and verifying that senior management takes into account the conclusions and recommendations of its reports.

- Establishing and supervising a mechanism that allows employees to report, confidentially and, if considered appropriate, anonymously, any irregularities of potential relevance, especially financial and accounting irregularities that they observe in the Company.

Internal Audit Management is located within the Group's organization structure, and depends on the Audit Committee, so that its independence is assured as well as the performance of the assigned functions. All the actions carried out by Internal Audit Management that require approval are approved by the Board of Directors at the proposal of the Audit Committee.

Internal Audit prepares and presents an Annual Internal Audit Plan which is reviewed and approved by the Audit Committee. In 2019, Internal Audit met with the Audit Committee in the months of February, March, May, July, October, November and December to present the results and evolution of its work. At these meetings, Internal Audit reported the weaknesses identified in the design of the internal control model, proposed the corresponding action plans and the dates of implementation of these plans. In turn, Internal Audit supervises the correct implementation of corrective actions.

In the months of May, June, October and December 2020, the Audit Committee, through Internal Audit Management, has supervised the correct review of the effectiveness of the controls conducted by Financial Management. A small number of weaknesses were detected, corresponding to the Australian subsidiary, which have been duly corrected. The weaknesses detected are reported to the heads of the Divisions and the corresponding action plans are designed, with a follow-up of their implementation.

- F.5.2 Whether it has a discussion procedure whereby the auditor (as provided in the Technical Auditing Standards), the internal audit function, and other experts can inform senior management and the audit committee or the directors of the entity of the significant internal control weaknesses detected during the review of the annual accounts or such other reviews as may have been entrusted to them. Information shall also be provided on whether there is an action plan to attempt to correct or mitigate the weaknesses found.

The Audit Committee meets at least four times a year, with the aim of obtaining and analysing the necessary information to fulfil the tasks with which it has been entrusted by the Board of Directors.

Special attention is given to the review of the company's quarterly financial information, which is presented by General Financial Management. In order to carry out this process, the Audit Committee is assisted by Internal Audit, General Financial Management (responsible for preparing the financial information) and the Auditor, with the aim of ensuring the correct application of ruling accounting policies and the reliability of the financial information, and in order to be able to report any significant control weaknesses identified, if there are any, and the corresponding action plans.



ANNUAL CORPORATE GOVERNANCE REPORT OF LISTED PUBLIC LIMITED COMPANIES

Prior to the reports issued by the Audit Committee, Internal Audit Management discusses the results of its work with local management, Financial Management and Corporate General Management, thus ensuring fluid and efficient communication among all parties. In relation to the External Auditors, they present annually the scope, timing and areas of emphasis of their audit work on the annual accounts, in accordance with the applicable auditing standards. They also meet with the Audit Committee to present the conclusions of their work and areas for improvements. The weaknesses reported are communicated to Internal Audit for inclusion in the implementation plan. It should be noted that the External Auditors have stated that no significant internal control weaknesses have come to light during the audit performed in 2020.

F.6. Other relevant information.

F.7. External audit report.

Report on:

F.7.1 Whether the information on ICFR sent to the markets has been reviewed by the external auditor, in which case the entity should include the corresponding report as an appendix. Otherwise, the reasons for this should be provided.

Fluidra has submitted the information on ICFR sent to the markets for 2020 to be reviewed by the External Auditor. The favourable report issued by the External Auditor is attached as an appendix to this document.



G. DEGREE TO WHICH CORPORATE GOVERNANCE RECOMMENDATIONS ARE FOLLOWED

State the company's degree of compliance with the recommendations of the Good Governance Code of Listed Companies.

If the company does not comply with any recommendation or follows it partially, a detailed explanation of the reasons must be given, providing shareholders, investors, and the market in general with sufficient information to assess the company's course of action. Generalized explanations will not be acceptable.

1. The Articles of Association of listed companies should not place an upper limit on the votes that can be cast by a single shareholder or impose other obstacles to the takeover of the company by means of share purchases on the market.

Complies Explain

2. When the listed company is controlled, in the sense of article 42 of the Code of Commerce, by another company, listed or not, and has business relations, directly or through its subsidiaries, with that other company or any of its subsidiaries (other than those of the listed company) or carries on activities related to those of any of such companies, it should provide detailed disclosure on:

a) The respective business activity and any business dealings between the listed company or its subsidiaries, on the one hand, and the parent company or its subsidiaries, on the other hand.

b) The mechanisms in place to resolve possible conflicts of interest.

Complies Complies partially Explain Not applicable

3. During the ordinary general meeting, the chairman of the board should verbally inform shareholders in sufficient detail of the most relevant aspects of the company's corporate governance, supplementing the written information circulated in the annual corporate governance report. In particular:

a) Changes taking place since the previous ordinary general meeting.

b) The specific reasons for the company not following a given Good Governance Code recommendation, and any alternative rules followed instead.

Complies Complies partially Explain

4. The company should draw up and promote a policy relating to communication and contacts with shareholders and institutional investors in the framework of their involvement with the company, and with proxy advisors, that complies in full with market abuse regulations and accords equitable treatment to shareholders in the same position. This policy should be published on the company's website, complete with details of how it has been put into practice and the identities of the relevant spokespersons or those charged with its implementation.

And, notwithstanding the legal obligations on the dissemination of privileged information and other regulated information, the company should also have a general policy relating to the communication of economic and financial, non-financial and corporate information through the channels it considers appropriate (media, social networks or other channels) that contributes to maximizing the dissemination and quality of the information available to the market, investors and other stakeholders.

Complies [X] Complies partially [] Explain []

5. The board of directors should not make a proposal to the general meeting for the delegation of powers to issue shares or convertible securities without a preferential subscription right for an amount exceeding 20% of capital at the time of such delegation.

When the board approves any issue of shares or convertible securities without preferential subscription rights, the company should immediately post on its website the reports explaining the exclusion referred to in mercantile legislation.

Complies [X] Complies partially [] Explain []

6. Listed companies that draw up the following reports on a voluntary or compulsory basis should publish them on their website sufficiently in advance of the ordinary general meeting, even if their distribution is not mandatory:

a) Report on auditor's independence.

b) Reports on the activities of the audit committee and the appointments and remuneration committee.

c) Report of the audit committee on related-party transactions.

Complies [X] Complies partially [] Explain []

7. The company should broadcast its general shareholders meetings live on the corporate website.

The company should also have mechanisms that permit the delegation and exercise of vote through remote means and, in the case of large cap companies and to the extent that it is proportionate, even active attendance at and participation in the General Meeting.

Complies [] Complies partially [X] Explain []

The Company has complied de facto in 2020 with the entire recommendation due to the situation generated by the pandemic and the Board of Directors is expected to propose to the General Shareholders' Meeting to be held in the month of May 2021 an amendment of the Articles of Association and the General Meeting Regulations so that they reflect the necessary changes in this regard.

8. The audit committee should strive to ensure that the annual accounts the board of directors presents to the general shareholders' meeting are drawn up in accordance with accounting legislation. In cases in which the auditor has include a qualification in the audit report, the chairman of the audit committee should give a clear account at the general meeting of the audit committee's opinion on its content and scope, the a summary of that opinion should be made available to the shareholders at the time of publishing the notice convening the meeting, together with the remaining proposals and reports of the board.

Complies [X] Complies partially [] Explain []

9. The company should publish the requisites and procedures it will accept as evidence of ownership of shares, the right to attend general meetings and the exercise or delegation of voting rights permanently on its website.

Such requisites and procedures should encourage shareholders to attend and exercise their rights and be applied in a non - discriminatory manner.

Complies [X] Complies partially [] Explain []

10. When a shareholder entitled to do so exercises the right to supplement the agenda or submit new proposals prior to the general meeting, the company should:

- a) Immediately circulate these supplementary items and new proposals for resolutions.
- b) Publish the model of attendance card or proxy appointment or remote voting form duly modified so that new agenda items and alternative proposals can be voted on in the same terms as those submitted by the board of directors.
- c) Put all these items or alternative proposals to the vote applying the same voting rules as for those submitted by the board of directors, with particular regard to presumptions or inferences about votes.
- d) After the general meeting, disclose the breakdown of votes on such supplementary items or alternative proposals.

Complies [X] Complies partially [] Explain [] Not applicable []

11. In the event that the company plans to pay for attendance at the general meeting, it should first establish a general, long-term policy in this respect.

Complies [] Complies partially [] Explain [] Not applicable [X]

12. The board of directors should perform its duties with unity of purpose and independent judgement, according the same treatment to all shareholders in the same position. It should be guided at all times by the company's best interest, understood as the attainment of a profitable business that is sustainable in the long term, promoting its continuity and maximising its economic value.

In pursuing the corporate interest, it should not only abide by laws and regulations and conduct based on good faith, ethics and respect for commonly accepted customs and good practice, but also strive to reconcile the company's interests with the legitimate interests of its employees, suppliers, customers and other stakeholders, as well as with the impact of its activities on the broader community and the environment.

Complies [X] Complies partially [] Explain []

13. The board of directors should have an optimal size to promote its efficient functioning and maximize participation. The recommended range is accordingly between five and fifteen members.

Complies [X] Explain []

14. The board of directors should approve a policy aimed at favouring an appropriate composition of the board of directors and that:

a) Is concrete and verifiable.

b) Ensures that appointment or re-election proposals are based on a prior analysis of the skills required by the board of directors; and

c) Favours a diversity of knowledge, experience, age and gender. For these purposes, measures that foster a significant number of female senior managers are deemed to favour gender diversity.

The results of the prior analysis of the skills required by the board should be reflected in the appointments committee's report, to be published when the general meeting is convened that is to resolve on the ratification, appointment or re-election of each director.

The appointments committee should perform an annual check on compliance with this policy and set out its findings in the annual corporate governance report.

Complies [X] Complies partially [] Explain []

15. Proprietary and independent directors should constitute an ample majority on the board of directors, and the number of executive directors should be the minimum necessary bearing in mind the complexity of the corporate group and the percentage shareholding of the executive directors in the company's capital.

The number of female directors should represent at least 40% of the members of the board of directors by the end of 2022 and thereafter, and prior to that should not be less than 30%.

Complies [] Complies partially [] Explain []

Of the total of 12 board members, 10 are non-executive directors, therefore complying with the recommendation on this matter. One of the goals of the Appointments and Remuneration Committee in relation to the director and senior manager selection policy is to favour diversity of professional background, knowledge, nationality and, especially, gender. The Appointments and Remuneration Committee is aware that at present it does not comply with the Corporate Governance recommendation concerning the percentage of female board members, and is therefore taking the necessary measures to increase the number of women on the Board of Directors, as described in sections C.1.5 and C.1.6. Such measures are for the purpose of ensuring that the selection processes take gender diversity into account, balanced with other criteria of the profile sought such as knowledge, nationality, experience and solvency. However, this aim can only be achieved when new candidates have to be selected to cover vacancies arising on the Board of Directors. Evidence that the measures adopted regarding the selection of female directors are working is that one of the last two vacancies on the Board of Directors has been filled by a woman. The Appointments and Remuneration Committee continues to work to ensure that future selection processes to cover new vacancies continue to favour gender diversity on the Board of Directors.

16. The percentage of proprietary directors out of all non-executive directors should be no greater than the proportion between the capital of the company represented by such directors and the remainder of the company's capital.

This criterion can be relaxed:

- a) In large cap companies where few or no shareholdings attain the legal threshold to be regarded as significant.
- b) In companies with a plurality of shareholders represented on the board but not otherwise related.

Complies [] Explain []

17. Independent directors should be at least half of all board members.

However, when the company does not have a large market capitalisation, or when a large cap company has shareholders individually or concertedly controlling over 30% of share capital, independent directors should occupy, at least, a third of board places.

Complies [] Explain []



18. Companies should disclose the following information about their directors on their websites and keep it regularly updated:

- a) Background and professional experience.
- b) Directorships held in other companies, listed or otherwise, and other paid activities they engage in, of whatever nature.
- c) Statement of the director category to which they belong, in the case of proprietary directors indicating the shareholder they represent or have links with.
- d) Dates of their first appointment as a board member and subsequent re-elections.
- e) Shares held in the company, and any options on such shares.

Complies] Complies partially] Explain]

19. Following verification by the appointments committee, the annual corporate governance report should disclose the reasons for the appointment of proprietary directors at the request of shareholders controlling less than 3 percent of capital; and explain any rejection of a formal request for a board place from shareholders whose equity stake is equal to or greater than that of others applying successfully for a proprietary directorship.

Complies] Complies partially] Explain] Not applicable]

20. Proprietary directors should resign when the shareholders they represent dispose of their shareholding in its entirety. If such shareholders reduce their stakes, thereby losing some of their entitlement to proprietary directors, the number of proprietary shareholders should be reduced accordingly.

Complies] Complies partially] Explain] Not applicable]

21. The board of directors should not propose the removal of independent directors before the expiry of their term of office established in the Articles of Association, except when there is due cause, found to exist by the board of directors following a report of the appointments committee. In particular, due cause will be deemed to exist when directors take up new posts or responsibilities that prevent them allocating sufficient time to their duties as a board member, or are in breach of the inherent duties of their post or come under one of the disqualifying grounds for classification as independent director enumerated in the applicable legislation.

The removal of independent directors may also be proposed when a takeover bid, merger or similar corporate transaction alters the company's capital structure, provided the changes in board membership ensue from the proportionality criterion set out in recommendation 16.

Complies Explain

22. Companies should establish rules obliging directors to disclose and, as the case may be, to resign when situations arise affecting them, whether or not they are related to their actions in the company, that might be damaging to the company's credit and reputation, and, in particular, obliging them to inform the board of any criminal cases in which they are involved as investigated parties and the corresponding judicial proceedings.

Once the board has been informed of or has otherwise learned of the situations mentioned in the preceding paragraph, it should examine the case as soon as possible and, in light of the particular circumstances and following a report of the appointments and remuneration committee, decide whether or not it should take some kind of measure, such as opening an internal investigation, requesting the director's resignation or proposing his or her removal from office. This matter should be reported in the annual corporate governance report, unless there are special circumstances that justify its omission, which must be noted in the minutes. The foregoing is notwithstanding the information which the company must publish, if applicable, at the time of taking the corresponding measures.

Complies Complies partially Explain

23. All directors should express their clear opposition when they feel a proposal submitted for the board's approval might damage the corporate interest. In particular, independent directors and other directors not subject to potential conflicts of interest should strenuously challenge any decision that could harm the interests of shareholders lacking board representation.

When the board makes significant or reiterated decisions about which a director has expressed serious reservations, then he or she must draw the pertinent conclusions. Directors resigning for such causes should set out their reasons in the letter referred to in the next recommendation.

The terms of this recommendation also apply to the secretary of the board, even if he or she is not a director.

Complies Complies partially Explain Not applicable

24. When a director, either by resignation or a resolution of the general meeting, ceases to hold his or her post before their tenure expires, he or she should explain sufficiently the reasons for his or her resignation or, in the case of non-executive directors, his or her opinion on the reasons for removal by the meeting, in a letter to be sent to all members of the board.

Notwithstanding that all the above may be reported in the annual corporate governance report, to the extent that it is relevant for investors the company should publish the resignation or removal as soon as possible, making sufficient reference to the reasons or circumstances indicated by the director.

Complies [X] Complies partially [] Explain [] Not applicable []

25. The appointments committee should ensure that non-executive directors have sufficient time available to discharge their responsibilities effectively.

The board of directors regulations should lay down the maximum number of company boards on which directors can serve:

Complies [] Complies partially [X] Explain []

The Board Regulations establish that the Appointments and Remuneration Committee is responsible for assessing the necessary skills, knowledge and experience of the Board, defining the duties and necessary aptitudes in the candidates who are to fill each vacancy, evaluating the time and dedication required so that they can discharge their responsibilities effectively.

Furthermore, the Board Regulations establish that directors must have adequate dedication and will take the necessary measures for effective management and control of the Company.

In turn, the Selection Policy establishes that candidates for directors of the Company must be persons of recognized honourability, solvency, competence, experience, qualification, availability and commitment to the Company.

Although the Board Regulations do not establish the maximum number of Boards on which its directors may serve, this information is taken into account in evaluating the suitability of candidates in the process for the appointment and re-election of directors in order to evaluate the time and dedication available to them to discharge their duties as directors effectively, analysing each case individually considering good governance best practice in this matter.

Furthermore, the Board Regulations establish that directors must dedicate the necessary time and effort to their posts to discharge it effectively and, consequently, must inform the Appointments and Remuneration Committee of their other professional obligations, in case these might interfere with the required dedication. The Company has decided for the time being not to establish rules on the maximum number of boards on which directors may serve, based on the fact that, as there is no legal obligation, the dedication involved in belonging to a board varies depending on the complexity of the company, the committee chairs undertaken, whether or not the post of director is executive, etc. Accordingly, the policy that the Company is following is that any director who wishes to accept a new post on a board must report this prior to accepting it so that the Board of Fluidra, following a favourable report from the Appointments and Remuneration Committee, can resolve not to object, taking into account, among other things, that the new post does not prevent the director from fulfilling his or her duties as a director of Fluidra. The Appointments and Remuneration Committee takes into account the estimated dedication that the new post may require, as well as best practice in good governance of listed companies (including comparisons with listed companies, proxy advisor policies, etc.).

26. The board should meet with the necessary frequency to properly perform its functions, and at least eight times a year, in accordance with a calendar and agendas set at the start of the year, to which each director may propose the addition of initially unscheduled items.

Complies [X] Complies partially [] Explain []



**ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED PUBLIC LIMITED COMPANIES**

27. Director absences should be kept to a strict minimum and quantified in the annual corporate governance report. In the event of absence, directors should delegate another director to represent them and issue appropriate instructions.

Complies] Complies partially] Explain]

28. When directors or the secretary express concerns about some proposal or, in the case of directors, about the company's performance, and such concerns are not resolved at the meeting, they should be recorded in the minutes if the person expressing them so requests.

Complies] Complies partially] Explain] Not applicable]

29. The company should establish suitable channels for directors to obtain the advice they need to carry out their duties including, if necessary, external advising at the company's expense.

Complies] Complies partially] Explain]

30. Regardless of the knowledge directors must possess to carry out their duties, they should also be offered refresher programmes when circumstances so advise.

Complies] Explain] Not applicable]

Although training sessions are provided on matters of interest, no training plan has been formalized.

31. The agendas of board meetings should clearly indicate on which points directors must arrive at a decision, so they can study the matter beforehand or gather the material they need.

When, exceptionally, for reasons of urgency, the chairman wishes to present decisions or resolutions for board approval that were not on the agenda, their inclusion will require the express prior consent, duly minuted, of the majority of directors present.

Complies] Complies partially] Explain]

32. Directors should be regularly informed of movements in share ownership and of the views of significant shareholders, investors and rating agencies on the company and its group.

Complies] Complies partially] Explain]



33. The chairman, as the person charged with the efficient functioning of the board of directors, in addition to the functions assigned by law and the company's Articles of Association, should prepare and submit to the board a schedule of meeting dates and agendas; organize and coordinate regular evaluations of the board and, where appropriate, the company's chief executive officer; exercise leadership of the board and be accountable for its proper functioning; ensure that sufficient time is given to the discussion of strategic issues, and approve and review refresher courses for each director, when circumstances so advise.

Complies] Complies partially] Explain]

34. When a lead independent director has been appointed, the Articles of Association or board of directors regulations should grant him or her the following powers over and above those conferred by law: chair the board of directors in the absence of the chairman and vice-chairs, if any; give voice to the concerns of non-executive directors; maintain contacts with investors and shareholders to hear their views and develop a balanced understanding of their concerns, especially those to do with the company's corporate governance; and coordinate the chairman succession plan.

Complies] Complies partially] Explain] Not applicable]

35. The secretary of the board should make special efforts to ensure that the board's actions and decisions are informed by the governance recommendations of the Good Governance Code that are applicable to the company.

Complies] Explain]

36. The board in full should conduct an annual evaluation, adopting, where necessary, an action plan to correct weaknesses detected in:

- a) The quality and efficiency of the board's operation.
- b) The operation and composition of its committees.
- c) The diversity in the composition and competences of the board.
- d) The performance of the chairman of the board of directors and the company's chief executive.
- e) The performance and contribution of each individual director, with particular attention to the chairs of board committees.

The evaluation of board committees should start from the reports they send the board of directors, while that of the board itself should start from the report of the appointments committee.

Every three years, the board of directors should engage an external consultant to aid in the evaluation process. This consultant's independence should be verified by the appointments committee.

Any business dealings that the consultant or any company in its group has with the company or with any company in its group should be detailed in the annual corporate governance report.

The process followed and areas evaluated should be described in the annual corporate governance report.

Complies] Complies partially] Explain]

37. Where there is an executive committee, at least two non-executive directors should be on this committee, at least one of whom is independent; and the secretary of the committee should be the secretary of the board.

Complies] Complies partially] Explain] Not applicable]

38. The board should be kept fully informed of the business transacted and decisions made by the executive committee. To this end, all board members should receive a copy of the executive committee's minutes.

Complies] Complies partially] Explain] Not applicable]

39. The members of the audit committee, particularly its chairman, should be appointed taking into account their knowledge and experience in accounting, auditing and both financial and non-financial risk management.

Complies] Complies partially] Explain]



**ANNUAL CORPORATE GOVERNANCE REPORT
OF LISTED PUBLIC LIMITED COMPANIES**

40. Under the supervision of the audit committee, there should be a unit in charge of the internal audit function to oversee proper operation of reporting and internal control systems. This unit should report functionally to the board's non-executive chairman or the chairman of the audit committee.

Complies [X] Complies partially [] Explain []

41. The head of the unit handling the internal audit function should present an annual work programme to the audit committee for approval by the committee or by the board, inform it directly of the execution of this plan, including any incidents and scope limitations arising during its implementation, the results and monitoring of its recommendations and submit a report on its activities at the end of each year.

Complies [X] Complies partially [] Explain [] Not applicable []

42. In addition to the functions established by law, the audit committee should have the following functions:

1. In relation to internal control and reporting systems:

- a) Supervise and evaluate the process of drawing up and the integrity of the financial and non-financial information and the control and management systems over the financial and non-financial risks relating to the Company and, as the case may be, the group -including operational, technological, legal, social, environmental, political and reputational or corruption-related risks, reviewing compliance with regulatory requisites, adequate definition of the consolidation perimeter and correct application of accounting policies.
- b) Ensure the independence of the unit that undertakes the internal audit function; propose the selection, appointment and removal of the person responsible for the internal audit service; propose the budget for the service; approve or propose approval by the board of the approach and the annual internal audit work plan, ensuring that its activity is focused mainly on the relevant risks of the company (including reputational risks); receive periodic information on its activities; and verify that senior management takes into account the conclusions and recommendations of its reports.
- c) Establish and supervise a mechanism that allows employees and other persons related to the company, such as directors, shareholders, suppliers, contractors or subcontractors, to report any irregularities of potential relevance, including financial and accounting or any other kind of irregularities that they observe in the Company or the group. This mechanism should guarantee the confidentiality and, in any case, provide for cases in which communications may be made anonymously, respecting the rights of the reporter and the reported person.
- d) Ensure in general that the policies and systems established in relation to internal control are applied effectively in practice.

2. In relation to the external auditor:

- a) Investigate the circumstances giving rise to the resignation of the external auditor, should this come about.
- b) Ensure that the remuneration of the external auditor does not compromise its quality or independence.
- c) Ensure that the company notifies any change of external auditor through the CNMV, accompanied by a statement of any disagreements arising with the outgoing auditor and the reasons for the same.
- d) Ensure that the external auditor has a yearly meeting with the board in full to inform it of the work undertaken and developments in the company's risk and accounting positions.
- e) Ensure that the company and the external auditor adhere to current regulations on the provision of non-audit services, limits on the concentration of the auditor's business and, in general, other regulations on auditor independence.

Complies [] Complies partially [] Explain []



New Audit Committee Regulations are expected to be approved in 2021 which will incorporate the modifications made in this recommendation.

43. The audit committee should be empowered to meet with any company employee or manager, even ordering their appearance without the presence of another senior manager.

Complies] Complies partially] Explain]

44. The audit committee should be informed of any structural and corporate modification operations the company is planning, so the committee can analyse and report to the board beforehand on their economic conditions and accounting impact, especially, when applicable, on the proposed swap ratio.

Complies] Complies partially] Explain] Not applicable]

45. The risk management and control policy should identify or determine at least:

- a) The different types of financial and non-financial risks the company is exposed to (including operational, technological, financial, legal, social, environmental, political and reputational risks, including risks related to corruption), with the inclusion under financial or economic risks of contingent liabilities and other off- balance-sheet risks.
- b) A risk management and control model based on different levels, a part of which will include a committee specialized in risks when sectorial regulations so establish, or the company considers appropriate.
- c) The risk level the company sees as acceptable.
- d) The measures devised to mitigate the impact of the risks identified, should they materialize.
- e) The internal control and reporting systems to be used to control and manage the above risks, including contingent liabilities and off-balance- sheet risks.

Complies] Complies partially] Explain]

46. Companies should establish an internal risk control and management function to be exercised by one of the company's internal department or units, under the direct supervision of the audit committee or some other dedicated board committee. This function should be expressly charged with the following responsibilities:

- a) Ensure that risk control and management systems are functioning correctly and, specifically, that all the significant risks the company is exposed to are adequately identified, managed and quantified.
- b) Participate actively in the preparation of risk strategies and in key decisions about their management.
- c) Ensure that risk control and management systems are mitigating risks adequately in the context of the policy defined by the board of directors.

Complies [] Complies partially [] Explain []

This is done by Internal Audit.

47. Members of the appointments and remuneration committee - or of the appointments committee and the remuneration committee, if they are separate - should be appointed ensuring that they have adequate knowledge, skills and experience for the functions they are called on to discharge. The majority of their members should be independent directors.

Complies [] Complies partially [] Explain []

The members of the Appointments and Remuneration Committee have been appointed taking into account their knowledge, skills and experience as well as the mission of the Committee. However, as far as the composition of the Committee is concerned, it is made up of four non-executive directors, two of which are independent, and the other two are proprietary directors. The Chairman of the Committee is an independent director. Therefore, there is no majority of independent directors on this Committee, but rather such directors make up 50% of the members.

The reason why the Company does not comply with this part of the recommendation concerning composition is because clause 8.3.6 of the Shareholders' Agreement formalized between Rhône Capital and the founding families of Fluidra, dated 3rd November 2017, on the occasion of the merger between Fluidra and Zodiac, establishes that the Appointments and Remuneration Committee is to be made up of four (4) members, of which two (2) will be independent directors (one of them the Chairman), one will be designated "at the proposal of the Current Shareholders" (i.e. the four founding families of the Company) and one will be designated "at the proposal of the shareholder of Zodiac Holdco" (i.e. the Rhône Capital fund). This Shareholders' Agreement is published on the Company's website, www.fluidra.com, under "Shareholders and Investors" "Corporate Governance", "Shareholders' Agreements", and on the website of the CNMV and in the Mercantile Registry of Barcelona.

Indeed, given the shareholder concentration of Fluidra, as explained in section A.7 of the Annual Corporate Governance Report for 2019, the Company understands that it was necessary that the two blocks represented in the existing Shareholders' Agreement between Rhône Capital and the founding families of Fluidra each had a representative on a body such as the Appointments and Remuneration Committee, which was considered of great importance for the operation of the Company. This Committee was consequently composed of two proprietary directors and two independent directors, the Chairman being one of the independent directors, who co-ordinates and manages personally the work of this Committee.

48. Large cap companies should have separate appointments and remuneration committees.

Complies [] Explain [] Not applicable []



49. The appointments committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors.

When there are vacancies on the board, any director should be able to approach the appointments committee to propose candidates that it might consider suitable.

Complies [X] Complies partially [] Explain []

50. The remuneration committee should operate independently and have the following functions in addition to those assigned by law:

a) Propose to the board the standard conditions for senior management contracts.

b) Monitor compliance with the remuneration policy set by the company.

c) Periodically review the remuneration policy for directors and senior managers, including share-based remuneration systems and their application, and ensure that their individual remuneration is proportionate to the amounts paid to other directors and senior managers in the company.

d) Ensure that conflicts of interest do not undermine the independence of any external advice provided to the committee.

e) Verify the information on director and senior manager remuneration contained in corporate documents, including the annual report on directors' remuneration.

Complies [X] Complies partially [] Explain []

51. The remuneration committee should consult with the company's chairman and chief executive, especially on matters relating to executive directors and senior managers.

Complies [X] Complies partially [] Explain []

52. The rules on the composition and operation of the supervisory and control committees should be set out in the board of directors regulations and should be consistent with the rules applicable to legally mandatory committees in accordance with the above recommendations, including the following rules:

- a) Committees should be formed exclusively by non-executive directors, with a majority of independent directors.
- b) They should be chaired by independent directors.
- c) The board should appoint the members of such committees with regard to the knowledge, skills and experience of the directors and each committee's terms of reference; discuss their proposals and reports; and report back on their activities and work at the first full board meeting following each committee meeting.
- d) The committees may engage external advice, when they feel it necessary for the discharge of their functions.
- e) Minutes of their meetings should be drawn up and made available to all board members.

Complies [] Complies partially [] Explain [] Not applicable []

53. The task of supervising compliance with the Company's policies and rules on environmental, social and corporate governance matters, as well as internal codes of conduct, should be assigned to one board committee or split between several committees of the board of directors, which could be the audit committee, the appointments committee, a committee specializing in sustainability or corporate social responsibility or a dedicated committee established ad hoc by the board under its powers of self-organization. This committee should be made up exclusively of non-executive directors, the majority of which should be independent, and should be specifically charged with the minimum functions indicated in the following recommendation.

Complies [] Complies partially [] Explain []

54. The minimum functions referred to in the preceding recommendation are as follows:

- a) Oversee compliance with the company's corporate governance rules and internal codes of conduct, also ensuring that the corporate culture is aligned with its mission and values.
- b) Oversee application of the general policy relating to the communication of economic and financial, non-financial and corporate information and communication with shareholders and investors, proxy advisors and other stakeholders. The way in which the company communicates with and relates to its small and medium-sized shareholders will also be monitored.
- c) Periodically evaluate and review the company's corporate governance system and its environmental and social policy, to confirm that it is fulfilling its mission to promote the corporate interest and catering, as appropriate, to the legitimate interests of the other stakeholders.
- d) Review the company's social and environmental practices to ensure that they conform to the established strategy and policies.
- e) Oversee and evaluate processes in relation to the different stakeholders.

Complies [X] Complies partially [] Explain []

55. The environmental and social sustainability policies should identify and include at least:

- a) The principles, commitments, goals and strategy in relation to shareholders, employees, customers, suppliers, social matters, environment, diversity, fiscal responsibility, respect for human rights and the prevention of corruption and other illegal conduct.
- b) The methods or systems to monitor compliance with the policies, the associated risks and their management.
- c) The mechanisms for supervising non-financial risk, including the risk related to ethics and business conduct.
- d) Channels for stakeholder communication, participation and dialogue.
- e) Responsible communication practices that prevent the manipulation of information and protect honour and integrity.

Complies [X] Complies partially [] Explain []

56. Directors' remuneration should be sufficient to attract and retain individuals with the desired profile and compensate the dedication, qualifications and responsibility that the post demands, but not so high as to compromise the independent judgement of non- executive directors.

Complies [X] Explain []

57. Variable remuneration linked to the company’s performance and the director’s personal performance, and remuneration in the form of awarding shares, options or rights on shares or instruments linked to the share price and long-term savings schemes such as pension plans, retirement systems or other benefits should be confined to executive directors.

Share-based remuneration of non-executive directors may be considered when it is subject to the condition that the shares must be kept until the end of their term of office. This condition, however, will not apply to any shares that the director must dispose of to defray costs related to their acquisition.

Complies] Complies partially] Explain]

58. In the case of variable remuneration, remuneration policies should include limits and technical safeguards to ensure they reflect the professional performance of the beneficiaries and not simply the general progress of the markets or the company’s sector, or other similar circumstances.

In particular, variable remuneration components should meet the following conditions:

- a) They should be subject to predetermined and measurable performance criteria that take into account the risk assumed to obtain a given outcome.
- b) They should promote the sustainability of the company and include non-financial criteria that are relevant for the creation of value in the long term, such as compliance with the company’s internal rules and procedures and its risk management and control policies.
- c) They should be focused on achieving a balance between the delivery of short, medium and long-term objectives, such that performance-related pay rewards ongoing achievement, maintained over sufficient time to appreciate its contribution to long-term value creation. This will ensure that performance measurement is not based solely on one-off, occasional or extraordinary events.

Complies] Complies partially] Explain] Not applicable]

59. Payment of variable remuneration components should be subject to sufficient checks that predetermined performance or other conditions have effectively been met. Companies will include in the annual directors’ remuneration report the criteria in terms of time required and methods to conduct such a check in line with the nature and characteristics of each variable component.

Additionally, companies should consider established a reduction clause (“malus”) based on the deferral for a sufficient length of time of payment of part of the variable components that will lead to total or partial loss of such components in the event that prior to the time of payment any event occurs that renders this advisable.

Complies] Complies partially] Explain] Not applicable]

60. Remuneration linked to company earnings should bear in mind any qualifications stated in the external auditor's report that reduce the amount of such earnings.

Complies] Complies partially] Explain] Not applicable]

61. A major part of executive directors' variable remuneration should be linked to the award of shares or financial instruments the value of which is linked to the share price.

Complies] Complies partially] Explain] Not applicable]

62. Once shares, options or financial instruments have been awarded as part of share-based remuneration, executive directors should not be allowed to transfer ownership or exercise them until a term of at least three years has elapsed.

This does not include cases in which a director has, at the time of transfer or exercise, a net economic exposure to the variation in the price of the shares for a market value equal to at least twice his or her annual fixed remuneration by holding shares, option or other financial instruments.

The above condition will not apply to any shares that the director must dispose of to defray costs related to their acquisition, or, following a favourable opinion by the appointments and remuneration committee, to deal with any supervening extraordinary situations that so require.

Complies] Complies partially] Explain] Not applicable]

63. Contractual arrangements should include a clause that allows the company to reclaim variable components of remuneration when payment was not in line with the director's actual performance or based on data subsequently found to be inaccurate.

Complies] Complies partially] Explain] Not applicable]

64. Severance payments should not exceed an amount equivalent to two years of the director's total annual remuneration and should not be paid until the company confirms that the director has met the predetermined criteria or conditions.

For the purposes of this recommendation, severance payment will be deemed to include any payments the accrual of which or obligation to pay arises as a result of or on the occasion of the termination of the contractual relationship between the director and the company, including amounts not previously vested of long-term savings plans and any amounts paid by virtue of post-contractual non-compete clauses.

Complies] Complies partially] Explain] Not applicable]

El CEO's contract complies with this recommendation.



In relation to the Executive Chairman, his contract establishes compensation in cases of termination of the contract by Fluidra's decision or the Executive Chairman's own decision for the causes detailed in section C.1.39, for an amount equivalent to two years of his remuneration, based on the gross annual salary received in the year the termination of the contract takes place and the variable gross annual salary for the preceding year. This compensation includes the amount of the severance pay which the Executive Chairman is entitled to receive for the termination of his previous employment relationship of sixteen years and seven months, which was suspended when he was appointed to the Board. Additionally, his contract includes a post-contractual non-compete clause for a term of two years, with an economic compensation of two years of his fixed gross annual remuneration at the time of termination of his contract. If, as a result of the termination of his contract, the Executive Chairman were to receive, in addition to the non-competition compensation, the severance compensation for termination of his contract, the sum of the two amounts would exceed two years' salary. However, the Company understands that the amount of the compensation for termination of the contract (which was already reduced in 2015, from three to two years' annual salary, as a result of the introduction of this recommendation that year) should not be reduced, as it includes the termination of his prior employment relationship of sixteen years and seven months, which was suspended when he was appointed as a director.

H. OTHER INFORMATION OF INTEREST

1. If there are any significant aspects regarding corporate governance in the company or entities of the group that have not been included in the other sections of this report, but should be included in order to provide more complete and well-reasoned information regarding the corporate governance structure and practices in the entity or its group, briefly describe them.
2. In this section, you may also include any other information, clarification, or comment relating to the prior sections of this report to the extent they are relevant and not repetitive.

Specifically, state whether the company is subject to laws other than Spanish laws regarding corporate governance and, if applicable, include such information as the company is required to provide that is different from the information required in this report.

3. The company may also state whether it has voluntarily adhered to other international, industrial, or other codes of ethical principles or good practice. If so, identify the code in question and the date of adherence thereto. In particular, mention whether the company has signed up to the Code of Good Tax Practice, of 20th July 2010:

*Section A.2.

After 31st December 2020 (the year-end date the information in this report refers to) and taking into account the available information until 24th March 2021 by close of market, the following movements in the shareholder structure have taken place:

- On 19th January 2021, Piscine Luxembroug Holdings 1, S.A.R.L., a wholly owned subsidiary of Rhône Capital LLC, carried out an accelerated placement of 10.7% of the Company's share capital. The number of shares sold in the placement was 21 million. The amount of the placement totalled approximately € 424,200,000 and the selling price as € 20.20 per shares. After completing the placement, Piscine Luxembourg Holdings 1, S.à.r.l. holds 42,028,788 shares in the Company, representing approximately 21.5% of the Company's capital.
- On 20th January 2021, BlackRock Inc. (parent company which includes holdings of BlackRock European Master Hedge Fund Limited as well as that of other funds, accounts and portfolios) exceeded the threshold of 3% of the Company's capital, reaching specifically 3.063%.
- On 20th January 2021 G3T, S.L. informed the CNMV that it had acquired a significant shareholding in the Company's capital, which was for a total of 3.861% and which was then increased to 5.002% on 19th March 2021 as per the communication filed by G3T, S.L. to CNMV on 23rd March 2021.
- On 20th January 2021, THREADNEEDLE ASSET MANAGMEENT LMITED reported to the CNMV that it held a significant shareholding in the Company's capital, which totals 3.279%.

This annual corporate governance report was approved by the Board of Directors of the company at its meeting held on:

[25/03/2021]

State whether any directors voted against or abstained in relation to the approval of this Report.

[] Yes
[v] No

**Auditor's report on information relating to the Internal
Control Over Financial Reporting (ICFR) of
Fluidra, S.A. and subsidiaries for 2020**



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

AUDITOR'S REPORT ON INFORMATION RELATING TO THE INTERNAL CONTROL OVER FINANCIAL REPORTING (ICFR)

To the Directors of Fluidra S.A. and subsidiaries.

At the request of the Board of Directors of Fluidra, S.A. and subsidiaries (hereinafter, the Entity) and in accordance with our proposal dated March 15, 2021, we have applied certain procedures to the accompanying "ICFR-related information" of the Entity for 2020, which summarizes the Entity's internal control procedures regarding annual financial reporting.

The Board of Directors is responsible for adopting the appropriate measures in order to reasonably guarantee the implementation, maintenance and supervision of an adequate internal control system as well as developing improvements to that system and preparing and establishing the content of the accompanying ICFR-related information.

It should be noted that irrespective of the quality of the design and effectiveness of the internal control system adopted by the Entity in relation to its annual financial reporting, it can only provide reasonable, rather than absolute assurance with respect to the objectives pursued, due to the inherent limitations to any internal control system.

Throughout the course of our audit work on the financial statements, and in conformity with Technical Auditing Standards, the sole purpose of our assessment of the Entity's internal control system was to establish the scope, nature, and timing of the audit procedures to be applied to the Entity's financial statements. Therefore, our internal control assessment performed for the audit of the aforementioned financial statements was not sufficiently extensive to enable us to express a specific opinion on the effectiveness of the internal control over regulated annual financial reporting.

For the purpose of issuing this report, we exclusively applied the specific procedures described below and indicated in the Guidelines on the Auditors' report relating to information on the Internal Control over Financial Reporting on Listed Companies, published by the Spanish National Securities Market Commission (CNMV) on its website, which establishes the work to be performed, the minimum scope thereof and the content of this report. Given that the scope of the abovementioned procedures performed was limited and substantially less than that of an audit or a review of the internal control system, we do not express an opinion on the effectiveness thereof, or its design or operating effectiveness, in relation to the Entity's annual financial reporting for 2020 described in the accompanying ICFR-related information. Consequently, had we applied additional procedures to those established by the Guidelines mentioned above or had we carried out an audit or a review of the internal control over regulated annual financial reporting, other matters might have been detected which would have been reported to you.

Additionally, since this special engagement neither constitutes an audit of the financial statements nor is it subject to prevailing audit regulations in Spain, we do not express an audit opinion in the terms provided for therein.

The procedures performed were as follows:

1. Reading and understanding the information prepared by the Entity regarding ICFR - disclosures included in the management report - and assessing whether this information meets all the minimum reporting requirements needed to fill out section F on the ICFR described in the Annual Corporate Governance Report template established in CNMV Circular 5/2013 of June 12, 2013, subsequently amended by CNMV Circular 7/2015 of June 22, 2015 and CNMV Circular 2/2018 of June 12 (hereinafter the CNMV Circulars).
2. Making inquiries of personnel responsible for preparing the information detailed in point 1 above: (i) to obtain an understanding of the process that goes into preparing the information; (ii) to obtain information that allows us to assess whether the terminology used complies with the framework definitions; and (iii) to obtain information on whether the control procedures described are in place and functioning.
3. Reviewing the explanatory documents supporting the information detailed in point 1 above, which will mainly include documents directly made available to those responsible for describing the ICFR. This documentation includes reports prepared by the Internal Audit Department, senior management, and other internal and external experts in their role supporting the Audit Committee.
4. Comparing the information detailed in point 1 above with our knowledge of the Entity's ICFR obtained through the procedures applied during our audit of the financial statements.
5. Reading the minutes of the meetings of the Board of Directors, the Audit Committee, and other Entity committees in order to evaluate the consistency between matters related to the ICFR and the information detailed in point 1 above.
6. Obtaining a representation letter in connection with the work performed, duly signed by those responsible for preparing and approving the information detailed in point 1 above.

As a result of the procedures applied to the ICFR-related information, no inconsistencies or incidents have come to our attention which might affect it.

This report was prepared exclusively within the framework of the requirements stipulated in article 540 of the consolidated text of the Corporate Enterprises Act and CNMV Circulars on ICFR description in Annual Corporate Governance Reports.

ERNST & YOUNG, S.L.

(Signature on the original in Spanish)

Alfredo Eguiagaray

March 26, 2021

FLUIDRA, S.A.
Individual Annual Accounts
2020

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

On 25 March 2021, the Board of Directors of Fluidra, S.A. prepared for issue the annual accounts in accordance with the Spanish General Chart of Accounts approved by Royal Decree 1514/2007, which comprise the balance sheet, the income statement, the statement of recognised income and expense, the statement of changes in equity, the cash flow statement, the notes to the annual accounts and the directors' report for the year ended 31 December 2020. In witness whereof, they are hereby signed on this sheet, by all the members of the Board of Directors.

Mr. Eloy Planes Corts

Mr. Bruce Walker Brooks

Ms. Esther Berrozpe Galindo

Mr. Jorge Valentín Constans Fernández

Mr. Bernardo Corbera Serra

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

Mr. Michael Steven Langman

Mr. Gabriel López Escobar

Mr. Sébastien Mazella Di Bosco

Mr. Brian McDonald

Mr. Oscar Serra Duffo

Mr. José Manuel Vargas Gómez

**STATEMENT OF RESPONSIBILITY FOR THE CONTENT OF THE FLUIDRA, S.A.
ANNUAL FINANCIAL REPORT FOR THE 2020 FINANCIAL YEAR**

The undersigned, all company board members, declare that, to the best of their knowledge, the individual and consolidated annual financial statements for the 2020 financial year, drafted at the meeting on 25 March 2021 and prepared according to applicable accounting principles, give a fair review of the assets, financial position and results of Fluidra S.A. and of the companies included in the consolidation taken as a whole and that the management reports approved with them include an accurate analysis of the development and performance of the business and the position of Fluidra S.A. and the companies included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

In Sabadell, 25 March 2021

Mr. Eloy Planes Corts

Mr. Bruce Walker Brooks

Ms. Esther Berrozpe Galindo

Mr. Jorge Valentín Constans Fernández

Mr. Bernardo Corbera Serra

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

Mr. Michael Steven Langman

Mr. Gabriel López Escobar

Mr. Sébastien Mazella Di Bosco

Mr. Brian McDonald

Mr. Oscar Serra Duffo

Mr. José Manuel Vargas Gómez