



Aliaxis Holdings

# Condensed Consolidated Interim Financial Statements 2021





# Condensed consolidated financial statements

Condensed consolidated statement of profit or loss and other comprehensive income	2
Condensed consolidated statement of financial position	4
Condensed consolidated statement of changes in equity	5
Condensed consolidated statement of cash flows	6

# Condensed consolidated statement of profit or loss and other comprehensive income

## Condensed consolidated statement of profit or loss

For the six months ended (in € thousand)	Notes	June 2021	June 2020
Revenue		1,786,426	1,368,985
Cost of sales		(1,241,913)	(1,008,482)
Gross profit		544,512	360,502
Commercial expenses		(117,720)	(111,540)
Administrative expenses		(128,439)	(114,976)
R&D expenses		(13,151)	(11,819)
Other operating income / (expenses)	5	(8,629)	(5,887)
Operating profit exclusive adjusted items		276,574	116,280
Adjusted items:			
Net result on sale of businesses	6	-	107,791
Restructuring costs	7	(786)	(8,435)
Other income / (expenses)	8	(1,515)	(1,528)
Operating profit		274,273	214,108
Finance income		3,682	11,225
Finance expenses		(12,223)	(25,177)
Profit before income taxes		265,732	200,156
Income tax expense	9	(90,695)	(35,988)
Profit for the period		175,037	164,169
of which attributable to Group equity holders		174,212	163,574
of which attributable to non-controlling interests		826	595

## Condensed consolidated statement of other comprehensive income

For the six months ended (in € thousand)	Notes	June 2021	June 2020
Profit for the period recognised in the income statement		<b>175,037</b>	164,169
<u>Items that will never be reclassified to profit and loss:</u>			
Remeasurements of defined benefit liability (asset) (net of taxes)	18	<b>3,778</b>	(369)
<u>Items that are or may be reclassified to profit and loss:</u>			
Foreign currency translation differences for foreign operations	16	<b>82,140</b>	(75,498)
Net profit/(loss) on hedge of net investment in foreign operations	21	<b>(656)</b>	637
Cost of hedging reserves - changes in FV	21	<b>(166)</b>	284
Effective portion of changes in fair value of cash flow hedges	21	<b>4,369</b>	7,011
Change in fair value of cash flow hedges transferred to profit or loss	21	<b>(3,907)</b>	(421)
Deferred taxes related to hedges		<b>(83)</b>	(1)
Other comprehensive income for the period, net of income tax		<b>85,475</b>	(68,358)
Total comprehensive income for the period		<b>260,512</b>	95,811
of which attributable to Group equity holders		<b>259,435</b>	95,286
of which attributable to non-controlling interests		<b>1,077</b>	525

The notes on pages 9 to 23 are an integral part of these condensed consolidated financial statements.

# Condensed consolidated statement of financial position

At the end of the period (in € thousand)	Notes	June 2021	Dec. 2020
Intangible assets and goodwill	10	718,582	702,715
Property, plant & equipment	11	871,177	882,219
Investment properties		3,287	3,258
Other assets		31,202	31,010
Derivative financial instruments with positive fair values	21	20,095	18,971
Deferred tax assets		12,475	13,444
Employee benefits	18	48,646	46,641
<b>Non-current assets</b>		<b>1,705,463</b>	<b>1,698,258</b>
Inventories	13	597,200	506,629
Current tax assets		2,535	9,343
Amounts receivable		519,551	340,234
Derivative financial instruments with positive fair values	21	21,050	22,988
Cash & cash equivalents	15	696,713	641,710
Assets held for sale	12	46,419	4,679
<b>Current assets</b>		<b>1,883,467</b>	<b>1,525,583</b>
<b>TOTAL ASSETS</b>		<b>3,588,930</b>	<b>3,223,841</b>
<b>At the end of the period (in € thousand)</b>	<b>Notes</b>	<b>June 2021</b>	<b>Dec. 2020</b>
Share capital	16	1,205,128	1,205,128
Retained earnings and reserves		380,085	180,678
<b>Equity attributable to Group equity holders</b>		<b>1,585,212</b>	<b>1,385,806</b>
Non-controlling interests	16	10,015	8,938
<b>TOTAL EQUITY</b>		<b>1,595,228</b>	<b>1,394,744</b>
Loans and borrowings	17	728,810	781,240
Lease liabilities		90,688	95,309
Employee benefits	18	74,519	81,211
Deferred tax liabilities		67,063	60,606
Provisions	19	19,879	18,315
Derivative financial instruments with negative fair values	21	1,129	7,760
Other amounts payable		2,384	2,471
<b>Non-current liabilities</b>		<b>984,472</b>	<b>1,046,911</b>
Loans and borrowings	17	164,990	167,147
Lease liabilities		21,904	22,314
Bank overdrafts	15	69,694	30,473
Provisions	19	28,070	32,951
Derivative financial instruments with negative fair values	21	5,944	5,132
Current tax liabilities	20	102,775	74,441
Amounts payable		538,478	449,603
Dividends payable	16	60,000	125
Liabilities held for sale	12	17,375	-
<b>Current liabilities</b>		<b>1,009,231</b>	<b>782,185</b>
<b>TOTAL LIABILITIES</b>		<b>1,993,703</b>	<b>1,829,097</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b>3,588,930</b>	<b>3,223,841</b>

The notes on pages 9 to 23 are an integral part of these condensed consolidated financial statements.

# Condensed consolidated statement of changes in equity

## 2020

(in € thousand)	Notes	Share capital	Hedging reserve	Translation reserve	Retained earnings	Total capital & reserves	Non-controlling interests	TOTAL EQUITY
As at 1 January 2020		1,205,128	(2,526)	(61,891)	248,108	1,388,819	9,283	1,398,101
Profit for the period					163,574	163,574	595	164,169
Other comprehensive income:								
Foreign currency translation differences	16		(89)	(75,420)	81	(75,428)	(70)	(75,498)
Net gain on hedge of net investment (net of tax)	16			637		637	-	637
Cash flow hedges (net of tax)	21		6,873			6,873	-	6,873
Remeasurement IAS19 & other	18				(369)	(369)	-	(369)
Dividends to shareholders	16				(30,000)	(30,000)	-	(30,000)
Scope changes					(10)	(10)	7	(3)
As at 30 June 2020		1,205,128	4,257	(136,674)	381,384	1,454,095	9,814	1,463,909

## 2021

(in € thousand)	Notes	Share capital	Hedging reserve	Translation reserve	Retained earnings	Total capital & reserves	Non-controlling interests	TOTAL EQUITY
As at 1 January 2021		1,205,128	(72)	(211,452)	392,202	1,385,806	8,938	1,394,744
Profit for the period					174,212	174,212	826	175,037
Other comprehensive income:								
Foreign currency translation differences	16		18	81,885	(14)	81,889	251	82,140
Net gain on hedge of net investment (net of tax)	16			(656)		(656)	-	(656)
Cash flow hedges (net of tax)	21		213			213	-	213
Remeasurement IAS19 & other	18				3,778	3,778	-	3,778
Dividends to shareholders	16				(60,000)	(60,000)	-	(60,000)
Scope changes			-		(29)	(29)	-	(29)
As at 30 June 2021		1,205,128	159	(130,223)	510,149	1,585,212	10,015	1,595,228

The notes on pages 9 to 23 are an integral part of these condensed consolidated financial statements.

# Condensed consolidated statement of cash flows

At the end of the period (in € thousand)	Notes	June 2021	June 2020
<b>OPERATING ACTIVITIES</b>			
Profit before income tax		265,732	200,156
Depreciation		59,103	61,783
Amortisation	10	9,212	11,585
Impairment losses on PP&E, intangible assets and assets held-for-sale	11, 10	306	58
Impairment losses on working capital and others		5,162	3,182
Increase / (decrease) in provisions in profit and loss	19	15,010	9,036
Financial instruments - fair value adjustment through profit or loss	21	132	418
Net interest (income) / expenses		6,293	7,097
Dividend income		(297)	(270)
Loss / (gain) on sale of property, plant and equipment	5	(59)	(617)
Loss / (gain) on sale of assets held-for-sale		(1,671)	-
Loss / (gain) on sale of businesses	6	51	(107,766)
Other - miscellaneous - mainly FX		11,072	9,182
Gross cash flows from operating activities		370,046	193,843
Decrease / (increase) in inventories		(95,885)	18,489
Decrease / (increase) in amounts receivable		(183,654)	(141,726)
Increase / (decrease) in amounts payable		88,682	55,808
Increase / (decrease) in provisions	19	(16,289)	(7,827)
Changes in working capital and provisions		(207,145)	(75,257)
Cash generated from operations		162,901	118,586
Income tax paid	9	(51,240)	(30,647)
Net cash flows from operating activities		111,662	87,939

At the end of the period (in € thousand)	Notes	June 2021	June 2020
<b>INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment	11	1,395	1,120
Proceeds from sale of assets held-for-sale		3,664	-
Proceeds from sale of investments		108	82
Repayment of loans granted	17	101	-
Sale of a business, net of cash disposed of		0	167,722
Acquisition of businesses, net of cash acquired		-	(572)
Acquisition of property, plant and equipment	11	(43,910)	(31,365)
Acquisition of intangible assets	10	(7,553)	(8,780)
Loans granted	17	(8)	(74)
Dividends received		297	270
Interest received		1,489	3,596
Net cash flows used in investing activities		(44,418)	131,999



At the end of the period (in € thousand)	Notes	June 2021	June 2020
<b>FINANCING ACTIVITIES</b>			
Proceeds from obtaining borrowings	17	<b>12,926</b>	29,251
Repayment of borrowings	17	<b>(75,108)</b>	(174,372)
Repayment of leasing		<b>(14,646)</b>	(16,652)
Dividends paid		<b>(126)</b>	(367)
Interest paid		<b>(5,537)</b>	(11,900)
Cash flows from financing activities		<b>(82,491)</b>	(174,040)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(15,246)</b>	45,899

## Cash and cash equivalents

At the end of the period (in € thousand)	Notes	June 2021	June 2020
As at 1 January	15	<b>611,237</b>	472,663
Net (decrease) / increase in cash and cash equivalents		<b>(15,246)</b>	45,899
Cash and cash equivalents resulting from scope changes and A/L HFS transfers		-	168
Effect of exchange rate fluctuations on cash held		<b>31,028</b>	(21,527)
As at 30 June	15	<b>627,019</b>	497,204

The notes on pages 9 to 23 are an integral part of these condensed consolidated financial statements.

# Notes to the condensed consolidated financial statements

1.	Corporate information	9
2.	Basis of preparation	9
3.	Operating segments	10
4.	Revenue from external customers by activity	11
5.	Other operating income and expenses	12
6.	Net result on sale of businesses	12
7.	Restructuring costs	12
8.	Other income and expenses	12
9.	Income taxes	12
10.	Intangible assets and goodwill	13
11.	Property, plant and equipment	14
12.	Assets-held-for-sale	15
13.	Inventories	16
14.	Amounts receivable	16
15.	Cash and cash equivalents	16
16.	Equity	17
17.	Loans and borrowings	17
18.	Employee benefits	20
19.	Provisions	21
20.	Current tax liabilities	21
21.	Financial instruments	22
22.	Contractual commitments	22
23.	Contingencies	23
24.	Related parties	23
25.	Subsequent events	23

# 1. Corporate information

Aliaxis Holdings S.A. ("the Company") is a company domiciled in Belgium. The address of the Company's registered office is Avenue Arnaud Fraiteur, 15/23, 1050 Brussels. The consolidated financial statements of the Company as at and for the year ended 31 December 2021 comprise the Company, its subsidiaries and interest in equity accounted investees (together referred to as the "Group" or "Aliaxis").

Aliaxis employed around 14,500 people, is present in more than 40 countries throughout the world, and is represented in the marketplace through more than 100 manufacturing and selling companies, many of which trade using their individual brand identities. The Group is primarily engaged in the manufacture and sale of plastic pipe systems and related building and sanitary products which are used in residential and commercial construction and renovation as well as in a wide range of industrial and public utility applications.

# 2. Basis of preparation

These interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with IAS 34 Interim Financial Reporting, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2020 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements.

## (a) Significant accounting policies

Except for the changes explained below, the accounting policies adopted are consistent with those of the Group's last annual consolidated financial statements.

As of 1 January 2021, Aliaxis adopted the following new and amended IFRS standards and interpretations and considered that it did not result in significant changes in the consolidated financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020) address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate (replacement issues).

In Phase 2 of its project, the Board amended requirements in IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement, IFRS 7 Financial Instruments: Disclosures, IFRS 4 Insurance Contracts and IFRS 16 Leases relating to:

- changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities;
- hedge accounting; and
- disclosures.

The Phase 2 amendments apply only to changes required by the interest rate benchmark reform to financial instruments and hedging relationships. The amendments apply retrospectively from 1 January 2021 with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.

In March 2021 the IFRS Interpretations Committee clarified how to perform the analysis for implementation costs incurred in a cloud service contract. The decision clarifies that in a cloud service contract the customer (i.e. Aliaxis) need to assess whether the implementation service is distinct from the service of receiving access to the software. This will determine whether these implementation costs should be capitalised or expensed. These amendments are not expected to have a material impact on the Group's consolidated statements.

## **(b) Use of estimates and judgments**

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

## **(c) Covid-19**

Despite the significant challenges caused by the Covid-19 pandemic, the impact on the activities of Aliaxis during the first six months of 2021 were not material.

# **3. Operating Segments**

The Group has the following four strategic divisions, which are its reportable segments:

- Americas
- Pacific
- EMEA
- Asia

These divisions are managed separately because they require different marketing strategies. The Group's chief operating decision maker reviews the internal management reports of each division at least quarterly.

Other segments include minor business in China, South Africa and Germany. None of these segments met the quantitative thresholds for reportable segments in 2021 or 2020.

There are few intersegment relationships which are limited to some transfers of raw materials and shared distribution services. Information related to each reportable segment is set out below. Segment Adjusted EBITDA is used to measure performance because management believes that this information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries.

(in € thousand)	Americas		Pacific		EMEA		Asia		Other segments		Not allocated to operating segments		TOTAL GROUP	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
External revenues	796,975	532,481	224,074	199,851	481,741	374,493	215,818	162,666	67,818	99,494	-	-	1,786,426	1,368,985
Adjusted EBIT	175,227	67,083	8,419	4,926	65,765	24,012	27,938	14,068	3,573	3,918	(4,348)	2,274	276,574	116,280
Depreciation and amortisation	24,083	26,473	13,166	13,062	17,754	19,072	9,262	9,102	1,741	3,042	2,457	2,622	68,464	73,374
Adjusted EBITDA	199,310	93,556	21,586	17,988	83,519	43,084	37,200	23,170	5,314	6,960	(1,892)	4,896	345,037	189,654
Net results on sales of businesses	-	-	-	-	-	-	-	-	-	-	-	107,791	-	107,791
Restructuring costs	148	(229)	-	23	(863)	(1,985)	-	-	(70)	(10)	-	(6,234)	(786)	(8,435)
Other income / (expenses)	(93)	-	(404)	-	1,332	(581)	-	-	-	55	(2,350)	(1,002)	(1,515)	(1,528)
Segment result (EBIT)	175,281	66,854	8,015	4,948	66,234	21,446	27,938	14,068	3,503	3,963	(6,699)	102,829	274,273	214,108
Segment assets*	1,563,373	1,334,115	378,490	363,506	774,887	731,968	371,010	352,021	83,684	77,454	417,487	364,776	3,588,930	3,223,841
Segment liabilities*	342,204	285,280	113,991	104,836	263,192	225,137	66,655	72,979	40,163	36,215	1,167,499	1,104,650	1,993,703	1,829,097
Capital expenditures	18,398	11,178	4,116	4,506	6,532	3,912	14,284	10,544	999	1,206	7,135	8,799	51,463	40,145
Capital employed	933,467	987,864	307,177	317,258	502,745	516,806	300,962	273,912	59,598	58,748	(93,661)	(72,881)	2,010,288	2,088,207
R&D expenses	1,980	1,537	821	486	4,984	4,750	632	387	148	133	4,585	4,526	13,151	11,819
Average number of employees (FTE)	5,319	5,111	1,265	1,494	4,490	4,379	2,226	2,248	979	1,159	159	158	14,440	14,548

\* Comparative period is December 2020

Unallocated assets mainly relate to financial intercompany transactions, cash and cash equivalent, derivatives, intangible fixed assets and receivables

Unallocated liabilities mainly relate to financial debts, current and deferred tax liabilities and payables.

## 4. Revenue from external customers by activity

For the 6 months period ended 30 June 2021, strong revenue growth across all regions was mainly driven by the performance of the Americas. The 6 months period ended 30 June 2020 was impacted by the Covid-19 pandemic.

(in € thousand)	June 2021	June 2020
Building	805,625	607,843
Infrastructure	579,292	368,554
Industry	401,510	392,589
TOTAL	1,786,426	1,368,985

## 5. Other operating income and expenses

Expenses included in other operating income and expenses mainly relate to amortisation intangibles related to merger and acquisition (mainly in Ashirvad and Vinidex).

## 6. Net result on sale of businesses

In 2020, the net result on sale of businesses relates to the gain on divestment of Harrington for an amount € 107.8 million.

## 7. Restructuring costs

The restructuring expenses as of end of June 2021 amounted to € 0.8 million. These expenses related mainly to transformation and restructuring initiatives in EMEA.

The restructuring expenses as of end of June 2020 amounted to € 8.4 million. These expenses related mainly to transformation and restructuring initiatives.

## 8. Other income and expenses

Total other income and expense amounted to € 1.5 million and related mainly to merger and acquisition costs for an amount of € 2.4 million partly offset by the income on the sales of assets held for sales for € 1.5 million in the UK.

In 2020, total other income and expense amounted to € 1.5 million and related mainly to merger and acquisition costs.

## 9. Income taxes

Income taxes, consisting of current and deferred taxes, amounted to € 91 million, (2020: € 36 million) representing an effective income tax rate of 34.1% (2020: 18.0%). The increase is mainly due to exempted capital gain on the divestment of Harrington in the 6 months period ended June 2020.

# 10. Intangible assets and goodwill

			June 2021	Dec. 2020
	Goodwill	Intangible assets (finite life)	Total Intangible assets and goodwill	Total Intangible assets and goodwill
<b>(in € thousand)</b>				
<b>Cost</b>				
As at 1 January	606,775	338,490	945,266	995,981
Changes in the consolidation scope & Asset deals	-	-	-	(11,554)
- Acquisitions	-	-	-	465
- Deconsolidation	-	-	-	(12,018)
Acquisitions	-	7,553	7,553	18,586
Disposals & retirements	-	(116)	(116)	(2,807)
Transfers	-	(2,345)	(2,345)	602
Exchange difference	17,946	3,862	21,808	(55,542)
At the end of the period	624,721	347,444	972,166	945,266
<b>Amortisation and impairment losses</b>				
As at 1 January	(69,551)	(173,000)	(242,551)	(181,307)
Changes in the consolidation scope	-	-	-	6,796
- Deconsolidation	-	-	-	6,796
Charge for the period	-	(9,213)	(9,213)	(86,186)
- Amortisation	-	(9,212)	(9,212)	(22,738)
- Impairment (recognised) / reversed	-	(2)	(2)	(63,448)
Disposals & retirements	-	112	112	2,791
Transfers	-	2,178	2,178	302
Exchange difference	(2,316)	(1,794)	(4,110)	15,053
At the end of the period	(71,867)	(181,717)	(253,584)	(242,551)
Carrying amount at the end of the period	552,854	165,727	718,582	702,715
Carrying amount at the end of the previous period	537,225	165,491	702,715	814,673

# 11. Property, plant and equipment

	June 2021				Dec. 2020	
	Land & buildings	Plant, machinery & equipment	Other	Under construction & advance payments	Total	Total
<b>(in € thousand)</b>						
<b>Cost or deemed cost</b>						
As at 1 January	711,233	1,424,342	116,335	64,423	2,316,333	2,426,382
Change in accounting policy	-	-	(12)	-	(12)	-
Changes in the consolidation scope & Asset deals	-	-	-	-	-	(67,266)
- Acquisitions	-	-	-	-	-	-
- Deconsolidation	-	-	-	-	-	(67,266)
Acquisitions	8,941	21,661	4,333	16,030	50,965	130,100
Disposals & retirements	(3,492)	(11,505)	(2,966)	(63)	(18,026)	(54,787)
Transfers	(24,286)	(35,216)	(3,524)	(43,984)	(107,010)	(14,124)
Exchange difference	13,357	27,507	2,004	1,461	44,329	(103,973)
At the end of the period	705,752	1,426,789	116,170	37,868	2,286,579	2,316,333
<b>Depreciation and impairment losses</b>						
As at 1 January	(257,548)	(1,089,513)	(86,949)	(103)	(1,434,114)	(1,462,903)
Changes in the consolidation scope	-	-	-	-	-	32,077
- Deconsolidation	-	-	-	-	-	32,077
Charge for the period	(16,137)	(37,279)	(5,761)	(157)	(59,334)	(122,136)
- Depreciation	(16,137)	(37,151)	(5,759)	-	(59,047)	(121,085)
- Impairment (recognised) / reversed	-	(129)	(1)	(157)	(287)	(1,051)
Disposals & retirements	2,411	11,297	2,930	-	16,637	51,136
Transfers	18,000	65,969	3,940	-	87,910	12,689
Exchange difference	(4,799)	(20,274)	(1,427)	(2)	(26,502)	55,023
At the end of the period	(258,073)	(1,069,801)	(87,267)	(262)	(1,415,402)	(1,434,114)
Carrying amount at the end of the period	447,679	356,988	28,904	37,605	871,177	882,219
Carrying amount at the end of the previous period	453,685	334,828	29,386	64,319	882,219	963,479
Of which:						
Leased assets at the end of the period	84,931	11,939	10,640	-	107,511	113,468
Leased assets at the end of the previous period	87,660	13,672	12,135	-	113,468	115,736

Management considers that residual values of depreciable property, plant and equipment are insignificant. The total acquisition of property, plant and equipment excluding leasing amounts to € 43.9 million.

The disposal and retirement flows include the reversals of the fully depreciated property, plant and equipment both at the level of the gross book values and of the impairment values.



## 12. Assets-held-for-sale

The assets and liabilities that are considered and classified in June 2021 as Assets and Liabilities-held-for-sale mainly relate to Sanitärtechnik Eisenberg GmbH. The Group signed an agreement to divest Sanitärtechnik Eisenberg GmbH and the transaction was closed on July 31, 2021 (see Note 25).

At the end of the period (in € thousand)	June 2021	Transfer	A/L HFS
Intangible assets and goodwill	11	(11)	-
Property, plant & equipment	19,371	(19,371)	-
Other assets	70	(70)	-
Deferred tax assets	35	(35)	-
<b>Non-current assets</b>	<b>19,487</b>	<b>(19,487)</b>	<b>-</b>
Inventories	11,818	(11,818)	-
Amounts receivable	11,145	(11,145)	-
Cash & cash equivalents	1,181	(1,181)	-
Assets held for sale		43,631	43,631
<b>Current assets</b>	<b>24,144</b>	<b>19,487</b>	<b>43,631</b>
At the end of the period (in € thousand)	June 2021	Transfer	A/L HFS
Employee benefits	3,392	(3,392)	-
Provisions	892	(892)	-
Other amounts payable	691	(691)	-
<b>Non-current liabilities</b>	<b>4,975</b>	<b>(4,975)</b>	<b>-</b>
Loans and borrowings	176	(176)	-
Provisions	1,196	(1,196)	-
Current tax liabilities	13	(13)	-
Amounts payable	11,015	(11,015)	-
Liabilities held for sale		17,375	17,375
<b>Current liabilities</b>	<b>12,400</b>	<b>4,975</b>	<b>17,375</b>

## 13. Inventories

At the end of the period (in € thousand)	June 2021	Dec. 2020
Stock in transit	25,138	18,905
Raw materials, packaging materials and consumables	152,721	109,394
Components	30,582	23,971
Work in progress	19,966	12,527
Finished goods	324,133	294,804
Goods purchased for resale	44,660	47,028
<b>Inventories, net of write-down</b>	<b>597,200</b>	<b>506,629</b>

Inventory increased mainly in the Americas and Asia. In the Americas, the main factors were the increase in activity coupled with raw material price rises and the need to secure resin supply. In India, Covid lockdowns in April and May caused delays in sales, leading to an additional build-up of inventory.

## 14. Amounts receivable

The increase in the amounts receivable in June 2021 compared with December 2020 follows the usual seasonal pattern as well as reflecting the improved performance during the 6 months period ended June 2021.

## 15. Cash and cash equivalents

As the end of the period (in € thousand)	June 2021	Dec. 2020
Short term bank deposits	270,585	368,628
Bank balances	425,979	272,951
Cash	149	131
<b>Cash &amp; cash equivalents</b>	<b>696,713</b>	<b>641,710</b>
Bank overdrafts	(69,694)	(30,473)
<b>Cash &amp; cash equivalents in the statement of cash flows</b>	<b>627,019</b>	<b>611,237</b>

Short-term deposits are held with counterparties which have a robust credit rating, with maturities of 3 months or less, and remunerated at money market rates floored at 0%.

Most significant amounts are denominated in CAD, USD, INR and EUR.

## 16. Equity

### Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign entities of the Group as well as from the translation of liabilities that hedge the Company's net investment in a foreign operation and the translation impacts resulting from net investment hedges. The positive change in the translation reserve during 2021 amounts to € 81.2 million, mainly due to the strengthening of some major trading currencies against the EUR at June end rate, such as the Canadian dollar (6%), Pound Sterling (5%) and the United States dollar (3%).

In 2020, the negative change in the translation reserve amounted to € -74.8 million, due to the weakening of some major trading currencies against the EUR at June end rate, such as the Canadian dollar (5%), Pound Sterling (7%) and the Indian Rupee (6%).

### Dividends

In June 2021, a total amount of € 60.0 million was declared as dividends by Aliaxis (a gross dividend of € 0.6341255757 per share). The dividend has been accrued for in these condensed financial statements and has been paid early July 2021.

In June 2020, a total amount of € 30.0 million was declared as dividends by Aliaxis (a gross dividend of € 0.317063 per share). The dividend was accrued for as at June 30, 2020 and was paid early July 2020.

## 17. Loans and borrowings

At the end of the period (in € thousand)	June 2021	Dec. 2020
Non-current		
Unsecured bank loans, Schuldschein & other	587,360	643,712
US private placements	141,746	137,845
Deferred arrangement fees	(296)	(318)
Non-current loans and borrowings	728,810	781,240
Current		
Unsecured bank loans, Schuldschein & other	55,049	61,131
US private placements	93,403	90,457
Deferred arrangement fees	(234)	(727)
Other (loans) and borrowings	16,772	16,285
Current loans and borrowings	164,990	167,147
Loans and borrowings	893,800	948,387

The breakdown of the changes of loans and borrowings into cash flows and non-cash changes can be detailed as follows:

		Cash Flows		Non-cash changes			
At the end of the period (in € thousand)	Dec. 2020	In	Out	Transfer	FX impact	Amortisation	June 2021
Non-current							
Unsecured bank loans, Schuldschein & other	643,712	9,060	(65,599)	(1)	188	-	587,360
US private placements	137,845	-	-	-	3,901	-	141,746
Deferred arrangement fees	(318)	-	-	-	22	-	(296)
Non-current financial debt	781,239	9,060	(65,599)	(1)	4,111	-	728,810
Current							
Unsecured bank loans, Schuldschein & other	61,131	3,117	(9,330)	1	130		55,049
US private placements	90,457	-	-	(0)	2,946	-	93,403
Deferred arrangement fees	(727)	-	-	-	(4)	497	(234)
Other loans and borrowings	16,285	850	(187)	(176)	-	-	16,772
Current loans and borrowings	167,147	3,967	(9,517)	(176)	3,071	497	164,990
Loans and borrowings	948,386	13,027	(75,116)	(176)	7,183	497	893,800

At the end of the period (in € thousand)	Dec. 2020	Cash Flows		Non-cash changes			June 2021
		In	Out	Transfer	FX impact	Other *	
Non-current finance lease liabilities	95,309	-	-	(6,793)	2,172	-	90,688
Current finance lease liabilities	22,314	-	(14,646)	4,936	402	8,898	21,904
<b>Finance lease liabilities</b>	<b>117,623</b>	<b>-</b>	<b>(14,646)</b>	<b>(1,858)</b>	<b>2,574</b>	<b>8,898</b>	<b>112,592</b>

\* Other includes lease additions and accretion of interest

In July 2011, the Group entered into the US Private Placement (USPP) market by issuing notes for a total amount of USD 260 million in 3 tranches, of which are still outstanding:

- USD 111 million at 4.94% maturing in 2021
- USD 112 million at 5.09% maturing in 2023

In July 2015, the Group entered into the USPP market by issuing notes for approximately USD 55 million in 2 tranches:

- USD 35 million at 4.26% maturing in 2025
- EUR 18 million at 2.64% maturing in 2027

Subsequently, the Group entered for USD 258 million into cross currency swaps in order to maintain a diversified source of funding in terms of maturities, currencies and interest rates.

In July 2015 also, the Group entered into the Schuldschein (SSD) market by issuing certificates for a total amount of EUR 120 million in 4 tranches, of which are still outstanding:

- EUR 40 million at 2.13% maturing in 2022
- EUR 27 million at floating rate maturing in 2022

Simultaneously, the Group refinanced its syndicated bank debt by entering into a 5 year (with two possible one-year extensions) committed multi-currency revolving credit facility of € 680 million between Aliaxis Finance/Aliaxis North America/Aliaxis Holding Australia and a syndicate of banks. The borrowing rate is based on a short-term interest rate plus margin.

In June 2016, the syndicated loan maturity was extended by one year for the total amount of € 680 million with maturity fixed at July 2021.

In June 2017, the syndicated loan maturity was extended by an additional one year for the amount of € 631 million, with final maturity now fixed at July 2022. At 30 June 2021, € 220 million of the syndicated facility was drawn (Dec. 2020: € 276 million)

In May 2018, the Group entered into a Club Deal multi-currency bank facility of € 400 Million maturing in July 2022 made up of a € 200 million amortising Term Loan Tranche (€ 50 million repayment in July 2020 and € 50 million repayment in July 2021), and a € 200 million bullet Revolving Tranche. In both tranches, the borrowing rate is based on a short-term interest rate plus margin.

At 30 June 2021, € 200 million of the Revolving Tranche of the Club deal was drawn (Dec. 2020: € 200 million), and the term loan tranche of the Club deal amounted to € 150 million (Dec. 2020: € 150 million).

These USPP and SSD programs together with the Syndicated loan and the Club deal bank facility are unsecured, subject to covenants (including, inter alia, financial covenants based on interest cover and leverage ratios) and undertakings standard for this type of financing, and were not subject to any breach of covenants as at 30 June 2021.

Other facilities of Aliaxis Finance S.A. and other subsidiaries of the Group include a number of additional bilateral and multilateral credit facilities.

For the six months ended 30 June 2021, there are no material changes with respect to the liquidity risk analysis disclosed in the last annual financial statements.

The terms and conditions of significant loans and borrowings were as follows:

				June 2021		Dec. 2020	
As at end of (in € thousand)	Curr.	Nominal interest rate	Year of maturity	Face value	Carrying amount	Face value	Carrying amount
Unsecured syndication bank facility							
	CAD	Cdor + 0.45%	2022	6,793	6,793	6,397	6,397
	EUR	Euribor + 0.45%	2022	79,000	79,000	145,000	145,000
	USD	Libor + 0.45%	2022	12,201	12,201	11,816	11,816
	AUD	Interbank + 0.45%	2022	122,374	122,374	113,236	113,236
Unsecured "Club deal" bank facility							
	EUR	Euribor + 0.60%	2022	150,000	150,000	150,000	150,000
	EUR	Euribor + 0.40%	2022	200,000	200,000	200,000	200,000
Other unsecured bank facility							
	CRC	3%	2021	677	677	-	-
	CLP	2.50%-6.58%	2021	3,072	3,072	3,457	3,457
	MXN				-	3,270	3,270
	USD	4%	2021	1,473	1,473	4,587	4,587
	EUR	Euribor + margins	2021	20	20	7	7
Schuldschein							
	EUR	Euribor + 1.40%	2022	27,000	27,000	27,000	27,000
	EUR	2.13%	2022	40,000	40,000	40,000	40,000
US private placements							
	USD	4.94%	2021	93,403	93,403	90,457	90,457
	USD	5.09%	2023	94,244	94,244	91,272	91,272
	USD	4.26%	2025	29,451	29,451	28,523	28,523
	EUR	2.64%	2027	18,051	18,051	18,051	18,051
Others (*)				16,041	16,041	15,314	15,314
Total loans and borrowings				893,800	893,800	948,387	948,387

(\*) Other interest-bearing loans and borrowings include loans and deferred arrangement fees in many different currencies at both fixed and floating rates.

## 18. Employee benefits

Aliaxis maintains benefit plans such as retirement and medical care plans, termination plans and other long-term benefit plans in several countries in which the Group operates. In addition, the Group also has share-based payment plans and a long-term incentive scheme.

The Group operates a number of defined benefit and defined contribution plans throughout the world, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and the company. Aliaxis maintains funded and unfunded pension plans.

During the first half year of 2021, the net defined benefit liability has decreased by € 9 million from € 35 million to € 26 million. This was primarily due to an increase in discount rate and a transfer of the assets and liabilities related to Sanitärtechnik Eisenberg GmbH to assets and liabilities held for sale (see Note 12), partially offset by an increase in inflation rates and by lower than expected returns in UK.

## 19. Provisions

(in € thousand)	June 2021			Dec. 2020	
	Product liability	Restructuring	Other	TOTAL	TOTAL
As at 1 January	11,921	6,879	32,732	51,532	60,729
Change in consolidation scope	-	-	-	-	(1,626)
Provisions created	1,462	13	10,869	12,344	22,325
Provisions used	(737)	(2,412)	(10,459)	(13,608)	(18,865)
Provisions reversed	(817)	-	(568)	(1,385)	(4,634)
Transfer and other movements	(2,056)	-	(31)	(2,087)	(2,135)
Exchange difference	417	144	592	1,153	(4,529)
At the end of the period	10,189	4,623	33,136	47,949	51,266
Non-current balance at the end of the period	2,153	(0)	17,727	19,879	18,315
Current balance at the end of the period	8,037	4,624	15,410	28,070	32,951

The product liability provision provides a warranty for the products that the company sells or for the services it delivers. The provision has been estimated based on historical product liability associated with similar products and services. The Group expects to settle the majority of the liability over the next year.

Provisions included in restructuring mainly relate to programs that are planned and controlled by Management and that generate material changes either in the scope of the business or in the manner of conducting the business. The restructuring costs were expensed as incurred and included in other operating income and expenses and adjusted items.

Other provisions mainly include long term incentive schemes obligations.

## 20. Current tax liabilities

The increase is mainly due to the improved performance of the Group in the 6 months period ended June 2021 and geographical spread.

## 21. Financial instruments

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	June 2021				Dec. 2020			
(in € thousand)	Carrying amount	Fair value			Carrying amount	Fair value		
		level 1	level 2	level 3		level 1	level 2	level 3
Cash and cash equivalent	696,713	-	696,713	-	641,710	-	641,710	-
Trade receivables	519,551	-	519,551	-	340,234	-	340,234	-
Unsecured bank facilities and others	(575,409)	-	(575,409)	-	(637,843)	-	(637,843)	-
Schuldschein certificates	(67,000)	-	(68,009)	-	(67,000)	-	(68,324)	-
US private placement	(235,149)	-	(246,518)	-	(228,302)	-	(243,263)	-
Other loans and borrowings	(16,772)	-	(16,772)	-	(16,285)	-	(16,285)	-
Trade and other payables	(538,478)	-	(538,478)	-	(449,728)	-	(449,728)	-
Dividends payable	(60,000)	-	(60,000)	-	-	-	-	-
Bank overdraft	(69,694)	-	(69,694)	-	(30,473)	-	(30,473)	-
Forward exchange derivatives used for hedging - positive value	2,379	-	2,379	-	4,979	-	4,979	-
Forward exchange derivatives used for hedging - negative value	(590)	-	(590)	-	(3,744)	-	(3,744)	-
Interest rate swaps or options used for hedging	(1,888)	-	(1,888)	-	(2,764)	-	(2,764)	-
CCRS - outflows	(2,179)	-	(2,179)	-	(2,477)	-	(2,477)	-
CCRS - inflows	38,767	-	38,767	-	36,980	-	36,980	-
	(309,749)	-	(322,127)	-	(414,714)	-	(430,999)	-

All derivatives are carried at fair value and as per the valuation method being used to determine such fair value, the inputs are based on data observable either directly (i.e., as prices) or indirectly (i.e., derived from prices). As such, the level in the hierarchy into which the fair value measurements are categorised, is level 2.

Non derivatives assets and liabilities are recognised at amortised cost.

The fair value is assessed using common discounted cash-flow method based on market conditions existing at the balance sheet date. Therefore, the fair value of the fixed interest-bearing liabilities is within level 2 of the fair value hierarchy.

## 22. Contractual commitments

The contractual commitments to acquire assets at 30 June 2021 amount to €58 million and relate mainly to property, plant and equipment in the Americas and Asia (India).



## 23. Contingencies

As is common with many manufacturing and distribution businesses, the Aliaxis companies may, in the ordinary course of their activities, from time to time be involved in legal and administrative proceedings. In cases where the outcome of such proceedings remains unknown, a contingent liability and/or asset may exist.

Some legal actions were filed in the US and Canada against Group companies in North America referring to allegedly defective plumbing products. Some of these proceedings contemplated class actions in the US and Canada. In March 2011, the Group companies signed a settlement and release with the various plaintiffs representing all settlement class members in the US and Canada. To be enforceable, this settlement, which does not imply any admission of liability, had to be, and has in fact been, finally approved by the Courts in early January 2012. In accordance with the Settlement Agreement, the deadline to file a claim with the claims administrator was in January 2020. The claims administrator is currently going through the claims and preparing a draft plan of distribution to be proposed to the class plaintiff and the defendants, which plan ultimately needs to be approved by the Court.

Despite this settlement, the Group companies in North America are still exposed to residual claims from entities that are not part of the defined settlement class or that opted out of the settlement in the US and Canada. It is anticipated, however, that this residual potential exposure to liability will be covered by the provisions for product liability in the accounts (see Note 19 - Provisions) and dealt with in the ordinary course.

In the first quarter of 2015, a Group company in Costa Rica received a provisional tax assessment from the tax authorities relating to the tax year 2009. The total claim including penalties and interest as per the tax notice amounted to € 29 million in 2019. The same year, taking advantage of a temporary tax amnesty to limit the exposure, the company opted to pay an amount of € 14 million to the tax authorities in Costa Rica. The company continues to challenge the decision on the merits in the judicial courts with the objective to recover all amounts paid.

## 24. Related parties

### Key management compensation

The total remuneration costs of the Board of Directors and Executive Committee (Exco) during the first half of 2021 amounted to € 9.4 million (2020: € 7.5 million). For members of the Board of Directors, this predominantly related to directors' fees while for members of Executive Committee this comprised fixed base salaries, variable remuneration, termination payments, pension service costs as well as share option grants.

(in € thousand)	June 2021	June 2020
Salaries (fixed and variable)	9,208	6,856
Retirement benefits	189	600
Total	9,397	7,456

## 25. Subsequent events

On 31 July 2021, Aliaxis completed the divestment of Sanitärtechnik Eisenberg GmbH to the Roca Group for cash consideration in excess of € 120 million.

# Auditor's report



## Independent auditor's report on the review of the condensed consolidated interim financial information of Aliaxis Holdings SA as at 30 June 2021 and for the six-month period then ended

### Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Aliaxis Holdings SA as at 30 June 2021, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 June 2021 and for the six-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Zaventem, 15 October 2021

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises  
Independent Auditor  
represented by

Filip De Bock  
Bedrijfsrevisor / Réviseur d'Entreprises

KPMG Bedrijfsrevisoren - KPMG Réviseurs d'Entreprises, a Belgian BV/SRL, and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.  
Document Classification: KPMG Public

Zetel - Siège:  
Luchthaven Brussel National 1K  
B-1050 Zaventem

KPMG Bedrijfsrevisoren - KPMG  
Réviseurs d'Entreprises BV/SRL  
Ondernemingsnummer / Numéro  
d'entreprise 0419.122.548  
BTW - TVA BE 0419.122.548  
RPR - Siret - RPA Bruxelles  
ISAN : BE 95 5215 4771 0355  
BIC : GEBABEBE

# Glossary

## **Revenue (Sales)**

Amounts invoiced to customers for goods and services provided by the Group, less credits for returns, rebates and allowances and discounts for cash payments

## **EBITDA**

EBIT before charging depreciation, amortisation and impairment

## **Adjusted EBITDA**

Adjusted EBIT plus depreciation, amortisation and impairment (other than goodwill impairment)

## **Adjusted EBIT**

Operating profit exclusive adjusted items

## **EBIT**

Operating income

## **Net profit (group share)**

Profit of the year attributable to equity holders of the Group

## **Capital expenditure**

Expenditure on the acquisition of property plant and equipment, investment properties and intangible assets

## **Net financial debt**

The aggregate of (I) non-current and current interest-bearing loans and borrowings and (II) bank overdrafts, less (III) cash and cash equivalents

## **Capital employed**

The aggregate of (I) intangible assets, (II) property, plant & equipment, (III) investment properties, (IV) inventories and (V) amounts receivable, less the aggregate of (a) current provisions, and (b) current amounts payable

## **Non-cash working capital**

The aggregate of (I) inventories and (II) amounts receivable, less the aggregate of (a) current provisions, and (b) current amounts payable

## **Effective Income tax rate (%)**

Income taxes / profit before income taxes x 100

# Notes