

# ANNUAL REPORT

## 2015



**The Wellness Company**



# **ANNUAL REPORT**

**at December 31, 2015**

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# 1

## BOARD OF DIRECTOR REPORT

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**TECHNOGYM SPA**

Registered office in via Calcinaro 2861 Cesena (FC)

Share capital € 10.000.000 fully paid up

Forlì Chamber of Commerce REA registration number 315187

Register of companies – Fiscal code – VAT n. 06250230965

**BOARD OF DIRECTORS' REPORT ON THE FINANCIAL STATEMENTS AND  
CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2015**

During 2015, Technogym SpA generated profit of Euro 37.1 million, net of depreciation, amortization and impairment losses totaling Euro 15.5 million and accruals for current income taxes amounting to Euro 15.9 million. The following paragraphs provide an analysis of the Company's financial position and operations as of and for the year ended December 31, 2015.

**Introduction**

In accordance with art.40 of Decree Law 127/1991, as modified by art.2 d) of Decree Law 32/2007, this report covers both the consolidated financial statements of the Technogym Group and the financial statements of the parent company Technogym SpA, both of which were prepared in accordance with international accounting standards (IAS).

**Economic conditions during 2015**

Economic recovery was uneven during 2015. While the advanced economies continued to benefit from increased spending power resulting from low oil prices, favorable credit conditions and significant improvements in consumer and business confidence, the growth prospects of the emerging economies were held back by structural problems and macroeconomic imbalances, exacerbated in certain cases by the worsening global financial conditions and the fall in prices of raw materials.

Recovery was modest in the Euro area, with GDP being sustained mainly by private consumption and to a lesser extent investment. Consumption figures benefitted from increased spending power and investment figures from improved credit conditions. External demand on the other hand suffered the weakening of global trade conditions linked to the slowing down of the emerging economies. Current Purchasing Managers' Index (PMI) levels confirm expectations of GDP growth of 0.5% during the final quarter of 2015, although actual figures appear to suggest less favorable conditions.



Inflation during the period was low, with a Euro area inflation rate of around 0.2% in December 2015, largely due to low energy prices. Core inflation (which excludes certain items that face volatile price movements, such as energy goods and agricultural products) remained around 0.9%. At its final meeting in 2015, the European Central Bank confirmed the need for further monetary stimulus in order to secure a return of inflation rates towards levels below, but close to, 2%; the ECB's Governing Council reduced the interest rate on the central bank deposit facility by 10 basis points to -0.30% and extended the quantitative easing program to March 2017, or beyond if necessary, with monthly asset purchase levels remaining at Euro 60 billion. The ECB also decided to include euro-denominated marketable debt instruments issued by regional and local governments located in the euro area in the list of assets that are eligible for regular purchases by the respective national central banks.

The UK economy performed well during the period and made significant progress in dealing with certain key vulnerabilities: the UK growth rate of 2.3% was higher than that achieved in the Euro area; unemployment figures returned to long term equilibrium levels; and the budget deficit was reduced from 5.7% to 4.4% of GDP. The Bank of England continued its accommodative monetary policy.

Economic growth in the USA slowed to (an annualized rate of) 2% in the third quarter of 2015, following significant growth in the previous period. Economic activity benefitted from an increase in private consumption, due to both an increase in nominal salaries and higher purchasing power linked to lower oil prices. Investment, however, showed signs of weakness, with many companies in the energy sector reducing investment in line with falling oil prices. In December 2015, the monetary policies of the Fed and the ECB began to diverge and, for the first time since the beginning of the crisis, the US central bank raised benchmark interest rates by 25 basis points based on good labor market conditions, in spite of weak inflationary pressures.

The Japanese economy struggled to return to a sustained rate of growth, achieving a GDP growth rate of 0.6% in 2015. The year started on a positive note with the first quarter registering an increase in GDP which, however, was reversed in the following quarter. Consumption slowed more than expected as did net exports. Given the fragile economic situation, the BOJ's monetary policy continued to be easy.

In China, economic growth continues to be slow as a result of the multiple structural challenges faced by the government, including an excess of production capacity and the difficult transition towards a growth model based on internal demand as opposed to exports. Notwithstanding such difficulties, Chinese GDP achieved an annual growth rate of 6.9% in 2015.

Other emerging economies, such as Brazil, suffered a significant reduction in income related to energy product and raw material exports as well as the effects of internal political uncertainties. Russia continued to struggle to overcome the impact of the financial crisis to which it was subjected at the end of 2014. GDP decreased by 3.8% and this was further exacerbated by the continuing fall in energy prices, although stabilization of the Ruble helped to contain further slowdown of the economy in the second half of the year.

**Foreign exchange trends during 2015**

Foreign exchange trends during 2015 were driven by two key factors – the monetary policies of central banks and the significant fall in the prices of raw materials; foreign exchange trends were also affected by the Chinese stock market crash and the People's Bank of China's decision to devalue the yuan at the beginning of August.

The Euro to USD exchange rate, which started the year above 1.20, fell by more than 10 percentage points, reaching a minimum of just below 1.05 in mid-March, following the ECB's decision to initiate a quantitative easing program through the purchase of financial assets. The financial crisis in Greece during the summer months then contributed to holding back the value of the Euro.

However, notwithstanding the above, delays by the Federal Reserve in raising interest rates (which it did only in mid-December) not only avoided a further slide of the Euro towards parity with the US Dollar, but permitted a partial recovery of the Euro to above 1.08 towards the end of 2015.

The yen continued to be weak throughout the period, reflecting the ongoing stagnation of the Japanese economy and the reluctance of consumer price inflation to move towards the central bank's target of 2%. The USD to yen exchange rate, therefore, remained above 120 for much of the year with trends reflecting both the alternating risk aversion and risk appetite of institutional investors and the Bank of Japan's reluctance to initiate new monetary policies, until January 29, 2016 when the bank decided to introduce negative (nominal) interest rates.

The trend in the Euro to yen exchange rate was broadly similar to that of the Euro to USD rate, declining from around 145 at the beginning of January to a minimum of just below 127 in mid-April and then rising again in line with the general recovery of the Euro to levels around 130-135.

Monetary policy related expectations also played an important role in the fortunes of the British Pound Sterling. The Pound remained strong with respect to the US Dollar throughout the first half of 2015, almost reaching a rate of 1.60 (up from a minimum of 1.45) in the expectation that the strength of the economy and internal pressures on wages and salaries would force the Bank of England to normalize interest rates, which were still fixed at 0.50%.

The progressive levelling out of the UK economic situation, combined with low inflationary pressure, in part due to the decrease in oil prices, reduced expectations of interest rates being increased in 2015, thereby taking the shine off Sterling, which closed the year at a rate of less than 1.50 to the US Dollar. The Pound Sterling to US Dollar exchange rate then fell further, towards 1.40, during the first weeks of 2016.

In line with the general trend of the Euro, the Euro to Pound Sterling rate decreased to around 0.72-0.70, down from around 0.78 at the beginning of 2015, representing a reduction in value of around 10%. Such reduction in value also reflected the financial crisis in Greece that penalized the Euro with

respect to the currencies of countries outside the Eurozone such as the UK. The recent weakening of the Pound Sterling during January 2016 led to exchange rates against the Euro of around 0.74-0.75.

Finally, with regard to the currencies of the emerging economies, the Russian Ruble was penalized during 2015 by a combination of the sanctions imposed by the European Union and the sharp decrease in energy prices (oil and natural gas represent around 70% of the total value of Russian exports). These factors resulted in a net contraction of the Russian economy (which according to Unicredit decreased by more than 3.5% in 2015) which was reflected in exchange rates; following partial recovery to a rate of 50 Rubles against the US Dollar during the first four months of 2015, the Ruble continued to lose ground, ending the year at a rate of 70 Rubles to the US Dollar, a decrease of around 40%.

The Euro to Ruble exchange rate followed a similar trend, increasing from minimum levels of below 55 Rubles to the Euro to around 80 Rubles to the Euro (+45%) at the end of 2015, only slightly below the maximum levels of more than 82 Rubles to the Euro following the Chinese stock market crash and the subsequent tensions that affected all the emerging markets.

### **Market scenario**

Global business in the fitness equipment manufacturing market totaled around Euro 7.4 billion at the end of 2015, representing a 3% increase on the previous year (source: Allied Market Research 2015). The business in which the Group operates is concentrated in the hands of a few significant market operators, with roughly 40% of total business, including both B2B and B2C, being controlled by the top 7 companies.

In geographical terms, around 40% of total market volumes are concentrated in North America and around 30% in Europe, with the remaining 30% being shared among APAC, MEIA and LATAM. During 2015, technology was again confirmed as the most significant factor in the industry; in particular, connectivity between personal devices and exercise machines, able to provide individual end-users with a unique and integrated fitness experience, was the element that combined product innovation and service throughout the industry. A further important factor leading to growth in the industry was recognition of the key role of physical activity in preventing illness. Indeed, the high level of political and institutional attention paid by governments throughout the world to the prevention of illness and recognition of physical activity as a necessary ingredient to achieve a correct and healthy lifestyle has continued into 2016.

### **Operations**

Technogym generated total revenue of Euro 511.8 million in 2015 (+10% with respect to 2014) and EBITDA of Euro 86.7 million (+40% with respect to 2014), representing 16.9% of total revenue.

The increase in total revenue between 2014 and 2015 was due mainly to the increase of Euro 22,633 thousand (+8.9%) in revenue generated in Europe (excluding Italy), which increased from Euro 253,572 thousand in 2014 to Euro 276,205 thousand in 2015, and in particular to the strong performance of the branches in France, the Iberian Peninsula, the Benelux countries, Germany and

the UK, which all benefitted from the aforementioned increased investment on the part of key market operators (Cfr. Revenue by fitness equipment market segment).

Increased revenues in APAC and MEIA (+15.9% and +16.8% respectively) are explained by the combined effect of growth on the part of key market operators and positive movements, from the Group's viewpoint, in the exchange rates of currencies in such areas.

The growth in revenue generated in North America (+17.6%) was almost wholly due to positive movements, from the Group's viewpoint, in the exchange rates of currencies in that area.

Group net financial indebtedness as of December 31, 2015, amounting to Euro 38 million, is stated net of a disbursement of Euro 22.8 million made during December 2015 in relation to a fiscal matter of a non-recurring nature, described in the notes to the consolidated financial statements. Such disbursement is also reflected as a receivable due from the Slovakian tax authorities and reported under "Other current assets" in the consolidated financial statements as of and for the year ended December 31, 2015.

Management believes that it is more appropriate to consider the Group's net indebtedness excluding the effects of the aforementioned disbursement, as the related receivable is not considered in calculating net financial indebtedness as of December 31, 2015. Excluding the effects of the aforementioned disbursement, net financial indebtedness as of December 31, 2015 amounted to Euro 15,303 thousand.

### **Innovation and research**

Innovation has always been the driving force behind Technogym's growth. During 2015, the Company launched a series of completely new products and concepts, including MyRun, a key product in the Company's consumer offering and Group Cycle, an indoor cycling solution aimed at the growing fitness class market. The Technogym Ecosystem continues to enjoy market success as does the Technogym "Internet of Things" platform that connects products, cloud and mobile devices to offer consumers "Wellness on the Go", a personalized wellness experience that can be accessed at anytime from anywhere (in the gym, at home, in a hotel, in the workplace, in the doctor's surgery or in the open).

#### **MyRun**

MyRun is the new lead product of Technogym's home and consumer offering. It is accessed through the user's tablet and was created to provide users with the best possible running experience, personalized programs and feedback on running technique. MyRun Technogym is the first running solution that integrates a treadmill, a dedicated application and tablet. The product is equipped with unique and original features such as the Running Rate system that provides users with interactive feedback on running quality and efficiency and helps improve technique and the Running Music feature, which interprets the running rhythm of each user and selects the most appropriate music soundtrack. The app also includes numerous training formats and programs.

### Technogym App

On May 1, 2015, the new Technogym App was launched to coincide with the opening of the Milan Expo 2015. The Technogym App, which is fully integrated with the mywellness mobile application and is aimed at motivating users to exercise both in the gym and outside, measures personal MOVERGY, an index that tracks end-users' daily movement. Based on each individual user's lifestyle, the Technogym App sets daily movement objectives and motivates users to achieve them, making use of the visual display on users' smartphones. In calculating total movement, the app considers both physical exercise in the gym (measured by the mywellness application) as well as other movement during the user's daily routine (measured through a GPS device on the user's smartphone). The app also proposes numerous user specific training programs to help users and motivate them to become active.

### Group Cycle

2015 saw the launch of Group Cycle, a comprehensive solution for Group Cycling. Group Cycle is fully integrated with the Technogym Ecosystem and offers a completely new approach to training; new features include development of a new bike, the possibility for users to measure their workout results and compare them with those of other users and record their results on the mywellness application that is accessible directly through the display incorporated in the bike and/or other mobile devices. The product also includes a full range of video content to provide users with an absorbing and motivating experience.

### Technogym Ecosystem

Technogym Ecosystem is the first and only cloud based platform in the wellness sector; it allows individual users to access their personal data and training programs and provides a complete range of (consumer and professional) apps to access their individual wellness programs. The user experience is also radically innovative; indeed, the Technogym Ecosystem is an open application that integrates Technogym products and services with the leading tracking apps and wearable devices to provide users with a "Wellness on the Go" experience, anytime from anywhere (in the gym, at home, in the workplace, in the open, in the doctor's surgery or while travelling). Each individual user has a personal account containing his/her own (indoor and outdoor) personal data and training programs and can access his/her data in through the apps, through the web portal and/or directly through Technogym equipment, thanks to the UNITY™ console.

Technogym Ecosystem also allows users to monitor their progress in terms of health and fitness by linking directly to instruments used to measure key health parameters such as BMI, weight and blood pressure.

### UNITY

UNITY™ is an Android console developed by Technogym that enables users to interact with Technogym products and services and access their personal data through a simple and intuitive interface similar to that of a tablet. In addition to the usual television entertainment, the console offers users a personalized entertainment experience by providing access to users' preferred social (Facebook), video content (Netflix, YouTube) and gaming applications. UNITY™ also allows users to access their own workout schedule and monitor their progress by linking directly to their own personal Trainer (ARTIS line).

### **Medical and scientific research**

In terms of scientific research, Technogym is involved in numerous ongoing projects in collaboration with Italian and international universities and research centers. Of particular note are the Company's involvement with the University of Greenwich (UK) where the head of Technogym's science group is part of the teaching staff, the Company's scientific publications together with the University of Memphis (USA) and its joint research and development activities with the University of Bologna and the IUSM in Rome. Also of note are Technogym's numerous scientific publications in the "Exercise in Medicine" field.

### **Innovation awards**

During 2015, Technogym made several significant additions to its already extensive list of awards for design and innovation. MyRun Technogym, the new lead product of Technogym's home and consumer offering, won the prestigious "ADI DESIGN INDEX AWARD" (presented by the industrial design association), the "Good Design Award 2015" (an important USA award and the oldest design award in the world) and the "Red Dot Design Award" the most important design award in Europe.

Each year, bodyLife, one of the most important fitness publications in Europe, undertakes market research together with Markt Forschungs-Institut Würtenberger (FIW) to identify the best brands in the fitness market in terms of client satisfaction and quality of service. In 2015, Technogym was the first placed brand in both the cardio-product and medical-product categories and second placed brand in the strength-product category.

Technogym also won the prestigious "Favorite Fitness Equipment Manufacturer" award for 2015, awarded by the USA magazine American SPA.

### **Investments**

Group investment in property, plant and equipment and intangible assets totaled Euro 25 million in 2015 and related for the main part to: i) updating and extending the Group's range of products and services; ii) maintaining production infrastructure; iii) optimizing the main production processes; and iv) creating new showrooms and updating existing showrooms, both in Italy and overseas.

Management believes that such investment contributed to the growth in revenue and margins during 2015 and strengthened the Group's market position both in Italy and overseas.

### **Corporate social responsibility**

Technogym is known throughout the world as “The Wellness Company” and in parallel with its business model (based on technology, software and services in support of physical activity, sport, health and prevention of illness) the Company has a strong sense of corporate social responsibility, centered on the idea of exercise as medicine and promotion of the Wellness lifestyle as an important concept and opportunity for all social actors (governments, businesses and individual citizens).

#### Exercise is Medicine

For the fifth year running, Technogym was again a global partner of “Exercise is Medicine”. The latter is an international initiative whose objectives include: the promotion of physical activity as a form of medicine (to be prescribed by doctors); the training of trainers to use exercise in a professional manner to treat those with chronic illnesses; and the informing of public opinion as to the importance of physical exercise, both for individuals and for the community at large.

Technogym’s involvement with the initiative included the publication of new documents, participation in the annual convention held in Orlando (Florida) and the organization of events in Italy and other parts of the world to train doctors and trainers.

#### Workplace Wellness Alliance

Technogym has been a member of the Workplace Wellness Alliance since its foundation in 2009. The objective of such initiative, which was originally promoted by the World Economic Forum, is to promote wellness in the workplace as a social and economic opportunity. Since 2013, the World Economic Forum has entrusted management of the project to the Institute for Health and Productivity Management (IHPM), a non-profit organization. Technogym continues to play an active role in the project and in October 2014 hosted the organization’s European Forum at the Technogym Village, involving representatives of businesses, research centers and other organizations involved in the project.

#### Let’s move for a better world

Following the success of the 2014 event, in 2015 Technogym launched the second edition of its social campaign “Let’s move for a better world”. The campaign, which leverages the functionality of Technogym’s digital offering, Technogym Ecosystem, involves individuals throughout the world visiting fitness and wellness clubs where they can donate their physical movement to a good cause. Facilitated by UNITY, the Technogym console connected to the mywellness cloud, participants can measure their MOVEs (Technogym’s unit of measurement for movement) and share their workout with the rest of the community. The club accumulating most MOVEs in each country is then invited to donate equipment (offered by Technogym) to a school in its neighborhood or city. The campaign is a real community management initiative that on the one hand promotes the value of health and

preventative care and on the other hand offers concrete assistance to schools with a view to educating the young generations regarding healthy lifestyles. Around 80,000 people in 356 clubs in 17 countries took part in the 2015 edition, more than three times the already excellent results achieved the previous year (20,000 people, in 176 clubs in 10 countries). The philosophy behind the “Let’s move for a better world” project inspired the “Let’s Move & Donate Food” campaign presented by Technogym at the Milan Expo 2015 (see comments below on Partnerships).

#### Wellness Valley

The “Wellness Valley” project is promoted by the Wellness Foundation and supported by Technogym; the aim of the project is to transform the Romagna region into a center for wellness and healthy living and improve the quality of life of its citizens, building on the economic, intellectual and cultural capital already present in Romagna, an area well known for its love of living well. In support of the initiative, Technogym has granted access to its competencies and structures and organized concrete activities as well as meetings and thematic discussions to facilitate networking among all the stakeholders in the area. In 2015, Technogym supported the “Muoviti che ti fa bene” (Move yourself, it’s good for you) project promoted by the Wellness Foundation that saw 15,000 people participate in a free physical exercise program held from May to October in the parks of Cesena. Technogym also sponsored the “Gioca Wellness” (Play wellness) initiative in schools throughout the area, involving more than 16,000 primary and middle school students in play activities aimed at wellness education.

#### Wellness Convention

The 22nd Wellness Convention, the annual event of Nerio Alessandri’s Wellness Foundation, was held on June 25, 2015 as part of the Milan Expo. The Convention is aimed at institutions, the medical and scientific community, the sports world and operators tasked with promoting wellness as a social opportunity through concrete projects involving all stakeholders including public authorities, private concerns and individual citizens. There was a dual objective in holding the 2015 edition within the context of the Expo: on the one hand, the promotion of social and economic sustainability through education regarding a healthy lifestyle and balance between regular physical exercise and a healthy diet and, on the other hand, presentation of the Wellness Valley project to a national and international audience as a concrete example of a region in which public and private entities work together to promote wellness as a social and economic development opportunity.

Numerous institutional figures participated in the convention, including Giuseppe Sala, the Expo Commissioner, Giovanni Malagò, President of CONI, Gianni Castellaneta, President of the World Food Programme Italia, numerous key figures from the medical and scientific community and well known individuals from the worlds of sport and entertainment, such as the NBA player Marco Belinelli, the dj Linus and the award winning chef, Davide Oldani.

#### Nati per muoverci (Born to move)

In October, 2014, with the dual objective of promoting both the social relevance of wellness and a culture of innovation and growth among young people, Technogym’s President, Nerio Alessandri,



published “Nati per muoverci” (Born to move), the history of Technogym from the garage where it all started to today’s Wellness Economy. In 2015, the book was translated into English and distributed worldwide.

### **Partnerships**

For many years now, the world’s most prestigious sports clubs have worked with Technogym on the physical preparation of their athletes. In the soccer world, Technogym works with Juventus, Inter, Milan, Real Madrid, Barcelona, Ajax and numerous national teams and in 2015 entered into two new partnerships in key markets by becoming the official supplier for athletic preparation equipment for Chelsea in the UK and Paris Saint Germain in France.

Following its experience as official supplier for five Olympic Games - Sydney 2000, Athens 2004, Turin 2006, Beijing 2008 e London 2012 – in August 2014, the Organizing Committee for the Rio Olympics 2016 confirmed Technogym as its chosen official and exclusive supplier for the 2016 Games. During 2015, the Company initiated preliminary activities and planning for the project; such activities have seen Technogym involved in workshops with partners and surveys inside the sports facilities and site where the Olympic village is being constructed, which will house 12 distinct athletic preparation centers and include around 1000 pieces of fitness equipment for the use of the 12,000 athletes who will take part in the games.

Again in 2015, Technogym was a global reference point for the supply of athletic preparation equipment to large international sporting events, such as the first edition of the European Games held in Baku (Azerbaijan) in June, the Pan-American Games, held in Toronto in July and the Chinese Tennis Open, held in Beijing in October involving all the top players. In terms of Formula 1, the Company continues its consolidated partnerships with Ferrari and McLaren.

In basketball, Technogym has extended its collaboration with EA7 Armani into 2016. Top sportsmen collaborating with Technogym include Rafael Nadal, Fernando Alonso, Matteo Manassero, Kaka, Giuliano Razzoli, Fabio Scozzoli and many others.

From an institutional viewpoint, Technogym played a key role in the Milan Expo 2015, where it mapped out a thematic path dedicated to physical exercise, sport and health. Technogym’s presence at the Expo included 6 Technogym Points, exhibition stands located along the main thoroughfare and the Technogym arena, a 1,600 m<sup>2</sup> space that played host to fitness, wellness, sport and health related events throughout the entire six month period. Consistent with the Expo’s key theme, “Feeding the planet, Energy for life”, Technogym also launched the social campaign “Let’s move and donate food” that allowed visitors to exercise in the Technogym areas, measure the extent of their activity (both while using the equipment and while walking within the Expo) and, thanks to collaboration between Technogym and the UN World Food Programme (WFP), transform their efforts into school meals that WFP distributes to over 20 million children in some of the poorest countries in the world. During the Expo, almost 50,000 people participated in the social campaign, generating more than 650 million MOVEs (the unit of measurement for movement) corresponding to around 300 million calories burned and 41,000 kg lost. On World Food Day, when the UN Secretary General Ban ki Moon visited

Milan, Technogym celebrated the success of the “Let’s Move & Donate Food” campaign that far exceeded all expectations and resulted in 650,000 meals being donated by Technogym through WFP to children in the poorest countries.

## **References**

Technogym products are present in the most prestigious hotels throughout the world and in 2015 the brand was confirmed as a key reference for luxury hotels, with examples of new customers including the supply of products and services to luxury hotels such as the new Faena in Miami, the St. Regis in Dubai and the Intercontinental in Cannes. In addition to existing prestigious corporate wellness-sector customers such as Facebook and Google in Silicon Valley, during 2015 Technogym installed numerous corporate gyms including those at Bosch global headquarters in Germany, KPMG’s European HQ in London and the Samsung HQ in Korea. Numerous projects were also entered into with hospitals and medical centers in the United States in 2015, notably the Mount Carmel Health System and the McCordsville Health & Wellness project. In the world of sports, Technogym won the contract to supply the prestigious Racing Club Lagardere in Paris, the Real Tennis club in Barcelona and the French and Italian Olympic preparation centers (Insept and Coni respectively). In the Club segment, thanks to the success of the ARTIS line, Technogym continued to gain the business of large international groups such as LifeTime Fitness, one of the most important operators in the USA, and continued to introduce Artis products within Virgin Active clubs, one of Technogym’s global partners. The Company also achieved significant expansion in the Brazilian market, thanks to the supply of 30 Smart Fit centers in the “convenience” part of the club segment and the BodyTech center in the premium segment. The Company also confirmed its ability to respond to market needs in Europe where it acquired the business of Sportcity (premium segment) and Fit4Free (budget segment), two new key accounts in the Netherlands

## **Key events during the year**

Technogym was a key player in numerous international events during 2015, in all of the market segments in which it operates. The most significant of these included:

- The Consumer Electronic Show (CES) in Las Vegas – where Technogym presented Mywellness.com, demonstrating its seamless integration with Technogym Ecosystem, the first wholly integrated system comprising interconnected equipment, services, content and programs
- The World Economic Forum (WEF) in Davos, one of the most important global institutional events - where the Technogym President Nerio Alessandri is a permanent member of the Health Community and the Consumer Innovation Community
- The Geneva Motor Show in March 2015 – where, in world exclusive, Italdesign Giugiaro presented a GEA concept Audi, the future of luxury driving. GEA is the first automobile equipped with wellness features, which were developed together with Technogym

- The 2015 Los Angeles meeting of the International Health, Racquet & Sportsclub Association (IHRSA), the most important global fitness and wellness event – where Technogym presented the first Wellness Lifestyle CRM, its digital solution for sector operators. The Company then presented the Wellness Lifestyle CRM again at the South American edition of the event in September 2015
- FIBO – the most important European fitness and wellness event, held in Cologne in Germany
- The 2015 editions of the Milan Furniture Fair (the key reference event in the design world) and the Maison&Objet Fair in Paris – where Technogym presented MYRUN, the new lead product of Technogym's home and consumer offering
- Medica in Dusseldorf, the key international trade fair and congress for the medical sector – where Technogym presented products and solutions for the medical market
- The Global Wellness Summit held in November 2015 in Mexico City, an annual event that brings together world leaders in the wellness sector to discuss the future of the business – where Nerio Alessandri was the keynote speaker.

In addition to the above, Technogym Village continued its role as a key marketing feature, hosting around 30,000 visitors including sector operators, doctors, trainers, hospitality and real estate sector architects and investors and media figures. Of particular note, in addition to the numerous individual visits, were “architect day”, involving the visit of more than one hundred architects, and the “fitness blogger experience” that hosted twenty of the most influential fitness sector digital publishers.

### **Human resources**

The Group's average employee numbers rose from 1,819 employees in 2014 to 1,895 employees in 2015, comprising 768 blue-collar employees, 1,075 white-collar employees and 52 managers. More than 60% of employees were located in the Group's international companies, confirming the Group's international outlook.

In addition to consolidating the performance appraisal and staff development processes introduced during 2014, other HR projects were initiated during 2015 aimed at achieving greater harmonization of the Group's remuneration policies throughout the world. Such projects considered roles within the organization and organizational and retribution categories and had the dual objective of achieving greater awareness and objectivity regarding measurement of the contribution of each role to the business and introducing remuneration policies based on individual and company performance, as well as remuneration trends in the various segments of the labor market in Italy and overseas.

Two further important initiatives were launched in 2015. The first of these related to the project to implement Human Capital Management systems to support the Group's HR management processes,

with the systems planned to go live in the various countries during 2016. The initiative is part of a larger and broader overhaul of the Group's ERP systems and during 2015 preparatory process mapping activities were carried out with a view to identifying the most appropriate solution to meet the Group's requirements.

The second key initiative related to definition of a competency framework covering all staff roles to be fully integrated within the Group's performance assessment system. The rapid obsolescence of competencies brought about by the digital revolution necessitates that companies act swiftly to improve their training and human capital development activities in order to be able to support organizational growth with the competencies and skills required to meet future competitive scenarios.

The results of the Group's 2015 worldwide employee satisfaction survey (Employee Satisfaction Index – E.S.I.), showed improvement with respect to previous years.

The Group's Corporate Wellness program is a key feature of the Group's approach to relations with staff; this is a comprehensive health and wellness program that, in line with the Company's mission, offers annual medical screening, access to the corporate gymnasium with a personalized wellness program and free seminars on health, prevention of illness and sport to all staff choosing to participate. In addition, the Company canteen also follows a philosophy based on wellness and health considerations, offering three distinct menus each day: an organic menu, a Mediterranean menu and a vegetarian menu.

### **Environment and safety**

Technogym is known throughout the world as “The Wellness Company” and without doubt environmental considerations are key to the wellness lifestyle and the Company's philosophy of promoting sustainable socio-economic development; environmental themes and ecological sustainability have always been central to the Company's strategy and processes.

The Company continued to follow “Technogym Green” and UNI ISO 14001 certified practices throughout 2015 in order to achieve products and processes that are environmentally compatible in terms of renewable resources, product longevity and durability, energy efficiency and recovery and reusable packaging.

Consistent with the above, “Technogym Village”, the Company's new headquarters and production site was constructed according to bio-architecture principles and criteria, which aim to protect the environment and save energy, and as a result was awarded “Titoli di Efficienza Energetica” (Italian energy efficiency certificates). The Company also holds OHSAS 18001 Occupational Health and Safety standard certification.

## Summary of operations, financial position and financial indicators (TG Group)

### Technogym Group

The following tables provide details of the principal economic and financial indicators used by management to monitor the Group's financial performance. While such indicators are not recognized as accounting measures in the context of IFRS and should therefore not be considered as alternatives to those included in the consolidated financial statements for the purposes of measuring the Group's performance and financial position, management believes that they aid understanding of the Group's financial performance. As such measures are not governed by the accounting standards of reference used to prepare the Group's consolidated financial statements, they may be determined on a different basis from similar measures used by other groups and may, therefore, not be comparable with such information presented by other groups (for further information, see the explanatory notes to the consolidated financial statements).

	As of and for the year ended December 31	
	2015	2014
EBITDA ( <i>thousands of Euro</i> )	86,681	62,034
EBITDA Margin	16.9%	13.3%
Adjusted Net Operating Income ( <i>thousands of Euro</i> )	64,082	33,438
ROE	65.3%	54.4%
ROI	71.7%	36.4%
ROI Adjusted	78.7%	43.2%
ROS	11.4%	6.1%
ROS Adjusted	12.5%	7.2%
Cash return	63.2%	71.6%
DPO	98	100
DSO	47	55
Inventory turnover	6.3	5.6
Net Indebtedness ( <i>thousands of Euro</i> )	(38,059)	(67,113)
Net Indebtedness /EBITDA	(0.44)	(1.08)

In 2015, the Group generated a 10% increase in turnover and EBITDA of Euro 86.6 million (16.9% of turnover), continuing the growth achieved in recent years. The Group's positive trading results were reflected by a significant improvement in its cash position, with net indebtedness falling from Euro 67.1 million in 2014 to Euro 38 million in 2015. It is further noted that the improvement in the cash position is net of a non-recurring tax related payment amounting to Euro 22.8 million.

In line with the respective revenue, income and cash flow trends, the Group saw further improvements in its various financial indicators.

The following tables provide further details of the Group's financial position and net financial indebtedness:

## Financial position and net financial indebtedness (TG Group)

### Technogym Group

(thousands of Euro)	As of December 31	
	2015	2014
Total non-current assets	107,412	101,273
Total current assets	244,641	198,122
<b>TOTAL ASSETS</b>	<b>352,053</b>	<b>299,395</b>
Equity attributable to owners of the parent	42,967	10,031
Equity attributable to non-controlling interests	433	236
<b>TOTAL EQUITY</b>	<b>43,400</b>	<b>10,267</b>
Total non-current liabilities	74,406	22,609
Total current liabilities	234,247	266,519
<b>TOTAL LIABILITIES</b>	<b>308,653</b>	<b>289,128</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>352,053</b>	<b>299,395</b>

(thousands of Euro)	As of December 31	
	2015	2014
<b>Net Indebtedness</b>		
A. Cash	68,027	41,128
B. Cash equivalents	-	-
C. Trading securities	-	-
<b>D. Liquidity (A) + (B) + (C)</b>	<b>68,027</b>	<b>41,128</b>
<b>E. Current Financial Receivables</b>	<b>318</b>	<b>432</b>
F. Current Bank debt	(35,000)	(89,224)
G. Current portion of non-current debt	(17,926)	(10,000)
H. Other current financial debt	(5,022)	(4,470)
<b>I. Current Financial Debt (F) + (G) + (H)</b>	<b>(57,948)</b>	<b>(103,694)</b>
<b>J. Net Current Financial Indebtedness (I) + (E) + (D)</b>	<b>10,397</b>	<b>(62,134)</b>
K. Non-current Bank loans	(42,139)	-
L. Bonds Issued	-	-
M. Other non-current loans	(6,317)	(4,979)
<b>N. Non-current Financial Indebtedness (K) + (L) + (M)</b>	<b>(48,456)</b>	<b>(4,979)</b>
<b>O. Net Financial Indebtedness (J) + (N)</b>	<b>(38,059)</b>	<b>(67,113)</b>

For further details in relation to movements in the various components of net financial indebtedness, see the Consolidated Statement of Cash Flow for the year ended December 31, 2015 and related explanatory notes.

## Summary of operations, financial position and financial indicators (TG Spa)

### Technogym SpA

The following tables provide details of the principal economic and financial indicators used by management to monitor the financial performance of Technogym SpA. As noted above with regard to the Group, such indicators are not recognized as accounting measures in the context of IFRS.

	As of and for the year ended December 31	
	2015	2014
EBITDA ( <i>thousands of Euro</i> )	69,754	42,278
EBITDA Margin	19.0%	12.9%
Adjusted Net Operating Income ( <i>thousands of Euro</i> )	53,219	21,272
ROE	43.2%	21.9%
ROI	30.8%	11.0%
ROI Adjusted	34.5%	13.7%
ROS	13.0%	5.2%
ROS Adjusted	14.5%	6.5%
Cash return	71.3%	101.6%
DPO	154	117
DSO	43	46
Inventory turnover	7.6	7.3
Net Indebtedness ( <i>thousands of Euro</i> )	(68,540)	(110,076)
Net Indebtedness /EBITDA	(0.98)	(2.60)

In 2015, Technogym SpA generated a 12% increase in turnover and EBITDA of Euro 69.8 million (19.1% of turnover), continuing the growth achieved in recent years. The Group's positive trading results were reflected by a significant improvement of Euro 41.5 million in its cash position which resulted in net indebtedness falling from Euro 110.1 million in 2014 to Euro 68.5 million in 2015.

In line with the respective revenue, income and cash flow trends, the Company saw further improvements in its financial position and net financial indebtedness as noted below:

### Financial position and net financial indebtedness (TG Spa)

#### Technogym SpA

<i>(thousands of Euro)</i>	As of December 31	
	2015	2014
Total non-current assets	185,067	179,175
Total current assets	205,486	119,799
<b>TOTAL ASSETS</b>	<b>390,553</b>	<b>298,974</b>
Equity	85,760	45,165
<b>TOTAL EQUITY</b>	<b>85,760</b>	<b>45,165</b>
Total non-current liabilities	55,939	11,585
Total current liabilities	248,854	242,224
<b>TOTAL LIABILITIES</b>	<b>304,794</b>	<b>253,809</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>390,553</b>	<b>298,974</b>

  

<i>(thousands of Euro)</i>	As of December 31	
	2015	2014
<b>Net Indebtedness</b>		
A. Cash	35,273	23,368
B. Cash equivalents	-	-
C. Trading securities	-	-
<b>D. Liquidity (A) + (B) + (C)</b>	<b>35,273</b>	<b>23,368</b>
<b>E. Current Financial Receivables</b>	<b>36,635</b>	<b>4,083</b>
F. Current Bank debt	(35,000)	(89,224)
G. Current portion of non-current debt	(17,926)	(10,000)
H. Other current financial debt	(39,064)	(33,331)
<b>I. Current Financial Debt (F) + (G) + (H)</b>	<b>(91,990)</b>	<b>(132,555)</b>

<b>J. Net Current Financial Indebtedness (I) + (E) + (D)</b>	<b>(20,082)</b>	<b>(105,104)</b>
K. Non-current Bank loans	(42,139)	-
L. Bonds Issued	-	-
M. Other non-current loans	(6,319)	(4,972)
<b>N. Non-current Financial Indebtedness (K) + (L) + (M)</b>	<b>(48,458)</b>	<b>(4,972)</b>
<b>O. Net Financial Indebtedness (J) + (N)</b>	<b>(68,540)</b>	<b>(110,076)</b>

For further details in relation to movements in the various components of net financial indebtedness, see the Statement of Cash Flow for the year ended December 31, 2015 and related explanatory notes.

### Related Party Transactions and Intercompany Transactions

Relations between Group companies are mainly of a business nature and are entered into under normal market conditions with due consideration to the quality of the goods and services involved.

With regard to transactions between the parent company Technogym SpA and its subsidiaries, associated companies and controlling entities, the explanatory notes to the financial statements as of and for the year ended December 31, 2015 provide details of the relevant balances in respect of both business and financial transactions. Such balances reflect intercompany current account transactions and short term loans (also entered into under normal market conditions) between the parent company and certain subsidiaries and also the effects of cash-pooling activities undertaken with a view to optimizing management of available financial resources held by Group companies.

It is further noted that Technogym SpA and its subsidiaries Mywellness Srl, Laserpro Srl and Twellness Srl have opted for the three year period, 2013-2015, to report as a single entity (combined reporting) for tax purposes. See the explanatory notes to the financial statements for further details.

With regard to transactions entered into by the parent company and its subsidiaries with related parties (associated companies and controlling entities and companies controlled by the latter), see the explanatory notes to the financial statements for further details.

### The environment

With regard to environmental matters, the Group continued to follow “Technogym Green” and UNI ISO 14001 certified practices throughout 2015 in order to achieve products and processes that are environmentally compatible in terms of renewable resources, product longevity and durability, energy efficiency and recovery and reusable packaging.

Consistent with the above, “Technogym Village”, the Company’s new headquarters and production site was constructed according to bio-architecture principles and criteria, which aim to protect the environment and save energy.



**Risk management**Financial risks

Financial markets continued to be volatile during 2015 and the Group followed policies to monitor and mitigate potential risks, while avoiding the adoption of speculative positions.

Credit risk

The Group has an international customer base and a network of known and trusted distributors. Technogym makes use of an internally developed Risk Score Rating system integrated with data from known external data banks and these assist the Company in managing requests for non-standard payment terms and taking out credit insurance as necessary. Strict control over credit has enabled the Company to make significant reductions in overdue receivables, while the increase in the level of receivables is due to changes in the timing of sales and deliveries.

Interest rate risk

Risks relating to changes in interest rates relate to the use of credit lines for short and medium-long term borrowing. Variable rate loans expose the Group to the risk of variations in cash flow due to interest. Derivative instruments are not used to hedge against interest rate risk.

Exchange rate risk

The Group operates internationally and is therefore exposed to exchange rate risk with regard to business and financial transactions entered into in USD, GBP, AUD, BRL, RBL and Yen. At the year end, the Group had (non-derivative) financial instruments in place to hedge against exchange rate risk.

Liquidity risk

The Group monitors liquidity risk through controls exercised by the parent company which, in order to minimize such risk, has centralized the Group treasury function with a view to optimizing management of available financial resources held by Group companies.

Price risk

The Group purchases materials in international markets and is therefore exposed to the risk of movements in prices. Such risk is partially hedged by foreign currency forward purchase agreements with settlement dates consistent with the purchase obligations.

Non-financial risks - market risk and country risk

Market risk is mitigated by the Group's geographically diverse operations and product diversification across market segments.

As the Group operates at an international level, it is exposed to local economic and political conditions, potential restrictions on imports and/or exports and controls over cash movements and foreign exchange.

**Events after the reporting period**

On February 12, 2016 the Board of Directors of Technogym SpA approved the acquisition of 100% of the share capital of TGB S.r.l., which owns the property known as “Technogym Village”, the Group’s registered office and operational headquarters. Following independent valuation, the acquisition price was provisionally agreed at Euro 42 million based on the company’s equity value. At the same meeting on February 12, 2016, Technogym SpA’s Board of Directors also approved that the provisional price may be adjusted by a mechanism to be applied to adjust the company’s financial position as of the closing date (expected to be February 29, 2016).

**Outlook**

In 2016, the Technogym Group will continue to follow the growth strategy initiated during 2015. “Wellness lifestyle” solutions aimed at improving the quality of life through education, physical exercise, a healthy diet and positive mental attitude will continue to be the basis for development of Technogym’s product and service offering.

With its avant-garde product portfolio, capacity to compete with the most advanced technologies in the market and global market coverage, Technogym is well equipped to satisfy the requirements of its most demanding customers.

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The Board of Directors proposes approval of the financial statements as of and for the year ended December 31, 2015, as presented. The Board of Directors also proposes that the General Meeting called to approve the statutory financial statements as of and for the year ended December 31, 2015 be advised to appropriate the profit for the year, amounting to Euro 37,077,861.64 as follows:

- Euro 2,000,000.00 to set up a legal reserve
- Euro 14,938,010.73 to the extraordinary reserve
- Euro 16,464,256.90 to a first time adoption reserve
- Euro 3,675,594.01 to retained earnings

**On behalf of the Board of Directors**  
**The President**  
*Nerio ALESSANDRI*

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# 2

## CONSOLIDATED FINANCIAL STATEMENTS

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## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As of December 31			
(In thousand of Euro)	Notes	2015	of which from related party	2014	of which from related party
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5.1	56,876		49,978	
Intangible assets	5.2	21,474		23,241	
Deferred tax assets	5.3	15,711		15,958	
Investments in joint ventures and associates	5.4	3,822		4,654	
Other non-current assets	5.5	9,529		7,442	
<b>TOTAL NON-CURRENT ASSETS</b>		<b>107,412</b>		<b>101,273</b>	
<b>Current assets</b>					
Inventory	5.6	60,379		62,194	
Trade receivables	5.7	84,126	835	79,129	304
Financial assets	5.8	105	100	-	
Derivative financial instruments	5.9	213		432	
Other current assets	5.10	31,791	118	15,239	99
Cash and cash equivalents	5.11	68,027		41,128	
<b>TOTAL CURRENT ASSETS</b>		<b>244,641</b>		<b>198,122</b>	
<b>TOTAL ASSETS</b>		<b>352,053</b>		<b>299,395</b>	
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital		10,000		10,000	
Share premium reserve		-		-	
Other reserves		(8,226)		(22,935)	
Retained earnings		13,025		17,433	
Profit (loss) attributable to owners of the parent		28,168		5,533	
<b>Equity attributable to owners of the parent</b>		<b>42,967</b>		<b>10,031</b>	
Capital and reserves attributable to non-controlling interests		247		179	
Profit (loss) attributable to non-controlling interests		186		57	
<b>Equity attributable to non-controlling interests</b>		<b>433</b>		<b>236</b>	
<b>TOTAL EQUITY</b>	5.12	<b>43,400</b>		<b>10,267</b>	
<b>Non-current liabilities</b>					
Financial liabilities	5.13	48,456		4,979	
Deferred tax liabilities	5.14	704		1,047	
Employee benefit obligations	5.15	3,104		3,267	
Provisions	5.16	8,625		7,463	
Other non-current liabilities	5.17	13,517		5,853	
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>74,406</b>		<b>22,609</b>	
<b>Current liabilities</b>					
Trade payables	5.18	93,898	667	93,181	467
Current tax liabilities	5.19	13,988		6,615	
Financial liabilities	5.13	57,557		103,134	
Derivative financial instruments	5.20	391		560	
Provisions	5.16	18,405		8,321	
Other current liabilities	5.21	50,008	-	54,708	13
<b>TOTAL CURRENT LIABILITIES</b>		<b>234,247</b>		<b>266,519</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>352,053</b>		<b>299,395</b>	

## SEPARATE CONSOLIDATED INCOME STATEMENT

(In thousand of Euro)	Notes	Year ended December 31			
		2015	of which from related party	2014	of which from related party
<b>REVENUE</b>					
Revenue	6.1	511,102	9,120	464,660	8,133
Other operating income	6.2	684	12	592	12
<b>Total revenue</b>		<b>511,786</b>		<b>465,252</b>	
<b>OPERATING COSTS</b>					
Raw materials, work in progress and finished goods	6.3	(183,358)	(50)	(175,475)	(2)
Cost of services	6.4	(139,479)	(4,298)	(136,832)	(4,746)
Personnel expenses	6.5	(104,043)	(2,660)	(91,583)	(1,976)
Other operating costs	6.6	(4,877)		(6,252)	(1)
Share of net result from joint ventures	6.7	1,012		1,664	
Depreciation, amortization and impairment losses	6.8	(20,020)		(26,438)	
Provisions	6.9	(2,579)		(2,158)	
<b>NET OPERATING INCOME</b>		<b>58,442</b>		<b>28,178</b>	
Financial income	6.10	15,202		8,794	
Financial expenses	6.11	(17,789)		(12,741)	
<b>Net financial expenses</b>		<b>(2,587)</b>		<b>(3,947)</b>	
Income/(expenses) from investments	6.12	(882)		207	
<b>PROFIT BEFORE TAX</b>		<b>54,973</b>		<b>24,438</b>	
Income tax expenses	6.13	(26,619)		(18,848)	
<b>PROFIT FOR THE YEAR</b>		<b>28,354</b>		<b>5,590</b>	
<b>Profit/(loss) attributable to non-controlling interests</b>		<b>(186)</b>		<b>(57)</b>	
<b>Profit/(loss) attributable to owners of the parent</b>		<b>28,168</b>		<b>5,533</b>	
<b>EARNINGS PER SHARE</b>	6.14	<b>2.82</b>		<b>0.55</b>	

<i>(In thousand of Euro)</i>	Note	Year ended December 31	
		2015	2014
<b>Profit for the year (A)</b>		<b>28,354</b>	<b>5,590</b>
Actuarial income/(loss) of post-employment benefit obligations and Non-Competition Agreements.	5.15 - 5.16	68	(517)
Tax effect on actual income/loss of post-employment benefit obligations and Non-Competition Agreements		(21)	143
<b>Total items that will not be reclassified to profit or loss (B1)</b>		<b>47</b>	<b>(374)</b>
Exchange rate differences on translation of foreign operations		1,148	961
Exchange rate differences for the evaluation of entities accounted for using the equity method	5.4	702	395
<b>Total items that may be reclassified to profit or loss (B2)</b>		<b>1,850</b>	<b>1,356</b>
<b>Total Other comprehensive income, net of tax (B)=(B1)+(B2)</b>		<b>1,897</b>	<b>982</b>
<b>Total comprehensive income for the year (A)+(B)</b>		<b>30,251</b>	<b>6,572</b>
<i>Of which attributable to:</i>			
- Owners of the parent		30,100	6,515
- Non-controlling interests		151	57

## CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

<i>(In thousand of Euro)</i>	Share capital	Share premium reserve	Other reserves	Retained earnings	Profit (loss) attributable to owners of the parent	Equity attributable to owners of the parent	Capital and reserves attributable to non-controlling interests	Profit (loss) attributable to non-controlling interests	Total Equity
<b>As of January 1, 2014</b>	<b>10,000</b>	<b>382,557</b>	<b>(431,868)</b>	<b>41,041</b>	<b>1,216</b>	<b>2,946</b>	<b>411</b>	<b>338</b>	<b>3,695</b>
Allocation of previous year profit	-	-	-	1,216	(1,216)	-	338	(338)	-
Allocation for first time adoption reserve coverage	-	(382,557)	407,381	(24,824)	-	-	-	-	-
Total comprehensive income for the year	-	-	982	-	5,533	<b>6,515</b>	-	57	<b>6,572</b>
<i>Transactions with owners of the parent:</i>									
Purchase of non-controlling interests' capital	-	-	570	-	-	<b>570</b>	(570)	-	-
<i>Total transactions with owners of the parent</i>	-	-	570	-	-	570	(570)	-	-
<b>As of December 31, 2014</b>	<b>10,000</b>	<b>-</b>	<b>(22,935)</b>	<b>17,433</b>	<b>5,533</b>	<b>10,031</b>	<b>179</b>	<b>57</b>	<b>10,267</b>
Allocation of previous year profit	-	-	9,895	(4,362)	(5,533)	-	57	(57)	-
Total comprehensive income for the year	-	-	1,932	-	28,168	<b>30,100</b>	(35)	186	<b>30,251</b>
<i>Transactions with owners of the parent:</i>									
Dispose of non-controlling interests' capital	-	-	210	(46)	-	<b>164</b>	46	-	<b>210</b>
Option for the purchase of non-controlling interests	-	-	(801)	-	-	<b>(801)</b>	-	-	<b>(801)</b>
Incentive plan (LTMIP)	-	-	3,473	-	-	<b>3,473</b>	-	-	<b>3,473</b>
<i>Total transactions with owners of the parent</i>	-	-	2,882	(46)	-	2,836	46	-	2,882
<b>As of December 31, 2015</b>	<b>10,000</b>	<b>-</b>	<b>(8,226)</b>	<b>13,025</b>	<b>28,168</b>	<b>42,967</b>	<b>247</b>	<b>186</b>	<b>43,400</b>

## CONSOLIDATED STATEMENT OF CASH FLOW

<i>(In thousand of Euro)</i>	Notes	Year ended December 31	
		2015	2014
<b>Cash flows from operating activities</b>			
Profit for the year	5.12	28,354	5,590
<i>Adjustments for:</i>			
Depreciation, amortization and impairment losses	6.8	20,020	26,438
Provisions	6.9	2,579	2,158
Share of net result from joint ventures	6.7	(1,012)	(1,664)
Net financial expenses	6.10 - 6.11	2,587	3,947
Income/(expenses) from investments	6.12	882	(207)
Income tax expenses	6.13	26,619	18,848
<b>Cash flows from operating activities before changes in working capital</b>		<b>80,029</b>	<b>55,110</b>
Increase (decrease) in inventory	5.6	2,065	(9,537)
Increase (decrease) in trade receivables	5.7	(4,218)	(4,146)
Increase (decrease) in trade payables	5.18	(163)	320
Increase (decrease) in other operating assets and liabilities	5.10 - 5.15 - 5.16 - 5.17 - 5.21	19,209	9,573
Non-recurrent fiscal payment		(22,756)	-
Income taxes paid	5.3 - 5.14 - 5.18 - 6.13	(19,342)	(6,914)
<b>Net cash inflow from operating activities (A)</b>		<b>54,825</b>	<b>44,406</b>
<b>Cash flows from investing activities</b>			
Investments in property, plant and equipment	5.1	(18,179)	(6,510)
Disposals of property, plant and equipment	5.1	243	324
Investments in intangible assets	5.2	(6,889)	(6,754)
Disposals of intangible assets	5.2	2	17
Dividends received from other entities	6.12	369	207
Dividends received from joint ventures and associates	5.4	2,328	1,325
Dividends paid	5.12	-	-
Investments in subsidiaries, associates and other entities	5.4 - 5.5	(1,790)	(2,489)
Disposal of subsidiaries, associates and other entities		251	-
<b>Net cash inflow (outflow) from investing activities (B)</b>		<b>(23,665)</b>	<b>(13,880)</b>
<b>Cash flows from financing activities</b>			
Proceeds from new borrowings	5.13	70,000	10,000
Repayment of borrowings	5.13	(19,935)	(40,000)
Net increase (decrease) of current financial assets and liabilities	5.8 - 5.13	(54,393)	4,503
Payments of net financial expenses	5.9- 5.20 - 6.10 - 6.11	(878)	(3,521)
<b>Net cash inflow (outflow) from financing activities (C)</b>		<b>(5,206)</b>	<b>(29,018)</b>
<b>Net increase (decrease) in cash and cash equivalents (D)=(A)+(B)+(C)</b>		<b>25,954</b>	<b>1,508</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>41,128</b>	<b>38,638</b>
Net increase (decrease) in cash and cash equivalents from January 1 to December 31		25,954	1,508
Effects of exchange rate differences on cash and cash equivalents		945	982
<b>Cash and cash equivalents at the end of the year</b>		<b>68,027</b>	<b>41,128</b>



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****1 – FORM, CONTENTS AND OTHER GENERAL INFORMATION**

Technogym S.p.A. (hereinafter, “Technogym” or the “Company”) is a legal entity established in Italy, with registered office located in Via Calcinaro 2861, Cesena (FC), and it is organized and governed under the laws of the Republic of Italy.

The Company together with its subsidiaries (together, the “Group”) are among the world’s top players in the fitness equipment industry, offering integrated solutions for the personal wellness (consisting mainly in equipment, services, and digital solutions) that can be personalized and adapted to specific needs of end users and professional operators. The Group offers a wide range of wellness, physical exercise and rehabilitation solutions to the major segments of fitness equipment market and to the overall wellness industry. End users and professional operators have appreciated the equipment offered by the Group, which combines technology innovations and attention to design and finishing. Over time, this success contributed to the positioning of the Technogym brand in the high-end market. The Company’s Financial Statements, were approved by the Company’s Board of Directors on February 16, 2016.

At the close of financial year 2015, 60% of the Company’s share capital was owned by Wellness Holding S.r.l., and 40% of the share capital was held by Salhouse Holding S.à.r.l.. Wellness Holding S.r.l. is a legal entity incorporated under Italian law, and its share capital is 75% owned by Oiren S.r.l. and 25% owned by Apil S.r.l..

**2 - APPLICATION OF ACCOUNTING STANDARDS**

The main accounting standards and measurement criteria applied to the preparation of the Consolidated Financial Statements are described below. These accounting standards and criteria have been in force since the approval of the Consolidated Financial Statements as of December 31, 2015, and have been consistently applied to all the accounting periods presented herein.

**BASIS OF PREPARATION**

This document includes the consolidated financial statements of the Company for the years ended December 31, 2015 and 2014, including the prospectus of financial position, prospectus of income statement and comprehensive income, prospectus of cash flow, prospectus of change in equity and related notes (hereinafter the “Consolidated Financial Statements”).

The Consolidated Financial Statements are prepared solely with the purpose of including them in the documents required for the proposed public offering of the Company’s ordinary shares and their admission to listing on the Milan Stock Exchange organized and managed by Borsa Italiana S.p.A. (hereinafter the “Listing”).

The Consolidated Financial Statements have been prepared in accordance with IFRS, meaning all the International Financial Reporting Standards, all the International Accounting Standards (“IAS”), and all the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) previously known as the Standing Interpretations Committee (“SIC”), which, at the reporting date of the consolidated financial statements, have been endorsed by the European Union in accordance with

the procedure in Regulation (EC) no. 1606/2002 of the European Parliament and European Council dated July 19, 2002.

The Consolidated Financial Statements have been prepared on a going concern basis.

The financial statements are presented in Euro, which is the currency of the primary economic environment in which the Group operates. The amounts reported in the current document are presented in thousands, unless otherwise stated.

The financial statements formats adopted are consistent with those indicated in IAS 1 – Presentation of Financial Statements. In particular:

the statements of financial position have been prepared by classifying assets and liabilities according to the “current and non-current” criterion; and

the income statement has been presented separated from the statement of comprehensive income statement, and has been prepared by classifying operating expenses by nature of expense;

the statement of comprehensive income includes the profit or loss for the year as shown in the separate income statement and all other non-owner changes in equity, as required by the international accounting standards;

the statement of cash flows has been prepared by presenting cash flows from operating activities according to the “indirect method”.

The Consolidated Financial Statements have been prepared with the historical cost approach, with the exception of financial assets and liabilities that require fair value measurement.

## SCOPE AND BASIS OF CONSOLIDATION

The following table reports the list of the companies included in the scope of consolidation, including information about the method of consolidation applied for the years ended December 31, 2015 and 2014.

Entity name	Year ended December 31				Currency	Share Capital 2015
	Country of incorporation	% control in 2015	% control in 2014			
Subsidiaries - consolidated using the integral method						
Technogym SpA	Italy	Parent company	Parent company	EUR		10,000,000
Technogym E.E. SRO	Slovakia	100%	100%	EUR		15,033,195
Laserpro Srl	Italy	100%	100%	EUR		92,880
Technogym International BV	Netherlands	100%	100%	EUR		113,445
Technogym Germany Gmbh	Germany	100%	100%	EUR		1,559,440
Technogym France Sas	France	100%	100%	EUR		500,000
Technogym UK Ltd	United Kingdom	100%	100%	GBP		100,000
Technogym Trading SA	Spain	100%	100%	EUR		2,499,130
Technogym Usa Corp.	United States	100%	100%	USD		3,500,000
Technogym Benelux BV	Netherlands	100%	100%	EUR		2,455,512
Technogym Japan Ltd	Japan	100%	100%	JPY		320,000,000
Technogym Shangai Int. Trading Co. Ltd	China	100%	100%	CNY		132,107,600
Technogym Asia Ltd	Hong Kong	100%	100%	HKD		16,701,750
Mywellness SpA	Italy	100%	100%	EUR		100,000
Technogym Australia Pty Ltd	Australia	100%	100%	AUD		11,350,000
Technogym Portugal Unipessoal Lda	Portugal	100%	100%	EUR		5,000
Technogym Equipamentos de Ginastica e Solucao para Bem-Estar LTDA	Brazil	100%	100%	BRL		80,268,457
Technogym Fabricacao de Equipamentos de Ginastica LTDA	Brazil	0%	0%	BRL		n.a.

T-Wellness Srl (1)	Italy	0%	0%	EUR	n.a.
Sidea Srl (1)	Italy	70%	70%	EUR	150,000
Technogym ZAO	Russia	90%	100%	RUB	10,800,000
TG Holding BV	Netherlands	90%	100%	EUR	300,000
Technogym South Africa Ltd (2)	South Africa	100%	100%	ZAR	120
Wellness Consulting Ltd (3)	United Kingdom	100%	0%	GBP	10,000

  

<b>Associates - Jointly controlled entities, consolidated using the equity method</b>					
Fitstaduim Srl	Italy	45%	45%	EUR	13,506
Wellink Srl	Italy	40%	0%	EUR	60,000
Movimento per la Salute Srl	Italy	50%	50%	EUR	n.d.
Techogym Emirates LLC	United Arab Emirates	49%	49%	AED	300,000

(1) Subsidiaries not fully consolidated as of December 31, 2012 due to limited operations and non-significant amounts. Sidea Srl has been consolidated since 2013

(2) Subsidiaries not fully consolidated as of December 31, 2013 due to limited operations and non-significant amounts. They have been consolidated since 2014

(3) Subsidiaries not fully consolidated as of December 31, 2015 due to limited operations and non-significant amounts.

In the year ended December 31, 2015, the Group sold 10% of the share capital of TG Holding BV, which owns the entire share capital of Technogym ZAO, to minority shareholders. In the same year, the company Wellness Consulting Ltd was established.

In the year ended December 31, 2014 the Group liquidated the company T-Wellness S.r.l. and the company Technogym Fabricacao de Equipamentos de Ginastica LTDA was merged into Technogym Equipamentos de Ginastica e Solucao para Bem-Estar LTDA.

## BASIS OF CONSOLIDATION

The policies adopted by the Group to determine the scope of consolidation and the related principles of consolidation are summarized below.

### Subsidiaries

Subsidiaries are entities in which the Group has control over, including:

the decision power to govern the relevant activities of the entity that will have a significant impact on the entity's result;

the right to participate in the entity's result (profit or loss) variable and in accordance with its investment in the entity;

the ability to use its decision power to determine the amount of results attributable to its investment in the entity.

Control can exist either due to direct or indirect ownership of the majority of the voting rights, also taking into account any contractual or legal agreement, and therefore, regardless of ownership percentage. In assessing the existence of control, the Company also considers its own potential voting right, as well as voting rights of third parties. The "potential voting rights" include the ability to obtain voting rights of an entity, like those arising from convertible securities or options. These rights are considered only if they are significant.

The control is verified when facts or circumstances occur that may change the elements of control described above.

Subsidiaries are consolidated from the date when the control is obtained until the date when the control ceases. The basis for the consolidation that has been adopted is as follows:

the book value of the companies included in the scope of consolidation is eliminated from equity, and as consequence, their assets and liabilities are recorded;

according to IFRS 3, subsidiaries acquired by the Group are accounted using the acquisition method, which states that the amount transferred in a business combination is measured at fair value, calculated as the sum of fair values of the assets and liabilities transferred to the Group at the date of acquisition and equity instruments issued in exchange for control of the company acquired. Transaction costs that may arise from the transaction are reported in the income statement as incurred; the difference between the acquisition cost and the market value of the Group's share of net assets is accounted as goodwill;

if the acquisition cost is below the fair value of the Group's share of the company's net assets, the difference is recognized in the profit or loss of the period;

profit and losses arising from transactions between companies included in the consolidation are eliminated in full, as well as assets, liabilities, costs, revenue, margins on products in inventory and any relevant intragroup transaction;

intragroup dividends are eliminated, as well as impairment and impairment reversals relating to investments in consolidated companies.

the portion of capital attributable to non-controlling interests in consolidated subsidiaries and the portion of profit or loss for the year attributable to non-controlling interests are identified separately within the consolidated statement of financial position and consolidated income statement; according to IFRS 10, the overall loss is attributable to the owners of the Parent Company and to non-controlling interest, even when the equity attributable to non-controlling interests have a negative balance;

acquisitions of minority interests in entities for which control already exists, or the sale of minority interests that do not involve the loss of control, are considered equity transactions; therefore, any difference between the cost of acquisition/disposal and its acquired/disposed of shareholders' equity is recognized to adjust the Group's equity. A possible obligation relating to a term contract to purchase its own equity instruments against cash, results in the recognition of a liability whose fair value is reclassified from equity. If the contract expires without it being completed, the carrying amount of the liability is transferred to equity. The contractual obligation to purchase its own equity instruments gives rise to a liability for the present value of the redemption amount even if the obligation is conditional upon the exercise of the counterparty of the redemption right.

### **Associates and joint ventures**

Investments in associates and joint ventures are recognized in the consolidated statements using the equity method, in accordance with IAS 28 (Investments in associates and joint ventures) and IFRS 11 (Joint agreements).

Associates are those entities over which the Group holds at least 20% of the entity's voting power, or rather, it has significant influence but have not control over strategic financial and operating decisions.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control and hold rights to the entity's net assets.

Investments in associates and joint ventures are recognized in the consolidated financial statements from the date significant influence and joint control are acquired until the date such influence and control cease.

According to the equity method, investments in associates and joint venture are initially accounted at cost (including financial expenses related to the acquisition) and the carrying value increases or decreases due to its interests in profit or loss generated after the acquisition date. The portion of profit or loss attributable to the investment is recognized in the consolidated separate income statement. Dividends received decrease the carrying value of the investment.

Adjustments of the carrying value of the investment are also due to changes in the prospectus of other comprehensive income of the entity (i.e. changes due to translation differences of operations in foreign currency). The portion of those adjustments attributable to the Group is recognized in the statement of other comprehensive income. If the portion of loss of an associate or joint venture attributable to the Group is equal or greater than its investment in the associate or joint venture, the carrying amount of the investment is reduced to zero and the Group recognizes a liability for the additional losses only to the extent that it has incurred legal or constructive obligations or made payments on behalf of the associate or joint ventures. If the associate or joint venture generates profit in the following periods, the Group reverses the recognition of its share of profits only after it has covered the share of loss previously arisen but not recognized. Profits and losses arising from transactions between associates accounted for using the equity method and the Parent Company or its subsidiaries are eliminated to the extent of the Group's interest in the associate.

### **Translation of the financial statements of foreign operations**

The financial statements of subsidiaries are prepared in the currency of the primary economic environment in which they operate. The criteria for translating the financial statements of companies expressed in a currency other than the Euro are as follows:

assets and liabilities are translated using the closing exchange rate at the year-end reporting date;

income and expenses are translated using the average exchange rate for the reporting period;

the "currency translation reserve" in the comprehensive income statement, reports the differences arising on the income statement's translation at an average rate as opposed to a closing rate, as well as the differences arising on the translation of opening equity at a different rate applied to closing equity;

goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated initially at the acquisition date exchange rate and subsequently adjusted to the closing exchange rate.

The exchange rates used in the translation of the financial statements of entities with a currency other than the Euro are as follows:

Currency	As of December 31	
	2015	2014
USD	1.089	1.214
GBP	0.734	0.779
JPY	131.070	145.230
CHF	1.084	1.202
AUD	1.490	1.483
AED	3.997	4.459
CNY	7.061	7.536
RUB	80.673	72.337
HKD	8.438	9.417
BRL	4.311	3.221
ZAR	16.953	14.035

Currency	Average for the year ended December 31	
	2015	2014
USD	1.110	1.329
GBP	0.726	0.806
JPY	134.314	140.306
CHF	1.068	1.215
AUD	1.478	1.472
AED	4.073	4.880
CNY	6.973	8.186
RUB	68.072	50.952
HKD	8.601	10.303
BRL	3.700	3.121
ZAR	14.172	14.404

### Translation of transactions with a currency other than the functional currency

The transactions occurring in a currency other than the functional currency are translated using the exchange rate at the date of the transaction. The gains or losses on exchange rates generated from the transaction or from the translation of assets and liabilities in a currency other than the Euro at the end of the year are reported in the income statement.

## 3 – ACCOUNTING POLICIES

The main accounting standards and accounting policies adopted for the preparation of the Consolidated Financial Statements are summarized below.

### PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are reported at their historical purchase or production cost. Cost includes expenditures that are directly attributable to preparing the assets for their intended use. Expenditures that are directly attributable to the purchase, development or production of an asset but cannot be attributed to a qualifying asset, are reported in the income statement when they arise. The Group does not hold any assets that require a certain period before they are ready to use (qualifying asset).

Routine repair and maintenance costs are recognized as expenses in the period in which they are incurred. Expenditures incurred for the modernization and improvement of owned assets or from third parties, are capitalized only if they are eligible to be classified separately as assets or part of assets adopting the component approach.

Property, plant and equipment, with the exception of land, are subject to depreciation. Depreciation is charged on a straight-line basis to depreciate assets over their useful lives. If a depreciable asset consists of separately identifiable parts, whose useful lives differ significantly from other parts of that asset, each part is depreciated separately in accordance with the component approach. Depreciation commences once the asset is available for use.

The Group has estimated the following useful lives for its various categories of property, plant and equipment:

Category	Useful life
Land	Indefinite
Buildings	34 years
Leasehold improvements	duration of the lease
Plant and machinery	from 8 to 11 years
Production and commercial equipment	from 5 to 6 years
Other assets	from 5 to 11 years

The depreciation rates of tangible assets are reviewed and updated, when necessary, at least annually. In the event that, independently of the depreciation already recorded, an indication of impairment arises, an impairment loss is recognized for the asset. If in the following years the reasons for an impairment loss cease to exist, the original value will be reversed. The residual value and useful lives of property, plant and equipment are reviewed at every financial year-end, and adjusted if appropriate.

## INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary assets without physical substance, controllable and able to generate future economic benefits. Such assets are carried at purchase cost and/or internal production cost, including expenses directly attributable to preparing assets for their intended use. Depreciation of intangible assets is reviewed at every financial year-end, and, if the current useful lives differ from the useful lives previously estimated, they are adjusted accordingly.

The Group has estimated the following useful lives for its various categories of intangible assets:

Category	Useful life
Development costs	from 3 to 5 years
Software, licenses and similar rights	3 years
Trademarks	10 years

Research costs are expensed in the income statement when they are incurred.

### Development costs

Development costs for the realization of new products and processes or improving existing products and processes, are capitalized according to IAS 38 if the development project leads to products and processes technically feasible (as long as the intention to complete the project can be demonstrated),

and the costs and benefits of the development project can be measured reliably. Capitalized development costs includes internal and external costs, comprehensive of personnel expenses and costs for services and consumables, reasonably allocated to the projects. Development costs are intangible assets with indefinite useful lives and they are amortized over the period the expected future income from the project will arise, generally five years (three years for software due to its high rate of obsolescence) and are subject to impairment losses that may arise after its initial recognition. Amortization starts from the moment the products are available to be used. Useful lives are reviewed and adjusted accordingly if there are changes in its expected future benefit.

### **IMPAIRMENT LOSSES ON PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS**

An impairment loss is recognized on property, plant and equipment and intangible assets if the asset is no longer able to recover the carrying amount at which the asset is recorded in the financial statements. The impairment test, introduced in IAS 36, is used to ensure that the carrying amount of these assets are not higher than the recoverable amount, recognized as the higher of its selling price and its value in use.

The value in use is defined as the present value of the future cash flows expected to be derived from that asset or from the cash-generating unit to which the asset belongs. The expected cash flows are discounted using a discount rate reflecting the current market rate for risk-free investments, adjusted with the assessment of the time and risks specific to that asset.

If the asset's carrying amount is higher than its recoverable amount, an impairment loss is recognized in profit or loss of the reporting period when the impairment arises.

Definite-lived assets are tested for impairment whenever there are signs that such assets could be impaired due to change of internal or external conditions. Intangible assets with indefinite useful lives, such as goodwill, are tested for impairment at least every year.

If the reasons for an impairment loss cease to exist, the value is reversed in proportion to the assets. The new carrying amount does not exceed the carrying amount that would have been determined, net of amortization or depreciation, if no impairment loss had been recognized in the past. The amount reversed is recognized in profit or loss. Impairment losses of goodwill are never reversed.

### **OTHER INVESTMENTS**

Investments in companies other than subsidiaries, associates and joint ventures, are classified as non-current financial assets and are carried at fair value, with effects recognized in the equity reserve among the components of other comprehensive income. Changes in fair value, previously recognized among the components of other comprehensive income, are reclassified to profit or loss for the period. Investments in other smaller companies, whose fair value cannot be determined, are stated at cost less any impairment losses; impairment losses cannot be reversed.



**DERIVATIVES**

A derivative is a financial instrument or contract which:

the value is determined by fluctuations in the underlying asset, such as interest rate, price of security or asset, currency exchange rate, price or rates index, credit rating and other variables;

have initial investment equal to zero, or lower than any other contract with a similar response to changes in market conditions;

is settled at a future date.

Derivatives are classified as financial assets and liabilities depending on the positive or negative fair value, categorized as available for sale and reported at fair value in profit or loss, except for derivatives designated as hedging instruments.

Derivatives are designated as hedging instruments when the relationship between the hedging instrument and the hedged item is formally documented and the effectiveness of the hedge, assessed on an ongoing basis, is very high.

In the case of cash flow hedges (i.e. cash flow hedges intended to offset the cash flow variability relating to fluctuations in interest rate), fair value changes for derivatives considered highly effective are initially recognized in a separate equity reserve and classified in Other comprehensive income or loss and subsequently reclassified from equity to profit or loss for effects generated by the hedge. If the derivative cannot be considered a hedging instrument, its fair value change is immediately recognized in profit or loss.

For the years 2015, and 2014, there were no derivatives that were classified a hedging instruments.

**MEASUREMENT OF FAIR VALUE OF FINANCIAL INSTRUMENTS**

The fair value of financial instruments quoted on public markets is determined with reference to quoted price. The fair value of unquoted instruments is measured with reference to the financial valuation techniques that make use of the largest possible number of inputs directly observable on the market. When it is not possible, the inputs are estimated by the management, taking into account the characteristics of the instrument being measured. Changes in the assumption made when estimating the input data may have an impact on the fair value recorded in the financial statements for those instruments.

**INVENTORY**

Inventory is recorded at the lower of purchase or production cost and net realizable value in the market. The cost of inventory, included ancillary costs, is determined using the weighted average cost method.

**TRADE PAYABLES, OTHER CURRENT AND NON-CURRENT ASSETS**

Trade payables, other receivables and other current and non-current financial assets are initially recognized at fair value, net of direct transaction costs, and subsequently measured at amortized cost using the effective interest method (the rate that equals, at the initial recognition, the book value and the discounted value of expected cash flows), less any impairment losses. Trade receivables and other

financial assets are recognized as current assets, except for those with contractual maturity beyond 12 months of the reference date, which are classified as non-current assets.

### **IMPAIRMENT OF FINANCIAL ASSETS**

At each year-end, financial assets are assessed as to whether there is any objective evidence that a financial asset or a group of financial assets may be impaired, except for financial assets that are recognized at fair value. An impairment loss is recognized only if there is evidence that it is a consequence of events that occurred subsequent to its initial recognition, which will affect the estimated future cash flows of the asset.

Objective evidence of impairment includes observable indicators such as:

the significant financial difficulty of the issuer or debtor;

a breach of contract, such as default or failure to pay interest or capital;

evidence that the debtor will undertake bankruptcy proceedings or other financial reorganization;

a significant decrease of estimated future cash flows.

Losses that are expected to arise as a result of future events are not recognized.

The carrying amount of trade receivables is reduced through a provision for bad debts.

If an impairment loss recognized in the past decreases, and the decrease can be objectively associated to an event occurred after the impairment, the amount is recognized in the income statement.

### **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash on hand, current accounts and demand deposits with banks that have original maturity within 3 months. Cash and cash equivalents are recognized at nominal value, equal to the fair value.

### **TRADE PAYABLES, OTHER LIABILITIES AND OTHER CURRENT AND NON-CURRENT FINANCIAL LIABILITIES**

Trade payables, other liabilities and other current and non-current financial liabilities are identified when the Group contracts obligations and they are recognized initially at fair value, net of direct transaction costs.

Subsequently, they are measured at amortized cost using the effective interest method.

### **DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES**

Financial assets are derecognized when it satisfies the following conditions:

the contractual right to receive cash flow from the financial asset has expired;

the Group has effectively transferred all risks and rewards associated to the financial asset by transferring its rights to receive cash flows from the financial asset or taking on a contractual obligation to remit the cash flows received to one or more potential recipients under a contract that meets the requirements of IAS 39 (c.d. "pass through test");

the Group has transferred the control of the financial asset but has neither transferred nor retained the risks and rewards associated with financial asset.

In case of financing operations to clients through financial institutions, guaranteed by the relative trade receivables, the credit is recognized in the financial position of the Group until it is collected by the financial institutions and a payable of financial nature is recognized, as a counter of the advance from the financial institutions.

Financial liabilities are derecognized when they are extinguished, i.e. when the contractual obligation is fulfilled, cancelled or prescribed.

## **EMPLOYEE BENEFITS OBLIGATIONS**

Post-employment benefits, depending on their characteristics, are classified as “defined contribution” plans and “defined benefit” plans. In defined contribution plans, the employer’s obligation is limited to the payment of contributions to the State or to a trust or separate legal entity and is determined on the basis of the contributions due. The costs related to these plans are recognized in profit or loss for the contribution of the period. On the other hand, in defined benefit plans the company’s obligation is determined separately for each plan on the basis of actuarial calculations that estimate (in compliance with the method of projected unit credit) the amount of future benefits that employees have accrued at the reporting date. The present value of defined benefit plans is calculated using a rate determined on the basis of market yield of leading companies’ corporate bonds at the reporting date, or government bonds in the absence of an active market for those securities. The liability is recognized on an accrual basis over the maturity period of the rights. The liability is calculated by independent actuaries.

Gains and losses arising from the actuarial valuation of defined benefit plans are recognized in other components of comprehensive income or loss. In case of modification of a defined benefit plan or the introduction of a new plan, any employee benefit obligation for past service is recognized immediately in the income statement.

The so called *Trattamento di fine rapporto* (“TFR”), mandatory for Italian companies in accordance with article 2120 of the Civil Code, is considered as deferred compensation and is related to the length of the working period of employees and the salary received in the period of service. In application of IAS 19, TFR assumes the nature of a “defined benefit plan” and the related liability recognized in the balance sheet (“Employee benefit obligations”) is determined by actuarial calculations. The detection of changes in the actuarial gain/losses (“remeasurements”) is therefore recorded under other comprehensive income. For Italian companies of the Group with less than 50 employee, the cost relating to employee benefit obligations and the interest costs related to the component “time value” in the actuarial calculations (classified under financial expenses) are recognized in the income statement.

From January 1, 2007, the Italian law gives the employees the opportunity to choose the destination of their post-employment benefits between the company and a supplementary pension funds. Companies with 50 employees or more are obliged to deposit the post-employment benefits in the “Treasury Fund” managed by INPS. Consequently, in accordance with IAS 19, the obligation to INPS and contributions to complementary pension funds take the nature of “Defined contribution plans”.

*Incentive plan for the benefit of top management members*

Additional benefits are acknowledged to the management of Technogym via plans for equity participation. The above plans are recognized in accordance with IFRS 2 (Share-based payment). According to IFRS 2, these plans represent a component of the recipient remuneration; therefore, for schemes that include a compensation in equity instruments, the cost consists of the fair value of these instruments at the grant date and is recognized in the consolidated income statement under “Personnel costs” over the period between the grant date and the maturity, and in an equity reserve called “Stock Option plan”. Changes in fair value after the grant date have no effect on the initial valuation. At the end of every year, it will be estimated the number of rights that accrue until maturity. The change in the estimate is recognized as a reduction of the item “Stock option plan” and “Personnel costs”.

**PROVISIONS**

Provisions for risks and charges relate to costs and expenses of a specific nature of certain or probable existence, but whose timing or amount are uncertain as at the reporting date. Provisions are recognized when:

a present legal or constructive obligation is likely to exist as a result of a past event;

it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;

the amount of the obligation can be estimated reliably.

The amount recognized as a provision is the best estimate of the amount that an entity would rationally pay to settle the obligation at the end of the reporting period or to transfer it to a third party at that time. When the effect of the time value of money is material and the obligation settlement date can be estimated reliably, the amount of the provision is determined by discounting the expected cash outflows to present value taking account of the risks specific to the obligation; any increase in the amount of a provision due to the effect of the time value of money is recognized in the income statement under “Financial expenses”.

The amounts are periodically reviewed to identify changes in estimated costs, the obligation settlement date, and the actualization rate. Any changes in estimates are recognized to profit or loss within the same account previously used to record the provision.

The existence of potential liabilities, represented by:

possible, but not probable, obligations arising from past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely within the control of the company; or

current obligations arising from past events, for which the company believed the remote possibility of incurring charges in the future,

does not arise the recognition of liabilities in the financial statement but is reported in a separate note to the financial statements.

## INCOME TAXES

Income taxes represent the sum of current and deferred taxes. Income taxes are recognized in the income statement with the exception of certain items that are recorded in equity (in which case the tax effect is also recognized in equity).

Current income taxes are the amount of taxes expected to be paid for the taxable profit, determined in compliance with the current regulations of the countries in which the Group operates.

Deferred income taxes are determined using the liability method on temporary differences between assets and liabilities in the consolidated statement and the corresponding values recognized for tax purposes. Deferred income taxes are determined using tax rates that are expected to apply to the period when the related differences are realized or settled.

Deferred tax assets are recognized only when it is probable that in future years there will be sufficient taxable income to realize them.

The deferred tax assets and liabilities are offset only when there is a legal right of offset and when they relate to income taxes levied by the same taxation authority.

Income taxes relating to prior periods include the income and expenses recognized in the period for income taxes related to prior years.

## RECOGNITION OF REVENUE AND COSTS

Revenue is recognized to the extent that it is probable that the economic benefits are achieved and the relative amount can be reliably measured. Revenue from the sale of goods is recognized upon transfer of the risks and rewards of ownership to the buyer, which generally coincides with the shipping or the delivery.

Revenue is recognized for an amount equal to the fair value of the amount received or receivable, net of returns, discounts, rebates, bonuses, and directly related taxes.

Costs are recognized when related to goods and services purchased, consumed or allocated in the year, or when it is not possible to identify their future usefulness.

Lease payments relating to operating leases are recognized in the income statement over the term of the contract.

Income and financial expenses are recognized in the income statement in the period in which they are incurred.

## DIVIDENDS

The distribution of dividends to shareholders of the Parent Company is recognized as a liability in the consolidated financial statements of the period when it is approved at the shareholders' meeting.

Dividends received from non-consolidated companies are recognized as assets in the consolidated financial statements of the period when they are approved by the competent corporate bodies.

## EARNINGS PER SHARE

### Basic earnings per share

Basic earnings per share are calculated by dividing profit or loss attributable to owners of the Parent Company by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares.

### Diluted earnings per share

Diluted earnings per share are calculated by dividing profit or loss attributable to owners of the Parent Company by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares. For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares is adjusted for the assumed conversion of all dilutive potential ordinary shares into ordinary shares, while profit attributable to owners of the parent is adjusted to take account of any after-tax effect of such conversion.

## ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE AND NOT ADOPTED IN ADVANCE BY THE GROUP

The following table reports the accounting standards, amendments and interpretations issued by the IASB, the date of mandatory application and the state of transposition of the EU.

Description	Endorsed at the date of this document	Mandatory application starting from
Amendments to IAS 19 (Defined benefit plans)	Yes	Years starting from February 1, 2015
IFRS 14 (Regulatory Deferral Accounts)	No	Years starting from January 1, 2016
Amendments to IFRS 11 (Joint Arrangements) – Accounting for Acquisitions of Interests in Joint Operations	Yes	Years starting from January 1, 2016
Amendments to IAS 16 (Property, Plant and Equipment) and IAS 38 (Intangible Assets) – Clarification of Acceptable Methods of Depreciation and Amortization	Yes	Years starting from January 1, 2016
Amendments to IAS 27 (Separate Financial Statements) – Equity Method in the Separate Financial Statements	Yes	Years starting from January 1, 2016
Amendments to IFRS 10 (Consolidated Financial Statements) and to IAS 28 (Investments in Associates and Joint Ventures) – Sale or Contribution of Assets between and Investor and its Associate or Joint Venture	No	Years starting from January 1, 2016
Improvements to IFRS (2010-2012 cycle)	Yes	Years starting from January 1, 2016
Improvements to IFRS (2012-2014 cycle)	No	Years starting from January 1, 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 (Investment entities – Exception to consolidation)	No	Years starting from January 1, 2016
Amendments to IAS 16 (Property, Plant and Equipment) and IAS 41 (Agriculture)	Yes	Years starting from January 1, 2016
Amendments to IAS 1 – Disclosure Initiative	Yes	Years starting from January 1, 2016
Amendments to IAS 12 (Income taxes)	No	Years starting from January 1, 2017
Amendments to IAS 7 (Statement of Cash Flows)	No	Years starting from January 1, 2017
IFRS 15 (Revenue from Contracts with Customers)	No	Years starting from January 1, 2018
IFRS 9 (Financial Instruments)	No	Years starting from January 1, 2018
IFRS 16 (Leases)	No	Years starting from January 1, 2019

The potential impact on the consolidated financial statements resulting from these changes are under evaluation.

## ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements required the directors to apply accounting standards and methods that, in some circumstances, are based on difficult and subjective valuations, and estimates based on historical experience and assumptions considered reasonable and realistic from time to time according to the circumstances.

The application of these estimates and assumptions affect the amounts reported in the financial statements, such as the balance sheet, income statement, cash flow statement as well as the additional notes.

The final outcome of the items in the consolidated financial statements, for which estimates and assumptions were used, may differ from those reported in the financial statements of the single companies due to the uncertainty that characterizes the assumptions and conditions on which the estimates are based.

Estimates and assumptions are reviewed periodically and the effects of each change is immediately reflected in the income statement.

The financial statement items that require, more than others, a subjective judgment by management when elaborating the estimates and for which a change in the conditions underlying the assumptions could have a significant impact on the consolidated financial statement of the Group, are as summarized below.

Non-current assets: the Group reviews the carrying value of property, plant and equipment, intangible assets, investments in joint ventures and associates and other non-current assets, when events and circumstances make such review necessary in order to determine their recoverable value. The analysis of impairment is generally performed using estimates of the cash flows from the use or sale of the asset and an adequate discount rate to calculate the present value. When the carrying value of a non-current asset has recorded a loss in value, the Group recognizes an impairment loss equal to the difference between the carrying amount of the asset and its recoverable amount from use or sale, as determined with reference to the cash flows included in the most recent business plans.

Deferred tax assets: the Group has deferred tax assets on deductible temporary differences and theoretical tax benefits from losses carried forward which are recognized to the extent that it is probable for future taxable profit will be available against which they can be retrieved. The recoverability of deferred tax assets recognized in relation to tax losses in future years and deductible temporary differences, takes into account the estimate of future taxable incomes and is based on prudent tax planning.

Inventory write-down provision: the recoverability of inventories is assessed to any impairment losses on inventories, determined on the basis of past experience as well as any anomalous trends in market prices that may have an impact on future inventory write-downs.

Bad debt provision: the recoverability of receivables is assessed taking into account the risk of not collecting the credits, their maturity and losses on receivables reported in the past for similar type of accounts.

Employee benefit obligations: provision for employee benefits obligations and net financial expenses are measured on the actuarial basis, which requires the use of estimates and assumptions to determine the net value. The actuarial method considers financial parameters for example, such as the discount rate and the growth rates of wages and considers the probability of occurrence of potential future events through the use of demographic parameters such as the mortality rate and the rate of resignation or retirement of employees.

Warranties provision: when selling the product, the Group makes provisions relating to estimated costs for product warranty. The estimate of this fund is calculated on the basis of historical information on the nature, frequency and average cost of warranty claims.

Contingent liabilities: the Group recognizes a liability for disputes and lawsuits in progress when it is considered probable that there will be a financial outflow and when the amount of the resulting loss can be reasonably estimated. In the event that an adverse outcome is possible but the amount is not determinable, such fact is disclosed in the notes to the financial statements. The causes may relate to complex legal and tax issues that are subject to different level of uncertainty, against which it is possible that the value of the funds may vary as a result of future developments in the ongoing proceedings. The Group monitors the status of pending litigation and consults with their own legal advisors and experts.

Depreciation and amortization: changes in economic conditions of the market, technology and competitive forces could significantly affect the useful life of property, plant and equipment and intangible assets, and may result in a difference in the timing and the amount of depreciation and amortization.

Income taxes: income taxes are calculated in each country where the Group operates and according to a prudent interpretation of the tax laws. This sometimes involves complex estimates to determine taxable income and deductible temporary differences between accounting values and tax values.

#### **4 - SEGMENT INFORMATION**

The operating segment information was prepared in accordance with IFRS 8 “Operating Segments”, which requires the information to be reported consistently with the method adopted by the management when making operational decisions.

The approach to the market through a unique business model that offers an integrated range of “Wellness solution”, together with the pursuit of higher levels of operational efficiency achieved by the cross-production.

At an operational level, the Group’s organization is based upon a matrix structure in relation to the different functions/activities of the value chain, such as by customer segment, product line, distribution channel and geographic area. which also identifies a strategic vision of the business.



The type of organization described above reflects the way the management monitors and strategically directs the activities of the Group.

The following tables shows a breakdown of the Group's revenue by customer segment, type of product/service, distribution channel, and geographic area.

<i>(In thousand of Euro)</i>	<b>Year ended December 31</b>	
	<b>2015</b>	<b>2014</b>
<i>Club</i>	290,728	265,893
<i>Health, Corporate &amp; Public</i>	78,368	74,499
<i>Hospitality &amp; Residential</i>	73,204	62,216
<i>Home &amp; Consumer</i>	69,486	62,644
<b>Total revenue</b>	<b>511,786</b>	<b>465,252</b>

<i>(In thousand of Euro)</i>	<b>Year ended December 31</b>	
	<b>2015</b>	<b>2014</b>
<i>Equipment and ancillary products</i>	411,259	379,442
<i>Services</i>	89,079	79,067
<i>Digital Solutions</i>	11,448	6,743
<b>Total revenue</b>	<b>511,786</b>	<b>465,252</b>

<i>(In thousand of Euro)</i>	<b>Year ended December 31</b>	
	<b>2015</b>	<b>2014</b>
<i>Field sales</i>	352,959	325,906
<i>Wholesale</i>	112,835	100,953
<i>Inside sales</i>	36,853	29,435
<i>Retail</i>	9,139	8,958
<b>Total revenue</b>	<b>511,786</b>	<b>465,252</b>

<i>(In thousand of Euro)</i>	<b>Year ended December 31</b>	
	<b>2015</b>	<b>2014</b>
Europe (without Italy)	276,083	253,572
APAC	68,892	59,453
North America	54,461	46,294
MEIA	49,704	42,549
Italy	45,221	44,632
LATAM	17,425	18,752
<b>Total revenue</b>	<b>511,786</b>	<b>465,252</b>

#### 4.1 MAIN CUSTOMERS

In accordance with IFRS 8, paragraph 34, for the years ended December 31, 2015 and 2014, the Group does not have any clients that generate revenue more than 10% of the total revenue of the Group.

### 5. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

#### 5.1 PROPERTY, PLANT AND EQUIPMENT

The item "Property, plant and equipment" amounts to Euro 56,876 thousand as of December 31, 2015 (Euro 49,978 thousand as of December 31, 2014).

The following table reports the amounts and movements of property, plants and equipment for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Land	Buildings and leasehold improvements	Plant and machinery	Production and commercial equipment	Other assets	Assets under construction and advances	Total
<b>Net book value as of January 1, 2014</b>	<b>1,526</b>	<b>24,932</b>	<b>6,525</b>	<b>14,207</b>	<b>5,270</b>	<b>1,703</b>	<b>54,163</b>
<b>Historical cost as of January 1, 2014</b>	<b>1,526</b>	<b>32,980</b>	<b>15,666</b>	<b>49,427</b>	<b>16,031</b>	<b>1,703</b>	<b>117,333</b>
Additions	-	338	1,110	1,303	1,765	1,994	6,510
Disposals	-	-	(3)	(1,409)	(822)	-	(2,234)
Reclassification	-	-	-	454	-	(454)	-
Exchange rate differences	-	91	-	(5)	193	-	279
Change in scope of consolidation	-	-	-	34	3	-	37
<b>Historical cost as of December 31, 2014</b>	<b>1,526</b>	<b>33,409</b>	<b>16,773</b>	<b>49,804</b>	<b>17,170</b>	<b>3,243</b>	<b>121,925</b>
<b>Accumulated depreciation as of January 1, 2014</b>	<b>-</b>	<b>(8,048)</b>	<b>(9,141)</b>	<b>(35,220)</b>	<b>(10,761)</b>	<b>-</b>	<b>(63,170)</b>
Depreciation	-	(2,605)	(1,447)	(4,787)	(1,555)	-	(10,394)
Disposals	-	-	-	1,344	566	-	1,910
Exchange rate differences	-	(55)	-	(42)	(184)	-	(281)
Change in scope of consolidation	-	-	-	(10)	(2)	-	(12)
<b>Accumulated depreciation as of December 31, 2014</b>	<b>-</b>	<b>(10,708)</b>	<b>(10,588)</b>	<b>(38,715)</b>	<b>(11,936)</b>	<b>-</b>	<b>(71,947)</b>
<b>Net book value as of December 31, 2014</b>	<b>1,526</b>	<b>22,701</b>	<b>6,185</b>	<b>11,089</b>	<b>5,234</b>	<b>3,243</b>	<b>49,978</b>
<b>Historical cost as of December 31, 2015</b>	<b>1,526</b>	<b>33,409</b>	<b>16,773</b>	<b>49,804</b>	<b>17,170</b>	<b>3,243</b>	<b>121,925</b>
Additions	2,658	7,255	1,108	405	1,419	5,334	18,179
Disposals	-	(630)	(470)	(708)	(1,163)	(21)	(2,992)
Impairment losses	-	-	-	(72)	-	(416)	(488)
Reclassification	-	748	787	3,693	210	(5,438)	-
Exchange rate differences	-	149	-	(5)	118	-	262
Change in scope of consolidation	-	-	-	-	-	-	-
<b>Historical cost as of December 31, 2015</b>	<b>4,184</b>	<b>40,931</b>	<b>18,198</b>	<b>53,117</b>	<b>17,754</b>	<b>2,702</b>	<b>136,886</b>
<b>Accumulated depreciation as of January 1, 2015</b>	<b>-</b>	<b>(10,708)</b>	<b>(10,588)</b>	<b>(38,715)</b>	<b>(11,936)</b>	<b>-</b>	<b>(71,947)</b>
Depreciation	-	(2,729)	(1,356)	(4,786)	(1,766)	-	(10,637)
Disposals	-	602	377	658	1,112	-	2,749
Impairment losses	-	-	-	-	-	-	-
Exchange rate differences	-	(47)	-	7	(135)	-	(175)
Change in scope of consolidation	-	-	-	-	-	-	-
<b>Accumulated depreciation as of December 31, 2015</b>	<b>-</b>	<b>(12,882)</b>	<b>(11,567)</b>	<b>(42,836)</b>	<b>(12,725)</b>	<b>-</b>	<b>(80,010)</b>
<b>Net book value as of December 31, 2015</b>	<b>4,184</b>	<b>28,049</b>	<b>6,631</b>	<b>10,281</b>	<b>5,029</b>	<b>2,702</b>	<b>56,876</b>

The category of buildings and leasehold improvements mainly includes buildings used for production and commercial activities, and installations performed on property leased to the parent company in order to make the buildings of the new complex denominated “Technogym Village”, suitable to be used as corporate headquarters. Plant and machinery mainly include expenditures of carpentry and painting, and production lines. Production and commercial equipment mainly refers to molds used for the production, and equipment used for the assembly and welding of the products. Assets under construction and advances mainly relate to investments in production lines at the Group’s production sites that have not yet been placed into service at the end of the year.

Investments in property, plant and equipment for the year ended December 31, 2015 amount to a total of Euro 18,179 thousand and are mainly related to buildings and leasehold improvements of Euro 7,255 thousand, land of Euro 2,658 thousand and assets under construction and advances of Euro 5,334 thousand.

The additions to the categories land and building and leasehold improvements are mainly attributable to the purchase of two industrial buildings and their relative land, located in the municipality of Gambettola (FC). The agreed price for the sale amounts to Euro 9,373 thousand. The investments in assets under construction as of December 31, 2015, amounting to Euro 5,334 thousand, are mainly related to the production of molds for new production lines.

Investments in property, plant and equipment for the year ended December 31, 2014 amounts to a total of Euro 6,510 thousand. Investments in the category other assets, amounts to Euro 1,765 thousand and are mainly related to the purchase of furniture, furnishings and electronic office equipment for the establishment of the showroom in the Group headquarters in Fairfield (New Jersey, United States) and for the opening of a two Technogym stores in Moscow (Russian Federation). Investments in industrial and commercial equipment and in plant and machinery, respectively amounting to Euro 1,303 thousand and Euro 1,110 thousand, are related to the purchase of specific plants and molds for the update of existing production lines and for the implementation of new production lines at the Group's sites in Italy and Slovakia.

Net disposals of property, plant and equipment for the years ended December 31, 2015 and 2014 are not significant.

In the year ended December 2015, the Group reported impairment losses on property, plant and equipment for Euro 488 thousand, which refers to the following categories: i) production and commercial equipment of Euro 72 thousand and ii) assets under construction and advances of Euro 416. These impairment losses relate mainly to molds for which the Group believes there were no longer in place the conditions to produce future benefits. As of December 31, 2014, the Group has not identified any indicators of impairment losses related to property, plant and equipment.

As of December 31, 2015 and 2014, the Group does not have property and instrumental property subject to any kind of guarantee given to third parties, nor assets carried under financial leases.

## **5.2 INTANGIBLE ASSETS**

The item "Intangible assets" amounts to Euro 21,474 thousand as of December 31, 2015 (Euro 23,241 thousand as of December 31, 2014).

The following table reports the amounts and movements of intangible assets for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Development costs	Patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Intangibles under development and advances	Other intangible assets	Total
<b>Net book value as of January 1, 2014</b>	<b>21,324</b>	<b>5,016</b>	<b>357</b>	<b>3,870</b>	<b>1,946</b>	<b>32,513</b>
<b>Historical cost as of January 1, 2014</b>	<b>42,728</b>	<b>10,656</b>	<b>1,108</b>	<b>3,870</b>	<b>3,741</b>	<b>62,103</b>
Additions	1,719	436	69	3,998	532	6,754
Disposals	(6,595)	(983)	(147)	-	-	(7,725)
Impairment losses	(2,676)	-	-	(2,195)	(1,664)	(6,535)
Reclassification	289	26	-	(315)	-	-
Exchange rate differences	1	83	-	-	(13)	71
Change in scope of consolidation	-	-	-	-	-	-
<b>Historical cost as of December 31, 2014</b>	<b>35,466</b>	<b>10,218</b>	<b>1,030</b>	<b>5,358</b>	<b>2,596</b>	<b>54,668</b>
<b>Accumulated amortization as of January 1, 2014</b>	<b>(21,404)</b>	<b>(5,640)</b>	<b>(751)</b>	<b>-</b>	<b>(1,795)</b>	<b>(29,590)</b>
Amortization	(7,515)	(1,722)	(97)	-	(175)	(9,509)
Disposals	6,578	983	147	-	-	7,708
Exchange rate differences	-	(37)	-	-	1	(36)
Change in scope of consolidation	-	-	-	-	-	-
<b>Accumulated amortization as of December 31, 2014</b>	<b>(22,341)</b>	<b>(6,416)</b>	<b>(701)</b>	<b>-</b>	<b>(1,969)</b>	<b>(31,427)</b>
<b>Net book value as of December 31, 2014</b>	<b>13,125</b>	<b>3,802</b>	<b>329</b>	<b>5,358</b>	<b>627</b>	<b>23,241</b>
<b>Historical cost as of January 1, 2015</b>	<b>35,466</b>	<b>10,218</b>	<b>1,030</b>	<b>5,358</b>	<b>2,596</b>	<b>54,668</b>
Additions	1,387	1,489	238	3,768	7	6,889
Disposals	(7,288)	(1,867)	(132)	-	(1,796)	(11,083)
Impairment losses	-	-	-	(56)	-	(56)
Reclassification	3,766	682	135	(4,583)	-	-
Exchange rate differences	-	443	-	-	(2)	441
Change in scope of consolidation	-	-	-	-	-	-
<b>Historical cost as of December 31, 2015</b>	<b>33,331</b>	<b>10,965</b>	<b>1,271</b>	<b>4,487</b>	<b>805</b>	<b>50,859</b>
<b>Accumulated amortization as of January 1, 2015</b>	<b>(22,341)</b>	<b>(6,416)</b>	<b>(701)</b>	<b>-</b>	<b>(1,969)</b>	<b>(31,427)</b>
Amortization	(6,454)	(2,062)	(154)	-	(169)	(8,839)
Disposals	7,288	1,867	132	-	1,794	11,081
Reclassification	-	97	(97)	-	-	-
Exchange rate differences	-	(201)	-	-	1	(200)
Change in scope of consolidation	-	-	-	-	-	-
<b>Accumulated amortization as of December 31, 2015</b>	<b>(21,507)</b>	<b>(6,715)</b>	<b>(820)</b>	<b>-</b>	<b>(343)</b>	<b>(29,385)</b>
<b>Net book value as of December 31, 2015</b>	<b>11,824</b>	<b>4,250</b>	<b>451</b>	<b>4,487</b>	<b>462</b>	<b>21,474</b>

Development costs refers to the costs arising from the innovation activity performed by the Group as part of its ordinary activities. Patents and intellectual property rights include expenditures related to the acquisition and registration of patents, for model and design costs, for rights and licenses costs for the use of software, and for development costs of business software. Intangibles under development and advances mainly refers to expenses incurred by the Group relative to projects for the development of new products and product lines that are not yet in use at year-end, as well as costs for software and applications to support them.

Investments in intangible assets for the year ended December 31, 2015 amount to a total of Euro 6,889 thousand and are mainly related to patents and intellectual property rights of Euro 1,489 thousand, development costs of Euro 1,387 thousand and intangibles under development and advances of Euro 3,768 thousand. Investments in patents and intellectual property right mainly relates to the purchase of a new software and its implementation, used to deliver after-sales assistance, as well as to the development of the Group's official website and the e-commerce store. The additions in development costs mainly relate to: i) the New Group Cycle, which is used to train groups and

allows the trainer to access and see details of the individual training sessions and each user through a digital interface; ii) the “MyRun” treadmill, which is marketed in the Home & Consumer segment and equipped with advanced technological and biomechanical solutions, including a display that connects the user’s tablet to the machine in order to access and manage personalised training programmes, and the “Running Rate” system that helps analyse and correct users’ movements; iii) extension of the Pure Strength line through the introduction of five new machines and three new racks for strength training and muscle endurance. As of December 31, 2015 the investments in intangibles under development and advances are mainly related to the update of software related to products already on the market as well as to the development of new products and product lines and their software and applications.

Investments in intangible assets for the year ended December 31, 2014 amount to a total of Euro 6,754 thousand and are mainly related to development costs of Euro 1,719 thousand, and intangibles under development and advances of Euro 3,998 thousand. Investments in development costs as of December 31, 2014 are attributable to: i) the Plurima line, which was designed to meet the specific needs of the Home & Consumer, Hospitality & Residential, Health and Corporate & Public market segments, and is based on a multi-station machine that in just 6.5 m<sup>2</sup> allows multiple users to exercise simultaneously and perform more than 150 full-body exercises; and ii) the Pure Strength line, which includes 15 machines and two racks for strength training and muscle endurance. As of December 31, 2014, the investments in intangibles under development and advances are mainly related to the update of software related to products already on the market as well as to the development of new products and product lines and their software and applications.

Net disposals of intangible assets for the years ended December 31, 2015 and 2014 are not significant.

During the years 2015 and 2014 the Group has recognized impairment losses on intangible assets for Euro 56 thousand, Euro 6,535 thousand and Euro 423 thousand, respectively. Impairment losses for the year ended December 31, 2014 are attributable to the following categories: i) development costs of Euro 2,676 thousand; ii) intangibles under development and advances of Euro 2,195 thousand and iii) other intangible assets of Euro 1,664 thousand. Those impairment losses are mainly related to projects and contracts that will no longer produce benefits in the future, in consideration of the evolution of technology, the state of progress, and the possibility of realization.

### **5.3 DEFERRED TAX ASSETS**

The item “Deferred tax assets” amounts to Euro 15,711 thousand as of December 31, 2015 (Euro 15,958 thousand as of December 31, 2014).

The following table reports the amounts and movements of deferred tax assets for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Losses carried forward	Inventory write-down provision	Warranties provision	Other provisions for risks and charges	Non Competition Agreement provision	Agents provision	Other	Total deferred tax assets
<b>As of January 1, 2014</b>	<b>13.484</b>	<b>2.588</b>	<b>1.538</b>	<b>723</b>	<b>101</b>	<b>(3)</b>	<b>3.887</b>	<b>22.318</b>
Net additions	39	1.533	998	702	171	91	296	<b>3.830</b>
Utilizations	(6.444)	(759)	(923)	(377)	(127)	(6)	(1.554)	<b>(10.190)</b>
Exchange rate differences	-	-	-	-	-	-	-	-
<b>As of December 31, 2014</b>	<b>7.079</b>	<b>3.362</b>	<b>1.613</b>	<b>1.048</b>	<b>145</b>	<b>82</b>	<b>2.629</b>	<b>15.958</b>
Net additions	-	187	(64)	3.250	33	43	1.811	<b>5.259</b>
Utilizations	(5.184)	443	-	(160)	(16)	(4)	(203)	<b>(5.124)</b>
Exchange rate differences	-	-	-	-	-	-	-	-
<b>As of December 31, 2015</b>	<b>1.895</b>	<b>3.992</b>	<b>1.549</b>	<b>4.137</b>	<b>162</b>	<b>121</b>	<b>4.237</b>	<b>16.093</b>

Whereas permitted by the IFRS, deferred tax assets are shown net of deferred tax.

Deferred tax assets on tax losses were recognized taking into account that there is a reasonable certainty that positive results will be achieved in future years that are likely to absorb such losses. Therefore, for the years ended December 31, 2014 and 2015, the Group recognized a write-down of deferred tax assets on tax losses carried forward respectively of Euro 6,444 thousand and Euro 5,184 due to the lack of conditions for future recoverability.

Also, the Group has tax losses carried forward that are not recognized in deferred tax assets of Euro 66,317 thousand as of December 31, 2015.

#### 5.4 INVESTMENTS IN JOINT VENTURE AND ASSOCIATES

The item “Investments in joint venture and associates” amounts to Euro 3,822 thousand as of December 31, 2015 (Euro 4,654 thousand as of December 31, 2014).

The following table reports the amounts and movements of investments in joint venture and associates for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Joint ventures	Associates	Non-consolidated subsidiaries	Total
<b>As of January 1, 2014</b>	<b>3,657</b>	<b>113</b>	<b>1</b>	<b>3,771</b>
Investments	-	150	-	150
Dividends	(1,325)	-	-	(1,325)
Net result	1,664	-	-	1,664
Change in scope of consolidation	-	-	(1)	(1)
Exchange rate differences	395	-	-	395
<b>As of December 31, 2014</b>	<b>4,391</b>	<b>263</b>	<b>-</b>	<b>4,654</b>
Investments	-	30	15	45
Dividends	(2,328)	-	-	(2,328)
Net result	1,012	(263)	-	749
Change in scope of consolidation	-	-	-	-
Exchange rate differences	702	-	-	702
<b>As of December 31, 2015</b>	<b>3,777</b>	<b>30</b>	<b>15</b>	<b>3,822</b>

As of December 31, 2015 and 2014, the category “Joint ventures” refers to the shareholding of 49% of the share capital of Technogym Emirates LLC, a company established by the Group with a

company in the United Arabs Emirates in order to facilitate the distribution and sale of the products and services of the Group in the territory.

As of December 31, 2015 and 2014, the item “Associates” refers to the shareholding of 50% and 45% respectively of the share capital of Movimento per la Salute S.r.l. and Fitstadium S.r.l, which are start up companies that operate in the field of digital applications dedicated to the wellness sector.

As of December 31, 2015, the category “Non-consolidated subsidiaries” refers to the companies Wellness Consulting Ltd and Technogym South Africa Ltd, both held by the Group by 100%, but not included in the scope of consolidation due to the limited operations and insignificance.

## 5.5 OTHER NON-CURRENT ASSETS

The item “Other non-current assets” amounts to Euro 9,529 thousand as of December 31, 2015 (Euro 7,442 thousand as of December 31, 2014).

The following table reports the amounts and movements of other non-current assets as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>As of December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Other non-current assets</b>		
Transferred trade receivables (due after 12 months)	6,317	4,970
Income tax receivables (due after 12 months)	1,297	1,297
Security deposits	768	777
Investments in other entities	1,147	398
<b>Total other non-current assets</b>	<b>9,529</b>	<b>7,442</b>

Transferred trade receivables (due after 12 months) of Euro 6,317 thousand, Euro 4,970 thousand and Euro 3,198 thousand, respectively as of December 31, 2015 and 2014, include the non-current portion of receivables arising from the sale of goods. Although these amounts were transferred to financial institutions, they are retained in the financial statements as they do not meet all the conditions required by IAS 39 for derecognition. The amounts received by leasing companies as advances on transferred trade receivables are recognized as financial liabilities.

Income tax receivables (due after 12 months) refer to the IRES credit as a result of personnel costs that were not deducted in previous years under IRAP.

Security deposits are recorded with respect to property leases, lease agreements for vehicles and utilities.

The following table reports the details of investments in other entities as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Country of incorporation	% control	Currency	As of December 31	
				2015	2014
<b>Entity name</b>					
Sandcroft Avenue Ltd	United Kingdom	12.2%	GBP	749	-
Qicraft Sweden AB	Sweden	10.0%	SEK	148	148
Pubblisole Spa	Italy	2.4%	EUR	100	100
Qicraft Norway AS	Norway	10.0%	NOK	71	71
Qicraft Finland OY	Finland	10.0%	EUR	25	25
Crit Srl	Italy	1.2%	EUR	26	26
Other investments	n.a.	n.a.	n.a.	28	28
<b>Total investments in other entities</b>				<b>1,147</b>	<b>398</b>

These investments are classified as financial instruments available for sale and they are measured at acquisition cost, since they are not traded in an active market and the fair value cannot be reliably determined. As of December 31, 2015 and 2014, the Group has not identified indicators of impairment losses in regards to investments in other entities.

## 5.6 INVENTORY

The item “Inventory” amounts to Euro 60,379 thousand as of December 31, 2015 (Euro 62,194 thousand as of December 31, 2014).

The following table reports the details of inventory as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	As of December 31	
	2015	2014
<b>Inventory</b>		
Raw materials (gross value)	17,855	19,965
Write-down provision	(3,921)	(3,436)
<b>Total raw materials</b>	<b>13,934</b>	<b>16,529</b>
Work in progress (gross value)	2,022	1,418
Write-down provision	(203)	(252)
<b>Total work in progress</b>	<b>1,819</b>	<b>1,166</b>
Finished goods (gross value)	52,408	53,434
Write-down provision	(7,782)	(8,935)
<b>Total finished goods</b>	<b>44,626</b>	<b>44,499</b>
<b>Total inventory</b>	<b>60,379</b>	<b>62,194</b>

The slight decrease in inventory between December 31, 2015 and December 31, 2014 is the result of the management of inventory implemented by the Group.

The following table reports the amounts and movements of inventory write-down provision for the years ended December 31, 2015 and 2014:



<i>(In thousand of Euro)</i>	Raw materials	Work progress	in Finished goods	Total inventory write-down provision
<b>As of January 1, 2014</b>	<b>4,500</b>	<b>8</b>	<b>5,266</b>	<b>9,774</b>
Net additions	(1,064)	247	3,740	2,923
Utilizations	-	(3)	(197)	(200)
Exchange rate differences	-	-	126	126
<b>As of December 31, 2014</b>	<b>3,436</b>	<b>252</b>	<b>8,935</b>	<b>12,623</b>
Net additions	684	16	(106)	594
Utilizations	(168)	(55)	(1,188)	(1,411)
Reclassification	(31)	(10)	41	-
Exchange rate differences	-	-	100	100
<b>As of December 31, 2015</b>	<b>3,921</b>	<b>203</b>	<b>7,782</b>	<b>11,906</b>

The decrease in the inventory write-down provision in the year 2015 compared to the year 2014 is attributable to the resumption of scrapping activities.

## 5.7 TRADE RECEIVABLES

The item “Trade receivables”, net of bad debt provision, amounts to Euro 84,126 thousand as of December 31, 2015 (Euro 79,129 thousand as of December 31, 2014).

The following table reports the details of trade receivables as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>As of December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Trade receivables</b>		
Trade receivables (gross value)	81,622	78,284
Bad debt provision	(1,914)	(2,797)
Transferred trade receivables	4,418	3,642
<b>Total trade receivables</b>	<b>84,126</b>	<b>79,129</b>

The increase in trade receivables in the years under review was mainly due to significant growth in sales.

Transferred trade receivables of Euro 4,418 thousand, Euro 3,642 thousand and Euro 3,924 thousand, respectively as of December 31, 2015 and 2014, refers to the current portion of receivables arising from the sale of goods which, although they are transferred to financial institutions, they are retained in the financial statements as they do not meet all the conditions required by IAS 39 for derecognition. The amounts received by financial institutions as advances on transferred trade receivables are recognized as financial liabilities.

The following table reports the details of trade receivables broken down by maturity as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>Not overdue</b>	<b>Up to 30 days past due</b>	<b>Between 31 and 90 days past due</b>	<b>Between 91 and 180 days past due</b>	<b>Between 181 and 360 days past due</b>	<b>More than 360 days past due</b>	<b>Total</b>
Trade receivables (gross value)	68,345	3,209	2,820	968	841	2,101	78,284
Bad debt provision	-	-	-	-	(696)	(2,101)	(2,797)
Transferred trade receivables	3,642	-	-	-	-	-	3,642
<b>As of December 31, 2014</b>	<b>71,987</b>	<b>3,209</b>	<b>2,820</b>	<b>968</b>	<b>145</b>	<b>-</b>	<b>79,129</b>
Trade receivables (gross value)	72,012	3,113	2,888	1,454	452	1,703	81,622
Bad debt provision	-	-	-	-	(211)	(1,703)	(1,914)
Transferred trade receivables	4,418	-	-	-	-	-	4,418
<b>As of December 31, 2015</b>	<b>76,430</b>	<b>3,113</b>	<b>2,888</b>	<b>1,454</b>	<b>241</b>	<b>-</b>	<b>84,126</b>

Specific bad debt provisions have been established for receivables of doubtful collectability, which are monitored for collection by third party legal services, and for receivables from customers with a lower likelihood of collectability. Bad debt provisions are established based upon the credit position of each customer and the estimated realizable value of the outstanding amounts

The following table reports the amounts and movements of bad debt provision for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>Bad debt provision</b>
<b>As of January 1, 2014</b>	<b>3,197</b>
Net additions	575
Utilizations	(1,089)
Exchange rate differences	114
<b>As of December 31, 2014</b>	<b>2,797</b>
Net additions	(608)
Utilizations	(348)
Exchange rate differences	73
<b>As of December 31, 2015</b>	<b>1,914</b>

The utilizations of the bad debt provision arise when the Group has determined the existence of conditions for the dismissal of the credit position.

## 5.8 CURRENT FINANCIAL ASSETS

The item “Current financial assets” amounts to Euro 105 thousand as of December 31, 2015 (nil balance as of December 31, 2014).

Current financial assets mainly include two loans of Euro 50 thousand each (in total Euro 100 thousand) granted to the associate company Fitstadium S.r.l. by the Group in 2015. The repayment of both loans is December 31, 2016.

## 5.9 DERIVATIVE FINANCIAL INSTRUMENTS

The item “Derivative financial instruments” are the assets amounts of Euro 213 thousand as of December 31, 2015 (Euro 432 thousand as of December 31, 2014).

The following table reports the derivative financial instruments broken-down by currency as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>As of December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Derivative financial instruments assets</b>		
USD	96	48
GBP	43	302
AUD	39	44
CNY	30	-
JPY	5	30
BRL	-	8
<b>Total derivative financial instruments assets</b>	<b>213</b>	<b>432</b>

Assets for derivative financial instruments are related to positive differences resulting from the fair value of “forward” contracts used to hedge the exposure to currency risk.

The following table reports forward financial instruments as of December 31, 2015 and 2014:

<b>Financial instrument</b>	<b>Currency inflow (in thousand)</b>	<b>Currency outflow (in thousand)</b>
<b><u>As of December 31, 2015</u></b>		
<i>Forward</i>	Euro 13.319	USD 14.500
<i>Forward</i>	Euro 3.302	CNY 23.550
<i>Forward</i>	Euro 2.485	JPY 329.200
<i>Forward</i>	Euro 496	AUD 750
<i>Forward</i>	GBP 7.000	Euro 9.678
<b><u>As of December 31, 2014</u></b>		
<i>Forward</i>	Euro 11.071	USD 13.800
<i>Forward</i>	Euro 1.792	CNY 13.900
<i>Forward</i>	Euro 1.000	BRL 3.230
<i>Forward</i>	Euro 1.839	JPY 265.500
<i>Forward</i>	Euro 2.556	AUD 3.750
<i>Forward</i>	GBP 6.400	Euro 8.073

## 5.10 OTHER CURRENT ASSETS

The item “Other current assets” amounts to Euro 31,791 thousand as of December 31, 2015 (Euro 15,239 thousand as of December 31, 2014).

The following table reports the amounts of other current assets as of December 31, 2015 and 2014.

<i>(In thousand of Euro)</i>	<b>As of December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Other current assets</b>		
VAT receivables	23,608	9,358
Prepaid expenses	3,875	2,878
Advances to suppliers	1,727	1,330
Tax receivables	237	381
Accrued income	192	282
Receivables from employees	69	87
Other receivables	2,083	923
<b>Total other current assets</b>	<b>31,791</b>	<b>15,239</b>

VAT receivables were offset with the related debt for each company in order to give the net amount for a single entity.

Prepaid expenses mainly relate to insurance premiums, assistance and maintenance fees, marketing expenses, utilities and rent.

Advances to suppliers relates to advances and deposits paid for goods yet to be received.

The increase of other current assets is mainly attributable to the increase of VAT receivables in respect of a payment made to the Slovak tax authorities for a non-recurring case.

## 5.11 CASH AND CASH EQUIVALENTS

The item “Cash and cash equivalents” amounts to Euro 68,027 thousand as of December 31, 2015 (Euro 41,128 thousand as of December 31, 2014).

The following table reports the amounts of cash and cash equivalents as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>As of December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Cash and cash equivalents</b>		
Bank deposits	66,629	40,506
Checks	1,335	580
Cash and cash equivalents on hand	63	42
<b>Total cash and cash equivalents</b>	<b>68,027</b>	<b>41,128</b>

Bank deposits represent temporary cash surplus on current accounts of the Group at year-end.

The following table reports the amounts of cash and cash equivalents by currency as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>As of December 31</b>	
	<b>2015</b>	<b>2014</b>
EUR	40,462	19,851
USD	8,851	5,071
GBP	8,601	5,598
JPY	4,158	2,168

CNY	2,172	2,664
BRL	1,118	1,514
AUD	660	2,286
Other currencies	2,005	1,976
<b>Total</b>	<b>68,027</b>	<b>41,128</b>

As of December 31, 2015 and 2014 there are no restrictions or limitations to the use of the cash of the Group, except for not relevant amounts relating to specific circumstances closely linked to commercial operations of some entities of the Group.

## 5.12 EQUITY

The item “Equity” amounts to Euro 43,400 thousand as of December 31, 2015 (Euro 10,267 thousand as of December 31, 2014).

The following table reports the details of equity as of December 31, 2015 and 2014:

(In thousand of Euro)	As of December 31	
	2015	2014
<b>Equity</b>		
Share capital	10,000	10,000
Share premium reserve	-	-
Other reserves	(8,226)	(22,935)
Retained earnings	13,025	17,433
Profit (loss) attributable to owners of the parent	28,168	5,533
<b>Equity attributable to owners of the parent</b>	<b>42,967</b>	<b>10,031</b>
Capital and reserves attributable to non-controlling interests	247	179
Profit (loss) attributable to non-controlling interests	186	57
<b>Equity attributable to non-controlling interests</b>	<b>433</b>	<b>236</b>
<b>Total equity</b>	<b>43,400</b>	<b>10,267</b>

The following table reports the amounts and movements of equity for the years ended December 31, 2015 and 2014:

(In thousand of Euro)	Share capital	Share premium reserve	Other reserves					Retained earnings	Profit (loss) attributable to owners of the parent	Equity attributable to owners of the parent	Capital and reserves attributable to non-controlling interests	Profit (loss) attributable to non-controlling interests	Equity attributable to non-controlling interests	TOTAL EQUITY
			Currency translation reserve	Allocation for FTA reserve coverage	IAS reserves	Stock option plan reserve	Other							
<b>As of January 1, 2014</b>	<b>10,000</b>	<b>382,557</b>	<b>1,294</b>	<b>(432,083)</b>	<b>936</b>	<b>-</b>	<b>(2,015)</b>	<b>41,041</b>	<b>1,216</b>	<b>2,946</b>	<b>411</b>	<b>338</b>	<b>749</b>	<b>3,695</b>
Allocation of previous year profit	-	-	-	-	-	-	-	1,216	(1,216)	-	338	(338)	-	-
Allocation for FTA reserve coverage	-	(382,557)	-	407,381	-	-	-	(24,824)	-	-	-	-	-	-
Total comprehensive income for the year	-	-	1,356	-	(374)	-	-	-	5,533	<b>6,515</b>	-	57	<b>57</b>	<b>6,572</b>

<i>Transactions with owners of the parent:</i>															
Purchase of non-controlling interests' capital	-	-	-	-	-	-	570	-	-	570	(570)	-	(570)	-	
<i>Total transactions with owners of the parent</i>	-	-	-	-	-	-	570	-	-	570	(570)	-	(570)	-	
<b>As of December 31, 2014</b>	<b>10,000</b>	<b>-</b>	<b>2,650</b>	<b>(24,702)</b>	<b>562</b>	<b>-</b>	<b>(1,445)</b>	<b>17,433</b>	<b>5,533</b>	<b>10,031</b>	<b>179</b>	<b>57</b>	<b>236</b>	<b>10,267</b>	
Allocation of previous year profit	-	-	-	9,855	-	-	40	(4,362)	(5,533)	-	57	(57)	-	-	
Total comprehensive income for the year	-	-	1,885	-	47	-	-	-	28,168	30,100	(35)	186	151	30,251	
Other movements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<i>Transactions with owners of the parent:</i>															
Dispose of non-controlling interests' capital	-	-	-	-	-	-	210	(46)	-	164	46	-	46	210	
Option for the purchase of non-controlling interests	-	-	-	-	-	-	(801)	-	-	(801)	-	-	-	(801)	
Incentive plan (LTMP)	-	-	-	-	-	3,473	-	-	-	3,473	-	-	-	3,473	
<i>Total transactions with owners of the parent</i>	-	-	-	-	-	3,473	210	(46)	-	3,637	46	-	46	3,683	
<b>As of December 31, 2015</b>	<b>10,000</b>	<b>-</b>	<b>4,535</b>	<b>(14,847)</b>	<b>609</b>	<b>3,473</b>	<b>(1,996)</b>	<b>13,025</b>	<b>28,168</b>	<b>42,967</b>	<b>247</b>	<b>186</b>	<b>433</b>	<b>43,400</b>	

The “Share capital” of Euro 10,000 thousand is made of 10,000,000 ordinary shares with a nominal value of Euro 1 each, entirely subscribed and paid in cash.

The decrease in “Share premium reserve” of Euro 382,557 thousand in the year ended December 31, 2014, refers to the shareholders’ resolution of 17 July 2014 that approved the partial coverage by reclassification of “Allocation for FTA reserve coverage”, of which negative balance was generated from the reversal of assets which were not reportable according to the accounting principles adopted.

“Allocation for FTA reserve coverage” is generated upon transition to IFRS of the financial statements and consolidated financial statements of the Issuer, which occurred after the year ended December 31, 2013. The reserve, originally with a negative balance of Euro 432,083 thousand, has been partially covered, during the three years, using the “Share premium reserve” and by the results of the profit of the years.

The “Currency translation reserve” is generated from the translation of financial statements of foreign subsidiaries with a functional currency other than Euro. The variation in the year 2014 is mainly due to exchange rates fluctuations of USD and GBP.

The “IAS 19 reserve” refers to the effects arising from the remeasurement of defined benefit plants, as represented in the statement of comprehensive income.

In the year 2015, the Group sold 10% of the share capital of TG Holding BV, which owns the entire share capital of Technogym ZAO, to minority shareholders. An option agreement was simultaneously signed for the repurchase of the same 10%, executable from 2019.

Also, in the year 2015, an incentive plan was implemented that benefits the members of the top management.

*Stock option plan reserve - incentive plan for the benefit of top management members*

As of December 31, 2015, the incentive plan for the Technogym management, called long-term incentive plan (the “Incentive Plan”), was approved by the Board of Directors on June 18, 2015 and subsequently updated by the Board of Directors on December 16, 2015.

The primary purpose of the Incentive Plan is to strengthen the involvement of individuals in key positions towards the achievement of performance goals of the Company and the Technogym Group.

The Incentive Plan grants a certain amount of the Company’s shares at the occurrence of specific conditions and achievement of certain prerequisites. At the date of preparation of the Consolidated Financial Statements, the beneficiaries of the Incentive Plan include the Chief Executive Officer Nerio Alessandri and all key executives of the Group (collectively, the “Beneficiaries”).

The Incentive Plan provides distinct cases of free allocation of shares of the Company according to whether the listing of Company will happen before December 31, 2016 or later. The following is a summary of the principal terms and conditions for the maturity in case the listing of the Company’s shares happens before December 31, 2016.

In the event of the listing of the shares of the Company prior to December 31, 2016, the right of the Beneficiaries to receive the shares will occur only if the following conditions are jointly met:

an average EBITDA (calculated according to the Incentive Plan and the Issuer’s consolidated financial statements) of Euro 69 million for the years ended December 31, 2014 and December 31, 2015; and

a free cash flow (calculated according to the Incentive Plan and the Issuer’s consolidated financial statements) for each fiscal year from 2014 until the start date of trading of the Company shares (therefore, for the years ended December 31, 2014 and December 31, 2015) of at least 4.5% of the turnover of each corresponding financial year.

Beneficiaries will be entitled to receive the shares if, at the grant date (as identified below): (i) they still hold the employment relationship with the Group and Technogym, and as for the Chief Executive Officer to hold the same position and (ii) they have not a pending notice for termination, for any reason, from the employment relationship with the issuer or its subsidiaries. The grant date of the shares is at the end of the eighteenth month following the starting date of trading of the Company’s shares.

The Incentive Plan grants to the Beneficiaries a number of shares for a total amount of 1% of the conventional determined value of the Company (with a maximum of Euro 7 million), calculated based on a formula related to the net financial position of the Company and the market capitalization value at the start date of trading of the Company shares.

### 5.13 FINANCIAL LIABILITIES

The item “Financial liabilities” as of December 31, 2015 amounts to Euro 48,456 thousand for non-current financial liabilities and Euro 57,557 thousand for current financial liabilities (respectively, Euro 4,979 thousand and Euro 103,134 thousand as of December 31, 2014).

The following table reports the amounts of financial liabilities, current and non-current, as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>As of December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Non-current financial liabilities</b>		
Bank loans due after 12 months - non-current portion	42,139	-
Non-current liabilities due to other lenders	6,317	4,970
Other non-current liabilities	-	9
<b>Total non-current financial liabilities</b>	<b>48,456</b>	<b>4,979</b>
<b>Current financial liabilities</b>		
Bank loans due after 12 months - current portion	17,926	10,000
Other short-term borrowings	35,000	89,224
Current liabilities due to other lenders	4,418	3,642
Other current liabilities	213	268
<b>Total current financial liabilities</b>	<b>57,557</b>	<b>103,134</b>

As of December 31, 2015, except for a loan from Banca Agricola Commerciale S.p.A. (of which residual value as of December 31, 2015 was Euro 6,289 thousand), the Group’s financial debt is entirely with variable interest rates.

#### Bank loans

The following table reports the movements of bank loans for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Bank loans due after 12 months - non-current portion	Bank loans due after 12 months - current portion	<b>Total bank loans</b>
<b>As of January 1, 2014</b>	-	<b>40,000</b>	<b>40,000</b>
Proceeds	10,000	-	10,000
Repayments	-	(40,000)	(40,000)
Reclassification	(10,000)	10,000	-
<b>As of December 31, 2014</b>	-	<b>10,000</b>	<b>10,000</b>
Proceeds	70,000	-	70,000
Repayments	(9,935)	(10,000)	(19,935)
Reclassification	(17,926)	17,926	-
<b>As of December 31, 2015</b>	<b>42,139</b>	<b>17,926</b>	<b>60,065</b>



The following table reports the details of bank loans as of December 31, 2015 and 2014:

(In thousand of Euro)	Due date	Interest rate	As of December 31			
			2015	of which current	2014	of which current
<b>Bank loans</b>						
Unicredit S.p.A.	2020	Variable	27,063	6,063	-	-
Cassa di Risparmio di Parma e Piacenza S.p.A.	2020	Variable	13,540	3,040	-	-
Banca popolare dell'Emilia Romagna S.p.A.	2019	Variable	13,173	3,798	-	-
Banca Agricola Commerciale S.p.A.	2017	Fixed	6,289	5,025	-	-
Banca Agricola Commerciale S.p.A.	2015	Variable	-	-	10,000	10,000
Intesa Sanpaolo S.p.A.	2014	Variable	-	-	-	-
<b>Total bank loans</b>			<b>60,065</b>	<b>17,926</b>	<b>10,000</b>	<b>10,000</b>

The medium-long term loan from Unicredit S.p.A. granted on April, 9, 2015 for a total of Euro 30,000 thousand, with maturity on April 9, 2020, is repayable in twenty equal quarterly instalments of Euro 1,500 each. The loan agreement contains the obligation for the Group to comply with the following financial covenant: “Net financial position”/“EBITDA”. The covenant is calculated annually on consolidated values and must not exceed 3.8.

The medium-long term loan from Cassa di Risparmio di Parma e Piacenza S.p.A. granted on March 26, 2015 for a total of Euro 15,000 thousand, with maturity on March 31, 2020, is repayable in ten equal six-monthly instalments of Euro 1,500 thousand each. The loan agreement contains the obligation for the Group to comply with the following financial covenant: “Net financial position”/“EBITDA”. The covenant is calculated annually on consolidated values and must not exceed 3.8.

The medium-long term loan from Banca Popolare dell'Emilia Romagna S.p.A. granted on March 23, 2015 for a total of Euro 15,000 thousand, with maturity on March 25, 2019, is repayable in eight six-monthly instalments. The loan agreement contains the obligation for the Group to comply with the following financial covenant: “Net financial position”/“EBITDA”. The covenant is calculated annually on consolidated values and must not exceed 4.

The medium-long term loan from Banca Agricola Commerciale S.p.A. granted on February 18, 2015, and starting from February 20, 2015 for a total of Euro 10,000 thousand, is repayable in eight quarterly instalments with maturity on February, 20, 2017. The loan agreement does not contain any financial covenant for the Group.

The medium-long term loan from Banca Agricola Commerciale S.p.A. granted in 2014 for a total of Euro 10,000 thousand with maturity on February 20, 2017, has been fully reimbursed in January 2015.

The medium-long term loan from Banca Intesa Sanpaolo S.p.A. granted in 2008 for a total of Euro 150,000 thousand with maturity in 2014, was settled in accordance with the repayment plan.

For the above loans, no guarantees have been given. As of December 31, 2015, all financial covenants described above were respected.

### Other short-term borrowings

The following table reports the details of other short-term borrowings as of December 31, 2015 and 2014:

(In thousand of Euro)	Currency	As of December 31	
		2015	2014
Other short-term borrowings			
Unicredit S.p.A.	EUR	-	28,600
Banca Nazionale del Lavoro	EUR	25,000	20,000
Banca Popolare di Sondrio	EUR	-	19,400
EMRO Finance Ireland Ltd	EUR	-	7,000
EMRO Finance Ireland Ltd	USD	-	8,724
Banca Popolare di Lodi	EUR	-	4,500
Cassa di Risparmio di Parma e Piacenza	EUR	10,000	1,000
Cassa di Risparmio di Cesena	EUR	-	-
Cassa dei Risparmi di Forlì e della Romagna	EUR	-	-
Banca Popolare di Vicenza	EUR	-	-
Total other short-term borrowings		35,000	89,224

Other short-term borrowings mainly includes stand-by credit lines, short-term loans (generally “hot money”) and bank overdrafts. In particular, the Group recurs to short-term committed and uncommitted credit lines granted by leading banks, which accrues interests at variable rate, Euribor plus a spread.

### Liabilities due to other lenders

Current and non-current liabilities from other lenders refers to financing transactions guaranteed by the transfer of receivables arising from the sale of goods that, although they are transferred to third financial institutions, they are retained in the financial statements as they do not meet all the conditions required by IAS 39 for their derecognition from assets.

The total amount of financing transactions guaranteed by the transfer of receivables arising from the sale of goods amounts to Euro 96,445 thousand as of December 31, 2015 of which Euro 85,708 thousand not represented in the financial statements as they relate to operations for which all the conditions required by IAS 39 for their derecognition from assets have been met.

## 5.14 DEFERRED TAX LIABILITIES

The item “Deferred tax liabilities” amounts to Euro 704 thousand as of December 31, 2015 (Euro 1,047 thousand as of December 31, 2014).

The following table reports the amounts and movements of deferred tax liabilities for the years ended December 31, 2015 and 2014.

More specifically, these amounts relate to items which, in accordance with IFRS, can not be set off against the balances of deferred tax assets.

<i>(In thousand of Euro)</i>	Property, plant and equipment	Intangible assets	Deferred tax liabilities
<b>As of January 1, 2014</b>	<b>218</b>	<b>1,007</b>	<b>1,225</b>
Provisions	-	14	14
Utilizations	(7)	(185)	(192)
<b>As of December 31, 2014</b>	<b>211</b>	<b>836</b>	<b>1,047</b>
Provisions	-	-	-
Utilizations	(7)	(336)	(343)
<b>As of December 31, 2015</b>	<b>204</b>	<b>500</b>	<b>704</b>

### 5.15 EMPLOYEE BENEFIT OBLIGATIONS

The item “Employee benefit obligations” amounts to Euro 3,104 thousand as of December 31, 2015 (Euro 3,267 thousand as of December 31, 2014).

The following table reports the amounts and movements of employee benefit obligations for the years ended December 31, 2015 and 2014.

<i>(In thousand of Euro)</i>	Employee benefit obligations
<b>As of January 1, 2014</b>	<b>3,106</b>
Provisions	52
Financial expenses	97
Actuarial (gains)/losses	319
Utilizations	(307)
<b>As of December 31, 2014</b>	<b>3,267</b>
Provisions	5
Financial expenses	51
Actuarial (gains)/losses	(96)
Utilizations	(123)
<b>As of December 31, 2015</b>	<b>3,104</b>

Information about the actuarial valuation of provisions for employee benefit obligations are presented in the note 5.16 “Provisions”.

### 5.16 PROVISIONS

The item “Provisions” as of December 31, 2015 amounts to Euro 8,625 thousand for non-current financial liabilities and Euro 18,405 thousand for current financial liabilities (respectively, Euro 7,463 thousand and Euro 8,321 thousand as of December 31, 2014).

The following table reports the details of provisions, current and non-current, as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>As of December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Non-current provisions</b>		
Warranties provision	4,077	4,641

Agents provision	944	855
Non Competition Agreement provision	900	771
Rebates provision	1,492	986
Other provisions for risks and charges	758	180
Ongoing lawsuits provision	454	30
<b>Total non-current provisions</b>	<b>8,625</b>	<b>7,463</b>
<b>Current provisions</b>	-	-
Warranties provision	5,005	4,558
Free Product Fund provision	3,390	3,079
Other provisions for risks and charges	10,010	684
<b>Total current provisions</b>	<b>18,405</b>	<b>8,321</b>

The following table reports the amounts and movements of provisions, current and non-current, for the years ended December 31, 2015 and 2014:

(In thousand of Euro)	Warranties provision	Agents provision	Non-Competition Agreement provision	Rebates provision	Other provisions for risks and charges	Ongoing lawsuits provision	Non-current provisions	Warranties provision	Free Product Fund provision	Other provisions for risks and charges	Current provisions
<b>As of January 1, 2014</b>	<b>4,457</b>	<b>980</b>	<b>612</b>	<b>-</b>	<b>195</b>	<b>39</b>	<b>6,283</b>	<b>3,705</b>	<b>2,138</b>	<b>562</b>	<b>6,405</b>
Provisions	69	138	86	953	78	-	1,324	936	1,516	530	2,982
Reclassifications	90	-	-	-	-	-	90	(90)	-	-	(90)
Exchange rate differences	25	-	-	33	-	-	58	7	102	10	119
Financial expenses	-	53	19	-	-	-	72	-	-	-	-
Actuarial (gains)/losses	-	-	198	-	-	-	198	-	-	-	-
Utilizations	-	(316)	(144)	-	(93)	(9)	(562)	-	(677)	(418)	(1,095)
<b>As of December 31, 2014</b>	<b>4,641</b>	<b>855</b>	<b>771</b>	<b>986</b>	<b>180</b>	<b>30</b>	<b>7,463</b>	<b>4,558</b>	<b>3,079</b>	<b>684</b>	<b>8,321</b>
Provisions	(594)	137	105	451	582	424	1,105	390	1,455	9,768	11,613
Reclassifications	-	-	-	-	-	-	-	-	-	-	-
Exchange rate differences	30	-	-	55	11	-	96	57	132	(343)	(154)
Financial expenses	-	(36)	12	-	-	-	(24)	-	-	-	-
Actuarial (gains)/losses	-	-	64	-	-	-	64	-	-	-	-
Utilizations	-	(12)	(52)	-	(15)	-	(79)	-	(1,276)	(99)	(1,375)
<b>As of December 31, 2015</b>	<b>4,077</b>	<b>944</b>	<b>900</b>	<b>1,492</b>	<b>758</b>	<b>454</b>	<b>8,625</b>	<b>5,005</b>	<b>3,390</b>	<b>10,010</b>	<b>18,405</b>

Current and non-current warranties provision are reasonably estimated by the Group on the basis of the contractual guarantees issued to customers and to the past experience, and refers to costs for spare parts and labour that the Group will incur in future years for repairs of products under warranty of which sales revenue have already been recognized in the income statement of the year or of previous years.

Agents provision and Non-Competition Agreement provision represent a reasonable estimate of the expenses that the Company would incur in the event of interruption of agency relationships. Those provisions were calculated by independent actuaries and were measured using the actuarial valuation of the projected unit of the credit, in accordance with IAS 37 and IAS 19.

Rebates provision represents the estimated monetary awards that the Group will recognize to customers for achieving specific purchasing volumes.

Free Product Fund provision represents the estimated non-monetary awards that the Group will recognize to customers for achieving specific purchasing volumes.

Other current provisions for risks and charges mainly relate to awards to employees for whom it is not yet defined the amount.

**Actuarial valuation of employee benefit obligations and Non-Competition Agreement provision according to the principle IAS 19 and agents provision according to the principle IAS 37**

The methodology used for the discounting is based on a stochastic simulation of Montecarlo Method and is.

The main demographic assumptions used by the actuary in the years 2015 and 2014 are the following:

i) the probability of death is obtained by using tables determined by ISTAT in 2000 and reduced by 25%; ii) the probability of disability/invalidity as those adopted in the INPS model; iii) the retirement age for the general working population is assumed at achieving the first retirement requirement applicable for the Mandatory General Insurance; iv) the probability of leaving employment for reasons other than death was determined from the probability of turnover in line with the historical evolution of the phenomenon and, in particular, the annual rate of 4.50% was considered for the year 2015, 4.00% for the year 2014; v) for the probability of early retirement it is applied an annual rate of 3% based on the history of the phenomenon and a percentage equal to 80% of the provision accumulated at the date of the request.

In addition, for Italian companies the following economic-financial assumptions were taken into account.

	As of December 31	
	2015	2014
Annual technical discount rate	2.00%	1.60%
Annual inflation rate	1.50%	1.50%
Annual rate of TFR increase	2.62%	2.62%
Annual rate of salary increase	3.00%	3.00%
Annual rate of commissions increase (for the evaluation of N.C.A.)	3.00%	3.00%

As for the selection of the annual technical discount rate, the Eurozone Iboxx Corporate AA with duration consistent with the average duration of the collective under evaluation was chosen as the benchmark index.

A sensitivity analysis was performed to identify impacts in the main actuarial assumptions included in the calculation model in relation to the change of 0.5% of annual discounting, and the results obtained are in the following table:

	As of December 31					
	2015			2014		
	-0,50% change	Book value	+0,50% change	-0,50% change	Book value	+0,50% change
(In thousand of Euro)						
Employee benefit obligations	(286)	2,954	35	136	3,267	(167)
Non Competition Agreement provision	782	900	889	46	771	(42)
<b>Total</b>	<b>496</b>	<b>3,854</b>	<b>924</b>	<b>182</b>	<b>4,038</b>	<b>(209)</b>

In regards to the discounting of the Agents provision according to IAS 37, the hypothesis of “closed group” was considered during the time framework. The evaluations were conducted by quantifying future payments through the projection of the agents provision matured at the valuation date of the agents working for the Group until the estimated time (aleatory) of termination of the contract with the company, and the method used is the MAGIS. The mortality rate hypothesis of ISTAT 2005 was considered for the demographic hypothesis for the years 2014-2015, the INPS tables by age and gender for the disability, and the requirement established by ENASARCO for the retirement age. The possibility of release of agents as result of the termination of the relationship with the Group or other causes, was determined using estimates of annual frequency according to company data. Financial assumptions refers to the discount rate and as of December 31, 2015 and 2014 it was chosen the yield obtainable from the index Iboxx Corporate AA with duration 5-7 years consistent with the duration of the collective under valuation, corresponding respectively to 1%, 0.75% and 2.09%.

### **5.17 OTHER NON-CURRENT LIABILITIES**

The item “Other non-current liabilities” amounts to Euro 13,517 thousand as of December 31, 2015 (Euro 5,853 thousand as of December 31, 2014).

Other non-current liabilities mainly include deferred income related to revenue associated to long-term contracts for technical assistance.

The increase of other non-current liabilities as of December 31, 2015 compared to the item as of December 31, 2014 is mainly due to revenue growth, in particular the increase of revenue from technical assistance services.

### **5.18 TRADE PAYABLES**

The item “Trade payables” amounts to Euro 93,898 thousand as of December 31, 2015 (Euro 93,181 thousand as of December 31, 2014).

Trade payables are mainly related to transactions for the purchase of raw materials, components, shipping services, manufacturing and technical assistance. These transactions are part of the ordinary procurement management.

### **5.19 CURRENT TAX LIABILITIES**

The item “Current tax liabilities” amounts to Euro 13,988 thousand as of December 31, 2015 (Euro 6,615 thousand as of December 31, 2014).

Changes in current tax liabilities for the year ended December 31, 2015 refers to the allocation of current income taxes for Euro 25,954 thousand, utilization of credits and payments for Euro 19,342 thousand.

Changes in current tax liabilities for the year ended December 31, 2014 refers to the allocation of current income taxes for Euro 14,983 thousand, utilization of credits for Euro 1,454 thousand, and payments for Euro 6,914 thousand.

## 5.20 DERIVATIVE FINANCIAL INSTRUMENTS

The item “Derivative financial instruments” amounts to Euro 319 thousand as of December 31, 2015 (Euro 560 thousand as of December 31, 2014).

The following table reports the derivative financial instruments by currency as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>As of December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Derivative financial instruments liabilities</b>		
GBP	197	150
USD	75	338
AUD	44	9
CNY	44	40
JPY	31	18
BRL	-	5
<b>Total derivative financial instruments liabilities</b>	<b>391</b>	<b>560</b>

Liabilities for derivative financial instruments refers to differences arising from the fair value of derivatives used to hedge exposure to currency risk.

The forward contracts as of December 31, 2015 and 2014 are reported in the note 5.9 “Derivative financial instruments”.

## 5.21 OTHER CURRENT LIABILITIES

The item “Other current liabilities” amounts to Euro 50,008 thousand as of December 31, 2015 (Euro 54,708 thousand as of December 31, 2014).

The following table reports the amounts of other current liabilities as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>As of December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Other current liabilities</b>		
Deferred income	14,098	14,584
Advances from clients	11,228	12,058
Payables to employees	8,101	10,878
VAT payables	5,957	7,527
Social security payables	3,674	4,320
Accrued expenses	3,472	2,065
Other liabilities	3,478	3,276
<b>Total other current liabilities</b>	<b>50,008</b>	<b>54,708</b>

Deferred income mainly refers to scheduled maintenance contracts.

Advances from customers relates to advances and deposits received for suppliers yet to be delivered. Payables to employees are salaries for the month of December paid in January, untaken holiday entitlements and staff bonuses.

Social security payables are related to social security contributions of various nature to be paid in the following year with reference to the salary for the month of December, Christmas bonuses, and untaken holiday entitlements.

Other liabilities as of December 31, 2015 and 2014 mainly relate to income taxes withheld on income from employment and self-employment to be paid in the following year.

Accrued expenses mainly include accruals relating to utilities, sponsorships and insurance.

## 6 – NOTES TO THE SEPARATE CONSOLIDATED INCOME STATEMENT

### 6.1 REVENUE

The item “Revenue” amounts to Euro 511,102 thousand for the year ended December 31, 2015 (Euro 464,660 thousand for the year ended December 31, 2014).

The following table reports the amounts of revenue for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>Year ended December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Revenue</b>		
Revenue from the sale of products, spare parts, hardware and software	452,339	417,113
Revenue from transport and installation, after-sale and rental assistance	58,763	47,547
<b>Total revenue</b>	<b>511,102</b>	<b>464,660</b>

For further information about the identification of the operating segments and the allocation of revenue by segment of customer, product line, distribution channel and geographic area, see note 4, “Segment Information”.

### 6.2 OTHER OPERATING INCOME

The item “Other operating income” amounts to Euro 684 thousand for the year ended December 31, 2015 (Euro 592 thousand for the year ended December 31, 2014).

Other operating income consists mainly of rental income, and income from suppliers for compensation.

### 6.3 RAW MATERIALS, WORK IN PROGRESS AND FINISHED GOODS

The item “Raw materials, work in progress and finished goods” amounts to Euro 183,358 thousand for the year ended December 31, 2015 (Euro 175.475 thousand for the year ended December 31, 2014).

The following table reports the amounts of raw materials, work in progress and finished goods for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>Year ended December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Raw materials, work in progress and finished goods</b>		
Purchase and change in inventory of raw material	104,539	109,687
Purchase and change in inventory of finished goods	71,140	58,376



Purchase of packaging and cost for custom duties	8,325	7,216
Change in inventory of work in progress	(646)	196
<b>Total raw material, consumables and goods</b>	<b>183,358</b>	<b>175,475</b>

## 6.4 COST OF SERVICES

The item “Cost of services” amounts to Euro 139,479 thousand for the year ended December 31, 2015 (Euro 136,832 thousand for the year ended December 31, 2014).

The following table reports the amounts of cost of services for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>Year ended December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Cost of services</b>		
Transport of sales, customs duties and installation	36,610	34,798
Technical assistance	19,413	18,217
Advertising	14,269	13,384
Rentals	11,816	11,934
Consulting services	8,815	7,955
Transport of purchases	7,774	7,563
Travel and representative expenses	7,539	7,311
Agents	7,505	9,963
Outsourcing costs	3,925	4,944
Utilities	3,903	4,039
Maintenance costs	3,159	2,642
Other services	14,751	14,082
<b>Total cost of services</b>	<b>139,479</b>	<b>136,832</b>

Costs for other services mainly relates to royalties paid, costs for managing external deposits, insurance and remuneration of external directors, the board of auditors and the audit firm.

## 6.5 PERSONNEL EXPENSES

The item “Personnel expenses” amounts to Euro 104,043 thousand for the year ended December 31, 2015 (Euro 91,583 thousand for the year ended December 31, 2014).

The following table reports the amounts of personnel expenses for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>Year ended December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Personnel expenses</b>		
Wages and salaries	82,267	70,731
Social security contributions	19,014	18,138
Provisions for employee benefit obligations	2,070	1,895
Other costs	692	819
<b>Total personnel expenses</b>	<b>104,043</b>	<b>91,583</b>

The following table reports the average number of employees and the number of employee at the year-end divided by category for the years ended December 31, 2015 and 2014.

	Year ended December 31			
	2015		2014	
	Average	Year-end	Average	Year-end
<b>Number of employees</b>				
Managers	52	56	52	50
White-collar	1,075	1,067	1,071	1,095
Blue-collar	768	768	696	784
<b>Total number of employees</b>	<b>1,895</b>	<b>1,891</b>	<b>1,819</b>	<b>1,929</b>

## 6.6 OTHER OPERATING COSTS

The item “Other operating cost” amounts to Euro 4,877 thousand for the year ended December 31, 2015 (Euro 6,252 thousand for the year ended December 31, 2014).

The following table reports the amounts of other operating costs for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Year ended December 31	
	2015	2014
<b>Other operating costs</b>		
Other taxes and indirect taxes	2,086	4,578
Other expenses	2,791	1,674
<b>Total other operating costs</b>	<b>4,877</b>	<b>6,252</b>

Other operating expenses mainly relate to membership fees, donations, and giveaways of products distributed for promotional and communication activities.

## 6.7 SHARE OF NET RESULT FROM JOINT VENTURES

The item “Share of net result from joint ventures” amounts to Euro 1,012 thousand for the year ended December 31, 2015 (Euro 1,664 thousand for the year ended December 31, 2014).

The share of net result from joint ventures is the share of net profit achieved by the company Technogym Emirates LLC that is attributable to the Group.

## 6.8 DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

The item “Depreciation, amortization and impairment losses” amounts to Euro 20,020 thousand for the year ended December 31, 2015 (Euro 26,438 thousand for the year ended December 31, 2014).

The following table reports the amounts of depreciation, amortization and impairment losses for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Year ended December 31	
	2015	2014
<b>Depreciation, amortization and impairment losses</b>		

Depreciation of property, plant and equipment	10,637	10,394
Amortization of intangible assets	8,839	9,509
Impairment losses of property, plant and equipment	488	-
Impairment losses of intangible assets	56	6,535
<b>Total depreciation, amortization and impairment losses</b>	<b>20,020</b>	<b>26,438</b>

For further details regarding to “Property, plant and equipment” and “Intangible assets” see note 5.1 and 5.2.

## 6.9 PROVISIONS

The item “Provisions” amounts to Euro 2,579 thousand for the year ended December 31, 2015 (Euro 2,158 thousand for the year ended December 31, 2014).

The following table reports the amounts of provisions for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Year ended December 31	
	2015	2014
<b>Provisions</b>		
Ongoing lawsuits provision	424	-
Bad debt provision	(102)	575
Warranties provision	(198)	1,005
Provision for assets held by third parties	(250)	652
Other provision for risks and charges	2,705	(74)
<b>Total provisions</b>	<b>2,579</b>	<b>2,158</b>

## 6.10 FINANCIAL INCOME

The item “Financial income” amounts to Euro 15,202 thousand for the year ended December 31, 2015 (Euro 8,794 thousand for the year ended December 31, 2014).

The following table reports the amounts of financial income for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Year ended December 31	
	2015	2014
Financial income		
Realized exchange gains	12,393	6,026
Unrealized exchange gains	2,357	2,376
Other financial income	324	243
Bank interests receivable	128	149
<b>Total financial income</b>	<b>15,202</b>	<b>8,794</b>

## 6.11 FINANCIAL EXPENSES

The item “Financial expenses” amounts to Euro 17,789 thousand for the year ended December 31, 2015 (Euro 12,741 thousand for the year ended December 31, 2014).

The following table reports the amounts of financial expenses for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>Year ended December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Financial expenses</b>		
Realized exchange losses	11,979	6,668
Unrealized exchange losses	4,116	2,486
Bank interests on financial loans	1,192	2,651
Bank interests and fees	181	231
Other financial expenses	321	705
<b>Total financial expenses</b>	<b>17,789</b>	<b>12,741</b>

Other financial expenses mainly include expenses related to the discounting of employee benefit obligations and non-current provisions.

## 6.12 INCOME/(EXPENSES) FROM INVESTMENTS

The item “Income/(expenses) from investments” amounts to Euro 882 thousand for the year ended December 31, 2015 (Euro 207 thousand for the year ended December 31, 2014).

The following table reports the amounts of income/(expenses) from investments for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>Year ended December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Income/(expenses) from investments</b>		
Valuation of investments in associates accounted for using the equity method	(1,251)	-
Other income/(expenses) from investments	369	207
<b>Total income/(expenses) from investments</b>	<b>(882)</b>	<b>207</b>

Income/(expenses) from investments refers to dividends received from the Company’s joint ventures and investments. The following table reports the details of income/(expenses) from investments for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>Year ended December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Income/(expenses) from investments</b>		
Qicraft Norway AS	155	-
Invest Fimex AG	154	123
Qicraft Finland OY	60	-
Qicraft Sweden AB	-	84
<b>Total income/(expenses) from investments</b>	<b>369</b>	<b>207</b>

## 6.13 INCOME TAX EXPENSES

The item “Income tax expenses” amounts to Euro 26,619 thousand for the year ended December 31, 2015 (Euro 18,848 thousand for the year ended December 31, 2014).

The following table reports the amounts of income tax expenses for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Year ended December 31	
	2015	2014
<b>Income tax expenses</b>		
Current taxes	25,954	14,983
Deferred taxes	416	4,328
<b>Total income tax expenses for the year</b>	<b>26,370</b>	<b>19,311</b>
Income tax expenses of previous years	249	(463)
<b>Total income tax expenses</b>	<b>26,619</b>	<b>18,848</b>

The following table reports the reconciliation between the theoretical tax rate and the actual tax rate for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Year ended December 31			
	2015	%	2014	%
<b>Profit before tax</b>	<b>54,973</b>		<b>24,438</b>	
<b>Income tax calculated with theoretical tax rate</b>	<b>15,118</b>	<b>27.5%</b>	<b>6,720</b>	<b>27.5%</b>
Effect of difference between local tax rate and theoretical tax rate	(1,565)	(2.8%)	(3,298)	(13.5%)
Effect of non-deductible expenses	1,845	3.4%	1,508	6.2%
Unrecognized deferred tax assets on tax losses	2,739	5.0%	5,167	21.1%
Effect of non-taxed income	(459)	(0.8%)	(204)	(0.8%)
Substitute tax	-	0.0%	-	0.0%
Release of deferred tax liabilities	-	0.0%	-	0.0%
Other income taxes (IRAP)	2,889	5.3%	1,743	7.1%
Write-down of deferred tax assets	5,184	9.4%	6,444	26.4%
Other minor effects	868	1.6%	768	3.1%
<b>Total</b>	<b>26,619</b>	<b>48.4%</b>	<b>18,848</b>	<b>77.1%</b>

## 6.14 EARNINGS PER SHARE

The following table reports the calculation of the earning per share:

<i>(In thousand of Euro)</i>	Year ended December 31	
	2015	2014
<b>Earnings per share</b>		
Profit for the year (in thousand of Euro)	28,168	5,533
Number of shares (in thousand)	10,000	10,000
<b>Total earnings per share (in Euro)</b>	<b>2.82</b>	<b>0.55</b>

The basic earnings per share coincide with diluted earnings per share.

## 7 - NET INDEBTEDNESS

The following table reports the details of net indebtedness of the Group as of December 31, 2015 and 2014, determined in accordance with Consob communication of 28 July 2006 and in conformity with the recommendations contained in document no. 319 drafted by ESMA in 2013.

<i>(In thousand of Euro)</i>	<b>As of December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Net Indebtedness</b>		
A. Cash	68,027	41,128
B. Cash equivalents	-	-
C. Trading securities	-	-
<b>D. Liquidity (A) + (B) + (C)</b>	<b>68,027</b>	<b>41,128</b>
<b>E. Current Financial Receivables</b>	<b>318</b>	<b>432</b>
F. Current Bank debt	(35,000)	(89,224)
G. Current portion of non-current debt	(17,926)	(10,000)
H. Other current financial debt	(5,022)	(4,470)
<b>I. Current Financial Debt (F) + (G) + (H)</b>	<b>(57,948)</b>	<b>(103,694)</b>
<b>J. Net Current Financial Indebtedness (I) + (E) + (D)</b>	<b>10,397</b>	<b>(62,134)</b>
K. Non-current Bank loans	(42,139)	-
L. Bonds Issued	-	-
M. Other non-current loans	(6,317)	(4,979)
<b>N. Non-current Financial Indebtedness (K) + (L) + (M)</b>	<b>(48,456)</b>	<b>(4,979)</b>
<b>O. Net Financial Indebtedness (J) + (N)</b>	<b>(38,059)</b>	<b>(67,113)</b>

## 8 - FINANCIAL RISK MANAGEMENT

The main financial risks to which the Group is subject to are:

Credit risk, arising from commercial transactions or financing activities;

Liquidity risk, related to the availability of financial resources and access to the credit market;

Market risk, in particular:

Currency risk, related to operations in areas using currencies other than the functional currency;

Interest rate risk, related to the Group's exposure to financial instruments that accrue interests;

Price risk, associated with changes of the prices of commodities.

### Credit risk

The operational management of the credit risk is assigned to the Credit Management, which operates on the basis of a credit policy that regulates: i) the assessment of the class of merit of customers through the use of internally developed Risk Score Rating, for the management of credit limits and any request for adequate bank or insurance guarantees to support the granting of extended payment terms; ii) the involvement of institutionalized Credit Committees on any operation with terms other than those normally applied by the company; iii) the adoption of policies of credit insurance; (iv) the monitoring of the balance of receivables and their maturity in a way that the amount of outstanding positions is not significant; (iv) the monitoring of the related expected cash flows; (vi) the issuance of reminders; (vii) any recovery actions.

The bad debt provision is calculated on percentages of past due, based on historical insolvency, with the exception for provision on specific credits in litigation. For financing activities related to temporary excess of liquidity or for the stipulation of financial instruments (derivatives), the Group deals exclusively with counterparties with high credit standing. The amount of trade receivables represents the maximum theoretical exposure to credit risk of the Group at year-end.

## Liquidity risk

The liquidity risk of the Group is closely monitored by the parent company. In order to minimize the risk, the Group has implemented centralized treasury management with specific procedures that aim to optimize the management of financial resources and the needs of the companies of the Group. The Group adopted a set of policies and processes aimed to optimize the management of financial resources that reduce the liquidity risk: i) the maintenance of an adequate level of available liquidity; ii) the obtainment of adequate credit lines; iii) the monitoring future liquidity in relation to the business planning. For this type of risk, in the net financial indebtedness, the Group tends to finance investments and current commitments with both cash flow generated by operation and short time credit lines. The following table reports the amounts of credit lines available and used as of December 31, 2015 and 2014.

Credit lines	Cash Credit lines	Self-liquidating Credit lines	Financial Credit lines	Total
<b>As of December 31, 2015</b>				
Credit lines	10,732	24,635	181,405	<b>216,772</b>
Utilizations	-	-	(94,905)	<b>(94,905)</b>
<b>Credit lines available as of December 31, 2015</b>	<b>10,732</b>	<b>24,635</b>	<b>86,500</b>	<b>121,867</b>
<b>As of December 31, 2014</b>				
Credit lines	5,997	32,620	159,800	<b>198,417</b>
Utilizations	(80)	-	(99,148)	<b>(99,228)</b>
<b>Credit lines available as of December 31, 2014</b>	<b>5,917</b>	<b>32,620</b>	<b>60,652</b>	<b>99,189</b>

The following table reports the amounts and maturity period of liabilities as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Within 1 year	Between 1 and 5 years	Beyond 5 years	Total
<b>As of December 31, 2015</b>				
Non-current financial liabilities	-	48,456	-	<b>48,456</b>
Other non-current liabilities	-	13,517	-	<b>13,517</b>
Trade payables	93,898	-	-	<b>93,898</b>
Current tax liabilities	13,988	-	-	<b>13,988</b>
Current financial liabilities	57,557	-	-	<b>57,557</b>
Derivative financial instruments	391	-	-	<b>391</b>
Other current liabilities	50,008	-	-	<b>50,008</b>
Commitments	5,949	23,414	9,155	<b>38,518</b>
<b>Total</b>	<b>221,791</b>	<b>85,387</b>	<b>9,155</b>	<b>316,333</b>
<b>As of December 31, 2014</b>				
Non-current financial liabilities	-	4,979	-	<b>4,979</b>
Other non-current liabilities	-	5,853	-	<b>5,853</b>
Trade payables	93,181	-	-	<b>93,181</b>
Current tax liabilities	6,615	-	-	<b>6,615</b>
Current financial liabilities	103,134	-	-	<b>103,134</b>
Derivative financial instruments	560	-	-	<b>560</b>
Other current liabilities	54,708	-	-	<b>54,708</b>
Commitments	4,644	18,577	11,456	<b>34,677</b>
<b>Total</b>	<b>262,842</b>	<b>29,409</b>	<b>11,456</b>	<b>303,707</b>

Commitments mainly refers to the rental fee of Technogym Village. On February 12, 2016 the Issuer's Board of Directors approved the purchase of the shares representative of the entire share capital of TGB S.r.l. which owns all the properties part of the Technogym Village.

**Market risk**Currency risk

The Group operates internationally and it is subject to currency risk in regards to commercial and financial transactions, especially in US dollars, GBP, JPY and AUD. To limit the exposure to currency risk, the Group usually enters into forward contracts to cover between 70% and 80% of the invoices in foreign currency. Changes of exchange rates that may arise between the invoice and the collection of the credit are managed separately, without the use of hedge accounting, but by balancing the credit with similar debt flows. Investments in foreign subsidiaries are not covered, as the currency positions are considered long-term. The following table reports the trade receivables, cash and cash equivalents, current financial liabilities and trade payables broken down by currency as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	EUR	GBP	USD	CNY	AUD	JPY	Other currencies	Total
<b>Trade receivables</b>								
As of December 31, 2015	12,915	24,864	21,770	5,145	2,458	5,982	10,992	<b>84,126</b>
As of December 31, 2014	16,237	20,944	23,192	3,193	4,048	4,671	6,844	<b>79,129</b>
<b>Cash and cash equivalents</b>								
As of December 31, 2015	40,462	8,601	8,851	2,172	660	4,158	3,123	<b>68,027</b>
As of December 31, 2014	19,851	5,598	5,071	2,664	2,286	2,168	3,490	<b>41,128</b>
<b>Current financial liabilities</b>								
As of December 31, 2015	57,344	-	213	-	-	-	-	<b>57,557</b>
As of December 31, 2014	94,142	-	8,986	-	6	-	-	<b>103,134</b>
<b>Trade payables</b>								
As of December 31, 2015	55,809	14,110	12,116	3,893	1,879	72	6,019	<b>93,898</b>
As of December 31, 2014	66,747	8,697	12,495	3,166	595	726	755	<b>93,181</b>

For the purposes of the sensitivity analysis on the exchange rate, items in the financial position (assets and liabilities) denominated in foreign currency were analyzed in respect to two scenario, respectively with an increase and a decrease of 5% in the exchange rate between the currency of the item and the Euro. The following table reports the results of the analysis for the years ended December 31, 2015 and 2014.

<i>(In thousand of Euro)</i>	Book value	of which subject to Currency Risk	Currency Risk	
			+5% Profit/(loss)	-5% Profit/(loss)
<b>Financial assets</b>				
Cash and cash equivalents	68,027	27,565	(1,313)	1,451
Trade receivables	84,126	71,211	(3,391)	3,748
Tax effect			1,477	(1,632)
			(3,227)	3,567
<b>Financial liabilities</b>				
Non-current financial liabilities	(48,456)	-	-	-
Current financial liabilities	(57,557)	(213)	11	(13)
Trade payables	(93,898)	(38,089)	1,814	(2,005)
Tax effect			(573)	634
			1,252	(1,384)
<b>Total increase (decrease) 2015</b>			<b>(1,975)</b>	<b>2,183</b>

<i>(In thousand of Euro)</i>	Currency Risk
------------------------------	---------------



			+5%	-5%
	Book value	of which subject to Currency Risk	Profit/(loss)	Profit/(loss)
<b>Financial assets</b>				
Cash and cash equivalents	41,128	21,277	(957)	1,064
Trade receivables	79,129	62,892	(2,862)	3,145
Tax effect			1,199	(1,321)
			(2,620)	2,888
<b>Financial liabilities</b>				
Non-current financial liabilities	(4,979)	-	-	-
Current financial liabilities	(103,134)	(8,992)	979	(1,088)
Trade payables	(93,181)	(26,434)	1,137	(1,322)
Tax effect			(664)	757
			1,452	(1,653)
<b>Total increase (decrease) 2014</b>			<b>(1,168)</b>	<b>1,235</b>

The parameters applied were identified as reasonable possible changes in foreign currency exchange, with all other variables remaining the same.

### Interest rate risk

Interest rate risk is related to short and medium/long term credit lines. Loans at variable rates expose the Group to the risk of fluctuations of cash flows due to the interests. The Group does not use derivative instruments to hedge the risk of interest rate.

For the purposes of the sensitivity analysis on changes of interest rate, items in the financial position (assets and liabilities) denominated in foreign currency were analyzed in consideration to two scenarios, respectively with an increase or a decrease of the interest rate of 20 bp.

The following table reports the results of the analysis for the years ended December 31, 2015 and 2014:

	Interest Rate Risk			
			+ 20 bp	-20 bp
(In thousand of Euro)	Book value	of which subject to Interest Rate Risk	Profit/(loss)	Profit/(loss)
<b>Financial assets</b>				
Cash and cash equivalents	68,027	68,027	136	(136)
Trade receivables	84,126	-	-	-
Tax effect			(43)	43
			93	(93)
<b>Financial liabilities</b>				
Non-current financial liabilities	(48,456)	(42,139)	(84)	84
Current financial liabilities	(57,557)	(53,139)	(106)	106
Trade payables	(93,898)	-	-	-
Tax effect			60	(60)
			(130)	130
<b>Total increase (decrease) 2015</b>			<b>(37)</b>	<b>37</b>

	Interest Rate Risk	
<i>(In thousand of Euro)</i>		

	Book value	of which subject to Interest Rate Risk	Profit/(loss)	Profit/(loss)
<b>Financial assets</b>				
Cash and cash equivalents	41,128	41,128	82	(82)
Trade receivables	79,129	-	-	-
Tax effect			(26)	26
			56	(56)
<b>Financial liabilities</b>				
Non-current financial liabilities	(4,979)	(9)	-	-
Current financial liabilities	(103,134)	(99,492)	(199)	199
Trade payables	(93,181)	-	-	-
Tax effect			62	(62)
			(137)	137
<b>Total increase (decrease) 2014</b>			<b>(81)</b>	<b>81</b>

The parameters applied were identified as reasonable possible changes in interest rate, with all other variables remaining the same.

### Price risk

The Group supplies worldwide and is subject to the common risk of changes of commodity prices, although to not a significant extend.

### **Capital Risk Management**

The Group manages its capital with the aim of supporting the core business and maximizing the value to shareholders, by maintaining a proper capital structure and reducing the cost of capital. The following table shows the gearing ratio, calculated as the ratio of net indebtedness and equity.

<i>(In thousand of Euro)</i>	<b>As of December 31</b>	
	<b>2015</b>	<b>2014</b>
Net Indebtedness (A)	38,059	67,113
Equity (B)	43,400	10,267
<b>Total capital (C)=(A)+(B)</b>	<b>81,459</b>	<b>77,380</b>
<b>Gearing ratio (A)/(C)</b>	<b>46.7%</b>	<b>86.7%</b>

## **9 - FAIR VALUE DISCLOSURE**

As of December 31, 2015 and 2014, the book value of financial assets and liabilities is the same as their fair value.

IFRS 7 outlines three levels of fair value for the measurement of financial instruments recognized in the statement of financial position: (i) Level 1: quoted prices in an active market; (ii) Level 2: inputs other than quoted prices included within Level 1 that are observable directly (prices) or indirectly (derived from prices) in the market; (iii) inputs not based on observable market data. During the year, there were no relocations between the three levels of fair value indicated in IFRS 7.

### Financial instruments by category

The following tables report the financial assets and liabilities by category of financial instrument and their level of fair value as of December 31, 2015 and 2014:

2015	Financial assets	Available for sales	Financial assets at fair value	Total	Level 1	Level 2	Level 3	Total
	Amortized cost	FV vs OCI	FV vs P&L					
Other non-current assets	8,232	-	-	8,232	-	-	-	-
<b>Non-current financial assets</b>	<b>8,232</b>	<b>-</b>	<b>-</b>	<b>8,232</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Trade receivables	84,126	-	-	84,126	-	-	-	-
Cash and cash equivalents	68,027	-	-	68,027	-	-	-	-
Derivative financial instruments	-	-	213	213	-	213	-	213
<b>Current financial assets</b>	<b>152,153</b>	<b>-</b>	<b>213</b>	<b>152,366</b>	<b>-</b>	<b>213</b>	<b>-</b>	<b>213</b>

2014	Financial assets	Available for sales	Financial assets at fair value	Total	Level 1	Level 2	Level 3	Total
	Amortized cost	FV vs OCI	FV vs P&L					
Other non-current assets	6,145	-	-	6,145	-	-	-	-
<b>Non-current financial assets</b>	<b>6,145</b>	<b>-</b>	<b>-</b>	<b>6,145</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Trade receivables	79,129	-	-	79,129	-	-	-	-
Cash and cash equivalents	41,128	-	-	41,128	-	-	-	-
Derivative financial instruments	-	-	432	432	-	432	-	432
<b>Current financial assets</b>	<b>120,257</b>	<b>-</b>	<b>432</b>	<b>120,689</b>	<b>-</b>	<b>432</b>	<b>-</b>	<b>432</b>

2015	Financial liabilities	Financial liabilities carried at fair value	Total	Level 1	Level 2	Level 3	Total
	Amortized cost	FV vs P&L					
Non-current financial liabilities	48,456	-	48,456	-	-	-	-
<b>Non-current financial liabilities</b>	<b>48,456</b>	<b>-</b>	<b>48,456</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Current financial liabilities	57,557	-	57,557	-	-	-	-
Trade payables	93,898	-	93,898	-	-	-	-
Derivative financial instruments	-	391	391	-	391	-	391
<b>Current financial liabilities</b>	<b>151,455</b>	<b>391</b>	<b>151,846</b>	<b>-</b>	<b>391</b>	<b>-</b>	<b>391</b>

2014	Financial liabilities	Financial liabilities carried at fair value	Total	Level 1	Level 2	Level 3	Total
	Amortized cost	FV vs P&L					
Non-current financial liabilities	4,979	-	4,979	-	-	-	-
<b>Non-current financial liabilities</b>	<b>4,979</b>	<b>-</b>	<b>4,979</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Current financial liabilities	103,134	-	103,134	-	-	-	-
Trade payables	93,181	-	93,181	-	-	-	-
Derivative financial instruments	-	560	560	-	560	-	560
<b>Current financial liabilities</b>	<b>196,315</b>	<b>560</b>	<b>196,875</b>	<b>-</b>	<b>560</b>	<b>-</b>	<b>560</b>

## 10 - RELATED PARTY TRANSACTIONS

The Group's transactions with related parties, identified based on criteria defined by IAS 24 – Related party disclosures – were made at normal market conditions.

The following table reports the amounts of related party transactions for the years ended December 31, 2015 and 2014 and the incidence on the related item in the financial statement:

<i>(In thousand of Euro)</i>	Wellness Holding S.r.l.	Technology Emirates LLC	Fittadium S.r.l.	Technology Building S.r.l.	One on One S.r.l.	Starpool S.r.l.	Health System S.r.l.	Via Durini S.r.l.	Candover 2005 Fund	<b>Total</b>	<b>% on consolidated financial statements</b>
<b>Trade receivables</b>											
As of December 31, 2015	5	133	-	-	10	(9)	-	-	696	<b>835</b>	<b>1.0%</b>
As of December 31, 2014	1	303	-	-	7	(7)	-	-	-	<b>304</b>	<b>0.4%</b>
<b>Current financial assets</b>											
As of December 31, 2015	-	-	100	-	-	-	-	-	-	<b>100</b>	<b>95.2%</b>
As of December 31, 2014	-	-	-	-	-	-	-	-	-	<b>-</b>	<b>0.0%</b>
<b>Other current assets</b>											
As of December 31, 2015	19	-	-	6	-	-	3	90	-	<b>118</b>	<b>0.4%</b>
As of December 31, 2014	-	-	-	6	-	-	3	90	-	<b>99</b>	<b>0.6%</b>
<b>Trade payables</b>											
As of December 31, 2015	1	28	-	582	26	(2)	-	32	-	<b>667</b>	<b>0.7%</b>
As of December 31, 2014	-	163	-	291	16	(3)	-	-	-	<b>467</b>	<b>0.5%</b>
<b>Other current liabilities</b>											
As of December 31, 2015	-	-	-	-	-	-	-	-	-	<b>-</b>	<b>0.0%</b>
As of December 31, 2014	-	13	-	-	-	-	-	-	-	<b>13</b>	<b>0.0%</b>

<i>(In thousand of Euro)</i>	Wellness Holding S.r.l.	Technology Emirates LLC	Fittadium S.r.l.	Technology Building S.r.l.	One on One S.r.l.	Starpool S.r.l.	Health System S.r.l.	Via Durini S.r.l.	Candover 2005 Fund	<b>Total</b>	<b>% on consolidated financial statements</b>
<b>Revenue</b>											
Year ended December 31, 2015	-	8,970	-	-	134	16	-	-	-	<b>9,120</b>	<b>1.8%</b>
Year ended December 31, 2014	-	8,058	-	-	68	7	-	-	-	<b>8,133</b>	<b>1.8%</b>
<b>Other operating income</b>											
Year ended December 31, 2015	-	11	-	-	-	1	-	-	-	<b>12</b>	<b>1.8%</b>
Year ended December 31, 2014	-	7	-	-	-	5	-	-	-	<b>12</b>	<b>2.0%</b>

<b>Raw materials, work in progress and finished goods</b>											
Year ended December 31, 2015	-	(50)	-	-	-	-	-	-	-	(50)	0.0%
Year ended December 31, 2014	-	(2)	-	-	-	-	-	-	-	(2)	0.0%
<b>Cost of services</b>											
Year ended December 31, 2015	(1)	(108)	-	(4,335)	(138)	(2)	-	(410)	696	(4,298)	3.1%
Year ended December 31, 2014	-	(111)	-	(4,134)	(131)	(2)	-	(368)	-	(4,746)	3.5%
<b>Other operating costs</b>											
Year ended December 31, 2015	-	-	-	-	-	-	-	-	-	-	0.0%
Year ended December 31, 2014	-	-	-	-	-	-	-	(1)	-	(1)	0.0%

The relationship between the Group and related parties as of and for the years ended December 31, 2015 and 2014 are mainly commercial.

Technogym Emirates LLC is a joint venture established by the Group with a company in the UAE in order to facilitate the distribution and sale of products and services of the Group in UAE. The relationship with Technogym Emirates LLC is set by an agreement under which Technogym Emirates LLC is entitled the right to distribute on an exclusive basis the products of the Group in the UAE. On the other hand, Technogym Emirates LLC is required to respect certain conditions such as trade policies, distribution policies, sale and after-sale policies stated by the Group. Technogym Emirates LLC places orders to the Group according to a price list agreed by the parties and regularly updated. Technogym Building S.r.l. is the company that owns the Technogym Village, which is the registered office and production site of the Group. Therefore, existing relationships with Technogym Building S.r.l. refer to the lease contracts of Technogym Village.

The relationship with Via Durini 1 S.r.l. is related to a lease agreement signed by the Group on March 31, 2010, for the lease of a building located in Milan, Via Durini 1, and venue of the Group's showroom.

The relationship with One on One S.r.l. is related to collaborations aimed to implement and manage corporate wellness areas. For instance, the Group occasionally receives the support of One on One S.r.l. in order to offer a complete service to the end customers. Transactions between the Group and One on One S.r.l. are regulated by agreements arranged from time to time based on the requests and needs of the end customer.

Existing relationships with Candover 2005 Fund (Guernsey) Limited, a company linked to Salhouse Holding S.à.r.l., a minority shareholder of the Issuer, are related to agreements between the shareholders of the Issuer in which it was agreed a recharge of a portion of the costs incurred for the Listing Process.

The financial transactions with related parties refers merely to two credit agreements of Euro 50 thousand each (in total Euro 100 thousand) granted to the associate Fitstadium S.r.l.

### Remuneration of directors and key management

The total amount of compensation of the Board of Directors of the Company amounted to Euro 2,196 thousand for the year ended December 31, 2015 (Euro 2,201 thousand for the year ended December 31, 2014). The total amount of compensation paid to key management amounted to Euro 2,661

thousand for the year ended December 31, 2015 (Euro 1,976 thousand for the year ended December 31, 2014).

## **11 – LITIGATION**

As of December 2015 there are no ongoing legal or tax proceedings against any company of the Group and therefore, no particular provisions have been recognized.

## **12 – COMMITMENTS AND GUARANTEES**

As of December 31, 2014 the Group issued guarantees to credit institutions on behalf of subsidiaries for Euro 4,525 thousand (Euro 7,563 thousand as of December 2014) and on behalf of related parties for Euro 3,764 thousand (Euro 1,096 thousand as of December 31, 2014). The guarantees issued by the Group in favor of public institutions and other third parties amounts to Euro 2,661 thousand (Euro 1,165 thousand at December 31, 2014).

There were no significant commitments at the end of the year, with the exception of the information reported in the table included in liquidity risks.

## **13 - NON-RECURRING EVENTS AND TRANSACTIONS**

The financial position of the Group and the Group's cash flows for the year ended December 31, 2015 were influenced by a non-recurring situation of fiscal nature as described in the following paragraph. In particular, "Cash" as of December 31, 2015 is stated net of a disbursement of Euro 22,756 thousand. Such disbursement related to the Company's purchases of certain products manufactured by Technogym East Europe ("TG EE"); the products are exported by TG EE beyond the Slovakian borders and the related transport is organized and managed by third parties (the "Transactions"). Prior to December 2015, based on its interpretation of relevant VAT legislation (and input from its tax consultants), the Company had concluded that such Transactions were exempt from VAT and would therefore generate neither VAT-related liabilities for TG EE nor VAT-related credits for the Company.

During December 2015, however, following further analysis of the relevant VAT legislation (again assisted by its tax consultants), the Company voluntarily decided to adopt a conservative approach and consider all Transactions relating to open tax periods (i.e. from December 2010 to December 2015) and future tax periods to be subject to VAT.

As a result of such decision, the Company was required to pay an amount of Euro 33,500 thousand to the Slovakian tax authorities in respect of VAT on Transactions for all open tax periods up till December 2015; Euro 22,756 thousand was paid during December 2015 with the balance of Euro 10,744 thousand being paid in January 2016. As noted above, the disbursement of Euro 22,756 thousand is also reflected as a receivable due from the Slovakian tax authorities and reported under "Other current assets" in the consolidated financial statements as of and for the year ended December 31, 2015.

During December 2015 the Company initiated the process to claim reimbursement of the VAT receivable from the Slovakian tax authorities. Based on agreements with the latter, the Company expects to recover the amount in question within 12 months.

**14 - EVENTS AFTER DECEMBER 31, 2015**

On February 12, 2016 the Company's Board of Directors approved the purchase of shares representing the entire share capital of TGB S.r.l, holder of the ownership of all the properties part of the Technogym Village, which is the legal and operative headquarters of the Issuer. After an appropriate expert appraisal, the purchase price was settled for approximately Euro 41,902 thousand based on the equity value of the company. This amount may be subject to adjustments on the basis of an adjustment mechanism approved in the same meeting of the Board of Directors, to be applied to the balance sheet of the company at the closing date (expected by the end of March 2016).

For accounting purposes and in accordance with IFRS, based on preliminary analysis, the aforementioned acquisition is not considered as "business combination" but instead, it would be considered as acquisition of fixed and financial assets and liabilities. TGB S.r.l. in fact, does not meet the "business" requirements but, rather, it is a group of assets with its financial liabilities.

# 3

## SEPARATED FINANCIAL STATEMENTS

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## STATEMENT OF FINANCIAL POSITION

(In Euro)	Notes	As of December 31			
		2015	of which from related party	2014	of which from related party
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	1	40,769,346		33,935,119	
Intangible assets	2	18,625,708		19,423,788	
Deferred tax assets	3	8,577,645		5,560,288	
Investments	4	108,484,781		113,750,826	
Other non-current assets	5	8,609,637		6,504,553	
<b>TOTAL NON-CURRENT ASSETS</b>		<b>185,067,117</b>		<b>179,174,574</b>	
<b>Current assets</b>					
Inventory	6	35,714,199		32,250,784	
Trade receivables	7	58,099,180	33,406,193	49,306,507	28,326,733
Financial assets	8	36,421,916	36,417,199	3,650,941	1,021,131
Derivative financial instruments	9	213,198		432,132	
Other current assets	10	39,764,428	1,456,749	10,791,270	1,195,720
Cash and cash equivalents	11	35,273,271		23,367,855	
<b>TOTAL CURRENT ASSETS</b>		<b>205,486,192</b>		<b>119,799,489</b>	
<b>TOTAL ASSETS</b>		<b>390,553,309</b>		<b>298,974,063</b>	
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share capital		10,000,000		10,000,000	
Share premium reserve		-		-	
Other reserves		38,681,909		25,269,818	
Retained earnings		-		-	
Profit/(loss) for the year		37,077,861		9,895,117	
<b>TOTAL EQUITY</b>	12	<b>85,759,770</b>		<b>45,164,935</b>	
<b>Non-current liabilities</b>					
Financial liabilities	13	48,458,012		4,972,047	
Employee benefit obligations	14	2,708,716		2,906,196	
Provisions	15	4,628,901		3,706,809	
Other non-current liabilities	16	143,506		-	
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>55,939,135</b>		<b>11,585,052</b>	
<b>Current liabilities</b>					
Trade payables	17	116,384,466	55,044,548	86,563,109	27,690,724
Current tax liabilities	18	11,712,164		3,799,563	
Financial liabilities	13	91,599,480	34,254,867	131,994,874	29,128,230
Derivative financial instruments	19	391,273		560,133	
Provisions	15	10,225,491		3,513,869	
Other current liabilities	20	18,541,530	3,639,930	15,792,528	78,722
<b>TOTAL CURRENT LIABILITIES</b>		<b>248,854,404</b>		<b>242,224,076</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>390,553,309</b>		<b>298,974,063</b>	

## SEPARATE INCOME STATEMENT

(In Euro)	Notes	As of December 31			
		2015	of which from related party	2014	of which from related party
<b>REVENUE</b>					
Revenue	21	365,975,895	205,684,237	326,573,221	182,128,180
Other operating income	22	707,353	178,708	687,003	327,540
<b>Total revenue</b>		<b>366,683,248</b>		<b>327,260,224</b>	
<b>OPERATING COSTS</b>					
Raw materials, work in progress and finished goods	23	(190,123,803)	(59,374,257)	(187,520,819)	(56,170,681)
Cost of services	24	(63,385,021)	(13,439,331)	(60,621,131)	(13,593,439)
Personnel expenses	25	(48,215,841)	(429,888)	(40,590,556)	(469,524)
Other operating costs	26	(844,095)	(3,994)	(499,365)	(1,019)
Depreciation, amortization and impairment losses	27	(15,329,169)		(21,557,335)	
Provisions	28	(1,206,288)		550,652	
<b>NET OPERATING INCOME</b>		<b>47,579,031</b>		<b>17,021,670</b>	
Financial income	29	14,334,251	86,719	7,429,146	149,851
Financial expenses	30	(16,497,495)	233,398	(10,631,242)	134,180
<b>Net financial expenses</b>		<b>(2,163,244)</b>		<b>(3,202,096)</b>	
Income/(expenses) from investments	31	7,556,514	7,496,514	1,874,513	1,874,513
<b>PROFIT BEFORE TAX</b>		<b>52,972,301</b>		<b>15,694,087</b>	
Income tax expenses	32	(15,894,440)		(5,798,970)	
<b>PROFIT/(LOSS) FOR THE YEAR</b>		<b>37,077,861</b>		<b>9,895,117</b>	
<b>EARNINGS PER SHARE</b>	33	<b>3.71</b>		<b>0.99</b>	

## STATEMENT OF COMPREHENSIVE INCOME

<i>(In Euro)</i>	Notes	As of December 31	
		2015	2014
<b>Profit/(loss) for the year (A)</b>		<b>37,077,861</b>	<b>9,895,117</b>
Actuarial income/(loss) of post-employment benefit obligations	15	117,886	(283,206)
Tax effect on actual income/loss of post-employment benefit obligations		(37,016)	77,882
Actuarial income/(loss) of N.C.A.	16	(54,266)	(198,443)
Tax effect on actual income/loss of N.C.A.		17,039	54,572
<b>Total items that will not be reclassified to profit or loss (B1)</b>		<b>43,644</b>	<b>(349,195)</b>
<b>Total items that may be reclassified to profit or loss (B2)</b>		<b>-</b>	<b>-</b>
<b>Total Other comprehensive income, net of tax (B)=(B1)+(B2)</b>		<b>43,644</b>	<b>(349,195)</b>
<b>Total comprehensive income for the year (A)+(B)</b>		<b>37,121,505</b>	<b>9,545,922</b>

## STATEMENT OF CASH FLOW

(In thousand of Euro)	Notes	As of December 31	
		2015	2014
<b>Cash flows from operating activities</b>			
Profit for the year	12	37,078	9,895
<i>Adjustments for:</i>			
Depreciation, amortization and impairment losses	27	15,329	21,557
Provisions	28	1,206	(551)
Net financial expenses	29 - 30	2,163	3,202
Income/(expenses) from investments	31	7,557	1,875
Income tax expenses	32	15,894	5,799
<b>Cash flows from operating activities before changes in working capital</b>		<b>79,227</b>	<b>41,777</b>
Increase (decrease) in inventory	6	(3,661)	(1,838)
Increase (decrease) in trade receivables	7	(8,762)	4,389
Increase (decrease) in trade payables	17	28,913	3,219
Increase (decrease) in other operating assets and liabilities	10 - 14 - 15 - 16 - 20	(30,069)	(3,192)
Income taxes paid	3 - 18 - 32	(12,252)	(1,421)
<b>Net cash inflow from operating activities (A)</b>		<b>53,396</b>	<b>42,934</b>
<b>Cash flows from investing activities</b>			
Investments in property, plant and equipment	1	(14,845)	(2,830)
Disposals of property, plant and equipment	1	180	10
Investments in intangible assets	2	(6,700)	(6,182)
Disposals of intangible assets	2	-	-
Investments in equity investments	4 - 5	(12,112)	(29,315)
Disposal of equity investments	4 - 5	629	-
Dividends received from subsidiaries	31	21,170	11,168
Dividends received from joint ventures and associates	31	2,328	1,325
Dividends received from other entities	31	60	-
<b>Net cash inflow (outflow) from investing activities (B)</b>		<b>(9,290)</b>	<b>(25,824)</b>
<b>Cash flows from financing activities</b>			
Proceeds from new borrowings	13	70,000	10,000
Repayment of borrowings	13	(19,935)	(40,000)
Net increase (decrease) of current financial assets and liabilities	8 - 13	(81,869)	15,498
Payments of net financial expenses	9 - 19 - 29 - 30	(397)	(4,196)
<b>Net cash inflow (outflow) from financing activities (C)</b>		<b>(32,201)</b>	<b>(18,698)</b>
<b>Net increase (decrease) in cash and cash equivalents (D)=(A)+(B)+(C)</b>		<b>11,905</b>	<b>(1,588)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>23,368</b>	<b>24,956</b>
Net increase (decrease) in cash and cash equivalents from January 1 to December 31		11,905	(1,588)
<b>Cash and cash equivalents at the end of the year</b>		<b>35,273</b>	<b>23,368</b>

## STATEMENT OF CHANGE IN EQUITY

<i>(In thousand of Euro)</i>	Share capital	Share premium reserve	Other reserves	Retained earnings	Profit/(loss) for the year	Total Equity
<b>As of January 1, 2014</b>	<b>10,000</b>	<b>382,557</b>	<b>(381,762)</b>	<b>13,087</b>	<b>11,737</b>	<b>35,619</b>
Allocation of previous year profit	-	-	-	11,737	(11,737)	-
Allocation for First Time Adoption reserve coverage	-	(382,557)	407,381	(24,824)	-	-
Total comprehensive income for the year	-	-	(349)	-	9,895	<b>9,546</b>
<b>As of December 31, 2014</b>	<b>10,000</b>	<b>-</b>	<b>25,270</b>	<b>-</b>	<b>9,895</b>	<b>45,165</b>
Allocation of previous year profit	-	-	9,895	-	(9,895)	-
Total comprehensive income for the year	-	-	44	-	37,078	<b>37,122</b>
Long term management incentive plan	-	-	3,473	-	-	<b>3,473</b>
<b>As of December 31, 2015</b>	<b>10,000</b>	<b>-</b>	<b>38,682</b>	<b>-</b>	<b>37,078</b>	<b>85,760</b>

**NOTES TO THE FINANCIAL STATEMENTS AS OF DECEMBER 31, 2015****1. GENERAL INFORMATION**

Technogym S.p.A. (hereinafter, “Technogym” or the “Company”) is a legal entity established in Italy, with registered office located in Via Calcinaro 2861, Cesena (FC), and it is organized and governed under the Italian Law.

The Company is among the world’s top players in the fitness equipment industry, offering integrated solutions for the personal wellness (consisting mainly in equipment, services, and digital solutions) that can be personalized and adapted to specific needs of end users and professional operators. The Company offers a wide range of wellness, physical exercise and rehabilitation solutions to the major segments of fitness equipment market and to the overall wellness industry. End users and professional operators have very well appreciated the equipment offered by the Company, which combines technology innovations and attention to design and finishing. Over time, this success contributed to the positioning of Technogym brand in the high-end market.

As of December 31, 2015, 60% of the Company’s share capital was owned by Wellness Holding S.r.l., and 40% of the share capital was held by Salhouse Holding S.à.r.l.

The Company’s Financial Statements, was approved by the Company’s Board of Directors on February 16, 2016.

**BASIS OF PREPARATION**

The Financial Statements have been prepared in compliance with IFRS, meaning all the International Financial Reporting Standards, all the International Accounting Standards (“IAS”), and all the interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) previously known as the Standing Interpretations Committee (“SIC”), which, at the reporting date of the financial statements, have been endorsed by the European Union in accordance with the procedure in Regulation (EC) no. 1606/2002 of the European Parliament and European Council dated July 19, 2002.

The Financial Statements have been prepared on a going concern basis.

The financial statements were prepared using the historical cost convention, with the exception of certain financial assets and liabilities for which measurement at fair value is required.

The financial statements are presented in Euro, and are composed of a Statement of Financial Position, an Income Statement, a Statement of Comprehensive Income, a Statement of Cash Flow, a Statement of Change in Equity, and related Notes. The amounts reported in the notes to the financial statements are presented in thousand of Euro, unless otherwise specified.

The financial statements format adopted is consistent with those indicated in IAS 1 – Presentation of Financial Statements. In particular:

1. the statements of financial position has been prepared by classifying assets and liabilities according to the “current and non-current” criterion;
2. the income statement has been presented separated from the statement of comprehensive income statement, and has been prepared by classifying operating expenses by nature of expense;
3. the statement of comprehensive income includes the profit or loss for the year as shown in the separate income statement and changes in equity related to items of economic nature, as required by the IFRS;
4. the statement of cash flows has been prepared following the “indirect method”.

In preparing the 2015 financial statements, in compliance with IAS 1, paragraph 46, the Company applied some changes to the statements of financial position and to the income statement in order to provide a more useful information to the readers. These changes have been consistently applied to the comparative information for financial year 2014.

## **2. ACCOUNTING POLICIES**

The main accounting standards and accounting policies adopted for the preparation of the Financial Statements are summarized below.

### **PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are reported at their historical purchase or production cost. Cost includes expenditures that are directly attributable to preparing the assets for their intended use. Expenditures that are directly attributable to the purchase, development or production of an asset but cannot be attributed to a qualifying asset, are reported in the income statement when they arise. The Company does not hold any assets that require a certain period before they are ready to use (qualifying asset).

Routine repair and maintenance costs are recognized as expenses in the period in which they are incurred. Expenditures incurred for the modernization and improvement of owned assets or from third parties, are capitalized only if it is eligible to be classified separately as assets or part of assets by adopting the component approach.

Property, plant and equipment, with the exception of land, are subject to depreciation. Depreciation is charged on a straight-line basis to depreciate assets over their useful lives. If a depreciable asset consists of separately identifiable parts, whose useful lives differ significantly from other parts of that asset, each part is depreciated separately in accordance with the component approach.

Depreciation commences once the asset is available for use.

The Company has estimated the following useful lives for its categories of property, plant and equipment:

Category	Useful life
Land	Indefinite
Buildings	34 years
Leasehold improvements	duration of the lease
Plant and machinery	from 8 to 11 years
Production and commercial equipment	from 5 to 6 years
Other assets	from 5 to 11 years

The depreciation rates of tangible assets are reviewed and updated, when necessary, at least annually.

In the event that, independently of the depreciation already recorded, an indication of impairment arises, an impairment loss is recognized for the asset; if in the following years the reason for an impairment loss cease to exist, the original value will be restored. The residual value and useful lives of property, plant and equipment are reviewed at every financial year-end, and adjusted if appropriate.

## INTANGIBLE ASSETS

Intangible assets are identifiable non-monetary assets without physical substance, controllable and able to generate future economic benefits. Such assets are carried at purchase cost and/or internal production cost, including expenses directly attributable to preparing assets for their intended use. Depreciation of intangible assets is reviewed at every financial year-end, and, if the current useful lives differ from the useful lives previously estimated, they are adjusted accordingly.

The Company has estimated the following useful lives for its categories of intangible assets:

Category	Useful life
Development costs	from 3 to 5 years
Software, licenses and similar rights	3 years
Trademarks	10 years

Research costs are expensed in the income statement when they incur.

### Development costs

Development costs for the realization of new products and processes or improving existing products and processes, are capitalized according to IAS 38 if the development project lead to technically feasible products and processes (as long as the intention to complete the project can be demonstrated) and the costs and benefits of the development project can be measured reliably. Capitalized development costs includes internal and external costs, comprehensive of personnel expenses and costs for services and consumables, that are reasonably allocated to the projects. Development costs are intangible assets with indefinite useful lives and they are amortized over the time when the expected future income from the project will arise, which is generally five years (three years for software due to its high rate of obsolescence) and are subject to impairment losses that may arise after its initial recognition. Amortization starts from the moment the products are



available to be used. Useful lives are reviewed and adjusted accordingly if there are changes in its expected future benefit.

## **IMPAIRMENT LOSSES ON PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS**

An impairment loss is recognized on property, plant and equipment and intangible assets if the asset is no longer able to recover the carrying amount at which the asset is recorded in the financial statements. The impairment test, introduced by IAS 36, is used to ensure that the carrying amount of these assets are not higher than the recoverable amount, recognized as the higher of its selling price and its value in use.

The value in use is defined as the present value of the future cash flows expected to be generated from the asset or from the cash-generating unit to which the asset belongs. The expected cash flows are discounted using a discount rate reflecting the current market rate for risk-free investments, adjusted with the assessment of the time and risks specific to that asset.

If the asset's carrying amount is higher than its recoverable amount, an impairment loss is recognized in profit or loss of the reporting year when the impairment arises.

Definite-lived assets are tested for impairment whenever there are signs that such assets could be impaired due to change of internal or external conditions. Intangible assets with indefinite useful lives, such as goodwill, are tested for impairment at least every year.

If the reasons for an impairment loss cease to exist, the value is restored in proportion to the assets. The new carrying amount does not exceed the carrying amount that would have been determined, net of amortization or depreciation, if no impairment loss had been recognized in the past. The amount reversed is recognized in profit or loss. Impairment losses of goodwill are never reversed.

## **INVESTMENTS**

Investments in subsidiaries, joint ventures and associates are valued using the cost method, including charges directly attributable, net of any impairment losses.

Subsidiaries are entities in which the Company hold the control, whether directly or indirectly, as stated in IFRS 10 – “Consolidated Financial Statements”. Thus, control exists when the company holds simultaneously:

- the decision power to govern the entity;
- the right to participate in the entity's result (profit or loss);
- the ability to use its decision power to determine the amount of results to be received from the entity.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control and hold rights to the entity's net assets.

Associates are those entities over which the Company holds at least 20% of the entity's voting power, or rather, it has significant influence but have not control over strategic financial and operating decisions.

At each reporting date, the Company reviews the value of investments to determine if there is any indication of loss of value (impairment test). If there is objective evidence of loss of value, the recoverability is tested by comparing the carrying value of the asset with its recoverable value, represented by the higher value between the fair value (net of disposal costs) and the determined value of use.

Investments in companies other than subsidiaries, associates and joint ventures, are classified as non-current financial assets and are carried at fair value, with effects recognized in the equity reserve among the components of other comprehensive income. Changes in fair value, previously recognized among the components of other comprehensive income, are reclassified to profit or loss for the period. Investments in other smaller companies, whose fair value cannot be determined, are stated at cost less any impairment losses; impairment losses cannot be reversed.

Dividends are recognized at the date of resolution of the shareholder's meeting and are recorded in the income statement, even if they result from the distribution of retained earnings generated prior to the acquisition date. The distribution of retained earnings may represent a loss in value and, therefore, raise the need to verify the recoverability of the carrying value of the investment.

## **DERIVATIVES**

A derivative is a financial instrument or contract which:

- its value is determined by fluctuations in the underlying asset, such as interest rate, price of security or asset, currency exchange rate, price or rates index, credit rating and other variables;
- have initial investment equal to zero, or lower than any other contract with a similar response to changes in market conditions;
- is settled at a future date.

Derivatives are classified as financial assets and liabilities depending on the positive or negative fair value, categorized as available for sale and reported at fair value in profit or loss, except for derivatives designated as hedging instruments.

Derivatives are designated as hedging instruments when the relationship between the hedging instrument and the hedged item is formally documented and the effectiveness of the hedge, assessed on an ongoing basis, is very high.

In the case of cash flow hedges (i.e. cash flow hedges intended to offset the cash flow variability relating to fluctuations in interest rate), change in fair value of derivatives that are considered as highly effective are initially recognized in a separate equity reserve and classified in Other comprehensive income and subsequently reclassified from equity to profit or loss for the effect generated by the hedge. If the hedge instrument cannot be considered as hedging instrument, its change in fair value is immediately recognized in profit or loss.

The transactions that took place in financial years 2015 and 2014, although they are considered as operational hedging, they cannot be accounted using hedge accounting.

## **MEASUREMENT OF FAIR VALUE OF FINANCIAL INSTRUMENTS**

The fair value of financial instruments quoted on public markets is determined with reference to quoted price. The fair value of unquoted instruments is measured with reference to the financial valuation techniques that make use of the largest possible number of inputs directly observable on the market. When it not possible, the inputs are estimated by the management, taking into account the characteristics of the instrument being measured. Changes in the assumption made when estimating the input data may have an impact on the fair value recorded in the financial statements for those instruments.

## **INVENTORY**

Inventory is recorded at the lower of purchase or production cost and net realizable value in the market. The cost of inventory, including ancillary costs, is determined using the weighted average cost method.

## **TRADE PAYABLES, OTHER CURRENT AND NON-CURRENT ASSETS**

Trade payables, other receivables and other current and non-current financial assets are initially recognized at fair value, net of direct transaction costs, and subsequently measured at amortized cost using the effective interest method (the rate that equals, at the initial recognition, the book value and the discounted value of expected cash flows), less any impairment losses. Trade receivables and other financial assets are recognized as current assets, except for those with contractual maturity beyond 12 months of the reference date, which are classified as non-current assets.

## **IMPAIRMENT OF FINANCIAL ASSETS**

At each year-end, financial assets are assessed as to whether there is any objective evidence that a financial asset or a group of financial assets may be impaired, except for financial assets that are recognized at fair value. An impairment loss is recognized only if there is evidence that it is a consequence of events that occurred subsequent to its initial recognition, which will affect the estimated future cash flows of the asset.

Objective evidence of impairment includes observable indicators such as:

- the significant financial difficulty of the issuer or debtor;
- a breach of contract, such as default or failure to pay interest or capital;
- evidence that the debtor will undertake bankruptcy proceedings or other financial reorganization;
- a significant decrease of estimated future cash flows.

Losses that are expected to arise as a result of future events are not recognized.

The carrying amount of trade receivables is reduced through a provision for bad debts. If an impairment loss recognized in the past decreases, and the decrease can be objectively associated to an event occurred after the impairment, the amount is recognized in the income statement.

## **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash on hand, current accounts and demand deposits with banks that have original maturity within 3 months. Cash and cash equivalents are recognized at nominal value, equal to the fair value.

## **TRADE PAYABLES, OTHER LIABILITIES AND OTHER CURRENT AND NON-CURRENT FINANCIAL LIABILITIES**

Trade payables, other liabilities and other current and non-current financial liabilities are identified when the Company contracts obligations and they are recognized initially at fair value, net of direct transaction costs. Subsequently, they are measured at amortized cost using the effective interest method.

## **DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES**

Financial assets are derecognized when they satisfy the following conditions:

- the contractual right to receive cash flow from the financial asset has expired;
- the Company has effectively transferred all risks and benefits associated to the financial asset by transferring its rights to receive cash flows from the financial asset or taking on a contractual obligation to remit the cash flows received to one or more potential recipients under a contract that meets the requirements of IAS 39 (c.d. “pass through test”);
- The Company has transferred the control of the financial asset but has neither transferred nor retained the risks and benefits associated with financial asset.

In case of financing operations to clients through financial institutions, guaranteed by the relative trade receivables, the credit is recognized in the financial position of the Company until it is collected by the leasing company and a payable of financial nature is recognized, as a counter of the advance from the financial institutions.

Financial liabilities are derecognized when they are extinguished, i.e. when the contractual obligation is fulfilled, cancelled or prescribed.

## **EMPLOYEE BENEFITS OBLIGATIONS**

Post-employment benefits, depending on their characteristics, are classified as “defined contribution” plans and “defined benefit” plans. In defined contribution plans, the employer’s obligation is limited to the payment of contributions to the State or to a trust or separate legal entity and is determined on the basis of the contributions due. The costs related to these plans are recognized in profit or loss for the contribution of the period. On the other hand, in defined benefit plans the company’s obligation is determined separately for each plan on the basis of actuarial

calculations that estimate (in compliance with the method of projected unit credit) the amount of future benefits that employees have accrued at the reporting date. The present value of defined benefit plans is calculated using a rate determined on the basis of market yield of leading companies' corporate bonds at the reporting date, or government bonds in the absence of an active market for those securities. The liability is recognized on an accrual basis over the maturity period of the rights. The liability is calculated by independent actuaries.

Gains and losses arising from the actuarial valuation of defined benefit plans are recognized in other components of comprehensive income or loss. In case of modification of a defined benefit plan or the introduction of a new plan, any employee benefit obligation for past service is recognized immediately in the income statement.

The *Trattamento di fine rapporto* ("TFR"), mandatory for Italian companies in accordance with article 2120 of the Civil Code, is considered as deferred compensation and is related to the length of the working period of employees and the salary received in the period of service. In application of IAS 19, TFR assumes the nature of a "defined benefit plan" and the related liability recognized in the balance sheet ("Employee benefit obligations") is determined by actuarial calculations. The detection of changes in the actuarial gain/losses ("remeasurements") is therefore recorded under other comprehensive income. For companies with less than 50 employee, the cost relating to employee benefit obligations and the interest costs related to the component "time value" in the actuarial calculations (classified under financial expenses) are recognized in the income statement. From January 1, 2007, the Italian law gives the employees the opportunity to choose the destination of their post-employment benefits between the company and a supplementary pension funds. Companies with 50 employees or more are obliged to deposit the post-employment benefits in the "Treasury Fund" managed by INPS. Consequently, in accordance with IAS 19, the obligation to INPS and contributions to complementary pension funds take the nature of "Defined contribution plans".

#### *Incentive plan for the benefit of top management members*

Additional benefits are acknowledged to the management of Technogym via plans for equity participation. The above plans are recognized in accordance with IFRS 2 (Share-based payment). According to IFRS 2, these plans represent a component of the recipient remuneration; therefore, for schemes that include a compensation in equity instruments, the cost consists of the fair value of these instruments at the grant date and is recognized in the separate income statement under "Personnel costs" over the time between the grant date and the maturity, and in an equity reserve called "Stock Option plan". Changes in fair value after the grant date have no effect on the initial valuation. At the end of every year, it will be estimated the number of rights that accrue until maturity. The change in the estimate is recognized as a reduction of the item "Stock option plan" and "Personnel costs".

## **PROVISIONS**

Provisions for risks and charges relate to costs and expenses of a specific nature of certain or probable existence, but whose timing or amount are uncertain at the reporting date. Provisions are recognized when:

- a present legal or constructive obligation is likely to exist as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- the amount of the obligation can be estimated reliably.

The amount recognized as a provision is the best estimate of the amount that an entity would rationally pay to settle the obligation at the end of the reporting period or to transfer it to a third party at that time. When the effect of the time value of money is material and the obligation settlement date can be estimated reliably, the amount of the provision is determined by discounting the expected cash outflows to present value taking account of the risks specific to the obligation; any increase in the amount of a provision due to the effect of the time value of money is recognized in the income statement under "Financial expenses".

The amounts are periodically reviewed to identify changes in estimated costs, the obligation settlement date, and the actualization rate. Any changes in estimates are recognized to profit or loss within the same account previously used to record the provision.

The existence of potential liabilities, represented by:

- possible, but not probable, obligations arising from past event, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely within the control of the company; or
- current obligations arising from past events, for which the company believed the remote possibility of incurring charges in the future,

does not arise the recognition of liabilities in the financial statement but is reported in a separate note to the financial statements.

## INCOME TAXES

Income taxes represent the sum of current and deferred taxes. Income taxes are recognized in the income statement with the exception of certain items that are recorded in equity (in which case the tax effect is also recognized inequity).

Current income taxes are the amount of taxes expected to be paid for the taxable profit, determined in compliance with the current regulations.

Deferred income taxes are determined using the liability method on temporary differences between assets and liabilities in the financial statements and the corresponding values recognized for tax purposes. Deferred income taxes are determined using tax rates that are expected to apply to the year when the related differences are realized or settled.

Deferred tax assets are recognized only when it is probable that in future years there will be sufficient taxable income to realize them.

The deferred tax assets and liabilities are offset only when there is a legal right of offset and when they relate to income taxes levied by the same taxation authority.

Income taxes relating to prior year include the income and expenses recognized in the year for income taxes related to prior years.

**RECOGNITION OF REVENUE AND COSTS**

Revenue is recognized to the extent that it is probable that the economic benefits are achieved and the relative amount can be reliably measured. Revenue from the sale of goods is recognized upon transfer of the risks and rewards of ownership to the buyer, which generally coincides with the shipping or the delivery.

Revenue is recognized for an amount equal to the fair value of the amount received or receivable, net of returns, discounts, rebates, bonuses, and directly related taxes.

Costs are recognized when related to goods and services purchased, consumed or allocated in the year, or when it is not possible to identify their future usefulness.

Lease payments relating to operating leases are recognized in the income statement over the term of the contract.

Income and financial expenses are recognized in the income statement at the time when they are incurred.

**Translation of the financial statements of foreign operations***Functional and reporting currency*

The functional and reporting currency is the Euro.

*Transactions and balances*

The criteria for translating items expressed in a currency other than the Euro are as follows:

- monetary items are translated using the exchange rate at the year-end reporting date;
- non-monetary items measured at historical cost are translated using the exchange rate at the transaction date;
- non-monetary items measured at fair value are translated using the exchange rates in effect at the determination of the fair value.

Exchange differences realized upon collection of receivables and payments of payables in foreign currencies are recognized in the income statement. Unrealized exchange differences arising from the translation of monetary items at the exchange rate at the year-end reporting date are recognized in the income statement.

**DIVIDENDS**

The distribution of dividends to shareholders of the Company is recognized as a liability in the financial statements of the year when it is approved at the shareholders' meeting.

**ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE AND NOT ADOPTED IN ADVANCE BY THE COMPANY**

The following table reports the accounting standards, amendments and interpretations issued by the IASB, the date of mandatory application and the state of transposition of the EU.

Description	Endorsed at the date of this document	Mandatory application starting from
Amendments to IAS 19 (Defined benefit plans)	Yes	Years starting from February 1, 2015
IFRS 14 (Regulatory Deferral Accounts)	No	Years starting from January 1, 2016
Amendments to IFRS 11 (Joint Arrangements) – Accounting for Acquisitions of Interests in Joint Operations	Yes	Years starting from January 1, 2016
Amendments to IAS 16 (Property, Plant and Equipment) and IAS 38 (Intangible Assets) – Clarification of Acceptable Methods of Depreciation and Amortization	Yes	Years starting from January 1, 2016
Amendments to IAS 27 (Separate Financial Statements) – Equity Method in the Separate Financial Statements	Yes	Years starting from January 1, 2016
Amendments to IFRS 10 (Consolidated Financial Statements) and to IAS 28 (Investments in Associates and Joint Ventures) – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	No	Years starting from January 1, 2016
Improvements to IFRS (2010-2012 cycle)	Yes	Years starting from January 1, 2016
Improvements to IFRS (2012-2014 cycle)	No	Years starting from January 1, 2016
Amendments to IFRS 10, IFRS 12 and IAS 28 (Investment entities – Exception to consolidation)	No	Years starting from January 1, 2016
Amendments to IAS 16 (Property, Plant and Equipment) and IAS 41 (Agriculture)	Yes	Years starting from January 1, 2016
Amendments to IAS 1 – Disclosure Initiative	Yes	Years starting from January 1, 2016
Amendments to IAS 12 (Income taxes)	No	Years starting from January 1, 2017
Amendments to IAS 7 (Statement of Cash Flows)	No	Years starting from January 1, 2017
IFRS 15 (Revenue from Contracts with Customers)	No	Years starting from January 1, 2018
IFRS 9 (Financial Instruments)	No	Years starting from January 1, 2018
IFRS 16 (Leases)	No	Years starting from January 1, 2019

The potential impact on the financial statements resulting from these changes are under evaluation.

### 3. ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements required the directors to apply accounting standards and methods that, in some circumstances, are based on difficult and subjective valuations, and estimates based on historical experience and assumptions considered reasonable and realistic from time to time according to the circumstances.



The application of these estimates and assumptions affect the amounts reported in the financial statements, such as the balance sheet, income statement, cash flow statement as well as the additional notes.

Estimates and assumptions are reviewed periodically and the effects of each change is immediately reflected in the income statement.

The financial statement items that require, more than others, a subjective judgment by management when elaborating the estimates and for which a change in the conditions underlying the assumptions could have a significant impact on the financial statement, are as summarized below.

- Non-current assets: the Company reviews the carrying value of property, plant and equipment, intangible assets, investments in subsidiaries, joint ventures and associates and other non-current assets, when events and circumstances make such review necessary in order to determine their recoverable value. The analysis of impairment is generally performed using estimates of the cash flows from the use or sale of the asset and an adequate discount rate to calculate the present value. When the carrying value of a non-current asset has recorded a loss in value, the Company recognizes an impairment loss equal to the difference between the carrying amount of the asset and its recoverable amount from use or sale, as determined with reference to the cash flows included in the most recent business plans.
- Deferred tax assets: the Company has deferred tax assets on deductible temporary differences and theoretical tax benefits from losses carried forward which are recognized to the extent that it is probable for future taxable profit will be available against which they can be retrieved. The recoverability of deferred tax assets recognized in relation to tax losses in future years and deductible temporary differences takes into account the estimate of future taxable incomes and is based on prudent tax planning.
- Inventory write-down provision: the recoverability of inventories is assessed to any impairment losses on inventories, determined on the basis of past experience as well as any anomalous trends in market prices that may have an impact on future inventory write-downs.
- Bad debt provision: the recoverability of receivables is assessed taking into account the risk of not collecting the credits, their maturity and losses on receivables reported in the past for similar type of accounts.
- Employee benefit obligations: provisions for employee benefits obligations are measured on the actuarial basis, which requires the use of estimates and assumptions to determine the net value. The actuarial method considers financial parameters, for example, such as the discount rate and the growth rates of wages and considers the probability of occurrence of potential future events through the use of demographic parameters such as the mortality rate and the rate of resignation or retirement of employees.
- Warranties provision: at the sale of a product, the Company recognizes a provision equal to the estimated costs of product warranty. The estimate of this fund is calculated on the basis of historical information on the nature, frequency and average cost of warranty claims.
- Contingent liabilities: the Company recognizes a liability for disputes and lawsuits in progress when it is considered probable that there will be a financial outflow and when the amount of the resulting losses can be reasonably estimated. In the event that an adverse outcome is possible but the amount is not determinable, such fact is disclosed in the notes to the financial statements. The

causes may relate to complex legal and tax issues that are subject to different level of uncertainty, against which it is possible that the value of the funds may vary as a result of future developments in the ongoing proceedings. The Company monitors the status of pending litigation and consults with its own legal advisors and experts.

- **Depreciation and amortization:** changes of economic conditions of the market, technology and competitive forces could significantly affect the useful life of property, plant and equipment and intangible assets, and may result in a difference in the timing and the amount of depreciation and amortization.
- **Income taxes:** income taxes calculated through a prudent interpretation of the tax laws. This sometimes involves complex estimates to determine taxable income and deductible temporary differences between accounting values and tax values.

#### 4. NOTES TO THE STATEMENT OF FINANCIAL POSITION

##### PROPERTY, PLANT AND EQUIPMENT

The item “Property, plant and equipment” amounts to Euro 40,769 thousand as of December 31, 2015 (Euro 33,935 thousand as of December 31, 2014).

The following table reports the amounts and movements of property, plants and equipment for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Land	Buildings and leasehold improvements	Plant and machinery	Production and commercial equipment	Other assets	Assets under construction and advances	Total
<b>Net book value as of January 1, 2014</b>	-	18,209	4,732	11,370	2,298	1,637	38,246
<b>Historical cost as of January 1, 2014</b>	-	22,794	9,140	43,601	11,332	1,637	88,504
Additions	-	1	620	321	292	1,596	2,830
Disposals	-	-	-	(1,265)	(126)	-	(1,391)
Reclassification	-	-	-	454	-	(454)	-
<b>Historical cost as of December 31, 2014</b>	-	22,795	9,760	43,111	11,498	2,779	89,943
<b>Accumulated depreciation as of January 1, 2014</b>	-	(4,585)	(4,408)	(32,231)	(9,034)	-	(50,258)
Depreciation	-	(1,980)	(764)	(3,824)	(563)	-	(7,131)
Disposals	-	-	-	1,257	124	-	1,381
<b>Accumulated depreciation as of December 31, 2014</b>	-	(6,565)	(5,172)	(34,798)	(9,473)	-	(56,008)
<b>Net book value as of December 31, 2014</b>	-	16,230	4,588	8,313	2,025	2,779	33,935
<b>Historical cost as of December 31, 2015</b>	-	22,795	9,760	43,111	11,498	2,779	89,943
Additions	2,658	7,146	1,108	355	582	2,996	14,845
Disposals	-	(123)	(470)	(462)	(723)	-	(1,778)
Impairment losses	-	-	-	(72)	-	(416)	(488)
Reclassification	-	-	355	2,426	-	(2,781)	-

<b>Historical cost as of December 31, 2015</b>	<b>2,658</b>	<b>29,818</b>	<b>10,753</b>	<b>45,358</b>	<b>11,357</b>	<b>2,578</b>	<b>102,522</b>
<b>Accumulated depreciation as of January 1, 2015</b>	-	<b>(6,565)</b>	<b>(5,172)</b>	<b>(34,798)</b>	<b>(9,473)</b>	-	<b>(56,008)</b>
Depreciation	-	(2,080)	(833)	(3,844)	(586)	-	(7,343)
Disposals	-	106	377	445	670	-	1,598
<b>Accumulated depreciation as of December 31, 2015</b>	-	<b>(8,539)</b>	<b>(5,628)</b>	<b>(38,197)</b>	<b>(9,389)</b>	-	<b>(61,753)</b>
<b>Net book value as of December 31, 2015</b>	<b>2,658</b>	<b>21,279</b>	<b>5,125</b>	<b>7,161</b>	<b>1,968</b>	<b>2,578</b>	<b>40,769</b>

The category of buildings and leasehold improvements mainly includes buildings used for production and commercial activities, and installations performed on property leased to the Company in order to make the buildings of the new complex denominated “Technogym Village”, suitable to be used as corporate headquarters. Plant and machinery mainly includes expenditures of carpentry and painting, and production lines. Production and commercial equipment mainly refers to molds used for the production, and equipment used for the assembly and weld of the products. Assets under construction and advances mainly relate to investments in production sites that have not yet been placed into service at the end of the year.

Investments in property, plant and equipment for the year ended December 31, 2015 amounts to a total of Euro 14,845 thousand and are mainly related to land and buildings and leasehold improvements (respectively for Euro 2,658 thousand and Euro 7,146 thousand) primarily attributable to the purchase of two industrial buildings and their relative land, located in the municipality of Gambettola (FC). The investments in assets under construction (Euro 2,996 thousand), in plant and machinery (Euro 1,108 thousand) and in production and commercial equipment (Euro 355 thousand) mainly refer to the purchase of specific plants and molds for the update of existing production lines and to the implementation of new production lines. Investments in other assets of Euro 582 thousand, mainly relate to the purchase of furniture, furnishing and electronic office equipment.

Investments in property, plant and equipment for the year ended December 31, 2014 amounts to a total of Euro 2,830 thousand. The investments in assets under construction of Euro 1,596 thousand refers to the implementation of new production lines. The investments in plant and machinery and in production and commercial equipment, respectively of Euro 620 thousand and Euro 321 thousand, are related to the purchase of plants and molds for the update of existing production lines and to the implementation of new production lines. Investments in other assets, of Euro 292 thousand, mainly relate to the purchase of furniture, furnishing and electronic office equipment.

Net disposals of property, plant and equipment for the years ended December 31, 2015 and 2014 are not significant.

In the year ended December 2015, the Company reported impairment losses on property, plant and equipment for Euro 488 thousand, which refers to the following categories: i) production and commercial equipment for Euro 72 thousand and ii) assets under construction and advances for Euro 416. These impairment losses relate mainly to molds for which the Company believes there

were no longer in place the conditions to produce future benefits. As of December 31, 2014, the Company has not identified any indicators of impairment losses related to property, plant and equipment.

As of December 31, 2015 and 2014, there are no property and instrumental property subject to any kind of guarantee given to third parties, nor assets carried under financial leases.

## INTANGIBLE ASSETS

The item “Intangible assets” amounts to Euro 18,626 thousand as of December 31, 2015 (Euro 19,424 thousand as of December 31, 2014).

The following table reports the amounts and movements of intangible assets for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Development costs	Patents and intellectual property rights	Concessions, licenses, trademarks and similar rights	Intangibles under development and advances	Other intangible assets	Total
<b>Net book value as of January 1, 2014</b>	<b>19,467</b>	<b>2,297</b>	<b>356</b>	<b>3,868</b>	<b>1,680</b>	<b>27,668</b>
<b>Historical cost as of January 1, 2014</b>	<b>37,057</b>	<b>6,139</b>	<b>1,108</b>	<b>3,868</b>	<b>3,460</b>	<b>51,632</b>
Additions	1,379	556	69	4,000	178	6,182
Disposals	(6,592)	(977)	(147)	-	-	(7,716)
Impairment losses	(2,662)	-	-	(2,195)	(1,664)	(6,521)
Reclassification	288	27	-	(315)	-	-
<b>Historical cost as of December 31, 2014</b>	<b>29,470</b>	<b>5,745</b>	<b>1,030</b>	<b>5,358</b>	<b>1,974</b>	<b>43,577</b>
<b>Accumulated amortization as of January 1, 2014</b>	<b>(17,590)</b>	<b>(3,842)</b>	<b>(752)</b>	<b>-</b>	<b>(1,780)</b>	<b>(23,964)</b>
Amortization	(6,395)	(1,355)	(97)	-	(58)	(7,905)
Disposals	6,592	977	147	-	-	7,716
<b>Accumulated amortization as of December 31, 2014</b>	<b>(17,393)</b>	<b>(4,220)</b>	<b>(702)</b>	<b>-</b>	<b>(1,838)</b>	<b>(24,153)</b>
<b>Net book value as of December 31, 2014</b>	<b>12,077</b>	<b>1,525</b>	<b>328</b>	<b>5,358</b>	<b>136</b>	<b>19,424</b>
<b>Historical cost as of January 1, 2015</b>	<b>29,470</b>	<b>5,745</b>	<b>1,030</b>	<b>5,358</b>	<b>1,974</b>	<b>43,577</b>
Additions	1,224	1,473	230	3,768	5	6,700
Disposals	(7,288)	(1,867)	(132)	-	(1,796)	(11,083)
Impairment losses	-	-	-	(56)	-	(56)
Reclassification	3,766	682	135	(4,583)	-	-
<b>Historical cost as of December 31, 2015</b>	<b>27,172</b>	<b>6,033</b>	<b>1,263</b>	<b>4,487</b>	<b>183</b>	<b>39,138</b>
<b>Accumulated amortization as of January 1, 2015</b>	<b>(17,393)</b>	<b>(4,220)</b>	<b>(702)</b>	<b>-</b>	<b>(1,838)</b>	<b>(24,153)</b>
Amortization	(5,589)	(1,561)	(249)	-	(43)	(7,442)
Disposals	7,288	1,867	132	-	1,796	11,083
<b>Accumulated amortization as of December 31, 2015</b>	<b>(15,694)</b>	<b>(3,914)</b>	<b>(819)</b>	<b>-</b>	<b>(85)</b>	<b>(20,512)</b>
<b>Net book value as of December 31, 2015</b>	<b>11,478</b>	<b>2,119</b>	<b>444</b>	<b>4,487</b>	<b>98</b>	<b>18,626</b>

Development costs refer to costs that arise from the innovation activity performed by the Company as part of its ordinary activities. Patents and intellectual property rights include expenditures related to the acquisition and registration of patents, for model and design costs, for rights and licenses costs for the use of software, and for development costs of business software. Intangibles under development and advances mainly refers to expenses incurred by the Group relative to projects for the development of new products and product lines that are not yet in use at year-end, as well as costs for software and applications to support them.

Investments in intangible assets for the year ended December 31, 2015, amounting to a total of Euro 6,700, are mainly related to patents and intellectual property rights (Euro 1,473 thousand), development costs (Euro 1,224 thousand) and intangibles under development and advances (Euro 3,768 thousand). Investments in patents and intellectual property right mainly refers to the purchase of a new software and its implementation, used to deliver after-sales assistance, as well as to the development of the Company's official website and the e-commerce store. The additions in development costs mainly refers to: i) the New Group Cycle, which is used to train groups and allows the trainer to access and see details of the individual training session of each user through a digital interface; ii) the "MyRun" treadmill, designed for the Home & Consumer segment and equipped with advanced technological and biomechanical solutions, including a display that connects the user's tablet to the machine in order to access and manage personalised training programmes, and the "Running Rate" system that helps analyse and correct users' movements; iii) extension of the Pure Strength line through the introduction of five new machines and three new racks for strength training and muscle endurance. The investments in intangibles under development and advances are mainly related to the update of software related to products already on the market as well as to the development of new products and product lines and their software and applications.

Investments in intangible assets for the year ended December 31, 2014 amount to a total of Euro 6,182 thousand and are mainly related to development costs for Euro 1,379 thousand and intangibles under development and advances for Euro 4,000 thousand. Investments in development costs as of December 31, 2014 are attributable to: i) the Plurima line, which was designed to meet the specific needs of the Home & Consumer, Hospitality & Residential and Health and Corporate & Public market segments and is based on a multi-station machine that in just 6.5 m<sup>2</sup> allows multiple users to exercise simultaneously and perform more than 150 full-body exercises; and ii) the Pure Strength line, which includes 15 machines and two racks for strength training and muscle endurance. As of December 31, 2014, the investments in intangibles under development and advances are mainly related to the update of software related to products already on the market as well as to the development of new products and product lines and their software and applications.

During the years 2015 and 2014 the Company recognized impairment losses on tangible assets for Euro 56 thousand and Euro 6,521 thousand respectively, attributable to the following categories: (i) development costs for Euro 2,662 thousand for the year ended December 31, 2014, (ii) intangibles under development and advances for Euro 56 thousand and Euro 2,195 thousand respectively for the year ended December 31, 2015 and the year ended December 31, 2014 and (iii) other intangible assets for Euro 1,664 thousand for the year ended December 31, 2014.

Those impairment losses are mainly related to projects and contracts that will no longer produce benefits in the future, in consideration of the evolution of technology, the state of progress, and the possibility of realization.

## DEFERRED TAX ASSETS

The item “Deferred tax assets” amounts to Euro 8,578 thousand as of December 31, 2015 (Euro 5,560 thousand as of December 31, 2014).

The following table reports the amounts and movements of deferred tax assets for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>As of January 1, 2014</b>	Net additions	Utilization s	<b>As of December r 31, 2014</b>	Change of corporate income tax rate	Net additions	Utilization s	<b>As of December r 31, 2014</b>
Inventory write-down provision	<b>2,552</b>	1,533	(727)	<b>3,358</b>	-	308	(1,303)	<b>2,363</b>
Warranties provision	<b>1,486</b>	995	(918)	<b>1,563</b>	(87)	1,225	(1,034)	<b>1,667</b>
Provision for estimated future costs	<b>112</b>	28	(112)	<b>28</b>	2	1,483	(27)	<b>1,486</b>
Provision for products in display	-	-	-	-	-	1,058	(1)	<b>1,057</b>
Consultancies	-	338	-	<b>338</b>	-	447	-	<b>785</b>
Free Product Fund	<b>126</b>	281	(116)	<b>291</b>	-	439	(147)	<b>583</b>
Exchange rate fluctuations	<b>140</b>	25	(212)	<b>(47)</b>	-	541	-	<b>494</b>
Goodwill value	<b>396</b>	-	(74)	<b>322</b>	-	-	(74)	<b>248</b>
IPO costs	-	-	-	-	-	194	(39)	<b>155</b>
Non-Competition Agreement provision	<b>63</b>	156	(97)	<b>122</b>	(15)	53	(16)	<b>144</b>
Provisions for litigations	<b>8</b>	-	-	<b>8</b>	-	117	-	<b>125</b>
Accumulated amortization of trademarks	<b>48</b>	8	(4)	<b>52</b>	-	9	(5)	<b>56</b>
Other provisions for risks and charges	-	-	-	-	-	47	-	<b>47</b>
Compensation of Directors and auditors	<b>77</b>	61	(71)	<b>67</b>	-	45	(74)	<b>38</b>
Bad debt provision	<b>387</b>	30	(323)	<b>94</b>	-	24	(100)	<b>18</b>
Employee benefits obligations	<b>(40)</b>	91	-	<b>51</b>	-	-	(38)	<b>13</b>
Agents provision	<b>38</b>	15	(30)	<b>23</b>	(3)	-	(11)	<b>9</b>
Bank charges	<b>1</b>	-	(1)	-	-	-	-	-
Investments accounted at FV	<b>(710)</b>	-	-	<b>(710)</b>	-	-	-	<b>(710)</b>
<b>Total deferred tax assets</b>	<b>4,684</b>	<b>3,561</b>	<b>(2,685)</b>	<b>5,560</b>	<b>(103)</b>	<b>5,990</b>	<b>(2,869)</b>	<b>8,578</b>

Whereas permitted by the IFRS, deferred tax assets are shown net of deferred tax liabilities in order to show a correct representation.

There are no deferred tax assets recognized on tax losses carried forward and that there are no tax losses carried forward in respect of which were not recognized deferred tax assets.

## INVESTMENTS

The item “Investments” amounts to Euro 108,485 thousand as of December 31, 2015 (Euro 113,751 thousand as of December 31, 2014).

The following table reports the details of investments as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	As of December 31	
	2015	2014
<b>Investments</b>		
<b>Investments in subsidiaries</b>		
Investments in subsidiaries (gross value)	177,620	167,859
Write-down provision of investments in subsidiaries	(69,193)	(54,399)
<b>Total investments in subsidiaries</b>	<b>108,427</b>	<b>113,460</b>
Investments in joint ventures and associates (gross value)	321	291
Write-down provision of investments in joint ventures and associates	(263)	-
<b>Total investments in joint ventures and subsidiaries</b>	<b>58</b>	<b>291</b>
<b>Total investments</b>	<b>108,485</b>	<b>113,751</b>

The following table reports the amounts and movements of investments (gross value) for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	As of January 1, 2014	Investments	Dividends	As of December 31, 2014	Investments	Dividends	As of December 31, 2015
<b>Subsidiaries</b>							
Technogym UK Ltd	28,995	-	-	28,995	-	-	28,995
Technogym wellness & biomedical Gmbh	16,843	-	-	16,843	-	-	16,843
Technogym E.E. SRO	15,024	-	-	15,024	-	-	15,024
Technogym Benelux BV	12,503	-	-	12,503	-	-	12,503
Technogym USA Corp.	30,054	4,431	-	34,485	3,674	-	38,159
Technogym Shangai Int. Trading Co. Ltd.	13,300	2,500	-	15,800	-	-	15,800
Technogym Australia Pty Ltd	3,756	2,642	-	6,398	1,223	-	7,621
Mywellness S.r.l	3,131	-	-	3,131	-	-	3,131
Technogym Japan Ltd.	3,069	-	-	3,069	-	-	3,069
Technogym International BV	113	2,887	-	3,000	-	-	3,000
Technogym Trading SA	2,869	-	-	2,869	-	-	2,869
Technogym Equipamentos de Ginastica e Solucao para Bem-Estar LTDA	2,746	16,692	-	19,438	5,479	-	24,917
Laserpro S.r.l.	2,026	-	-	2,026	-	-	2,026
Technogym France Sas	1,267	-	-	1,267	-	-	1,267
Technogym Asia Ltd	2,306	-	-	2,306	-	(630)	1,676
Sidea S.r.l	700	-	-	700	-	-	700
Technogym Portugal Unipessoal Lda	5	-	-	5	-	-	5
Technogym Fabricacao Equipamentos de Ginastica LTDA	1,084	-	(1,084)	-	-	-	-
T-wellness S.r.l.	-	-	-	-	-	-	-
Wellness Consulting Ltd	-	-	-	-	15	-	15
<b>Total subsidiaries</b>	<b>139,791</b>	<b>29,152</b>	<b>(1,084)</b>	<b>167,859</b>	<b>10,391</b>	<b>(630)</b>	<b>177,620</b>
<b>Joint ventures and associates</b>							
Techogym Emirates LLC	28	-	-	28	-	-	28
Fitstadium S.r.l	113	150	-	263	-	-	263
Wellink S.r.l.	-	-	-	-	30	-	30
<b>Total joint ventures and associates</b>	<b>141</b>	<b>150</b>	<b>-</b>	<b>291</b>	<b>30</b>	<b>-</b>	<b>321</b>

Investments in “Subsidiaries” and “Joint ventures and associates” for the years ended December 31, 2015 and 2014 represents the capital increases with the exception of the establishment of the company Wellness Consulting Ltd and the new investment in the share capital of Wellink S.r.l., both during the year 2015.

The following table reports the amounts and movements of investments write-down provision for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>As of January 1, 2014</b>	<b>Net additions</b>	<b>Reclassifi- cation</b>	<b>Releases</b>	<b>As of December 31, 2014</b>	<b>Net additions</b>	<b>Releases</b>	<b>As of December 31, 2015</b>
Technogym USA Corp.	(19,762)	(2,557)	-	-	(22,319)	(9,099)	-	(31,418)
Technogym Shangai Int. Trading Co. Ltd.	(10,054)	(1,111)	-	-	(11,165)	(47)	-	(11,212)
Technogym Australia Pty Ltd	(1,340)	(727)	-	-	(2,067)	(2,398)	-	(4,465)
Technogym Equipamentos de Ginastica e Solucao para Bem-Estar LTDA	(2,746)	(4,591)	(9,727)	-	(17,064)	(3,556)	-	(20,620)
Laserpro S.r.l.	(709)	-	-	23	(686)	(23)	-	(709)
Technogym Asia Ltd	(1,245)	-	-	147	(1,098)	-	329	(769)
Technogym Fabricacao Equipamentos de Ginastica LTDA	(1,084)	-	1,084	-	-	-	-	-
<b>Total subsidiaries</b>	<b>(36,940)</b>	<b>(8,986)</b>	<b>(8,643)</b>	<b>170</b>	<b>(54,399)</b>	<b>(15,123)</b>	<b>329</b>	<b>(69,193)</b>
<b>Joint ventures and associates</b>								
Fitstadium S.r.l	-	-	-	-	-	(263)	-	(263)
<b>Total joint ventures and associates</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(263)</b>	<b>-</b>	<b>(263)</b>

The following table reports the details of investments as of December 31, 2015 and 2014:

<b>Entity name</b>	<b>Country of incorporation</b>	<b>% contro- l</b>	<b>Currency</b>	<b>Share capital as of December 31, 2015 (in local currency)</b>	<b>Equity as of December 31, 2015 (in local currency)</b>	<b>Profit/(los- s) of the year as of December 31, 2015 (in local currency)</b>	<b>Equity pro-rata as of December 31, 2015 (in Euro)</b>	<b>Net book value as of December 31, 2015 (in Euro)</b>
<b>Subsidiaries</b>								
Laserpro S.r.l.	Italy	100%	EUR	92,880	1,317,004	(22,839)	1,317,004	1,317,004
Mywellness S.p.A.	Italy	100%	EUR	100,000	3,118,180	2,996,873	3,118,180	3,131,300
Technogym Asia Ltd.	Hong Kong	100%	HKD	16,701,750	7,660,881	3,072,462	908,434	907,945
Technogym Australia Pty Ltd	Australia	100%	AUD	11,350,000	4,702,112	(1,720,716)	3,132,199	3,156,416
Technogym Benelux BV	Holland	100%	EUR	2,455,512	3,474,243	988,732	3,474,243	12,503,000
Technogym E.E. SRO	Slovakia	100%	EUR	15,033,195	16,093,352	724,142	15,932,419	15,024,000
Technogym France Sas	France	100%	EUR	500,000	314,875	(403,706)	314,875	1,267,424
Technogym Japan Ltd.	Japan	100%	JPY	320,000,000	937,463,213	301,942,395	7,084,027	3,068,792
Technogym Portugal Unipessoal Lda	Portugal	100%	EUR	5,000	714,924	310,264	714,924	5,000
Technogym Shangai Int. Trading Co. Ltd.	China	100%	CNY	132,107,600	32,391,868	(2,539,990)	4,612,695	4,587,563
Technogym Trading S.A.	Spain	100%	EUR	2,499,130	5,577,297	820,130	5,577,297	2,869,130
Technogym UK Ltd	United Kingdom	100%	GBP	100,000	6,525,320	5,419,499	8,984,197	28,995,000
Technogym USA Corp.	United States	100%	USD	3,500,000	7,180,708	(11,588,962)	6,599,783	6,740,291
Technogym Germany GmbH	Germany	100%	EUR	1,559,440	4,533,503	1,223,148	4,533,503	16,843,000
Technogym International B.V.	Holland	100%	EUR	113,445	4,199,671	276,458	4,199,671	3,000,000
Technogym Equipamentos de Ginastica e Solucao para Bem-Estar LTDA	Brasil	100%	BRL	80,268,457	18,621,363	(13,560,644)	4,413,909	4,297,204



Sidea S.r.l	Italy	70%	EUR	150,000	995,401	205,777	696,781	699,500
Wellness Consulting Ltd	United Kingdom	100%	GBP	10,000	8,000	(2,000)	11,015	13,862
<b>Joint ventures and associates</b>								
Techogym Emirates LLC	United Emirates Arab	49%	AED	300,000	30,804,212	8,412,711	3,779,064	28,188
Wellink S.r.l.	Italy	40%	EUR	60,000	109,399	29,258	43,760	30,161
Fitstadium S.r.l	Italy	45%	EUR	13,506	108,457	(161,543)	48,805	-

As of December 31, 2015 and 2014, there are investments for which have not been identified permanent impairment losses despite their net book value exceeding the value of the share in the equity.

## OTHER NON-CURRENT ASSETS

The item “Other non-current assets” amounts to Euro 8,610 thousand as of December 31, 2015 (Euro 6,505 thousand as of December 31, 2014).

The following table reports the amounts and movements of other non-current assets as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>As of December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Other non-current assets</b>		
Transferred trade receivables (due after 12 months)	6,317	4,970
Income tax receivables (due after 12 months)	1,297	1,297
Investments in other entities	919	171
Security deposits	77	67
<b>Total other non-current assets</b>	<b>8,610</b>	<b>6,505</b>

Transferred trade receivables (due after 12 months) of Euro 6,317 thousand and Euro 4,970 thousand as of December 31, 2015 and 2014 include the non-current portion of receivables arising from the sale of goods which, although they were transferred to third financial institutions, they are retained in the financial statements as they do not meet all the conditions required by IAS 39 for their derecognition. The amounts received by financial institutions as advances on transferred trade receivables are recognized as financial liabilities. See note 7 “Trade receivables”.

Income tax receivables (due after 12 months) refer to the IRES credit arising from the instance of repayment for not deducting IRAP on personnel costs in previous years.

Security deposits are recognized in respect to property leases, lease agreements for vehicles and utilities.

The following table reports the details of investments in other entities as of December 31, 2015 and 2014:

(In thousand of Euro)	Country of incorporation	% control	Currency	As of December 31	
				2015	2014
<b>Entity name</b>					
Sandcroft Avenue Ltd	United Kingdom	12.2%	GBP	749	-
Pubblisole Spa	Italy	2.4%	EUR	100	100
Qicraft Finland OY	Finland	10.0%	EUR	25	25
Crit Srl	Italy	1.2%	EUR	26	26
Altre partecipazioni	n.a.	n.a.	n.a.	19	20
<b>Total investments in other entities</b>				<b>919</b>	<b>171</b>

These investments are classified as financial instruments available for sale and they are measured at acquisition cost, since they are not traded in an active market and the fair value cannot be reliably determined. As of December 31, 2015 and 2014, the Company has not identified indicators of impairment losses in regards to investments in other entities.

## INVENTORY

The item “Inventory” amounts to Euro 35,714 thousand as of December 31, 2015 (Euro 32,251 thousand as of December 31, 2014). The following table reports the details of inventory as of December 31, 2015 and 2014:

(In thousand of Euro)	As of December 31	
	2015	2014
<b>Inventory</b>		
Raw materials (gross value)	13,042	13,108
Write-down provision	(3,869)	(3,399)
<b>Total raw materials</b>	<b>9,173</b>	<b>9,709</b>
Work in progress (gross value)	433	342
Write-down provision	(196)	(247)
<b>Total work in progress</b>	<b>237</b>	<b>95</b>
Finished goods (gross value)	33,132	29,496
Write-down provision	(6,828)	(7,049)
<b>Total finished goods</b>	<b>26,304</b>	<b>22,447</b>
<b>Total inventory</b>	<b>35,714</b>	<b>32,251</b>

The increase in the inventory between December 31, 2015 and December 31, 2014 is the result of the management of inventory implemented by the Company.

Average days of inventory rotation was steady between the two years.

The following table reports the amounts and movements of inventory write-down provision for the years ended December 31, 2015 and 2014:

(In thousand of Euro)	Raw materials	Work in progress	Finished goods	Total inventory write-down provision
<b>As of January 1, 2014</b>	<b>4,454</b>	<b>-</b>	<b>3,675</b>	<b>8,129</b>
Net additions	(1,055)	247	3,374	2,566
Utilizations	-	-	-	-
<b>As of December 31, 2014</b>	<b>3,399</b>	<b>247</b>	<b>7,049</b>	<b>10,695</b>

Net additions	616	9	357	982
Utilizations	(116)	(50)	(618)	(784)
Reclassification	(30)	(10)	40	-
<b>As of December 31, 2015</b>	<b>3,869</b>	<b>196</b>	<b>6,828</b>	<b>10,893</b>

Total inventory write-down provision as of December 31, 2015 was in line with total inventory write-down provision as of December 31, 2014.

## TRADE RECEIVABLES

The item “Trade receivables”, net of bad debt provision, amounts to Euro 58,099 thousand as of December 31, 2015 (Euro 49,037 thousand as of December 31, 2014). The following table reports the details of trade receivables as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>As of December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Trade receivables</b>		
Trade receivables (gross value)	54,225	46,371
Bad debt provision	(544)	(706)
Transferred trade receivables	4,418	3,642
<b>Total trade receivables</b>	<b>58,099</b>	<b>49,307</b>

The increase in trade receivables between December 31, 2015 and December 31, 2014 was mainly due to significant growth in sales.

Transferred trade receivables of Euro 4,418 thousand as of December 31, 2015 and Euro 3,642 thousand as of December 31, 2014, refers to the current portion of receivables arising from the sale of goods which, although they are transferred to third financial institutions, they are retained in the financial statements as they do not meet all the conditions required by IAS 39 for their derecognition from assets. The amounts received by financial institutions as advances on transferred trade receivables are recognized as financial liabilities.

The following table reports the details of trade receivables broken down by maturity of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>Not overdue</b>	<b>Up to 30 days past due</b>	<b>Between 31 and 90 days past due</b>	<b>Between 91 and 180 days past due</b>	<b>Between 181 and 360 days past due</b>	<b>More than 360 days past due</b>	<b>Total</b>
Trade receivables (gross value)	39,763	1,840	445	177	946	3200	46,371
Bad debt provision	(153)	(12)	(4)	(20)	(109)	(408)	(706)
Transferred trade receivables	3,642	-	-	-	-	-	3,642
<b>As of December 31, 2014</b>	<b>43,252</b>	<b>1,828</b>	<b>441</b>	<b>157</b>	<b>837</b>	<b>2,792</b>	<b>49,307</b>
Trade receivables (gross value)	46,382	2,741	1,922	765	2,011	406	54,225
Bad debt provision	(11)	(12)	(23)	(42)	(91)	(365)	(544)
Transferred trade receivables	4,418	-	-	-	-	-	4,418
<b>As of December 31, 2015</b>	<b>50,789</b>	<b>2,729</b>	<b>1,899</b>	<b>723</b>	<b>1,920</b>	<b>41</b>	<b>58,099</b>

A significant portion of overdue trade receivables that are not written-down refers to intercompany transactions.

Specific bad debt provisions have been established for receivables of doubtful collectability, which are monitored for collection by third party legal services, and for receivables from customers with a lower likelihood of collectability. Bad debt provisions are established based upon the credit position of each customer and the estimated realizable value of the outstanding amounts

The following table reports the amounts and movements of bad debt provision for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>Bad debt provision</b>
<b>As of January 1, 2014</b>	<b>1,658</b>
Net additions	445
Utilizations	(1,397)
<b>As of December 31, 2014</b>	<b>706</b>
Net additions	531
Utilizations	(693)
<b>As of December 31, 2015</b>	<b>544</b>

The utilizations of the bad debt provision arise when the Company has determined the existence of conditions for the dismissal of the credit position.

## MAIN CLIENTS

In accordance with IFRS 8, paragraph 34, for the years ended December 31, 2015 and December 31, 2014 the Company have no client that generate revenue more than 10% of the total revenue.

## CURRENT FINANCIAL ASSETS

The item “Current financial assets” amounts to Euro 36,422 thousand as of December 31, 2015 (Euro 3,651 thousand as of December 31, 2014). The following table reports the details of current financial assets as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>As of December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Current financial assets</b>		
Financial receivables from subsidiaries	36,317	3,651
Financial receivables from associates	100	-
Other financial receivables	5	-
<b>Total current financial assets</b>	<b>36,422</b>	<b>3,651</b>

The following table reports the details of financial receivables from subsidiaries as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>As of December 31</b>
------------------------------	--------------------------

	2015	2014
<b>Financial receivables from subsidiaries</b>		
Cash pooling	1,317	2,630
Loans granted	35,000	1,021
<b>Total financial receivables from subsidiaries</b>	<b>36,317</b>	<b>3,651</b>

The following table provides details of the scope of the cash pooling arrangements and related balances as of December 31, 2015 and 2014:

(In thousand of Euro)	Currency	As of December 31	
		2015	2014
<b>Cash pooling</b>			
Technogym France Sas	EUR	762	-
Technogym USA Corp.	USD	555	2,630
<b>Total cash pooling</b>		<b>1,317</b>	<b>2,630</b>

The following table provides details of loans granted by the Company to the subsidiaries as of December 31, 2015 and 2014:

(In thousand of Euro)	Currency	Interest rate	As of December 31	
			2015	2014
<b>Loans granted</b>				
Technogym Equipamentos de Ginastica e Solucao para Bem-Estar Ltda	USD	Variable	-	-
Technogym Equipamentos de Ginastica e Solucao para Bem-Estar Ltda	USD	Variable	-	832
Technogym Fabricacao de Equipamentos de Ginastica Ltda	USD	Variable	-	-
Technogym Equipamentos de Ginastica e Solucao para Bem-Estar Ltda	USD	Variable	-	189
Technogym E.E. SRO	EUR	Variable	35,000	-
<b>Total loans granted</b>			<b>35,000</b>	<b>1,021</b>

The increase of loans granted between December 31, 2015 and December 31, 2014 is related to the loan granted to the subsidiary Technogym E.E. SRO by the Company, in face of the outflow generated from a non-recurring event of fiscal nature as described in the note “Non-recurring events and transactions”.

## DERIVATIVE FINANCIAL INSTRUMENTS

The item “Derivative financial instruments” in the assets amounts to Euro 213 thousand as of December 31, 2015 (Euro 432 thousand as of December 31, 2014).

The following table reports the derivative financial instruments broken-down by currency as of December 31, 2015 and 2014:

(In thousand of Euro)	As of December 31	
	2015	2014
<b>Derivative financial instruments</b>		
USD	96	48
GBP	43	302
AUD	39	44
CNY	30	-
JPY	5	30
BRL	-	8
<b>Total derivative financial instruments</b>	<b>213</b>	<b>432</b>

Assets for derivative financial instruments are related to positive differences resulting from the fair value of “forward” contracts used to hedge the exposure to currency risk.

The following table reports forward financial instruments as of December 31, 2015 and 2014:

Financial instrument	Currency inflow (in thousand)	Currency outflow (in thousand)
<b><u>As of December 31, 2015</u></b>		
Forward	Euro 13,319	USD 14,500
Forward	Euro 3,302	CNY 23,550
Forward	Euro 2,485	JPY 329
Forward	Euro 496	AUD 750
Forward	GBP 7,000	Euro 9,678
<b><u>As of December 31, 2014</u></b>		
Forward	Euro 11,071	USD 13,800
Forward	Euro 1,792	CNY 13,900
Forward	Euro 1,000	BRL 3,230
Forward	Euro 1,839	JPY 265,500
Forward	Euro 2,556	AUD 3,750
Forward	GBP 6,400	Euro 8,073

## OTHER CURRENT ASSETS

The item “Other current assets” amounts to Euro 39,764 thousand as of December 31, 2015 (Euro 10,791 thousand as of December 31, 2014). The following table reports the amounts of other current assets as of December 31, 2015 and 2014:

(In thousand of Euro)	As of December 31	
	2015	2014
<b>Other current assets</b>		
VAT receivables	34,957	6,937
Prepaid expenses	2,008	1,695
Advances to suppliers	1,141	750
Accrued income	137	145
Tax receivables	8	22
Other receivables	1,513	1,242
<b>Total other current assets</b>	<b>39,764</b>	<b>10,791</b>

The increase of other current assets is mainly attributable to the increase of VAT receivables in respect of a non-recurring event of fiscal nature. For further information see note “Non-recurring events and transactions”.

Prepaid expenses mainly relate to insurance premiums, assistance and maintenance fees, marketing expenses, utilities and rent.

Advances to suppliers relates to advances and deposits paid for goods yet to be received.

## CASH AND CASH EQUIVALENTS

The item “Cash and cash equivalents” amounts to Euro 35,273 thousand as of December 31, 2015 (Euro 23,368 thousand as of December 31, 2014). The following table reports the amounts of cash and cash equivalents as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>As of December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Cash and cash equivalents</b>		
Bank deposits	35,265	23,240
Checks	6	5
Cash and cash equivalents on hand	2	123
<b>Total cash and cash equivalents</b>	<b>35,273</b>	<b>23,368</b>

Bank deposits represent temporary cash surplus on current accounts of the Company at year-end.

As of December 31, 2015 and 2014 there were no restrictions or limitations to the use of the cash of the Company.

## EQUITY

The item “Equity” amounts to Euro 85,760 thousand as of December 31, 2015 (Euro 45,165 thousand as of December 31, 2014). The following table reports the details of equity as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>As of December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Equity</b>		
Share capital	10,000	10,000
Share premium reserve	-	-
Other reserves	38,682	25,270
Retained earnings	-	-
Profit/ (loss) for the year	37,078	9,895
<b>Total Equity</b>	<b>85,760</b>	<b>45,165</b>

The following table reports the amounts and movements of equity for the years ended December 31, 2015 and 2014:

(In thousand of Euro)	Share capital	Share premium reserve	Other reserves			Retained earnings	Profit/(loss) for the year	Total equity
			Allocation for FTA reserve coverage	IAS 19 reserve	Stock option plan reserve			
<b>As of January 1, 2014</b>	<b>10,000</b>	<b>382,557</b>	<b>(382,432)</b>	<b>670</b>	<b>-</b>	<b>13,087</b>	<b>11,737</b>	<b>35,619</b>
Allocation of previous year profit	-	-	-	-	-	11,737	(11,737)	-
Allocation for FTA reserve coverage	-	(382,557)	407,381	-	-	(24,824)	-	-
Total comprehensive income for the year	-	-	-	(349)	-	-	9,895	<b>9,546</b>
<b>As of December 31, 2014</b>	<b>10,000</b>	<b>-</b>	<b>24,949</b>	<b>321</b>	<b>-</b>	<b>-</b>	<b>9,895</b>	<b>45,165</b>
Allocation of previous year profit	-	-	9,895	-	-	-	(9,895)	-
Total comprehensive income for the year	-	-	-	44	-	-	37,078	<b>37,122</b>
Incentive plan (LTMIP)	-	-	-	-	3,473	-	-	<b>3,473</b>
<b>As of December 31, 2015</b>	<b>10,000</b>	<b>-</b>	<b>34,844</b>	<b>365</b>	<b>3,473</b>	<b>-</b>	<b>37,078</b>	<b>85,760</b>

The “Share capital” of Euro 10,000 thousand is made of n. 10,000,000 ordinary shares with a nominal value of Euro 1 each, entirely subscribed and paid in cash.

The decrease in “Share premium reserve” of Euro 382,557 thousand in the year ended December 31, 2014, refers to the shareholders’ resolution of 17 July 2014 that approved the partial coverage by reclassification of “Allocation for FTA reserve coverage”, of which negative balance was generated from the reversal of assets which were not reportable according to the accounting principles adopted.

The “IAS 19 reserve” refers to the effects arising from the remeasurement of defined benefit plants, as represented in the statement of comprehensive income.

In the year 2015, it was activated an incentive plan that benefits the members of the top management.

The following table represents the additional disclosure on equity as requested by article 2427 of the Civil Code, paragraph 7 bis:

(In thousand of Euro)	As of December 31, 2015	Possibility of utilization	Quota available
<b>Equity</b>			
Share capital	10,000	<b>B</b>	10,000
Share premium reserve	-		-
Other reserves	38,682		38,682
- Allocation for FTA reserve coverage	34,844	<b>B</b>	34,844
- IAS 19 reserve	365	<b>B</b>	365
- Stock option plan reserve	3,473	<b>B</b>	3,473
<b>Total equity</b>	<b>48,682</b>		
<b>of which distributable</b>			<b>48,682</b>
<b>of which non-distributable</b>			-

Legend: A: for capital increase - B: for loss coverage - C: for dividend distribution



Profit/(loss) for the year amounts to Euro 37,078 thousand and is distributable to shareholders for an amount of Euro 3,676 thousand. The remaining portion, amounting to Euro 33,402 thousand, can only be used for capital increase or for loss coverage.

*Stock option plan reserve - incentive plan for the benefit of top management members*

As of December 31, 2015, it came to effect the incentive plan for the Technogym management, called long-term incentive plan (the “Incentive Plan”), as approved by the Board of Directors on June 18, 2015 and subsequently updated by the Board of Directors on December 16, 2015.

The primary purpose of the Incentive Plan is to increase the involvement of individuals in key positions towards the achievement of performance goals of the Company and the Technogym Group.

The Incentive Plan grants a certain amount of the Company’s shares at the occurrence of specific conditions and achievement of certain prerequisites. At the date of preparation of the Triennial Financial Statements, the beneficiaries of the Incentive Plan also include the CEO Nerio Alessandri and all key executives of the Company (collectively, the “Beneficiaries”).

The Incentive Plan provides distinct cases of free allocation of shares of the Company according to whether the listing of Company will happen before December 31, 2016 or later. The following is a summary of the principal terms and conditions for the maturity in case the listing of the Company’s shares happens before December 31, 2016.

In the event of the listing of the shares of the Company prior to December 31, 2016, the right of the Beneficiaries to receive the shares will occur only if the following conditions are jointly met:

- an average EBITDA (calculated according to the Incentive Plan and the Company’s financial statements) of Euro 69 million for the years ended December 31, 2014 and December 31, 2015; and
- a free cash flow (calculated according to the Incentive Plan and the Company’s financial statements) for each fiscal year from 2014 until the start date of trading of the Company shares (therefore, for the years ended December 31, 2014 and December 31, 2015) of at least 4.5% of the turnover of each corresponding financial year.

Beneficiaries will be entitled to receive the shares if, at the grant date (as identified below): (i) they still hold the employment relationship with the Company and Technogym Group, and as for the CEO to hold the same position and (ii) they have no pending notice of termination, for any reason, from the employment relationship with the Company or its subsidiaries. The grant date of the shares is at the end of the eighteenth month following the starting date of trading of the Company’s shares.

The Incentive Plan grants to the Beneficiaries a number of shares for a total amount of 1% of the conventional determined value of the Company (with a maximum of Euro 7 million), calculated based on a formula related to the net financial position of the Company and the market

capitalization value at the start date of trading of the Company shares. Therefore, the Beneficiaries will be entitled to a number of shares depending on the value determined.

Accordingly, the fair value of the instruments assigned will be the same as the value of the shares that is expected to be assigned. Specifically, the cost of the plan was determined in Euro 5,210 thousand, of which Euro 3,473 thousand attributable to the year 2015.

## FINANCIAL LIABILITIES

The item “Financial liabilities” as of December 31, 2015 amounts to Euro 48,458 thousand for non-current financial liabilities and Euro 91,599 thousand for current financial liabilities (respectively, Euro 4,972 thousand and Euro 131,995 thousand as of December 31, 2014).

The following table reports the amounts of financial liabilities, current and non-current, as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>As of December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Non-current financial liabilities</b>		
Bank loans due after 12 months - non-current portion	42,139	-
Non-current liabilities due to other lenders	6,317	4,970
Other non-current liabilities	2	2
<b>Total non-current financial liabilities</b>	<b>48,458</b>	<b>4,972</b>
<b>Current financial liabilities</b>		
Bank loans due after 12 months - current portion	17,926	10,000
Other short-term borrowings	35,000	89,224
Current liabilities due to other lenders	34,255	29,129
Other current liabilities	4,418	3,642
<b>Total current financial liabilities</b>	<b>91,599</b>	<b>131,995</b>

As of December 31, 2015, except for a loan from Banca Agricola Commerciale S.p.A. (of which residual value as of December 31, 2015 was Euro 6,289 thousand), the Company’s financial debt is entirely with variable interest rates.

## Bank loans

The following table reports the movements of bank loans for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Bank loans due after 12 months - non- current portion	Bank loans due after 12 months - current portion	<b>Total bank loans</b>
<b>As of January 1, 2014</b>	-	<b>40,000</b>	<b>40,000</b>
Proceeds	10,000	-	10,000
Repayments	-	(40,000)	(40,000)

Reclassification	(10,000)	10,000	-
<b>As of December 31, 2014</b>	<b>-</b>	<b>10,000</b>	<b>10,000</b>
Proceeds	70,000	-	70,000
Repayments	(9,935)	(10,000)	(19,935)
Reclassification	(17,926)	17,926	-
<b>As of December 31, 2015</b>	<b>42,139</b>	<b>17,926</b>	<b>60,065</b>

The following table reports the details of bank loans as of December 31, 2015 and 2014:

(In thousand of Euro)	Due date	Interest rate	As of December 31			
			2015	of which current	2014	of which current
<b>Bank loans</b>						
Unicredit S.p.A.	2020	Variable	27,063	6,063	-	-
Cassa di Risparmio di Parma e Piacenza S.p.A.	2020	Variable	13,540	3,040	-	-
Banca popolare dell'Emilia Romagna S.p.A.	2019	Variable	13,173	3,798	-	-
Banca Agricola Commerciale S.p.A.	2017	Fixed	6,289	5,025	-	-
Banca Agricola Commerciale S.p.A.	2015	Variable	-	-	10,000	10,000
<b>Total bank loans</b>			<b>60,065</b>	<b>17,926</b>	<b>10,000</b>	<b>10,000</b>

The medium-long term loan from Unicredit S.p.A. granted on April, 9, 2015 for a total of Euro 30,000 thousand, with maturity on April 9, 2020, is repayable in twenty equal quarterly instalments of Euro 1,500 each. The loan agreement contains the obligation for the Company to comply with the following financial covenant: “Net financial position”/“EBITDA”. The covenant is calculated annually on consolidated values and must not exceed 3.8.

The medium-long term loan from Cassa di Risparmio di Parma e Piacenza S.p.A. granted on March 26, 2015 for a total of Euro 15,000 thousand, with maturity on March 31, 2020, is repayable in ten equal six-monthly instalments of Euro 1,500 thousand each. The loan agreement contains the obligation for the Company to comply with the following financial covenant: “Net financial position”/“EBITDA”. The covenant is calculated annually on consolidated values and must not exceed 3.8.

The medium-long term loan from Banca Popolare dell'Emilia Romagna S.p.A. granted on March 23, 2015 for a total of Euro 15,000 thousand, with maturity on March 25, 2019, is repayable in eight six-monthly instalments. The loan agreement contains the obligation for the Company to comply with the following financial covenant: “Net financial position”/“EBITDA”. The covenant is calculated annually on consolidated values and must not exceed 4.

The medium-long term loan from Banca Agricola Commerciale S.p.A. granted on February 18, 2015, and starting from February 20, 2015 for a total of Euro 10,000 thousand, is repayable in eight quarterly instalments with maturity on February, 20, 2017. The loan agreement does not contain any financial covenant for the Company.

The medium-long term loan from Banca Agricola Commerciale S.p.A. granted in 2014 for a total of Euro 10,000 thousand with maturity on February 20, 2017, was fully reimbursed in January 2015.

The medium-long term loan from Banca Intesa Sanpaolo S.p.A. granted in 2008 for a total of Euro 150,000 thousand with maturity in 2014, was settled in accordance with the repayment plan. For the above loans, no guarantees have been given. As of December 31, 2015, all financial covenants described above were respected.

### Other short-term borrowings

The following table reports the details of other short-term borrowings as of December 31, 2015 and 2014:

(In thousand of Euro)	Currency	As of December 31	
		2015	2014
<b>Other short-term borrowings</b>			
Unicredit S.p.A.	EUR	-	28,600
Banca Nazionale del Lavoro	EUR	25,000	20,000
Banca Popolare di Sondrio	EUR	-	19,400
EMRO Finance Ireland Ltd	EUR	-	7,000
EMRO Finance Ireland Ltd	USD	-	8,724
Banca Popolare di Lodi	EUR	-	4,500
Cassa di Risparmio di Parma e Piacenza	EUR	10,000	1,000
<b>Total other short-term borrowings</b>		<b>35,000</b>	<b>89,224</b>

Other short-term borrowings mainly includes stand-by credit lines, short-term loans (generally “hot money”) and bank overdrafts. In particular, the Company recurs to short-term committed and uncommitted credit lines granted by leading banks, which accrues interests at variable rate, Euribor plus a spread.

### Financial payables to subsidiaries

The following table reports the details of financial payables to subsidiaries as of December 31, 2015 and 2014:

(In thousand of Euro)	As of December 31	
	2015	2014
<b>Financial payables</b>		
Cash pooling	19,130	14,790
Loans received	15,125	14,339
<b>Total financial payables</b>	<b>34,255</b>	<b>29,129</b>

The following table provides details of the scope of the cash pooling arrangements and related balances as of December 31, 2015 and 2014:

(In thousand of Euro)	Currency	As of December 31	
		2015	2014
<b>Cash pooling</b>			
Technogym UK Ltd	GBP	6,602	2,071
Technogym Germany Gmbh	EUR	6,602	5,286
Technogym Benelux BV	EUR	3,688	3,131
Technogym Trading S.A.	EUR	2,238	2,748

Technogym France Sas	EUR	-	1,554
<b>Total cash pooling</b>		<b>19,130</b>	<b>14,790</b>

The following table provides details of loans received by the Company from the subsidiaries as of December 31, 2015 and 2014:

(In thousand of Euro)	Currency	Interest rate	As of December 31	
			2015	2014
Loans received				
Technogym UK Ltd	GBP	Variable	13,625	-
Technogym UK Ltd	GBP	Variable	-	12,839
Technogym Benelux BV	EUR	Variable	1,500	-
Technogym Benelux BV	EUR	Variable	-	1,500
Total loans received			15,125	14,339

### Liabilities due to other lenders

Current and non-current liabilities due to other lenders refers to financing transactions guaranteed by the transfer of receivables arising from the sale of goods that, although they are transferred to third financial institutions, they are retained in the financial statements as they do not meet all the conditions required by IAS 39 for their derecognition from assets (see note 5 “Other non-current assets” and note 7 “Trade receivables”).

### EMPLOYEE BENEFIT OBLIGATIONS

The item “Employee benefit obligations” amounts to Euro 2,709 thousand as of December 31, 2015 (Euro 2,906 thousand as of December 31, 2014).

The following table reports the amounts and movements of employee benefit obligations for the years ended December 31, 2015 and 2014:

(In thousand of Euro)	Employee benefit obligations
<b>As of January 1, 2014</b>	<b>2,821</b>
Provisions	-
Financial expenses	88
Utilizations	(286)
Actuarial (gains)/losses	283
<b>As of December 31, 2014</b>	<b>2,906</b>
Provisions	(39)
Financial expenses	46
Utilizations	(96)
Actuarial (gains)/losses	(108)
<b>As of December 31, 2015</b>	<b>2,709</b>

Information about the actuarial valuation of provisions for employee benefit obligations is presented in the note 15 “Provisions”.

## PROVISIONS

The item “Provisions” as of December 31, 2015 amounts to Euro 4,629 thousand for non-current financial liabilities and Euro 10,225 thousand for current financial liabilities (respectively, Euro 3,707 thousand and Euro 5,314 thousand as of December 31, 2014).

The following table reports the details of provisions, current and non-current, as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	As of December 31	
	2015	2014
<b>Non-current provisions</b>		
Warranties provision	2,806	2,489
Non Competition Agreement provision	900	771
Agents provision	459	417
Ongoing lawsuits provision	454	30
Other provisions for risks and charges	10	-
<b>Total non-current provisions</b>	<b>4,629</b>	<b>3,707</b>
<b>Current provisions</b>		
Warranties provision	2,806	2,488
Free Product Fund provision	1,857	927
Write-down of investments provision	-	-
Other provisions for risks and charges	5,562	99
<b>Total current provisions</b>	<b>10,225</b>	<b>3,514</b>

The following table reports the amounts and movements of provisions, current and non-current, for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Warrant ies provisio n	<i>Non- Competi tion Agreem ent provisio n</i>	Agents provisio n	Ongoin g lawsuits provisio n	Other provisio ns for risks and charges	<b>Non- current provisio ns</b>	Warrant ies provisio n	<i>Free Product Fund provisio n</i>	Write- down of investm ents provisio n	Other provisio ns for risks and charges	<b>Curren t provisio ns</b>
<b>As of January 1, 2014</b>	<b>2,368</b>	<b>612</b>	<b>335</b>	<b>30</b>	<b>-</b>	<b>3,345</b>	<b>2,368</b>	<b>402</b>	<b>8,643</b>	<b>395</b>	<b>11,808</b>
Provisions	121	86	138	-	-	345	120	894	(8,643)	(21)	(7,650)
Reclassifications	-	-	-	-	-	-	-	-	-	-	-
Financial expenses	-	19	53	-	-	72	-	-	-	-	-
Actuarial (gains)/losses	-	198	-	-	-	198	-	-	-	-	-
Utilizations	-	(144)	(109)	-	-	(253)	-	(369)	-	(275)	(644)
<b>As of December 31, 2014</b>	<b>2,489</b>	<b>771</b>	<b>417</b>	<b>30</b>	<b>-</b>	<b>3,707</b>	<b>2,488</b>	<b>927</b>	<b>-</b>	<b>99</b>	<b>3,514</b>
Provisions	2,062	105	89	424	10	2,690	2,062	1,398	-	5,562	9,022
Reclassifications	-	-	-	-	-	-	-	-	-	-	-
Financial expenses	-	12	-	-	-	12	-	-	-	-	-
Actuarial (gains)/losses	-	64	(36)	-	-	28	-	-	-	-	-
Utilizations	(1,745)	(52)	(11)	-	-	(1,808)	(1,744)	(468)	-	(99)	(2,311)
<b>As of December 31, 2015</b>	<b>2,806</b>	<b>900</b>	<b>459</b>	<b>454</b>	<b>10</b>	<b>4,629</b>	<b>2,806</b>	<b>1,857</b>	<b>-</b>	<b>5,562</b>	<b>10,225</b>

Current and non-current warranties provision are reasonably estimated by the Company on the basis of the contractual guarantees issued to customers and to the past experience, and refers to costs for spare parts and labour that the Company will incur in future years for repairs of products under

warranty of which sales revenue have already been recognized in the income statement of the year or of previous years.

Agents provision and Non-Competition Agreement provision represent a reasonable estimate of the expenses that the Company would incur in the event of interruption of agency relationships. Those provisions were calculated by independent actuaries and were measured using the actuarial valuation of the projected unit of the credit, in accordance with IAS 37 and IAS 19.

Free Product Fund provision represents the estimated non-monetary awards that the Company will recognize to customers for achieving specific purchasing volumes.

Other current provisions for risks and charges mainly relate to awards to employees for whom it is not yet defined the amount.

**Actuarial valuation of employee benefit obligations and Non-Competition Agreement provision according to the principle IAS 19 and agents provision according to the principle IAS 37**

The methodology used for the discounting is based on a stochastic simulation of Montecarlo Method.

The main demographic assumptions used by the actuary in the years 2015 and 2014 are the following: i) the probability of death is obtained by using tables determined by ISTAT in 2000 and reduced by 25%; ii) the probability of disability/invalidity as those adopted in the INPS model; iii) the retirement age for the general working population is assumed at achieving the first retirement requirement applicable for the Mandatory General Insurance; iv) the probability of leaving employment for reasons other than death was determined from the probability of turnover in line with the historical evolution of the phenomenon and, in particular, the annual rate of 4.50% was considered for the year 2015, and 4.00% for the year 2014; v) for the probability of early retirement it is applied an annual rate of 3% based on the history of the phenomenon and a percentage equal to 80% of the provision accumulated at the date of the request.

In addition, for Italian companies the following economic-financial assumptions were taken into account.

	As of December 31	
	2015	2014
Annual technical discount rate	2.00%	1.60%
Annual inflation rate	1.50%	1.50%
Annual rate of TFR increase	2.62%	2.62%
Annual rate of salary increase	3.00%	3.00%
Annual rate of commissions increase (for the evaluation of N.C.A.)	3.00%	3.00%

As for the selection of the annual technical discount rate, the Eurozone Iboxx Corporate AA with duration consistent with the average duration of the collective under evaluation was chosen as the benchmark index.

It was performed a sensitivity analysis to changes in the main actuarial assumptions included in the calculation model in relation to the variation of 0.5% of annual discounting, and the results obtained are in the following table:

<i>(In thousand of Euro)</i>	<b>As of December 31</b>					
	<b>2015</b>			<b>2014</b>		
	-0,50% change	Book value	+0,50% change	-0,50% change	Book value	+0,50% change
Employee benefit obligations	144	2,709	(133)	139	2,906	(129)
Non-Competition Agreement provision	56	900	(51)	46	771	(42)
<b>Total</b>	<b>200</b>	<b>3,609</b>	<b>(184)</b>	<b>185</b>	<b>3,677</b>	<b>(171)</b>

In regards to the discounting of the Agents provision according to IAS 37, the hypothesis of “closed group” was considered during the time framework. The evaluations were conducted by quantifying future payments through the projection of the agents provision matured at the valuation date of the agents working for the Company until the estimated time (aleatory) of termination of the contract with the company, and the method used is the MAGIS. The mortality rate hypothesis of ISTAT 2005 was considered for the demographic hypothesis for the years 2014-2015, the INPS tables by age and gender for the disability, and the requirement established by ENASARCO for the retirement age. The possibility of release of agents as result of the termination of the relationship with the Company or other causes was determined using estimates of annual frequency according to company data. Financial assumptions refers to the discount rate and as of December 31, 2015 and 2014 it was chosen the yield obtainable from the index Iboxx Corporate AA with duration 5-7 years consistent with the duration of the collective under valuation, corresponding respectively to 1% and 0.75%.

## OTHER NON-CURRENT LIABILITIES

The item “Other non-current liabilities” amounts to Euro 144 thousand as of December 31, 2015 (nil balance as of December 31, 2014).

## TRADE PAYABLES

The item “Trade payables” amounts to Euro 116,384 thousand as of December 31, 2015 (Euro 86,563 thousand as of December 31, 2014).

Trade payables are mainly related to transactions for the purchase of raw materials, components and shipping services, manufacturing and technical assistance. These transactions are part of the ordinary procurement management.



## CURRENT TAX LIABILITIES

The item “Current tax liabilities” amounts to Euro 11,712 as of December 31, 2015 (Euro 3,800 thousand as of December 31, 2014).

## DERIVATIVE FINANCIAL INSTRUMENTS

The item “Derivative financial instruments” amounts to Euro 391 thousand as of December 31, 2015 (Euro 560 thousand as of December 31, 2014).

The following table reports the derivative financial instruments by currency as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>As of December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Derivative financial instruments liabilities</b>		
GBP	197	150
USD	75	338
AUD	44	9
CNY	44	40
JPY	31	18
BRL	-	5
<b>Total derivative financial instruments liabilities</b>	<b>391</b>	<b>560</b>

Liabilities for derivative financial instruments refers to differences arising from the fair value of derivatives used to hedge exposure to currency risk.

The forward contracts as of December 31, 2015 and 2014 are reported in the note 9 “Derivative financial instruments”.

## OTHER CURRENT LIABILITIES

The item “Other current liabilities” amounts to Euro 18,542 as of December 31, 2015 (Euro 15,793 thousand as of December 31, 2014).

The following table reports the amounts of other current liabilities as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	<b>As of December 31</b>	
	<b>2015</b>	<b>2014</b>
<b>Other current liabilities</b>		
Accrued expenses	2,847	1,305
Deferred income	2,607	2,035
Social security payables	2,426	3,019
Payables to employees	2,360	4,631
Advances from clients	1,945	2,648
Other liabilities	6,357	2,155
<b>Total other current liabilities</b>	<b>18,542</b>	<b>15,793</b>

Accrued expenses mainly include accruals relating to utilities, sponsorships and insurance.

Deferred income mainly refers to scheduled maintenance contracts.

Social security payables are related to social security contributions of various nature to be paid in the following year with reference to the salary for the month of December, Christmas bonuses and untaken holiday entitlements.

Payables to employees are salaries for the month of December paid in January, untaken holiday entitlements and staff bonuses.

Advances from customers relates to advances and deposits received for suppliers yet to be delivered.

Other liabilities as of December 31, 2015 and 2014 mainly relate to income taxes withheld on income from employment and self-employment to be paid in the following year, as well as liabilities due to subsidiaries for subscription of capital increases not yet paid-up.

## 5. NOTES TO THE SEPARATE INCOME STATEMENT

### REVENUE

The item “Revenue” amounts to Euro 365,976 thousand for the year ended December 31, 2015 (Euro 326,573 thousand for the year ended December 31, 2014).

The following table reports the amounts of revenue for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Year ended December 31	
	2015	2014
<b>Revenue</b>		
Revenue from the sale of products, spare parts, hardware and software	352,631	313,687
Revenue from transport and installation, after-sale and rental assistance	13,345	12,886
<b>Total revenue</b>	<b>365,976</b>	<b>326,573</b>

The following table reports the breakdown of revenue by geographic area for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Year ended December 31	
	2015	2014
<b>Revenue</b>		
Europe (without Italy)	188,557	162,120
APAC	43,224	40,099
North America	45,018	44,632
MEIA	10,737	11,022
Italy	49,769	42,146
LATAM	29,378	27,241
<b>Total revenue</b>	<b>366,683</b>	<b>327,260</b>

## OTHER OPERATING INCOME

The item “Other operating income” amounts to Euro 707 thousand for the year ended December 31, 2015 (Euro 687 thousand for the year ended December 31, 2014).

Other operating income consists mainly of rental income, and income from suppliers for compensation.

## RAW MATERIALS, WORK IN PROGRESS AND FINISHED GOODS

The item “Raw materials, work in progress and finished goods” amounts to Euro 190,124 thousand for the year ended December 31, 2015 (Euro 187,521 thousand for the year ended December 31, 2014).

The following table reports the amounts of raw materials, work in progress and finished goods for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Year ended December 31	
	2015	2014
<b>Raw materials, work in progress and finished goods</b>		
Purchase and change in inventory of raw material	103,232	105,504
Purchase and change in inventory of finished goods	84,690	79,579
Purchase of packaging and cost for custom duties	2,335	1,896
Change in inventory of work in progress	(133)	542
<b>Total raw material, consumables and goods</b>	<b>190,124</b>	<b>187,521</b>

## COST OF SERVICES

The item “Cost of services” amounts to Euro 63,385 thousand for the year ended December 31, 2015 (Euro 60,621 thousand for the year ended December 31, 2014).

The following table reports the amounts of cost of services for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Year ended December 31	
	2015	2014
<b>Cost of services</b>		
Transport of sales, customs duties and installation	11,311	11,160
Advertising	6,993	5,845
Rentals	6,157	6,132
Consulting services	6,133	5,385
Outsourcing costs	3,754	4,824
Agents	3,480	4,503
Technical assistance	2,981	2,602
Travel and representative expenses	2,853	2,598
Maintenance costs	2,379	1,815
Utilities	1,469	1,628
Transport of purchases	724	743
Other services	15,151	13,386
<b>Total cost of services</b>	<b>63,385</b>	<b>60,621</b>

Costs for other services mainly relates to royalties paid, costs for managing external deposits, insurance and remuneration of external directors, the board of auditors and the audit firm.

## PERSONNEL EXPENSES

The item “Personnel expenses” amounts to Euro 48,216 thousand for the year ended December 31, 2015 (Euro 40,591 thousand for the year ended December 31, 2014).

The following table reports the amounts of personnel expenses for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Year ended December 31	
	2015	2014
<b>Personnel expenses</b>		
Wages and salaries	36,489	29,416
Social security contributions	9,823	9,063
Provisions for employee benefit obligations	1,859	1,795
Other costs	45	317
<b>Total personnel expenses</b>	<b>48,216</b>	<b>40,591</b>

The following table reports the average number of employees and the number of employee at the year-end divided by category for the years ended December 31, 2015 and 2014:

	Year ended December 31			
	2015		2014	
	Average	Year-end	Average	Year-end
<b>Number of employees</b>				
Managers	39	43	36	37
White-collar	367	365	368	369
Blue-collar	301	299	304	295
<b>Total number of employees</b>	<b>707</b>	<b>707</b>	<b>708</b>	<b>701</b>

## OTHER OPERATING COSTS

The item “Other operating cost” amounts to Euro 844 thousand for the year ended December 31, 2015 (Euro 499 thousand for the year ended December 31, 2014).

The following table reports the amounts of other operating costs for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Year ended December 31	
	2015	2014
<b>Other operating costs</b>		
Other expenses	444	111
Other taxes and indirect taxes	400	388
<b>Total other operating costs</b>	<b>844</b>	<b>499</b>

Other operating expenses mainly relate to membership fees, donations, and giveaways of products distributed for promotional and communication activities.

## DEPRECIATION, AMORTIZATION AND IMPAIRMENT LOSSES

The item “Depreciation, amortization and impairment losses” amounts to Euro 15,329 thousand for the year ended December 31, 2015 (Euro 21,557 thousand for the year ended December 31, 2014).

The following table reports the amounts of depreciation, amortization and impairment losses for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Year ended December 31	
	2015	2014
<b>Depreciation, amortization and impairment losses</b>		
Depreciation of property, plant and equipment	7,343	7,131
Amortization of intangible assets	7,442	7,905
Impairment losses of property, plant and equipment	488	-
Impairment losses of intangible assets	56	6,521
<b>Total depreciation, amortization and impairment losses</b>	<b>15,329</b>	<b>21,557</b>

For further details regarding to “Property, plant and equipment” and “Intangible assets” see note 5.1 and note 5.2.

## PROVISIONS

The item “Provisions” amounts to Euro 1,206 thousand for the year ended December 31, 2015 (negative balance of Euro 551 thousand for the year ended December 31, 2014).

The following table reports the amounts of provisions for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Year ended December 31	
	2015	2014
<b>Provisions</b>		
Warranties provision	636	243
Ongoing lawsuits provision	423	-
Bad debt provision	152	(719)
Other provision for risks and charges	(1)	(75)
Provision for assets held by third parties	(4)	-
<b>Total provisions</b>	<b>1,206</b>	<b>(551)</b>

## FINANCIAL INCOME

The item “Financial income” amounts to Euro 14,334 thousand for the year ended December 31, 2015 (Euro 7,429 thousand for the year ended December 31, 2014).

The following table reports the amounts of financial income for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Year ended December 31	
	2015	2014
<b>Financial income</b>		
Realized exchange gains	11,707	4,819
Unrealized exchange gains	2,339	2,244
Other financial income	158	138
Bank interests receivable	130	228
<b>Total financial income</b>	<b>14,334</b>	<b>7,429</b>

## FINANCIAL EXPENSES

The item “Financial expenses” amounts to Euro 16,497 thousand for the year ended December 31, 2015 (Euro 10,631 thousand for the year ended December 31, 2014).

The following table reports the amounts of financial expenses for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Year ended December 31	
	2015	2014
<b>Financial expenses</b>		
Realized exchange losses	10,671	5,758
Bank interests on financial loans	1,193	2,651
Unrealized exchange losses	4,155	1,566
Other financial expenses	344	437
Bank interests and fees	134	219
<b>Total financial expenses</b>	<b>16,497</b>	<b>10,631</b>

Other financial expenses mainly include expenses related to the discounting of employee benefit obligations and non-current provisions.

## INCOME/(EXPENSES) FROM INVESTMENTS

The item “Income/(expenses) from investments” amounts to Euro 7,557 thousand for the year ended December 31, 2015 (Euro 1,875 thousand for the year ended December 31, 2014).

The following table reports the amounts of income/(expenses) from investments for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Year ended December 31	
	2015	2014
<b>Income/(expenses) from investments</b>		
Dividends from investments	23,558	12,493
Write-down of investments	(16,001)	(10,618)
<b>Total income/(expenses) from investments</b>	<b>7,557</b>	<b>1,875</b>

The following table reports the details of dividends from investments for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Year ended December 31	
	2015	2014
<b>Dividends from investments</b>		
Mywellness SpA	9,550	-
Technogym UK Ltd	6,537	6,233
Technogym Emirates LLC	2,328	1,325
Technogym E.E. Sro	2,000	2,000
Technogym Benelux BV	1,855	1,385
Technogym France Sas	853	-
Technogym Portugal Unipessoal Lda	375	-
Qicraft Finland OY	60	-
Technogym International BV	-	800
Technogym Wellness & Biomedical Gmbh	-	750
<b>Total dividends from investments</b>	<b>23,558</b>	<b>12,493</b>

For further information regarding to “Investments” for the years ended December 31, 2015 and 2014 see note 4.

## INCOME TAX EXPENSES

The item “Income tax expenses” amounts to Euro 15,894 thousand for the year ended December 31, 2015 (Euro 5,799 thousand for the year ended December 31, 2014).

The following table reports the amounts of income tax expenses for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Year ended December 31	
	2015	2014
<b>Income tax expenses</b>		
Current taxes	18,684	6,991
Deferred taxes	(3,018)	(744)
<b>Total income tax expenses for the year</b>	<b>15,666</b>	<b>6,247</b>
Income tax expenses of previous years	228	(448)
<b>Total income tax expenses</b>	<b>15,894</b>	<b>5,799</b>

The following table reports the reconciliation between the theoretical tax liability and the actual tax liability for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Year ended December 31			
	2015	%	2014	%
<b>Profit before tax</b>	<b>52,972</b>		<b>15,694</b>	
<b>Income tax calculated with theoretical tax rate</b>	<b>14,567</b>	<b>27.5%</b>	<b>4,316</b>	<b>27.5%</b>
Permanent increase differences	(7,452)	(14.1%)	4,212	26.8%
Permanent decrease differences	5,891	11.1%	(4,132)	(26.3%)
Other income taxes (IRAP)	3,126	5.9%	1,713	10.9%
CFC tax	77	0.1%	508	3.2%
Taxes relating to prior years	228	0.4%	(448)	(2.9%)
A.C.E.	(524)	(1.0%)	(357)	(2.3%)
Voluntary contributions	(19)	(0.0%)	(13)	(0.1%)
<b>Total</b>	<b>15,894</b>	<b>30.0%</b>	<b>5,799</b>	<b>37.0%</b>

## EARNINGS PER SHARE

The following table reports the calculation of the earning per share:

<i>(In thousand of Euro)</i>	Year ended December 31	
	2015	2014
<b>Earnings per share</b>		
Profit for the year (in thousand of Euro)	3,078	9,895
Number of shares (in thousand)	10,000	10,000
<b>Total earnings per share (in Euro)</b>	<b>3.71</b>	<b>0.99</b>

The basic earnings per share coincide with diluted earnings per share.

## 6. NET INDEBTEDNESS

The following table reports the details of net indebtedness of the Company as of December 31, 2015 and 2014, determined in accordance with Consob communication of 28 July 2006 and in conformity with the recommendations contained in document no. 319 drafted by ESMA in 2013:

<i>(In thousand of Euro)</i>	As of December 31	
	2015	2014
<b>Net Indebtedness</b>		
A. Cash	35,273	23,368
B. Cash equivalents	-	-
C. Trading securities	-	-
<b>D. Liquidity (A) + (B) + (C)</b>	<b>35,273</b>	<b>23,368</b>
<b>E. Current Financial Receivables</b>	<b>36,635</b>	<b>4,083</b>
F. Current Bank debt	(35,000)	(89,224)
G. Current portion of non-current debt	(17,926)	(10,000)
H. Other current financial debt	(39,064)	(33,331)
<b>I. Current Financial Debt (F) + (G) + (H)</b>	<b>(91,990)</b>	<b>(132,555)</b>
<b>J. Net Current Financial Indebtedness (I) + (E) + (D)</b>	<b>(20,082)</b>	<b>(105,104)</b>
K. Non-current Bank loans	(42,139)	-
L. Bonds Issued	-	-
M. Other non-current loans	(6,319)	(4,972)
<b>N. Non-current Financial Indebtedness (K) + (L) + (M)</b>	<b>(48,458)</b>	<b>(4,972)</b>
<b>O. Net Financial Indebtedness (J) + (N)</b>	<b>(68,540)</b>	<b>(110,076)</b>

## AUDIT FEE

The following table reports the details of audit fee for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Year ended December 31	
	2015	2014
<b>Audit fee</b>		
Audit	85	90
Other services	579	-
<b>Total audit fee</b>	<b>664</b>	<b>90</b>



## 7. FINANCIAL RISK MANAGEMENT

The main financial risks to which the Company is exposed to are:

- Credit risk, arising from commercial transactions or financing activities;
- Liquidity risk, related to the availability of financial resources and access to the credit market;
- Market risk, in particular:
  - a) Currency risk, related to operations in areas using currencies other than the functional currency;
  - b) Interest rate risk, related to the Company's exposure to financial instruments that accrue interests;
  - c) Price risk, associated with changes of the prices of commodities.

### Credit risk

The operational management of the credit risk is assigned to the Credit Management, which operates on the basis of a credit policy that regulates: i) the assessment of the class of merit of customers through the use of internally developed Risk Score Rating, for the management of credit limits and any request for adequate bank or insurance guarantees to support the granting of extended payment terms; ii) the involvement of institutionalized Credit Committees on any operation with terms other than those normally applied by the company; iii) the adoption of policies of credit insurance; (iv) the monitoring of the balance of receivables and their maturity in a way that the amount of outstanding positions is not significant; (iv) the monitoring of the related expected cash flows; (vi) the issuance of reminders; (vii) any recovery actions.

The bad debt provision is calculated on percentages of past due, based on historical insolvency, with the exception for provision on specific credits in litigation. For financing activities related to temporary excess of liquidity or for the stipulation of financial instruments (derivatives), the Company deals exclusively with counterparties with high credit standing. The amount of trade receivables represent the maximum theoretical exposure to credit risk of the Company at year-end.

### Liquidity risk

The liquidity risk of the Company is closely monitored by a specific control activity which, in order to minimize the risk, the Company has implemented a centralized treasury management with specific procedures that aim to optimize the management of financial resources and the needs of the companies of the Group. It was adopted a set of policies and processes aimed to optimize the management of financial resources that reduce the liquidity risk: i) the maintenance of an adequate level of available liquidity; ii) the obtainment of adequate credit lines; iii) the monitoring future liquidity in relation to the business planning. For this type of risk, in the net financial indebtedness, the Company tends to finance investments and current commitments with both cash flow generated by operation and short time credit lines. The following table reports the amounts of credit lines available and used as of December 31, 2015 and 2014:

Credit lines	Cash Credit lines	Self-liquidating Credit lines	Financial Credit lines	Total
<b>As of December 31, 2015</b>				
Credit lines	10,732	24,635	181,405	<b>216,772</b>
Utilizations	-	-	(94,905)	<b>(94,905)</b>
<b>Credit lines available as of December 31, 2015</b>	<b>10,732</b>	<b>24,635</b>	<b>86,500</b>	<b>121,867</b>
<b>As of December 31, 2014</b>				
Credit lines	5,997	32,620	159,800	<b>198,417</b>
Utilizations	(800)	-	(99,148)	<b>(99,228)</b>
<b>Credit lines available as of December 31, 2014</b>	<b>5,197</b>	<b>32,620</b>	<b>60,652</b>	<b>99,189</b>

The following table reports the amounts and maturity period of liabilities as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	Within 1 year	Between 1 and 5 years	Beyond 5 years	Total
<b>As of December 31, 2015</b>				
Non-current financial liabilities	-	48,458	-	<b>48,458</b>
Trade payables	116,384	-	-	<b>116,384</b>
Current tax liabilities	11,712	-	-	<b>11,712</b>
Current financial liabilities	91,599	-	-	<b>91,599</b>
Derivative financial instruments	391	-	-	<b>391</b>
Other current liabilities	18,542	-	-	<b>18,542</b>
Commitments	4,658	18,631	6,630	<b>29,919</b>
<b>Total</b>	<b>243,287</b>	<b>67,089</b>	<b>6,630</b>	<b>317,006</b>
<b>As of December 31, 2014</b>				
Non-current financial liabilities	-	4,972	-	<b>4,972</b>
Trade payables	86,563	-	-	<b>86,563</b>
Current tax liabilities	3,800	-	-	<b>3,800</b>
Current financial liabilities	131,995	-	-	<b>131,995</b>
Derivative financial instruments	560	-	-	<b>560</b>
Other current liabilities	15,793	-	-	<b>15,793</b>
Commitments	4,644	18,577	11,456	<b>34,677</b>
<b>Total</b>	<b>243,354</b>	<b>23,549</b>	<b>11,456</b>	<b>278,359</b>

Commitments mainly refers to the rental fee of Technogym Village.

## Market risk

### Currency risk

The Company operates internationally and is exposed to currency risk in regards to commercial and financial transactions, especially in US dollars, GBP, JPY and AUD. To limit the exposure to currency risk, the Company usually enters into forward contracts to cover between 70% and 80% of the invoices in foreign currency. Changes of exchange rates that may arise between the invoice and the collection of the credit are managed separately, without the use of hedge accounting, but by balancing the credit with similar debt flows. Investments in foreign subsidiaries are not covered, as the currency positions are considered long-term. The following table reports the trade receivables, cash and cash equivalents, current financial liabilities and trade payables broken down by currency as of December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>	EUR	GBP	USD	CNY	AUD	JPY	Other currencies	Total
<b>Trade receivables</b>								
As of December 31, 2015	27,965	4,486	12,577	3,715	1,424	3,221	4,711	<b>58,099</b>
As of December 31, 2014	23,409	3,028	15,950	1,470	2,533	1,779	1,138	<b>49,307</b>
<b>Current financial assets</b>								
As of December 31, 2015	35,864	3	555	-	-	-	-	<b>36,422</b>
As of December 31, 2014	-	-	3,651	-	-	-	-	<b>3,651</b>
<b>Cash and cash equivalents</b>								
As of December 31, 2015	22,259	6,547	6,411	17	38	-	1	<b>35,273</b>
As of December 31, 2014	15,657	3,752	3,340	501	56	60	2	<b>23,368</b>
<b>Other current assets</b>								
As of December 31, 2015	39,362	13	343	21	-	-	25	<b>39,764</b>
As of December 31, 2014	10,614	-	149	-	-	-	28	<b>10,791</b>
<b>Non-current financial liabilities</b>								
As of December 31, 2015	48,458	-	-	-	-	-	-	<b>48,458</b>
As of December 31, 2014	4,972	-	-	-	-	-	-	<b>4,972</b>
<b>Current financial liabilities</b>								
As of December 31, 2015	71,372	20,227	-	-	-	-	-	<b>91,599</b>
As of December 31, 2014	108,361	14,910	8,724	-	-	-	-	<b>131,995</b>
<b>Trade payables</b>								
As of December 31, 2015	108,487	946	6,794	34	9	72	42	<b>116,384</b>
As of December 31, 2014	78,369	943	7,046	18	19	94	74	<b>86,563</b>
<b>Other current liabilities</b>								
As of December 31, 2015	13,970	14	924	-	641	-	2,992	<b>18,541</b>
As of December 31, 2014	14,664	-	1,129	-	-	-	-	<b>15,793</b>

For the purposes of the sensitivity analysis on the exchange rate, items in the financial position (assets and liabilities) denominated in foreign currency were analyzed in respect to two scenarios, respectively with an increase and a decrease of 5% in the exchange rate between the currency of the item and the Euro. The following table reports the results of the analysis for the years ended December 31, 2015 and 2014:

<i>(In thousand of Euro)</i>			Currency Risk	
			+5%	-5%
	Book value	of which subject to Currency Risk	Profit/(loss)	Profit/(loss)
<b>Financial assets</b>				
Cash and cash equivalents	35,273	13,014	(620)	685
Trade receivables	58,099	30,134	(1,211)	1,338
Tax effect			575	(635)
			(1,256)	1,388
<b>Financial liabilities</b>				
Non-current financial liabilities	(48,458)	-	-	-
Current financial liabilities	(91,599)	(20,227)	963	(1,065)
Trade payables	(116,384)	(7,897)	376	(415)
Tax effect			(420)	465
			919	(1,015)
<b>Total increase (decrease) 2015</b>			<b>(337)</b>	<b>373</b>

(In thousand of Euro)	Currency Risk			
	Book value	of which subject to Currency Risk	+5%	
			Profit/(loss)	Book value
<b>Financial assets</b>				
Cash and cash equivalents	23,368	7,711	(367)	406
Trade receivables	49,307	25,898	(1,233)	1,363
Tax effect			503	(555)
			(1,097)	1,214
<b>Financial liabilities</b>				
Non-current financial liabilities	(4,972)	-	-	-
Current financial liabilities	(131,995)	(23,634)	1,125	(1,244)
Trade payables	(86,563)	(8,194)	390	(431)
Tax effect			(476)	526
			1,039	(1,149)
<b>Total increase (decrease) 2014</b>			<b>(58)</b>	<b>65</b>

The parameters applied were identified as reasonable possible changes in foreign currency exchange, with all other variables remaining the same.

#### Interest rate risk

Interest rate risk is related to short and medium/long term credit lines. Loans at variable rates expose the Company to the risk of fluctuations of cash flows due to the interests. The Company does not use derivative instruments to hedge the risk of interest rate.

For the purposes of the sensitivity analysis on changes of interest rate, items in the financial position (assets and liabilities) denominated in foreign currency were analyzed in consideration to two scenarios, respectively with an increase and a decrease of the interest rate of 20 bp.

The following table reports the results of the analysis for the years ended December 31, 2015 and 2014:

(In thousand of Euro)	Interest Rate Risk					
	Book value	of which subject to Interest Rate Risk	+ 20 bp		-20 bp	
			Profit/(loss)	Other changes in FVR	Profit/(loss)	Other changes in FVR
<b>Financial assets</b>						
Cash and cash equivalents	35,273	35,273	71		(71)	
Trade receivables	58,099	-	-		-	
Tax effect			(22)		22	
			49	-	(49)	-
<b>Financial liabilities</b>						
Non-current financial liabilities	(48,458)	(42,139)	(84)		84	
Current financial liabilities	(91,599)	(87,181)	(174)		174	
Trade payables	(116,384)	-	-		-	
Tax effect			81		(81)	
			(177)	-	177	-
<b>Total increase (decrease) 2015</b>			<b>(128)</b>	<b>-</b>	<b>(128)</b>	<b>-</b>

(In thousand of Euro)	Book value	of which subject to Interest Rate Risk	Interest Rate Risk			
			+ 20 bp		-20 bp	
			Profit/(loss)	Other changes in FVR	Profit/(loss)	Other changes in FVR
<b>Financial assets</b>						
Cash and cash equivalents	23,368	23,368	47		(47)	
Trade receivables	49,307	-				
Tax effect			(15)		15	
			32	-	(32)	-
<b>Financial liabilities</b>						
Non-current financial liabilities	(4,972)	-				
Current financial liabilities	(131,995)	(128,353)	(257)		257	
Trade payables	(86,563)	-				
Tax effect			81		(81)	
			(176)	-	176	-
<b>Total increase (decrease) 2014</b>			<b>(144)</b>	<b>-</b>	<b>144</b>	

The parameters applied were identified as reasonable possible changes in interest rate, with all other variables remaining the same.

#### Price risk

The Company supplies worldwide and is exposed to the common risk of changes of commodity prices, although to not a significant extend.

#### **Capital Risk Management**

The Company manages its capital with the aim of supporting the core business and maximizing the value to shareholders, by maintaining a proper capital structure and reducing the cost of capital. The following table shows the gearing ratio, calculated as the ratio of net indebtedness and equity:

(In thousand of Euro)	As of December 31	
	2015	2014
Net Indebtedness (A)	68,540	110,076
Equity (B)	85,760	45,165
<b>Total capital (C)=(A)+(B)</b>	<b>154,300</b>	<b>155,241</b>
<b>Gearing ratio (A)/(C)</b>	<b>44.4%</b>	<b>70.9%</b>

#### **8. FAIR VALUE DISCLOSURE**

As of December 31, 2015 and 2014, the book value of financial assets and liabilities are the same as their fair value.

IFRS 7 outlines three levels of fair value for the measurement of financial instruments recognized in the statement of financial position: (i) Level 1: quoted prices in an active market; (ii) Level 2: inputs other than quoted prices included within Level 1 that are observable directly (prices) or indirectly

(derived from prices) in the market; (iii) inputs not based on observable market data. During the year, there were no relocations between the three levels of fair value indicated in IFRS 7.

### Financial instruments by category

The following tables report the financial assets and liabilities by category of financial instrument and their level of fair value as of December 31, 2015 and 2014:

2015	Financial assets	Available for sales	Financial assets at fair value	Total	Level 1	Level 2	Level 3	Total
	Amortized cost	FV vs Equity	FV vs P&L					
Other non-current assets	8,610	-	-	8,610	-	-	-	-
<b>Non-current financial assets</b>	<b>8,610</b>	-	-	<b>8,610</b>	-	-	-	-
Trade receivables	58,099	-	-	58,099	-	-	-	-
Cash and cash equivalents	35,273	-	-	35,273	-	-	-	-
Current financial assets	36,422	-	-	36,422	-	-	-	-
Derivative financial instruments	-	-	213	213	-	213	-	213
<b>Current financial assets</b>	<b>129,794</b>	-	<b>213</b>	<b>130,007</b>	-	<b>213</b>	-	<b>213</b>

2014	Financial assets	Available for sales	Financial assets at fair value	Total	Level 1	Level 2	Level 3	Total
	Amortized cost	FV vs Equity	FV vs P&L					
Other non-current assets	6,505	-	-	6,505	-	-	-	-
<b>Non-current financial assets</b>	<b>6,505</b>	-	-	<b>6,505</b>	-	-	-	-
Trade receivables	49,307	-	-	49,307	-	-	-	-
Cash and cash equivalents	23,368	-	-	23,368	-	-	-	-
Current financial assets	3,651	-	-	3,651	-	-	-	-
Derivative financial instruments	-	-	432	432	-	432	-	432
<b>Current financial assets</b>	<b>76,326</b>	-	<b>432</b>	<b>76,758</b>	-	<b>432</b>	-	<b>432</b>

2015	Financial liabilities	Financial liabilities carried at fair value	Total	Level 1	Level 2	Level 3	Total
	Amortized cost	FV vs P&L					
Non-current financial liabilities	48,458	-	48,458	-	-	-	-
<b>Non-current financial liabilities</b>	<b>48,458</b>	-	<b>48,458</b>	-	-	-	-
Current financial liabilities	91,599	-	91,599	-	-	-	-
Trade payables	116,384	-	116,384	-	-	-	-
Derivative financial instruments	-	391	391	-	391	-	391
<b>Current financial liabilities</b>	<b>207,983</b>	<b>391</b>	<b>208,374</b>	-	<b>391</b>	-	<b>391</b>

2014	Financial liabilities	Financial liabilities carried at fair value	Total	Level 1	Level 2	Level 3	Total
	Amortized cost	FV vs P&L					
Non-current financial liabilities	4,972	-	4,972	-	-	-	-

<b>Non-current financial liabilities</b>	<b>4,972</b>	<b>-</b>	<b>4,972</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Current financial liabilities	131,995	-	131,995	-	-	-	-
Trade payables	86,563	-	86,563	-	-	-	-
Derivative financial instruments	-	560	560	-	560	-	560
<b>Current financial liabilities</b>	<b>218,558</b>	<b>560</b>	<b>219,118</b>	<b>-</b>	<b>560</b>	<b>-</b>	<b>560</b>

## 9. RELATED PARTY TRANSACTIONS

The Company's transactions with related parties, identified based on criteria defined by IAS 24 – Related party disclosures – are carried out under normal market conditions.

The following table provides details of related party transactions for the years ended December 31, 2015 and 2014, and the incidence on the related item in the financial statement:

<i>(In thousand of Euro)</i>	Controlling entities	Subsidiaries	Joint ventures	Associates	Other related parties	Total	% on financial statements
<b>Trade receivables</b>							
As of December 31, 2015	5	32,571	133	-	697	<b>33,406</b>	<b>57.5%</b>
As of December 31, 2014	1	28,022	303	-	-	<b>28,326</b>	<b>57.4%</b>
<b>Current financial assets</b>							
As of December 31, 2015	-	36,317	-	100	-	<b>36,417</b>	<b>100.0%</b>
As of December 31, 2014	-	3,651	-	-	-	<b>3,651</b>	<b>100.0%</b>
<b>Other current assets</b>							
As of December 31, 2015	19	1,339	-	-	99	<b>1,457</b>	<b>3.7%</b>
As of December 31, 2014	-	1,096	-	-	99	<b>1,195</b>	<b>11.1%</b>
<b>Trade payables</b>							
As of December 31, 2015	1	54,378	28	-	638	<b>55,045</b>	<b>47.3%</b>
As of December 31, 2014	-	27,213	173	-	304	<b>27,690</b>	<b>32.0%</b>
<b>Current financial liabilities</b>							
As of December 31, 2015	-	34,255	-	-	-	<b>34,255</b>	<b>37.4%</b>
As of December 31, 2014	-	29,129	-	-	-	<b>29,129</b>	<b>22.1%</b>
<b>Other current liabilities</b>							
As of December 31, 2015	-	3,641	-	-	-	<b>3,641</b>	<b>19.6%</b>
As of December 31, 2014	-	66	13	-	-	<b>79</b>	<b>0.5%</b>

<i>(In thousand of Euro)</i>	Controlling entities	Subsidiaries	Joint ventures	Associates	Other related parties	Total	% on financial statements
<b>Revenue</b>							
Year ended December 31, 2015	-	196,564	8,970	-	150	<b>205,684</b>	<b>56.2%</b>
Year ended December 31, 2014	-	173,995	8,058	-	75	<b>182,128</b>	<b>55.8%</b>
<b>Other operating income</b>							
Year ended December 31, 2015	-	167	11	-	1	<b>179</b>	<b>25.3%</b>
Year ended December 31, 2014	-	316	7	-	5	<b>328</b>	<b>47.7%</b>
<b>Raw materials, work in progress and finished goods</b>							
Year ended December 31, 2015	-	(59,324)	(50)	-	-	<b>(59,374)</b>	<b>31.2%</b>
Year ended December 31, 2014	-	(56,137)	(33)	-	-	<b>(56,170)</b>	<b>30.0%</b>
<b>Cost of services</b>							
Year ended December 31, 2015	(1)	(9,141)	(108)	-	(4,189)	<b>(13,439)</b>	<b>21.2%</b>
Year ended December 31, 2014	-	(8,837)	(122)	-	(4,635)	<b>(13,594)</b>	<b>22.4%</b>

<b>Personnel expenses</b>							
Year ended December 31, 2015	-	(429)	-	-	-	(429)	0.9%
Year ended December 31, 2014	-	(469)	-	-	-	(469)	1.2%
<b>Other operating costs</b>							
Year ended December 31, 2015	-	4	-	-	-	4	0.5%
Year ended December 31, 2014	-	-	-	-	(1)	(1)	0.2%
<b>Financial income</b>							
Year ended December 31, 2015	-	87	-	-	-	87	0.6%
Year ended December 31, 2014	-	149	-	-	-	149	2.0%
<b>Financial expenses</b>							
Year ended December 31, 2015	-	(233)	-	-	-	(233)	1.4%
Year ended December 31, 2014	-	(134)	-	-	-	(134)	1.3%
<b>Dividends from investments</b>							
Year ended December 31, 2015	-	21,170	2,328	-	-	23,498	311.0%
Year ended December 31, 2014	-	11,167	1,326	-	-	12,493	666.5%

## Subsidiaries

The following table provides details of the transactions between the Company and its subsidiaries for the years ended December 31, 2015 and 2014, and the incidence on the related item in the financial statement:

<i>(In thousand of Euro)</i>	Trad e recei vable s	Curr ent finan cial asset s	Othe r curr ent asset s	Trad e paya bles	Curr ent finan cial liabil ities	Othe r curr ent liabil ities	Reve nue	Othe r oper ating inco me	Raw mate rials, work in prog ress and finis hed good s	Cost of servi ces	Pers onne l expe nses	Othe r oper ating costs	Fina ncial inco me	Fina ncial expe nses	Divi dend s from inves tmen ts
<b>2015</b>															
Technogym Asia Ltd	412	-	-	26	-	-	1,222	-	-	(28)	(93)	-	-	-	-
Technogym Australia Pty Ltd	1,424	-	-	9	-	599	5,284	2	(34)	-	-	-	-	-	-
Technogym Benelux BV	2,781	-	-	113	5,188	-	19,682	-	(374)	(125)	(304)	-	4	(23)	1,855
Technogym Equipamentos de Ginastica e Solucao para Bem-Estar LTDA	4,711	-	-	22	-	3,003	5,247	-	(47)	-	-	-	5	-	-
Technogym Fabricacao Equipamentos de Ginastica LTDA	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Technogym France Sas	2,276	762	-	125	-	-	26,063	3	(813)	-	-	-	17	-	853
Technogym wellness & biomedical Gmbh	3,509	-	-	73	6,601	-	25,793	1	(631)	(125)	-	-	-	(1)	-
Technogym Portugal	382	-	-	2	-	-	2,223	-	(19)	-	-	-	-	-	375
Unipessoal Lda															
Technogym Shangai Int. Trading Co. Ltd.	3,715	-	21	294	-	-	5,231	-	(36)	(380)	(197)	4	-	-	-
Technogym South Africa pty Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-



Technogym Trading SA	2,378	-	-	32	2,239	-	14,043	2	(250)	(127)	-	-	-	-	-
Technogym UK Ltd	4,459	-	-	828	20,227	-	43,833	5	(4,079)	(128)	(47)	-	-	(209)	6,537
Technogym USA Corp.	2,941	555	-	489	-	-	26,031	34	(865)	(763)	-	-	53	-	-
Technogym Z.A.O.	84	-	-	2	-	-	8,632	33	(34)	-	-	-	-	-	-
Technogym Japan Ltd.	3,221	-	-	60	-	-	12,612	37	(166)	(6)	-	-	-	-	-
Laserpro S.r.l.	7	-	1	-	-	25	6	-	-	-	-	-	-	-	-
Technogym E.E. SRO	219	35,000	-	46,867	-	-	638	5	(51,601)	(31)	212	-	8	-	2,000
Sidea S.r.l	-	-	-	133	-	-	-	-	(375)	-	-	-	-	-	-
Technogym International Manno branch	-	-	-	313	-	-	-	-	-	(237)	-	-	-	-	-
Technogym International BV	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mywellness S.r.l	52	-	1,317	4,990	-	-	24	45	-	(7,191)	-	-	-	-	9,550
Wellness Consulting Ltd.	-	-	-	-	-	14	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>32,571</b>	<b>36,317</b>	<b>1,339</b>	<b>54,378</b>	<b>34,255</b>	<b>3,641</b>	<b>196,564</b>	<b>167</b>	<b>(59,324)</b>	<b>(9,141)</b>	<b>(429)</b>	<b>4</b>	<b>87</b>	<b>(233)</b>	<b>21,170</b>
<b>% on financial statements</b>	<b>56%</b>	<b>100%</b>	<b>3%</b>	<b>47%</b>	<b>37%</b>	<b>20%</b>	<b>54%</b>	<b>24%</b>	<b>31%</b>	<b>14%</b>	<b>1%</b>	<b>0%</b>	<b>1%</b>	<b>1%</b>	<b>280%</b>

<i>(In thousand of Euro)</i>	Trad e receivable s	Curr ent finan cial assets	Othe r curre nt assets	Trad e paya bles	Curr ent finan cial liabili ties	Othe r curre nt liabili ties	Reve nue	Ot her ope rati ng inc om e	Raw materi als, work in progres s and finishe d goods	Cost of servi ces	Perso nnel expe nses	Othe r opera ting costs	Fina ncial inco me	Fina ncial expe nses	Divid ends from inves tmen ts
<b>2014</b>															
Technogym Asia Ltd	335	-	-	-	-	-	1,103	-	(37)	(1)	-	-	-	-	-
Technogym Australia Pty Ltd	2,533	-	-	14	-	-	7,059	10	(74)	(1)	-	-	-	-	-
Technogym Benelux BV	5,715	-	-	934	4,631	-	16,013	-	(1,240)	(176)	(281)	-	1	(22)	1,385
Technogym Equipamentos de Ginastica e Solucao para Bem-Estar LTDA	1,172	1,021	-	55	-	23	5,562	14	(92)	(32)	-	-	30	-	-
Technogym Fabricacao Equipamentos de Ginastica LTDA	-	-	-	-	-	-	34	-	-	-	-	-	10	-	-
Technogym France Sas	889	-	-	70	1,554	-	22,010	-	(529)	-	-	-	24	-	-
Technogym wellness & biomedical Gmbh	2,847	-	-	20	5,287	-	21,817	4	(470)	(39)	-	-	-	(4)	750
Technogym Portugal Unipessoal Lda	547	-	-	1	-	-	2,338	-	(17)	-	-	-	-	-	-
Technogym Shangai Int. Trading Co. Ltd.	4,911	-	-	603	-	-	8,838	11	(28)	(103)	(188)	-	-	-	-
Technogym South Africa pty Ltd.	-	-	-	43	-	-	-	-	-	(269)	-	-	-	-	-

Technogym Trading SA	613	-	-	52	2,748	-	9,792	11	(497)	(28)	-	-	-	(1)	-
Technogym UK Ltd	3,014	-	-	664	14,909	-	32,910	32	(3,064)	(400)	-	-	-	(107)	6,232
Technogym USA Corp.	2,990	2,630	-	2,816	-	-	25,410	77	(508)	(653)	-	-	50	-	-
Technogym Z.A.O.	442	-	-	-	-	3	10,064	71	(62)	6	-	-	-	-	-
Technogym Japan Ltd.	1,779	-	-	94	-	-	10,110	37	(202)	-	-	-	-	-	-
Laserpro S.r.l.	7	-	-	-	-	8	6	-	-	-	-	-	-	-	-
Technogym E.E. SRO	179	-	-	10,700	-	-	905	4	(49,275)	(14)	-	-	-	-	2,000
Sidea S.r.l	-	-	-	22	-	-	-	-	(42)	-	-	-	-	-	-
Technogym International Manno branch	-	-	-	76	-	-	-	-	-	(213)	-	-	-	-	-
Technogym International BV	-	-	-	-	-	-	-	-	-	-	-	-	34	-	800
Mywellness S.r.l	49	-	1,096	11,049	-	32	24	45	-	(6,914)	-	-	-	-	-
<b>Total</b>	28,022	3,651	1,096	27,213	29,129	66	173,995	316	(56,137)	(8,837)	(469)	-	149	(134)	11,167
<b>% on financial statements</b>	57%	28%	10%	31%	22%	0%	53%	46%	30%	15%	1%	0%	2%	1%	596%

### Joint ventures

Relationship with joint ventures relate exclusively to transactions with Technogym Emirates LLC, a joint venture with Flag Holding LLC, a company in the United Arab Emirates, entered into with the objective of facilitating the distribution and sale of the Company products in the UAE.

Specifically, relations between the Company and Technogym Emirates LLC are regulated by a series of agreements under which Technogym Emirates LLC has been delegated exclusive rights to distribute the Company's products in the UAE. In addition, Technogym Emirates LLC is required to respect certain conditions relating to marketing, distribution and sales and after-sales policies imposed by the Company.

Such transactions are regulated by orders issued from time to time by Technogym Emirates LLC, based on an agreed product list that is updated periodically by the parties.

### Associates

Relationship between the Company and associates refers to two loans of Euro 50 thousand each (for a total of Euro 100 thousand) granted by the Company to the associate Fitstadium S.r.l..

### Other related parties

The following table provides details of the transactions between the Company and other related parties for the years ended December 31, 2015 and 2014, and the incidence on the related item in the financial statement:

<i>(In thousand of Euro)</i>	Technogym Building S.r.l.	One on One S.r.l.	Starpool S.r.l.	Health System S.r.l.	Via Durini S.r.l.	Candover 2005 Fund	<b>Total</b>	<b>% on financial statements</b>
<b>Trade receivables</b>								
As of December 31, 2015	-	10	(9)	-	-	696	<b>697</b>	<b>1.2%</b>
As of December 31, 2014	-	7	(7)	-	-	-	<b>-</b>	<b>0.0%</b>
<b>Other current assets</b>								
As of December 31, 2015	6	-	-	3	90	-	<b>99</b>	<b>0.2%</b>
As of December 31, 2014	6	-	-	3	90	-	<b>99</b>	<b>0.9%</b>
<b>Trade payables</b>								
As of December 31, 2015	582	26	(2)	-	32	-	<b>638</b>	<b>0.5%</b>
As of December 31, 2014	291	16	(3)	-	-	-	<b>304</b>	<b>0.4%</b>
<b>Other current liabilities</b>								
As of December 31, 2015	-	-	-	-	-	-	<b>-</b>	<b>0.0%</b>
As of December 31, 2014	-	-	-	-	-	-	<b>-</b>	<b>0.0%</b>

<i>(In thousand of Euro)</i>	Technogym Building S.r.l.	One on One S.r.l.	Starpool S.r.l.	Health System S.r.l.	Via Durini S.r.l.	Candover 2005 Fund	<b>Total</b>	<b>% on financial statements</b>
<b>Revenue</b>								
Year ended December 31, 2015	-	134	16	-	-	-	<b>150</b>	<b>0.0%</b>
Year ended December 31, 2014	-	68	7	-	-	-	<b>75</b>	<b>0.0%</b>
<b>Other operating income</b>								
Year ended December 31, 2015	-	-	1	-	-	-	<b>1</b>	<b>0.1%</b>
Year ended December 31, 2014	-	-	5	-	-	-	<b>5</b>	<b>0.7%</b>
<b>Raw materials, work in progress and finished goods</b>								
Year ended December 31, 2015	-	-	-	-	-	-	<b>-</b>	<b>0.0%</b>
Year ended December 31, 2014	-	-	-	-	-	-	<b>-</b>	<b>0.0%</b>
<b>Cost of services</b>								
Year ended December 31, 2015	(4,335)	(138)	(2)	-	(410)	696	<b>(4,189)</b>	<b>6.6%</b>
Year ended December 31, 2014	(4,134)	(131)	(2)	-	(368)	-	<b>(4,635)</b>	<b>7.6%</b>
<b>Other operating costs</b>								
Year ended December 31, 2015	-	-	-	-	-	-	<b>-</b>	<b>0.0%</b>
Year ended December 31, 2014	-	-	-	-	(1)	-	<b>(1)</b>	<b>0.2%</b>

Technogym Building S.r.l. is the company that owns the Technogym Village, which is the registered office and production site of the Company. Therefore, existing relationships with Technogym Building S.r.l. refer to the lease contracts of Technogym Village.

Existing relationships with Candover 2005 Fund (Guernsey) Limited, a company linked to Salhouse Holding S.à.r.l., a minority shareholder of the Company, are related to agreements between the shareholders of the Company in which it was agreed a recharge of a portion of the costs incurred for the Listing Process.

The relationship with Via Durini 1 S.r.l. is related to a lease agreement signed by the Company on March 31, 2010, for the lease of a building located in Milan, Via Durini 1, and venue of the Company's showroom.

The relationship with One on One S.r.l. is related to collaborations aimed to implement and manage corporate wellness areas. For instance, the Company occasionally receive the support of One on One S.r.l. in order to offer a complete service to the end customers. Transactions between the

Company and One on One S.r.l. are regulated by agreements arranged from time to time based on the requests and needs of the end customer.

In 2015, the company acquired from TGB S.r.l. two industrial building and related land, located in the municipality of Gambettola (FC), for a total price of Euro 9,373 thousand. TGB S.r.l. is fully owned by the companies Oiren S.r.l and Apil S.r.l., which are related parties of the Company since Oiren S.r.l. is directly and fully owned by Nerio Alessandri, President and CEO of the Company, and Apil S.r.l. is directly and fully owned by Pierluigi Alessandri, Vice President of the Company. For further information see note 5.1.

### **Remuneration of directors and key management**

The total amount of compensation of the Board of Directors of the Company amounted to Euro 2,142 thousand for the year ended December 31, 2015 (Euro 2,147 thousand for the year ended December 31, 2014). ). The total amount of compensation paid to key management amounted to Euro 1,957 thousand for the year ended December 31, 2015 (Euro 1,420 thousand for the year ended December 31, 2014).

## **10. LITIGATION**

As of December 2015 there are no ongoing legal or tax proceedings against the Company and therefore, no particular provisions have been recognized.

## **11. COMMITMENTS AND GUARANTEES**

As of December 31, 2014 the Company issued guarantees to credit institutions on behalf of subsidiaries for Euro 4,525 thousand (Euro 7,563 thousand as of December 2014), and on behalf of related parties for Euro 3,764 thousand (Euro 1,096 thousand as of December 31, 2014). The guarantees issued by the Company in favor of public institutions and other third parties amounts to Euro 2,661 thousand (Euro 1,165 thousand at December 31, 2014).

There were no significant commitments at the end of the year, with the exception of the information reported in the table included in liquidity risks.

## **12. NON-RECURRING EVENTS AND TRANSACTIONS**

The financial position of the Company and the Company's cash flows for the year ended December 31, 2015 were influenced by a non-recurring situation of fiscal nature as described in the following paragraph.

Until December 2015, based on the interpretation of the regulations in reference to VAT, the Company considered the sales transactions of products produced by the subsidiary Technogym E.E. s.r.o ("TG EE") destined for export outside the Slovak borders and for which the transport is organized and managed by third parties (the "Transactions") as exempted from VAT. Therefore, in

such circumstances, sales made by TG EE to the Company did not generate VAT payables for TG EE, nor VAT receivables for the Company. The above interpretation of the VAT regulations was based on analysis performed by the Company with the assistance of its tax advisories.

During the month of December 2015, as a result of further analysis carried by the Issued with the assistance of its tax advisories, the Company decided to adopt, on a voluntary basis, of a particularly conservative approach. Specifically, the Issue decided to consider taxable for VAT the transactions in fiscal periods that are still ascertainable, which are from December 2010 to December 2015. Consequently, also the transactions of the same situation will be considered taxable for VAT.

This resulted in a tax payment of Euro 35,716 thousand to the Slovak tax authority (of which Euro 22,756, as mentioned above, in December 2015, and a further Euro 12,420 thousand in January 2016) for VAT debt related to the Transactions carried out until December 2015, and to fiscal years that are still ascertainable. The aforementioned payment was financed by an intercompany loan of Euro 35,000 thousand, granted to the subsidiary TG EE by the Company.

In December 2015, the Company has initiated the procedures for the refund of the VAT receivables due from the Slovak tax authority. Based on what was agreed with the Slovak tax authority, the Company does not see any issues regarding the recoverability of the claim in question and estimates the time required for collection in about 12 months.

### **13. EVENTS AFTER DECEMBER 31, 2015**

On February 12, 2016 the Company's Board of Directors approved the purchase of shares representing the entire share capital of TGB S.r.l, holder of the ownership of all the properties part of the Technogym Village, which is the legal and operative headquarters of the Company. TGB S.r.l. is fully owned by the companies Oiren S.r.l and Apil S.r.l., which are related parties of the Company since Oiren S.r.l. is directly and fully owned by Nerio Alessandri, President and CEO of the Company, and Apil S.r.l. is directly and fully owned by Pierluigi Alessandri, Vice President of the Company. After an appropriate expertise appraisal, the purchase price was settled for approximately Euro 41,902 thousand based on the equity value of the company. This amount may be subject to adjustments on the basis of an adjustment mechanism approved in the same meeting of the Board of Directors, to be applied to the balance sheet of the company at the closing date (expected by the end of March 2016).

For accounting purposes and in accordance with IFRS, based on preliminary analysis, the aforementioned acquisition is not considered as "business combination" but instead, it would be considered as acquisition of fixed and financial assets and liabilities. TGB S.r.l. in fact, does not meet the "business" requirements but, rather, it is a group of assets with its financial liabilities.

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# ATTACHMENTS

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## INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010

To the shareholders of  
Technogym SpA

### *Report on the consolidated financial statements*

We have audited the accompanying consolidated financial statements of the Technogym SpA Group, which comprise the statement of financial position as of 31 December 2015, the income statement, statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

### *Directors' responsibility for the consolidated financial statements*

The directors of Technogym SpA are responsible for the preparation of consolidated financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union

### *Auditors' responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree No. 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view, in order to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

### *PricewaterhouseCoopers SpA*

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*Opinion*

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Technogym SpA Group as of 31 December 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union.

*Report on compliance with other laws and regulations*

*Opinion on the consistency with the consolidated financial statements of the report on operations and of certain information set out in the report on corporate governance and ownership structure*

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion, as required by law, on the consistency of the report on operations, which is the responsibility of the directors of Technogym SpA, with the consolidated financial statements of the Technogym SpA Group as of 31 December 2015. In our opinion, the report on operations is consistent with the consolidated financial statements of the Technogym SpA Group as of 31 December 2015.

Bologna, 29 February 2016

PricewaterhouseCoopers SpA

*Signed by*

Roberto Sollevanti  
(Partner)

*This report has been translated into English from the Italian original solely for the convenience of international readers*





**INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF  
LEGISLATIVE DECREE No. 39 OF 27 JANUARY 2010**

To the shareholders of  
Technogym SpA

***Report on the financial statements***

We have audited the accompanying financial statements of Technogym SpA, which comprise the statement of financial position as of 31 December 2015, the separate income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

***Directors' responsibility for the financial statements***

The directors of Technogym SpA are responsible for the preparation of financial statements that give a true and fair view in compliance with International Financial Reporting Standards as adopted by the European Union.

***Auditors' responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3, of Legislative Decree No. 39 of 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing audit procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view, 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

***PricewaterhouseCoopers SpA***

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*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Technogym SpA as of 31 December 2015 and of the result of its operations and cash flows for the year then ended in compliance with International Financial Reporting Standards as adopted by the European Union.

***Report on compliance with other laws and regulations****Opinion on the consistency of the report on operations with the financial statements*

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion, as required by law, on the consistency of the report on operations, which is the responsibility of the directors of Technogym SpA, with the financial statements of Technogym SpA as of 31 December 2015. In our opinion, the report on operations is consistent with the financial statements of Technogym SpA as of 31 December 2015.

Bologna, 29 February 2016

PricewaterhouseCoopers SpA

*Signed by*

Roberto Sollevanti  
(Partner)

*This report has been translated into English from the Italian original solely for the convenience of international readers*

**TECHNOGYM S.P.A.**

Registered office in Via Calcinaro, 2861 – 47521 Cesena (FC)

Share capital € 10,000,000 fully paid in.

Registered with the Forlì-Cesena Chamber of Commerce at E.A.R. number 315187

Business Register – Tax code – VAT code 06250230965

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**REPORT BY THE BOARD OF AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENT AND SEPARATE BALANCE SHEET TO 31<sup>ST</sup> DECEMBER 2015**

Dear Shareholders,

During the year to 31<sup>st</sup> December 2015 we have verified and controlled your company in implementation of the functions that the law assigns to the Board of Auditors.

For this purpose we applied, as far as possible, the Rules of Conduct recommended by the National Council of Chartered Accountants and Accounts Experts following compliance rules defined by Italian law for the Board of the Auditor.

With regard to supervisory activities and the control of Financial Statement, we carried out our tasks exclusively in relation to the specific requirements of the Board of Auditors because, in line with the law, Your company has conferred the company accounts audit to an Audit Firm which will express its opinion on the Financial Statement for the year, as given below.

In relation as allowed by the D. Lgs. 27 January 2005, n.38, Technogym S.p.a. has chosen the options to be compliant with the international standard Ias/Ifirs.

Based on that decision, Your company has produced both the consolidated financial statement to present balance sheet, profit and loss and net financial positions, and the separate financial statement. As confirmed by the “illustrative notes to separate financial statement at 31 December 2015” in that document the separate financial statement is considered as statutory account, as defined by civil and fiscal law, that needs to be approved by shareholder meeting.

In relation to the activities carried out during the year to 31<sup>st</sup> December 2015, pursuant to art. 2429 of the Italian Civil Code, the Board of Auditors points out as follows.

\* \* \* \* \*

### **1) SUPERVISION ACTIVITIES**

During the periodic meetings as provided by art. 2403 of the Italian Civil Code, and by attending the meetings of the various company boards, we carried out the following activities:

- a) We supervised that law, the deed of partnership and the correct administration principles were observed;
- b) We attended the Shareholders' Meetings that were called during the year, which were carried out in compliance with the articles of association, legislation and regulations that govern their proceedings;
- c) We attended the Board of Directors' meetings that were called during the year, and we can confirm that they also were carried out in compliance with the articles of association, legislation and regulations that govern their proceedings;
- d) We periodically requested from the Board of Directors information obtained by the Directors about the general company trends and the foreseeable development and about the most important operations for size and characteristics that the company or its subsidiaries carried out;
- e) We directly obtained information about the activities carried out by the Audit Firm appointed for the Statutory Audit, and we can confirm there were no irregularities or data or information that needs highlighting in this report;
- f) We supervised the adequacy of the company organisational structure, by gathering information from the department managers and we have no special observations to make;
- g) We assessed and supervised the adequacy of the administration and accounts system, and the reliability of the latter to correctly represent the operational facts. These activities were carried out by obtaining information from the department managers,

from the Audit Firm, by examining the company documents and we have no observations to make;

- h) We have assessed and supervised the adequacy of the internal control system and its reliability to guarantee the effectiveness of the management actions to enable pursuing the company goals and preserving the assets of your company. For this we used the information we obtained from the department managers, from the Audit Firm appointed for the Statutory Audit, by examining the company documents and we have no observations to make;
- i) We get meeting with Supervisory Board as per D.Lgs. 8 June 2001, n.231 and we can refer that no events or relevant fact was coming out during that;
- j) Pursuant to art. 2408 of the Italian Civil Code we received no reports or claims from third parties;
- k) During our supervision work as detailed above, no significant facts emerged that require mention in this report;

In conclusion, the supervisory activity conducted by the Board in the year 2015 founds no omissions, reprehensible facts or irregularities in the management, nor, in any case, facts or elements for which the law requires the reporting in this report or for which this would be considered appropriate by the Boards.

\* \* \* \* \*

## **2) ACTIVITIES ON THE FINANCIAL STATEMENT**

For the evaluations that are our responsibility, we have examined the Financial Statement to 31<sup>st</sup> December 2015 prepared by the directors for submission to your approval.

For this purpose, as mentioned in the introduction, our examination has related to the separate financial statements, approved as financial statements by the Board on 16 February 2016, and the consolidated financial statements, which should be considered as an attachment in accordance with international accounting standards.

We would remind you that the Statutory Audit for the year to 31<sup>st</sup> December 2015 of your company has been assigned to an Audit Firm, regularly registered with the Ministry for Justice pursuant to art. 2409-b of the Italian Civil Code, and therefore said firm will express its opinion on the Financial Statement of TECHNOGYM S.p.A.

As anticipated before, the financial statements has been prepared in accordance with IAS principles.

Pursuant to art. 14 of Legislative Decree n. 39/2010, the Audit Firm's report was released on 29 February 2016, concluding by releasing a fully positive opinion, stating that the financial statements provides a true and fair view of the financial position and financial performance and cash flows of Technogym S.p.a at December 31, 2015, in accordance to IAS principles. In the same report, at the end, the auditor firm declares that Management Report is coherent with the financial statement.

As we are not responsible for the analytical control of the Financial Statement items, we supervised the general layout given to it and its overall conformity to law in relation to its structure and the information that is given and we have no special observations to make.

We have controlled that the Financial Statement corresponds to the facts and information that we have obtained further to carrying out our duties and we have no observations to make.

In relation to the functions as provided by art. 2403(1) of the Italian Civil Code, we have controlled that the legal requirements have been respected regarding the balance sheet and the completeness of the supplementary notes and the management report.

In particular, the Management Report contains the information and data required by law. In fact, the company has benefitted from the faculty provided by art. 40-b(2) of Legislative Decree no. 127/1991, which allows presenting a single document containing the Management Report to be attached to the Financial Statement and the Management Report to be attached to the Consolidated Financial Statement.

The company is subject to the obligations provided by Legislative Decree no. 127 of 9<sup>th</sup> April 1991 and has drawn up the Consolidated Financial Statement to 31<sup>st</sup> December 2015 of the TECHNOGYM Group, which includes the Financial Statements of the parent company and the subsidiaries that it holds the majority of votes for in the ordinary Shareholders' Meetings. This Consolidated Financial Statement has been prepared according to the international accounting standards IAS/IFRS and it is subject to the control of the Audit Firm

as per art. 41 of Legislative Decree no. 127 of 9<sup>th</sup> April 1991. The Audit Firm issued his report on 29 February 2015 expressing a favourable opinion without any special comments on the Consolidated Financial Statement and without requesting any further information, and stating that the financial statements provides a true and fair view of the financial position and financial performance and cash flows of Technogym S.p.a at December 31, 2015, in accordance to IAS principles. In the same report, at the end, the auditor firm declares that Management Report is coherent with the financial statement.

In sections "Significant subsequent events occurring after year-end 2015" of the separate financial statements and consolidated financial statements for the year ended December 31, 2015 is described the purchase transaction of the entire share capital of the company TGB S.r.l that holds ownership of all properties forming part of the "Technogym Village" and for some time already used by the Company as the headquarters and factory of Cesena.

This operation refers to non-recurring transaction with related parties, as appropriately described by administrators in these documents.

During our supervision activities as described above, no other significant facts emerged that require mention in this report.

\* \* \* \* \*

Considering the above and the outcome of the activities by the Audit Firm, the Board of Auditors has no objections to the Financial Statement to 31<sup>st</sup> December 2015 being approved, nor any objections relative to the proposal for the allocation of the year's profit of € 37.077.861,64, as presented by the Directors in their Management Report.

Cesena, 5<sup>th</sup> March 2016

THE BOARD OF AUDITORS

Dr Filippo Cicognani

Dr Massimo Bellavigna

Dr Fabio Oneglia

