

# HALF-YEARLY FINANCIAL REPORT 2019



# **TECHNOGYM GROUP**

## **HALF-YEARLY FINANCIAL REPORT AS OF 30 JUNE 2019**



**The Wellness Company**

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# 1. CORPORATE DATA

## Registered office

Technogym S.p.A.  
Via Calcinaro, 2861  
47521 Cesena (FC) - Italy

## Legal details

Authorized and subscribed share capital Euro 10,050,250  
VAT number, Tax Code and CCIAA (Chamber of Commerce, Industry, Craft Trade and Agriculture) no.:  
06250230965  
Forlì Cesena R.E.A. registration n° 315187

## Technogym stores

**Cesena**, Via Calcinaro 2861  
**Milan**, Via Durini 1  
**New York**, Greene Street, 70  
**Moscow**, Piazza Rossa 3, GUM, 3<sup>rd</sup> floor/3<sup>rd</sup> line  
**Moscow**, Crocus City Mall, km 66 MKAD, Showroom 163  
**Moscow**, Vremena Goda, Kutuzovsky Ave, 48  
**Saint Petersburg**, Bolshoy prospekt P.S. 49/18  
**London**, c/o Harrods, Brompton Road 87-135  
**Marbella**, Boulevard Principe Alfonso de Hohenlohe, Centro Comercial La Poveda locale  
**Madrid**, Calle de Claudio Coello, 77

## 2. CORPORATE BODIES

### Board of Directors

President and Chief Executive Officer	Nerio Alessandri
Deputy Chairman	Pierluigi Alessandri
Directors	Erica Alessandri
	Francesca Bellettini
	Carlo Capelli <sup>(4)</sup>
	Maurizio Cereda <sup>(1)</sup>
	Chiara Dorigotti <sup>(1) (3)</sup>
	Riccardo Pinza <sup>(2)</sup>
	Vincenzo Giannelli <sup>(2)</sup>
	Maria Cecilia La Manna <sup>(1) (3) (5)</sup>
	Andrea Giuseppe Zocchi <sup>(2) (3)</sup>

### Board of Statutory Auditors

Chairman	Francesca Di Donato
Standing Auditors	Claudia Costanza
	Ciro Piero Cornelli
Alternate Auditors	Laura Acquadro
	Stefano Sarubbi

### Supervisory Body

Chairman	Andrea Ciani
	Giuliano Boccanegra
	Emanuele Scorsonetto

### Officer in charge

	Andrea Alghisi
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### Independent Auditors

	PricewaterhouseCoopers S.p.A.
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<sup>(1)</sup> Member of the Control and Risks Committee

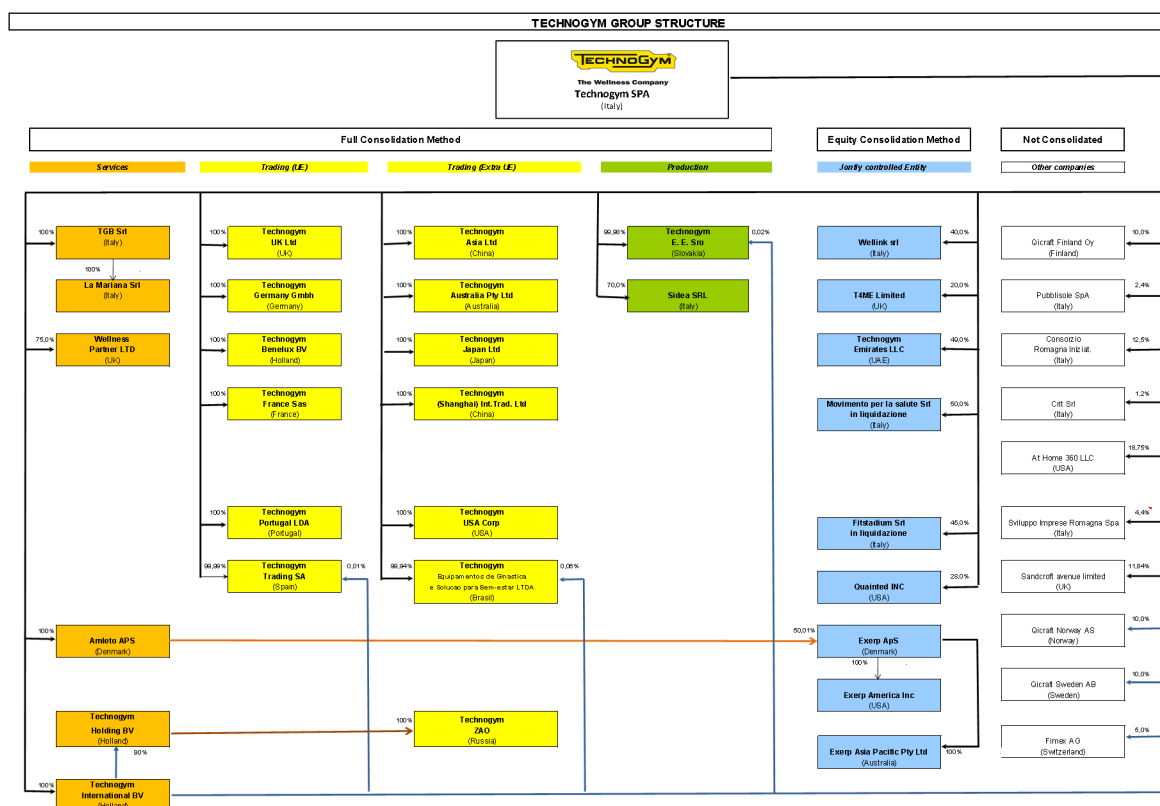
<sup>(2)</sup> Member of the Appointments and Remuneration Committee

<sup>(3)</sup> Member of the Related Party Transactions Committee

<sup>(4)</sup> Director Responsible for the Internal Audit and Risk Management System

<sup>(5)</sup> Lead Independent

### 3. GROUP ORGANIZATIONAL CHART AS OF 30 JUNE 2019



## 4. INTERIM BOARD OF DIRECTORS' REPORT

### Operating performance and comments on the economic and financial results

#### Macroeconomic scenario

“The risks for the prospects of the global economy, due to continuing international trade tensions and a slowdown in activities in China, have not eased off. Long-term yields have decreased in advanced countries, affected by a worsening in prospects for growth and a more accommodating strategy of main central banks, with the US Federal Reserve reporting possible future reductions in interest rates”.

As stated in the opening lines of the Economic Bulletin published in July by the Bank of Italy.

Prospects for the international economic framework in which the Technogym Group operates appear weak, despite the growth recorded in the first quarter of the year, in particular, in developed countries, in Japan and the United States. A possible worsening of global trade tensions, particularly in the United States and China, as well as ongoing uncertainty over the times and procedures for the United Kingdom to leave the European Union are having a negative impact on world trade (-0.8% annualized over the first quarter according to Bank of Italy estimates), as well as businesses' investment decisions. According to the most recent assessments of purchasing managers of companies in the manufacturing sector (SMEs), cyclical conditions in the second quarter declined in all main economies.

A more detailed look at the macro-economic parameters for geographic areas in which the company is most heavily committed, shows growth picking up in Japan in the first quarter of the year (+2.2% YOY vs. +2% in the last quarter of 2018), driven above all by the drop in imports and accumulation of inventories in the context of a weak domestic demand. Despite a slight downwards revision of estimates, Japan is expected to close 2019 with a 0.7% increase in GDP.

In United States, a continuing unemployment rate of 3.7% (June), at a record low of the last 10 years, and continual growth in the disposable income of households boosted GDP in the first quarter, which was equal to +3.1% (from +2.2% in the first quarter), and higher than the latest OECD forecasts for the United States (+2.8% in 2019). Moreover, the continuing growth in average hourly salaries (+3.1% over the last 12 months, and now at the record level of USD 23.43/h), does not seem to be sufficient to have a permanent impact on inflation - equal to 1.8% in May - partly warding off the threat of the FED adopting a more restrictive monetary policy. In a meeting of 19 June, the FED did not change the benchmark rates, however it revised its forecasts for inflation over the 2019-2020 period downwards, indicating possible future reductions in rates. Listings of swap contracts on federal funds expect a drop in rates before the end of the year.

Despite the ongoing uncertainty over the end of Brexit and lower confidence of businesses (SMEs in the manufacturing sector reported a confidence level of 48, a record low for the last few years and reduced investment expectations of companies), growth in the United Kingdom is expected to increase on an annual basis by 1.2% in 2019. With inflation at around 2%, the Bank of Italy in the June meeting, did not change monetary conditions or prospects for a gradual increase in rates over the next three years.

Among emerging countries, China reported a slowdown in growth (+6.2% in the second quarter), down on the first quarter of 2019 (+6.4%). Growth in the second quarter, affected by the consequences of the trade war with the United States, reported the weakest trend of the last 27 years, confirming how a failure to solve problems with the United States may prevent the current growth estimates for the year (+6.2%) from being reached. Growth in India reported a slight slowdown in the first quarter compared to the last quarter of 2018 (+5.8% vs. +6.6%), but a recovery is expected in the next few quarters, considered as sufficient for year estimates still to be reached (+7.2%). Economic prospects for Russia and Brazil, with a 1.4% growth in GDP expected for 2019, are gradually getting better, pointing to further improvement during 2020.

Moving on to the Euro area, which accounts for 50% of the Technogym Group's overall turnover, the outlook is still positive, but with a marked a slowdown in growth compared to the previous year. Despite a sequential increase in the first quarter of 2019 (+0.4% vs. +0.2% in the last quarter of 2018) and a slight upwards revision in estimates, GDP is expected to be 1.2% (vs. +1.8% in 2019). Inflation was moderate on an annual basis

(approximately 1.2% in June), backing up the recent decisions of the ECB in the last meeting of 6 June to continue its expansionary monetary policies (including new TLTRO), that will be adopted if the macro-economic framework does not improve.

The growth in credit is continuing in favour of businesses (+4.7% in loans to non-financial undertakings in the Euro area in the first quarter), with a particularly positive trend in Germany and France, and weakness in Italy. The growth in household loans amounted instead to +3.3%.

In Italy, where the Parent Company Technogym is based and which accounts for less than 10% of turnover in the half year, growth was still particularly modest. After +0.1% registered in the first quarter, which reversed the previous negative trend, it should be noted that ISTAT recently reported concerns for the second quarter, with initial expectations of a negative performance.

Moving on to international financial markets, the worsening trade tensions and deterioration in prospects for growth reflect a general decrease in the long-term yields of main advanced economies. In the second quarter of the year, yields on ten-year bonds continued to fall considerably in all main geographies, following a deterioration in growth prospects and consequent expectations of main central banks prolonging the period of “monetary accommodation”. Between the end of March and start of July, sovereign risk premiums fell markedly in the entire Euro area. Share prices in main advanced countries fluctuated considerably, due among others to ongoing news of the trade war between China and the United States. However, the implied volatility of these fluctuations was far lower, even at peak times, than that registered during other periods of tension.

In Italy, the share market (FTSE All Shares) recorded a positive performance of 15% from the start of the year to 30 June a little higher than the 14% of the Stoxx 600, the index representing main European companies by capitalisation. In this context of general weakness, the Technogym share registered growth of +5% from the start of the year and up to 30 June.

## **Currency market**

Currency market movements in the period were affected by the trade war and by unrestrictive monetary policies of main central banks. In the first half of the year, the euro was basically stable against the pound sterling and slightly down (-0.8%) over the USD; depreciation against the Japanese yen was more marked (-2.8% in the reporting period).

## **Industry scenario**

In the first half of 2019, technology was confirmed as the main industry *trend*: 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, solutions and services throughout the industry, also resulting in an increasing focus on training content and the start up of operators promoting their services as *boutique fitness studios*. The other main industry *trend* relates to physical activity in preventing illness. In fact, 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 for achieving the correct lifestyle and staying healthy continued.

Global business for all *fitness equipment manufacturers* is expected to grow by 3.6% in the year (source: Allied Market Research) and presumably this trend was confirmed in the first half of the year. At a geographical level, North America and Europe are the biggest markets; however they are mature, so they also have the lowest rates of growth at approximately 2.5%, while emerging areas such as APAC and LATAM should continue to record growth rates >6%.

Even though the sector is highly fragmented, it should be noted that the bulk of business in this sector is concentrated in a few large industry operators, operating in both the B2B (business to business) and B2C (business to client) segments.



## Comments on the economic and financial results

2019 was the year that IFRS 16 was first adopted, as described in the section “Accounting standards” of the notes, therefore comments are made on the financial results in this section excluding the effect of this standard, in order to maintain a uniform comparison base with the corresponding period of 2018. The impact relative to the adoption of this standard has been indicated separately.

The economic data recorded by the Group in the first half of 2019 are summarized below, and compared with the first half of the previous year:

	Half year ended 30 June			Changes	
	2019 including IFRS 16	2019 excluding IFRS 16	2018	2019 excluding IFRS 2016 vs. 2018	%
Revenues	295,261	295,261	272,884	22,377	8.2%
Adjusted EBITDA <sup>(1)</sup>	50,353	47,445	44,865	2,580	5.8%
Adjusted EBITDA Margin <sup>(1)</sup>	17.1%	16.1%	16.4%	(0.3%)	
Adjusted net operating income <sup>(2)</sup>	34,208	34,109	33,578	531	1.6%
Profit for the period <i>adjusted</i> <sup>(3)</sup>	26,691	26,817	25,195	1,622	6.4%

<sup>(1)</sup> The Group defines:

- the *adjusted* EBITDA as the net operating income, adjusted by the following income statement items: (i) net provisions; (ii) depreciation, amortization and impairment losses and (iii) non-recurring income/(expenses);

- the *margin adjusted* EBITDA as the ratio between adjusted EBITDA and total revenues.

<sup>(2)</sup> The Group defines *adjusted* net operating income as the net operating income adjusted for non-recurring income/(expenses).

<sup>(3)</sup> The Group defines adjusted group profit as group profit adjusted for non-recurring income/(expenses) and non-recurring taxes.

The following table summarises the main economic indicators used by the Group:

(In ratios)	Half year ended 30 June		
	2019 including IFRS 16	2019 excluding IFRS 16	2018
ROS Adjusted	12%	12%	12%

**Total revenues** came to Euro 295,261 thousand, up by Euro 22,377 thousand (+8.2%) compared to Euro 272,884 thousand in the first half of 2018. The increase is due to both the growth in sales volumes, and the net effect of the change in prices.

With constant exchange rates, Total revenues would increase by Euro 290,718 thousand (6.5% over the first half of 2018).

**Adjusted EBITDA** came to Euro 47,445 thousand, up by Euro 2,580 thousand (+5.8%) compared to Euro 44,865 thousand in the first half of 2018. This increase is mainly due to the increase in sales volumes, improvement in the product mix partially offset by greater logistic costs and costs to develop sales channels and market coverage. Adjusted EBITDA with the adoption of IFRS 16 is equal to Euro 50,353 thousand.

In the half year ended 30 June 2019, non-recurring expenses equal to Euro 1,404 thousand were recorded, attributable to higher operating costs for inefficiencies caused by the reorganisation processes of some sales branches. As of 30 June 2018, no non-recurring expenses were recorded.

On the whole, the incidence of adjusted *EBITDA* on revenues (the **Adjusted EBITDA Margin**) was equal to 16.1% as of 30 June 2019, down by 0.3% compared to the previous half year (16.4% as of 30 June 2018). The *adjusted* EBITDA *margin* with the adoption of IFRS 16 was equal to 17.1% as of 30 June 2019.

**Adjusted ROS** for the half year ended 30 June 2019 was affected by the typical seasonal nature of the *fitness* equipment market. In this regard, it should be noted that the increase in revenues in the different quarters of the year is linked primarily to customers' tendency to make their purchases in the second half, following the most important industry trade fairs that are traditionally held in the first half. The adjusted ROS for the half year ended 30 June 2019, with the adoption of IFRS 16, was equal to 12%.

**Adjusted net operating income** came to Euro 34,109 thousand, up by Euro 531 thousand (+1.6%) compared to Euro 33,578 thousand in the first half of 2018. Adjusted EBITDA with the adoption of IFRS 16 is equal to Euro 34,208 thousand.

The table below shows the consolidated statement of financial position in condensed and reclassified form, which reports the structure of invested capital and sources of financing as of 30 June 2019 and as of 31 December 2018.

<i>(In thousands of Euro)</i>	As of 30 June		As of 31 December
	2019 including IFRS 16	2019 excluding IFRS 16	2018
<b>Loans</b>			
Net Fixed Capital <sup>(4)</sup>	239,281	220,325	209,574
Net Operating Capital <sup>(5)</sup>	11,042	11,058	34,575
<b>Net Invested Capital</b>	<b>250,323</b>	<b>231,382</b>	<b>244,148</b>
<b>Sources</b>			
Equity	200,094	200,211	209,277
Net financial indebtedness <sup>(6)</sup>	50,229	31,171	34,871
<b>Total sources of financing</b>	<b>250,323</b>	<b>231,382</b>	<b>244,148</b>

<sup>(4)</sup> Net fixed capital is composed of: (i) Property, plant and equipment; (ii) Intangible assets; (iii) Investments in joint ventures and associates; (iv) Deferred tax assets, (v) Non-current financial assets, (vi) Other non-current assets, (vii) Deferred tax liabilities, (viii) Employee benefit obligations, (ix) Non-current provisions for risks and charges and (x) Other non-current liabilities.

<sup>(5)</sup> Net operating capital is composed of: (i) Inventory; (ii) Trade Receivables; (iii) Other current assets; (iv) Trade payables; (v) Current tax liabilities; (vi) Current provisions and (vii) Other current liabilities.

<sup>(6)</sup> Net financial indebtedness is made up of: (i) Current financial assets, (ii) Assets for derivative financial instruments, (iii) Cash and cash equivalents, (iv) Non-current financial liabilities, (v) Current financial liabilities and (vi) Liabilities for derivative financial instruments.

The following table summarizes the main financial indicators used by the Group:

<i>(In ratios)</i>	As of and for the half year ended 30 June		As of and for the year ended 31 December
	2019 including IFRS 16	2019 excluding IFRS 16	2018
ROE	40.3%	59.3%	44.5%
Adjusted ROI	44.1%	47.7%	45.0%
Net Financial Indebtedness / EBITDA ratio	(0.36)	(0.23)	(0.26)

Net fixed capital and net financial indebtedness were affected by the first-time adoption of IFRS 16. These effects described in the section “Accounting standards” of the notes amount to Euro 18,956 thousand as of 30 June 2019 and Euro 20,971 thousand as of 1 January 2019 respectively for net fixed capital, and amount to Euro 19,058 thousand as of 30 June 2019 and Euro 20,971 thousand as of 1 January 2019 for net financial indebtedness.

**Net fixed capital** came to Euro 220,325 thousand , up by Euro 10,751 thousand compared to Euro 209,574 thousand for the year ended 31 December 2018. This increase is primarily due to the normal activities of investment in new product development. Net fixed capital with the adoption of IFRS 16 is equal to Euro 239,281 thousand.

**Net operating capital** came to Euro 11,058 thousand, down by Euro 23,517 thousand compared to Euro 34,575 thousand in the year ended 31 December 2018, mainly due to the decrease in the balances of the items “Trade receivables” (Euro -38,053), as a result of the credit management inefficiencies caused by the problematic implementation of the new company ERP, during 2018, being solved. The item “trade payables” was down (Euro -16,997 thousand) and lastly, the balances of the items “Inventories” increased by Euro 5,231 thousand. To this end, it should be noted that: (i) the average days of inventories for the half year ended 30 June 2019 were equal to 70, in line with the year ended 31 December 2018, while the inventory turnover ratio stayed at 5.2; (ii) the average days of collection of trade receivables fell from 73 for the year ended 31 December 2018 to 53 for the half year ended 30 June 2019, with the trade receivables turnover ratio changing from 5 to 6.9, further indicating the excellent performance of credit management in the first half of 2019; (iii) the dpo went from 133 for the year ended 31 December 2018 to 112 for the half year ended 30 June 2019, with the trade payables turnover ratio changing from 2.7 to 3.2.

**Debt** came to Euro 31,171 thousand, down by Euro 3,700 thousand compared to Euro 34,871 thousand in the year ended 31 December 2018. This decrease is due to the reduction in non-current financial indebtedness Net financial indebtedness amounted to Euro 61,542 thousand as of 30 June 2018. Net financial indebtedness with the adoption of IFRS 16 is equal to Euro 50,229 thousand.

**Group equity** totalled Euro 200,211 thousand, down by Euro 9,066 thousand (-4.3%) compared to Euro 209,277 thousand in the year ended 31 December 2018. This decrease is primarily due to the recognition of profit for the period of Euro 25,414 thousand, reduced by the payment of dividends of Euro 36,181 thousand in May 2019 following the approval of the 2018 financial statements. Group equity with the adoption of IFRS 16 is equal to Euro 200,094 thousand.

## Segment reporting

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 management when making operational decisions. The approach to the market is adopted through a unique business model that offers an integrated range of “*wellness solutions*”, together with the pursuit of higher levels of operational efficiency achieved by 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*, alternatively by distribution channel and geographic area, an organization that also identifies a strategic vision of the business. The type of organization described above reflects the way Company management monitors and strategically directs the activities of the Group.

Technogym ended the first half improving its **performance** over the previous year (+8.2%), increasing global growth in the sector twofold. Growth was positively affected by FOREX trends: in fact, with constant exchange rates, performance would have been equal to +6.5%. A breakdown of revenues by geographical area is provided below:

<i>(In thousands of Euro and percentage of total revenues)</i>	Half year ended 30 June			
	2019	2018	2019 vs. 2018	%
Europe (without Italy)	139,393	138,262	1,131	0.8%
APAC	53,092	44,343	8,748	19.7%
North America	41,810	33,620	8,190	24.4%
Italy	25,834	25,595	239	0.9%
MEIA	24,193	21,241	2,952	13.9%
LATAM	10,940	9,823	1,117	11.4%
<b>Total revenues</b>	<b>295,261</b>	<b>272,884</b>	<b>22,377</b>	<b>8.2%</b>

In geographic terms, the overall result was driven by high-potential markets:

- **North America (+24.4%)** thanks to strong growth in Canada (+55.0% in local currency) and in the USA (+11.4% in local currency, due to an excellent performance in main market segments).
- **APAC (+19.7%)** from an excellent performance in Australia (+41.8% in local currency), China (+16.2% in local currency) and on high-potential markets covered by the distribution channel (+44.5%).
- **MEIA (+13.9%)** driven by the excellent performance of the distributors channel (+16.5%).

Double digit growth was also recorded in LATAM, thanks to the performance of Brazil (+60.4% in local currency), while in Europe, the company maintained the same market shares overall, with the excellent performance in Germany (+15.9%) and Benelux (+10.0%) partially offset by difficulties in the macro-economic scenario in Russia, and flat growth in Italy, which is a stable market.

A breakdown of revenues by sales channel is provided below:

<i>(In thousands of Euro and percentage of total revenues)</i>	Half year ended 30 June			
	2019	2018	2019 vs. 2018	%
Field sales	210,994	198,159	12,835	6.5%
Wholesale	61,062	54,852	6,210	11.3%
Inside sales	19,389	16,941	2,448	14.5%
Retail	3,816	2,932	884	30.2%
<b>Total revenues</b>	<b>295,261</b>	<b>272,884</b>	<b>22,377</b>	<b>8.2%</b>

As regards sales channels, double digit growth was recorded nearly everywhere:

- **Retail (+30.2%)** thanks to the performance of all main European sales outlets, that more than offset the difficulties of stores in Russia.
- **Inside Sales (+14.5%)**, thanks to growth of the core driver, i.e. the consumer segment, which is increasingly important also in non-European geographic areas.
- **Wholesale (+11.3%)**, thanks above all to growth in APAC (+44.5%) and MEIA (+16.5%), high-potential regions above all in the vertical segments.

The result from the Field Sales channel (+6.5%), where the company has expanded its market and area coverage, above all in vertical segments.

## **Risk factors**

### **Financial risks**

Financial markets continued to be volatile during the first half of 2019. In this scenario, the Group implemented policies to monitor and mitigate potential risks, in line with group policies, while avoiding the adoption of speculative financial positions.

### **Credit risk**

The Group has an international customer base and a network of known and trusted distributors. The Group makes use of an internally developed *Risk Score Rating* system integrated with data from known external data banks and these help the Group manage requests for non-standard payment terms and take out credit insurance policies as necessary. Tight credit control allowed the Group to record contained levels of past due amounts.

### **Interest rate risks**

Interest rate risk is related to the use of short and medium/long-term credit lines. Variable rate loans expose the Group to the risk of fluctuations of cash flows due to interest. In order to mitigate the exposure to said type of risk, during 2017 the Group negotiated an Interest Rate Swap (IRS) in order to convert part of its bank debt from variable rate to fixed rate.

In July 2019, in line with the early settlement of the underlying liability, this hedging contract was fully settled.

### **Exchange 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, RUB and JPY.

The Group puts in place exchange rate risk hedges based on the ongoing assessment of market conditions and the level of net exposure to the risk, combining the use of:

- “‘*natural hedging*’, i.e. a risk management strategy that pursues the objective of combining both economic-financial flows (revenues-costs, collections-payments) and balance sheet assets and liabilities that are denominated in the same foreign currency and that have a consistent timeframe so to realize net exposures to exchange rate risk which may be hedged more effectively and efficiently;
- derivative financial instruments, to hedge net exposures in assets and liabilities denominated in foreign currency;
- Derivative financial instruments used as cash flow hedges relating to highly probable future transactions (*Cash Flow Hedge Highly Probable Transaction*)

The hedges in place as of 30 June 2019, despite being operational hedges, do not satisfy the conditions for hedge accounting. Consequently, fair value changes as of 30 June 2019 are charged to the income statement, with the exception of the interest rate swap on the loan.

### **Liquidity risk and change in cash flows**

The Group's liquidity risk 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 Group companies.

### **Price risk**

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

**Non-financial risks****Internal risks - effectiveness of processes**

The processes that characterize the different areas of the Group business are carefully positioned in a well-structured system of responsibilities and procedures.

The application of these procedures ensures the correct and homogeneous development of processes over time, irrespective of personal interpretations, also making provision for mechanisms of gradual improvement.

The set of procedures for the regulation of company processes is incorporated in the Quality Assurance System and subject to certification by third parties (ISO 9001).

Within the system of processes, the procedures for the management of insider information and for human resources selection and management are regulated.

**External risks - markets, country risk**

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

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

## Research, innovation and development

Product innovation has always been the Technogym Group's driver of growth. The capacity to innovate is based primarily on the expertise acquired over time by the division dedicated to product research and development, activities traditionally considered an essential tool for reaching and consolidating a *leading* position in the international *fitness* equipment market owing to the quality, innovation and *design* of its products.

The first half of 2019 saw the successful continuation of the circulation of **Technogym Ecosystem** on the market, 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, including via *mobile* devices. The platform makes it possible to connect final users, professional operators and Technogym products ("Wellness on the Go") in real-time and in any environment, by aiming to offer, on the one hand, greater personalization and general improvement in the *wellness* experience for users and, on the other, new opportunities for professional operators to widen their customer base and retain customers.

In 2019, TECHNOGYM unveiled the revolutionary concept **CLUB 4.0** during the industry's most important trade shows - **IHRSA (San Diego – USA)** and **FIBO (Cologne - Germany)**.

**CLUB 4.0** is Technogym's new strategy designed to offer a wide variety of training experiences at fitness clubs, in different segments, dedicated to people with diverse passions, needs and goals. Thanks to a combination of innovative products, the Mywellness cloud digital platform, training programmes, digital services and dedicated visual projects, Technogym can offer appealing, immersive, customised training experiences for each user.

The training format proposed by **Technogym** offers:

- **BIOCIRCUIT** - the new circuit-based method giving clients bespoke training to meet their goals in a short time.
- **SKILLRUN CLASS and SKILLRUN BOOTCAMP** – immersive group training on the latest hi-tech treadmills, designed for professional athletes and amateur fitness enthusiasts alike - and the **BOOTCAMP** version, for more daring users, offering high-intensity training.
- **SKILLROW CLASS** - indoor rowing to improve anaerobic power, aerobic capacity and neuromuscular abilities.
- **SKILLMILL CLASS** – on a single non-motorized treadmill, to train at the same power, speed, resistance and agility levels.
- **SKILLBIKE CLASS** - ideal for cycling enthusiasts and triathletes who want to experience the thrill of outdoors - indoors, also in class and group versions.
- **SKILLATHLETIC** - the new training experience - developed from Technogym's experience as an official supplier at the last seven editions of the Olympic Games.

These customised training experiences are on offer thanks to the technology of the Mywellness digital platform, which connects products to various Technogym training programmes. Thanks to the Technogym ecosystem, users can display all their personal data, recorded during classes and any type of physical activity outdoors or using Technogym equipment, on their profile and in the mobile app.

As part of digital development, Technogym started activities to launch the Technogym Live platform, that will enable users to connect to training content on Technogym products, both live and on demand.

### **Medical and scientific research**

A scientific approach is an integral part of TECHNOGYM's product development, and the company works with many experts in the field as well as with numerous Italian and international universities. These partnerships focus on the biomechanical and physiological analysis of products being developed, in order to certify their security and effectiveness and study the benefits for sport and health.

The relationship with the Universities of Loughborough (UK) and University of South Florida should be noted in particular, with which the company is conducting validation tests on products and solutions. In Italy, there are ongoing structured partnerships with the Universities of Padova, Udine and IUSM in Rome, and new projects with the Department of the Physical Mechanics of Human Locomotion, Milan University. Scientific research in the area continues, with publications of scientific studies in indexed journals and the participation of Scientific Department managers at national and international conferences as speakers.



## Investments and acquisitions

During the first half of 2019, the Group made investments in property, plant and equipment and intangible assets totalling Euro 21,108 thousand. *Management* believes these investments contributed positively to the growth in revenues during the six-month period ended 30 June 2019 and, at the same time, strengthened the Group's market position both in Italy and overseas.

The data in this section do not include the initial recognition of the right of use arising from the adoption of IFRS 16.

The amounts of investments made by the Group in the half year ended 30 June 2019 and in the year ended 31 December 2018 are shown below, broken down by type:

<i>(In thousands of Euro)</i>	Half year ended 30 June	Year ended 31 December
	2019	2018
Property, plant and equipment	14,033	18,159
Intangible assets	7,074	15,064
<b>Total investments</b>	<b>21,108</b>	<b>33,223</b>

The table below shows the amounts of investments made by the Group in the half year ended 30 June 2019 and in the year ended 31 December 2018, relating to the item "Property, plant and equipment", broken down by category:

<i>(In thousands of Euro)</i>	Half year ended 30 June	Year ended 31 December
	2019	2018
Land	702	242
Buildings and leasehold improvements	453	1,222
Plant and machinery	460	3,044
Production and commercial equipment	4,910	4,252
Other assets	1,402	2,678
Assets under construction and advances	6,106	6,721
<b>Total investments in property, plant and equipment</b>	<b>14,033</b>	<b>18,159</b>

The table below shows the amounts of investments made by the Group in the half year ended 30 June 2019 and in the year ended 31 December 2018, relating to the item "Intangible assets", broken down by category:

<i>(In thousands of Euro)</i>	Half year ended 30 June	Year ended 31 December
	2019	2018
Development costs	701	3,081
Patents and intellectual property rights	2,454	6,118
Concessions, licenses, trademarks and similar rights	82	186
Intangibles under development and advances	3,830	5,629
Other intangible assets	7	50
<b>Total investments in intangible assets</b>	<b>7,074</b>	<b>15,064</b>

Investments in property, plant and equipment include the purchase of new dies and equipment for the production sites of Technogym SpA and Technogym Slovakia.

Investments in intangible fixed assets include long-term costs for the development of new projects and restyling of existing projects, as well as purchases of software.

### **Related party transactions**

There were no related party transactions that had a significant impact on the financial position or results of the Group as of and for the half year ended 30 June 2019, as such to require prior approval by the Board of Directors.

Related party transactions were settled on an arm's length basis, and were valued and performed in respect of the appropriate internal procedure (which can be consulted on the website <http://corporate.technogym.com/it>, Governance section), which defines their terms and methods of verification and monitoring.

Information on relations with related parties, as required by Consob Communication no. DEM/6064293 of July 28, 2006, is presented in the financial statements and in the note "related party transactions" of the condensed interim consolidated financial statements as of 30 June 2019.

## Information on shares

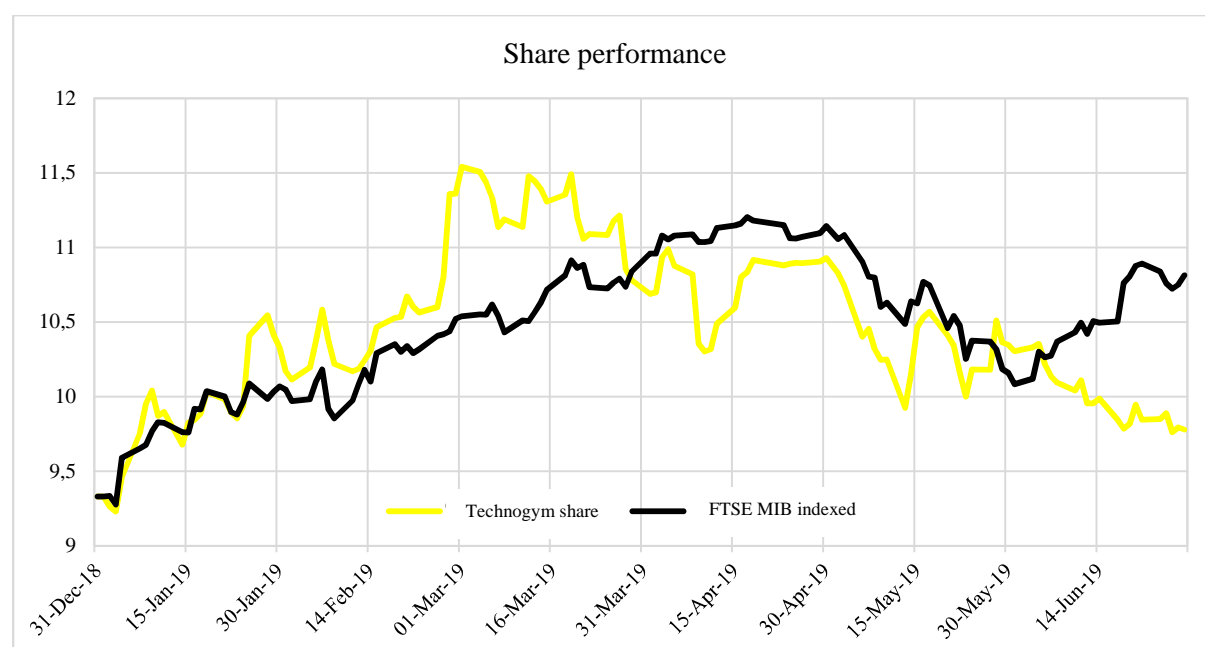
In this scenario, Technogym shares recorded a 5.6% growth in the first half of the year.

The company does not own nor did it hold, during the period, neither through third parties nor trust companies, treasury shares or shares or holdings in parent companies. During the period, no significant events occurred changing the shareholder base of the Company.

### Share performance

The diagram below summarizes the performance of the Technogym share:

Main stock market indicators (Euro)	
<i>Shares listing</i>	
Official price as of 2 January 2019	9.26
Official price as of June 28, 2019	9.78
Minimum closing price (January-June)	9.23
Minimum price in absolute terms	9.11
Maximum closing price (January-June)	11.54
Maximum price in absolute terms	11.74
<i>Stock market capitalization</i>	
Stock market capitalization as of 2 January 2019	1,862,251,024
Stock market capitalization as of 28 June 2019	1,965,748,498
<i>Ordinary shares</i>	
No. outstanding shares	201,005,000



## Shareholding structure

Shown below are the shareholders who, pursuant to art. 120 of the Italian Consolidated Law on Finance (T.U.F.), hold a significant shareholding as of 30 June 2019:

Main shareholders	Number of shares	Share	Voting rights
Wellness Holding S.r.l.	90,000,000	44.78%	61.86%

Share capital is calculated as Euro 10,050,250 and is subdivided into 201,005,000 ordinary shares with no nominal value.

On 8 April, Wellness Holding S.r.l. started and successfully completed the sale of a total of 14,000,000 ordinary Technogym S.p.A. shares equal to approximately 6.96% of the share capital of the Company, at a price per share of Euro 10.30, for a total value of Euro 144.2 million.

The operation took place through an accelerated bookbuilding procedure, reserved for qualified investors in Italy and foreign institutional investors.

Following the completion of the operation, Wellness Holding S.r.l. maintains control of Technogym S.p.A. and holds a total of 90,000,000 shares, with increased voting rights, in the Company, equal to 44.78% of the share capital, corresponding to 180,000,000 voting rights and equal to 61.86% of the total voting rights.

## Significant events after the reporting period

In line with its own positioning as an Olympic brand - the company has been an official partner of the last seven editions of the Games - Technogym was an official supplier of the Pan American Games, held in Peru from 26 July to 11 August.

## Outlook

In the second half of the year, Technogym continued to pursue its growth strategy, targeting the uniqueness of its product range, the design, digital ecosystem and position of its brand on the luxury market.

A focus on product innovation will remain high, with the TECHNOGYM LIVE platform being launched on some European markets in the second half of the year. Previewed to the press in London, last March, the platform will give users the chance to connect to Technogym product training content, live and on-demand.

In the digital innovation sector, Technogym has confirmed the key role of its MyWellness platform, the only fully comprehensive ecosystem in the sector that can give users a customised training experience with Technogym products and outdoors, thanks to a dedicated app. Today, some 15,000 fitness clubs worldwide are connected to Technogym, with around 12 million end users connected to the service. By focussing on this infrastructure, Technogym will up its investments in its media division, targeting the development of training programs and content covering different areas and passions, to use both at home and in the gym.

From a macro-economic viewpoint and despite the ongoing risk of a slowdown in major economies worldwide, Technogym's management expect a revenues growth scenario, profitability in line with plans, continuing the expansion in key markets such as North America, Europe and Asia, through the development of all distribution channels ("omni-channel strategy"), and especially of Field Sales and Inside Sales Channels.

## Other information

### Events and references

#### Key events during the half year

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

- WEF – WORLD ECONOMIC FORUM IN DAVOS – one of the most important institutional events on a worldwide level. AS regards the organisation, Technogym President Nerio Alessandri is a permanent member of the Health Community and the Consumer Innovation Community.
- On 28 February, an event was held, attended by numerous celebrities and stars, to celebrate the opening of the NEW BOUTIQUE IN MADRID in Via Claudio Coello, situated in the capital's most exclusive shopping district.
- On 5 March - Technogym previewed the TECHNOGYM LIVE project in London - The new platform with live and on demand content, for users to access content and training programmes directly from Technogym products.
- IHRSA - the most important global *fitness* and *wellness* event that was held in San Diego, California in 2019 – where Technogym presented the new CLUB 4.0 concept, which gives operators the chance to innovate their own business model, offering diverse experiences to different users based on their own goals and passions.
- FIBO – the most important European *fitness* and *wellness* event, held in Cologne in Germany.
- SALONE DEL MOBILE DI MILANO (MILAN FURNITURE FAIR) - the key reference event in the *design* world, with Technogym launching the new BIKE of the PERSONAL collection, designed in partnership with Antonio Citterio. BIKE PERSONAL is also a professional bike, featuring the most innovative training programmes and a design that blends in effortlessly with any type of furnishing.
- In May 2019, the Technogym Village hosted the TECHNOGYM FORUM, held in Cesena and bringing together over 300 international operators in the wellness and fitness sector, to analyse and share experiences of how clubs can make the most of connected wellness technologies to improve their business and at the same time have a positive social impact on local communities.
- RIMINI WELLNESS – the reference industry trade fair for the Italian market.

#### References

### Fitness and Wellness Clubs

Fitness and Wellness Clubs continue to represent the most significant market segment in terms of sales volumes. TECHNOGYM is the trusted supplier for the most important chains of clubs in the world, such as Virgin Active in Europe, Asia and South Africa and Life Time Fitness in the United States.

Technogym continued to grow in the “core” system of gyms, at an international level, with new, important partnerships. Thanks to the vast range and superior reliability of its products, Technogym was selected in the first half of 2019 by the major French chain GigaFit which has over 50 clubs, and by the Dutch group Basic Fit that operates in the Netherlands and France with some 300 clubs. On the UK market, which has always been a main segment for the company, the CLUB 4.0 format was selected at over 110 fitness clubs of the Nuffield group. Development on the Chinese market continued, with the company setting up numerous products at Will clubs, one of the leading fitness chains in the country with over 100 venues. Two major premium fitness clubs were also set up in China, one in Beijing and one in Shenzhen, featuring wall to wall Artis, the company's top range for the professional market.

The fitness sector is seeing the opening of many Boutique Studios, offering specific disciplines, above all in large cities. Many of these Studios have selected Technogym as their partner, not only for its products, but also to create immersive training experiences specifically for different sporting passions. Besides leading clients in this segment such as 1Rebel, London, Hi Five, Amsterdam, Fit by Ferro, Berlin, new partners joined forces with Technogym in the first half of 2019, including Engine Room, London, dedicated to indoor rowing with Skillrow and the Rumble Boxing studios in the United States that have adopted a running format with Skillrun.

### **HCP (Health, Corporate & Performance)**

As regards the HCP segment, more and more companies all over the world are launching their own internal corporate Wellness programmes. Worldwide, over 10,000 companies have already chosen Technogym as their partner for the creation of projects aimed at improving the health of their employees.

In the corporate wellness sector, Technogym is a partner of prestigious companies including Facebook, Google and Apple in the Silicon Valley. During the first half of 2019, the company installed numerous wellness centres, including the agreement with the bankers Goldman Sachs, that opted for Technogym as an international partner for its corporate wellness programme, from the new venue in London, to sites in Bangalore, Tokyo and Hong Kong, that will be set up in the next few months.

In the first half of the year, Technogym also created corporate wellness projects for the new headquarters of the Giorgio Armani brand in Milan, for the Porsche offices in China, the headquarters of the pharmaceutical company Novartis in France and the European headquarters of Asics.

In the Education sector, the best universities and business schools picked Technogym for the promotion of the right lifestyles to young talent. In the first few months of 2019, the company set up the largest European university sports centre at Warwick University and a centre at Lancaster University in the UK, as well as a training centre at Newcastle University in Australia, which hosts national Olympic athletes.

The best hospitals and rehabilitation centres worldwide have chosen Technogym, and in the first half of the year, the company set up the new Matsukura Chuo clinic and new Kasaoka Daiichi hospital in Japan.

### **Hospitality & Residential**

Technogym products are present in the most prestigious hotels throughout the world and in 2019 too, the brand was a key reference for luxury 'hotels'. In the Hospitality & Residential channel, TECHNOGYM is a partner of the most prestigious global groups, including Mandarin Oriental, Four Seasons, Marriott / Starwood, Hilton, Accor Hyatt and many more.

During the half year period, the company supplied numerous hotels on all continents, including W in Ibiza, Nobu in Barcelona, the Four Seasons in Madrid, Spain, the Waldorf Astoria Grand Wailea in Maui, the Miraval Resort in Massachusetts, the Soho House in Chicago and Century Plaza in Los Angeles in the United States, as well as the Ritz Carlton in Nanjing and Xi'an and Park Hyatt in Kyoto in Asia, plus many more venues.

The most prestigious cruise ships chose Technogym as partner for their on-board gyms; in early 2019, Technogym was awarded the contract as Supplier of the MSC Lirica, MSC Grandiosa and Regent Seven Seas Cruises Splendor.

### **Consumer**

TECHNOGYM is present in more than 300,000 private homes.

In 2019, the Consumer Business Unit worked in particular on relaunching the PERSONAL line, designed in partnership with the architect Antonio Citterio - the collection of iconic home fitness products known around the world, fitting in perfectly with the furnishings and design in any setting - to mark the leading design event, the Milan Salone del Mobile in April, Technogym launched the new BIKE of the PERSONAL collection.

The inaugural event of the new store in Madrid was held in February 2019, where a space of over 500 square metres dedicated to wellness was created in the heart of the city. In line with the new retail openings, the Spanish project is the perfect place to experience the Wellness lifestyle in all its aspects: not only can visitors purchase the best products and services for physical exercise, athletic training and rehabilitation, but they can also undergo tests to assess their level of physical performance and obtain a personalized training program created by experienced personal trainers.

During 2019, Technogym also created a shop-in-shop in the famous department store KADwEe in Berlin, and a temporary wellness space in Porto Cervo as part of the prestigious Waterfront project, which in the summer will showcase the most important luxury and lifestyle brands within the setting of Costa Smeralda.

In the first six months of the year, working with distributors on relative markets, Technogym opened a boutique in Doha at the Festival City Mall, Qatar's most important department store, and a showroom with offices in Kuala Lumpur in Malaysia.

## Partnerships

For many years now, the world's most prestigious sports clubs have worked with TECHNOGYM on the physical training of their athletes.

In Italy, TECHNOGYM continues its football partnerships with Juventus, Inter, Milan and the Italian National Team. With the goal of expanding its partnerships abroad, especially in key markets, in 2019 the company confirmed its partnerships with top international clubs such as Paris Saint Germain in France, and the Russian and Brazilian national teams. In basketball, TECHNOGYM also continued its collaboration with Olimpia Milano in 2019. Thanks to its wide range of products, which are perfect for athletic training in all sports disciplines, top sports persons collaborating with TECHNOGYM include Rafael Nadal, the NBA star Marco Belinelli, and highly successful teams such as Ferrari and McLaren in Formula 1. In sailing, Technogym was chosen by Luna Rossa in view of the upcoming America's Cup, while in golf it is an Official Partner of the PGA (Professional Golfers Association), the organisation that manages the main professional golf tours in the United States. In the world of tennis in 2019, Technogym was the Official Supplier for the ATP Finals in London and ATP Next Gen in Milan. During the year, Technogym was also official supplier of the ATP1000 BNL international tennis tournament in Rome.

## Human Resources and Organization

TECHNOGYM recognizes the fundamental importance of human resources, their health, training, motivation and incentives. Development of their qualities and skills is considered essential for the implementation of the corporate strategy.

In the first half of 2019, TECHNOGYM employed on average 2,151 staff, of whom 60 managers, 1,390 office staff and 701 blue-collar workers.

	Half year ended 30 June 2019		Year ended 31 December 2018	
	Average	Year-end	Average	Year-end
<i>(in number)</i>				
<b>Number of employees</b>				
Managers	60	59	62	61
White-collar	1,390	1,382	1,313	1,366
Blue-collar	701	696	673	706
<b>Total number of employees</b>	<b>2,151</b>	<b>2,137</b>	<b>2,048</b>	<b>2,133</b>

During the half year, activities of the «Building our Future» programme, which began in 2018, continued. This technical and management training programme is aimed at a select group of employees on an international level.

In line with the company's values, and with the aim of promoting a leadership culture at all levels, the managerial front line is involved in "My Responsibility", a team coaching and individual coaching programme. With a view to developing staff skills, an international training plan has been devised, with a focus on strategic learning, and the start up of the global e-learning programme.

The 'W4W' project (Working 4 Wellness) continued. This complete programme of activities and services for employees puts health and well-being centre stage through the Corporate Wellness project and the company restaurant, also making available a wide range of special offers and rates to Technogym staff and their families for healthcare, cultural and leisure services at external facilities.

As part of the Corporate Wellness project, educational activities and workshops were also organised on different topics such as: positive mental attitude, healthy eating and team building, to provide people with the tools and experience they need to improve their own lifestyle.

The Technogym Welfare project was launched back in 2017 with the aim of improving the quality of life of all staff and their families. The dedicated online platform offers a series of opportunities including shopping ticket vouchers, holidays, relaxation and well-being experiences, health, welfare and reimbursements of the cost of services and children's education. In 2019, the range of services offered through the portal was broadened, adding a specific area for the reimbursement of family healthcare costs and interest on loans and financing.

Following the signing of a new supplementary corporate agreement in 2018, a series of measures was launched to help achieve a work-life balance through the introduction of additional leave for employees and their families (doctor's appointments for them and their children, start of nursery and pre-school, hospitalisation of family members). To support maternity, a salary increase has also been introduced in certain cases of optional leave.

## **Social responsibility, environment and safety**

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, sports, health and prevention of illness) the Company has a strong sense of corporate social responsibility, centred 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 ninth year running, Technogym has been once again a *global partner* of 'Exercise is Medicine', 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 informing the 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.

### *Let's move for a better world*

Following the success of the previous editions, in the first half of 2019, Technogym organized the sixth 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, the first *fitness cloud* platform, participants can measure their MOVEs (Technogym's unit of measurement for movement) and share their workout with the rest of the community.

The new edition in 2019 allowed a higher number of participants to win and donate a piece of Technogym equipment to an association of their choice, thanks to the new award system which allows all participating clubs to win by reaching predefined movement targets. The campaign is a genuine *community management* initiative that, on the one hand, promotes the values of health and preventative care among the population and, on the other hand, offers concrete assistance to non-profit organizations with a view to educating people regarding healthy



lifestyles. More than 200,000 people at 1373 *fitness clubs* in 32 countries across the globe took part in the 2019 edition.

### **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 centre 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.

17 May 2019 - during the Technogym Forum and start of the Wellness Week – one of the key events for Wellness Valley which includes over 300 events inspired by wellness, health and sport throughout the Romagna area - Wellness Foundation disclosed the results of the Wellness Valley Report – produced by an independent observatory comprising the Region of Emilia Romagna, Bologna University, the business association Unioncamere Emilia Romagna and tourist association APT Emilia Romagna - demonstrating the tangible impact of the Wellness Valley project on the health of the population in Romagna.

The research shows how Romagna is home to Italy’s most active population, with some interesting figures on the lifestyle of people in the region.

- In Romagna, 13% of the population is sedentary, compared to a national average of 28%
- 29% of the population use a bicycle to get about each day, compared to a national figure of 11%. 51% of the population in Romagna get about each day on foot, compared to a national average of 40%
- 40% of doctors in the Region prescribe physical activity as treatment, compared to a national average of 30%
- Population at risk of disability due to chronic disease: Romagna 10.2%, compared to a national figure of 20.8%.
- In Romagna, the number of companies active in the wellness sector went up by 12%, compared to the total number of companies, which went down by 7%.

The 2019 Wellness week (17 to 26 May) was a huge success, offering a whole host of ideas suitable for all fitness levels: from international sports events such as the Granfondo Nove Colli and 100 km del Passatore races, to hundreds of initiatives to discover the local heritage, with trekking, traditional or e-bike rides, photographic tours, tastings at the best wineries in the area, cooking classes, cultural events, access to spas for a relaxing treat, training sessions at fitness clubs in the area and free activities in the town’s parks.

### **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 the year just ended, 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 the OHSAS 18001 Occupational Health and Safety standard certification.

## 5. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### Consolidated Statement of Financial Position

(In thousands of Euro)	Notes	As of 30 June		As of 31 December	
		2019	of which from related parties	2018	of which from related parties
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	5.1	166,418		142,593	
Intangible assets	5.2	38,767		35,884	
Deferred tax assets		16,953		16,808	
Investments in <i>joint ventures</i> and associates	5.3	17,540		18,047	
Non-current financial assets		2,907		2,881	
Other non-current assets		53,381		48,729	
<b>TOTAL NON-CURRENT ASSETS</b>		<b>295,966</b>		<b>264,940</b>	
<b>Current assets</b>					
Inventories		94,771		89,540	
Trade receivable		113,416	1,050	151,469	618
Current financial assets		49	-	67	-
Assets for derivative financial instruments	5.4	49		148	
Other current assets		28,687	1,533	20,103	2,063
Cash and cash equivalents		74,113		78,503	
<b>TOTAL CURRENT TAXES</b>		<b>311,084</b>		<b>339,831</b>	
<b>TOTAL ASSETS</b>		<b>607,050</b>		<b>604,771</b>	
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share		10,050		10,050	
Share premium reserve		4,990		4,990	
Other reserves		25,267		19,196	
Retained		132,827		80,519	
Profit (loss) attributable to owners of the parent		25,287		93,030	
<b>Equity attributable to owners of the parent</b>		<b>198,422</b>		<b>207,786</b>	
Capital and reserves attributable to non-controlling interests		1,543		1,054	
Profit (loss) attributable to non-controlling interests		129		438	
<b>Equity attributable to non-controlling interests</b>		<b>1,672</b>		<b>1,491</b>	
<b>TOTAL EQUITY</b>	5.5	<b>200,094</b>		<b>209,277</b>	
<b>Non-current liabilities</b>					
Non-current financial liabilities	5.6	58,613		53,389	
Deferred tax liabilities		401		420	
Employee benefit obligations		2,892		3,001	
Non-current provisions for risks and charges	5.7	21,805		22,119	
Other non-current liabilities		31,587		29,826	
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>115,298</b>		<b>108,756</b>	
<b>Current liabilities</b>					
Trade payable		126,913	542	143,910	760
Current tax liabilities		17,883		8,097	
Current liabilities	5.6	65,791		60,121	
Liabilities for derivative financial instruments	5.8	35		80	
Current provisions for risks and charges	5.7	10,932		14,058	
Other current liabilities		70,103		60,471	
<b>TOTAL CURRENT LIABILITIES</b>		<b>291,657</b>		<b>286,738</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>607,050</b>		<b>604,771</b>	

## Consolidated income statement

(In thousands of Euro)	Notes	Half year ended 30 June			
		2019	of which from related parties	2018	of which from related parties
<b>REVENUES</b>					
Revenues	5.9	294,602	4,675	272,329	4,656
Other operating		659	90	555	6
<b>Total revenues</b>		<b>295,261</b>		<b>272,884</b>	
<b>OPERATING COSTS</b>					
Purchases and use of raw materials, work in progress and finished goods	5.10	(96,341)	(27)	(85,109)	(23)
<i>of which non-recurring income/(expenses)</i>		(137)		-	
Cost of services	5.11	(80,690)	(876)	(74,888)	(1,163)
<i>of which non-recurring income/(expenses)</i>		(624)		-	
Personnel expenses	5.12	(67,011)	6	(65,621)	11
<i>of which non-recurring income/(expenses)</i>		(643)		-	
Other operating		(2,749)	(13)	(2,506)	(2)
<i>of which non-recurring income/(expenses)</i>		-		-	
Share of net result from <i>joint ventures</i>		480		105	
Depreciation, amortisation and impairment losses / (revaluations)		(14,747)		(10,352)	
Net provisions		(1,398)		(935)	
<b>NET OPERATING INCOME</b>		<b>32,804</b>		<b>33,578</b>	
Financial income		4,763		3,830	
Financial expenses		(5,788)		(4,034)	
<b>Net financial expenses</b>		<b>(1,025)</b>		<b>(204)</b>	
Income/(expenses) from investments		400		26	
<b>PROFIT BEFORE TAX</b>		<b>32,180</b>		<b>33,400</b>	
Income taxes	5.13	(6,763)		4,518	
<i>of which non-recurrent income taxes</i>		-		12,497	
<b>PROFIT/(LOSS) FOR THE PERIOD</b>		<b>25,416</b>		<b>37,918</b>	
<b>Profit/(loss) attributable to non-controlling interests</b>		(129)		(225)	
<b>Profit (loss) attributable to owners of the parent</b>		<b>25,287</b>		<b>37,692</b>	
<b>EARNINGS PER SHARE</b>	5.14	<b>0.13</b>		<b>0.19</b>	

## Consolidated statement of comprehensive income

<i>(In thousands of Euro)</i>	Notes	Half year ended 30 June	
		2019	2018
<b>Profit (loss) for the period (A)</b>		<b>25,416</b>	<b>37,918</b>
Actuarial income/(loss) on post-employment benefit obligations and Non-Competition Agreements		-	-
Tax effect on actuarial gains/losses on post-employment benefit obligations and Non-Compete Agreements		-	-
<b>Total items that will not be reclassified to profit or loss (B1)</b>		<b>-</b>	<b>-</b>
Exchange rate differences on the translation of foreign operations		881	(537)
Exchange rate differences for the evaluation of entities accounted for using the equity method		(17)	(1)
Gains (losses) on cash flow hedges (hedge accounting)		(5)	44
<b>Total items that will be reclassified to profit or loss (B2)</b>		<b>859</b>	<b>(494)</b>
<b>Total Other comprehensive income, net of tax (B)=(B1)+(B2)</b>		<b>859</b>	<b>(494)</b>
<b>Total comprehensive income for the period (A)+(B)</b>		<b>26,275</b>	<b>37,424</b>
of which attributable to owners of the parent		26,094	37,228
of which attributable to non-controlling interests		181	196

## Consolidated Statement of Cash Flows

<i>(In thousands of Euro)</i>	Notes	Half year ended 30 June	
		2019	2018
<b>Cash flows from operating activities</b>			
Profit for the period		25,416	37,918
<i>Adjustments for:</i>			-
Income taxes	5.13	6,763	(4,518)
Income/(expenses) from investments		(400)	(26)
Financial income/(expenses)		1,025	204
Depreciation, amortization and impairment losses		14,747	10,352
Net provisions		1,398	935
Use of provisions		-	-
Use of personnel provision		-	-
Share of net result from joint ventures		(480)	(105)
<b>Cash flows from operating activities before changes in working capital</b>		<b>48,469</b>	<b>44,760</b>
Change in inventory		(5,068)	(11,823)
Change in trade receivables		33,201	(4,794)
Change in trade payables		(17,351)	(9,118)
Change in other operating assets and liabilities		1,289	(5,771)
Non-recurrent fiscal collection/(payment)		-	-
Income taxes paid		(3,362)	(3,372)
<b>Net cash inflow from operating activities (A)</b>		<b>57,179</b>	<b>9,881</b>
<i>of which from related parties</i>		<i>3,974</i>	<i>3,157</i>
<b>Cash flows from investing activities</b>			
Investments in property, plant and equipment	5.1	(14,033)	(7,429)
Disposals of property, plant and equipment		1,368	-
Investments in intangible assets	5.2	(7,074)	(5,222)
Disposals of intangible assets		-	0
Dividends attributable to non-controlling interests		-	-
Dividends received from other entities		-	-
Dividends from investments in joint ventures		1,004	-
Minority Interests		-	-
Investments in subsidiaries, associates and other entities	5.3	-	-
Disposal of subsidiaries, associates and other entities		-	-
<b>Net cash inflow (outflow) from investing activities (B)</b>		<b>(18,736)</b>	<b>(12,652)</b>
<i>of which from related parties</i>		<i>-</i>	<i>-</i>
<b>Cash flows from financing activities</b>			
Proceeds from new borrowings		863	-
Repayment of borrowings (including the current portion)		(9,161)	(28,626)
Net increase (decrease) of current financial assets		236	29,683
Dividends paid to shareholders		(36,181)	(18,090)
Payments of net financial expenses		(172)	(585)
<b>Net cash inflow (outflow) from financing activities (C)</b>		<b>(44,415)</b>	<b>(17,618)</b>

<b>Net increase (decrease) in cash and cash equivalents (D)=(A)+(B)+(C)</b>	<b>(5,972)</b>	<b>(20,388)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>78,503</b>	<b>77,847</b>
Net increase (decrease) in cash and cash equivalents from 1 January to 30 June	(5,972)	(20,387)
Effects of exchange rate differences on cash and cash equivalents	1,582	601
<b>Cash and cash equivalents at the end of the period</b>	<b>74,113</b>	<b>58,060</b>

## Consolidated statement of change in equity

(In thousands of Euro)

	Share	Share premium reserve	Other reserves	Retained	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>At 1 January 2018</b>	<b>10,050</b>	<b>4,990</b>	<b>23,754</b>	<b>33,055</b>	<b>60,949</b>	<b>132,796</b>	<b>689</b>	<b>293</b>	<b>133,778</b>
Profit for the previous year	-	-	(5,317)	66,266	(60,949)	0	293	(293)	0
Total comprehensive income for the year	-	-	(465)	-	37,692	37,228	(29)	225	37,424
Dividends paid	-	-	-	(18,091)	-	(18,091)	-	-	(18,091)
Other movements	-	-	(1)	-	-	(1)	-	-	(1)
Capital transactions with non-controlling interests	-	-	-	-	-	-	-	-	-
Incentive plan (LTIP)	-	-	339	-	-	339	-	-	339
<b>As of 30 June 2018</b>	<b>10,050</b>	<b>4,990</b>	<b>18,310</b>	<b>81,230</b>	<b>37,692</b>	<b>152,271</b>	<b>952</b>	<b>225</b>	<b>153,448</b>

<b>At 1 January 2019</b>	<b>10,050</b>	<b>4,990</b>	<b>19,197</b>	<b>80,519</b>	<b>93,029</b>	<b>207,786</b>	<b>1,054</b>	<b>436</b>	<b>209,276</b>
Profit for the previous year	-	-	4,542	88,489	(93,030)	(0)	438	(438)	(0)
Total comprehensive income for the year	-	-	807	-	25,287	26,094	52	129	26,275
Dividends paid	-	-	-	(36,181)	-	(36,181)	-	-	(36,181)
Increase in capital	-	-	-	-	-	-	-	-	-
Other movements	-	-	7	(0)	0	7	-	-	7
<b>Transactions with owners of the parent:</b>	-	-	-	-	-	-	-	-	-
Mergers	-	-	-	-	-	-	-	-	-
Capital transactions with non-controlling interests	-	-	-	-	-	-	-	-	-
Option for the purchase of non-controlling interests	-	-	-	-	-	-	-	-	-
Incentive plan (LTIP)	-	-	716	-	-	716	-	-	716
<b>As of 30 June 2019</b>	<b>10,050</b>	<b>4,990</b>	<b>25,269</b>	<b>132,827</b>	<b>25,286</b>	<b>198,422</b>	<b>1,544</b>	<b>128</b>	<b>200,093</b>

## Notes to the Condensed interim consolidated financial statements

### General information

Technogym S.p.A. (hereinafter, “**Technogym**” or the “**Company**” or the “**Parentcompany**” and, jointly with its subsidiaries, the “**Group**” or the “Technogym Group”) is a legal entity established in Italy, and it is organized and governed under the Italian Law.

The Technogym Group is one of the *leaders* in the international *fitness* equipment market in terms of sales volumes and market shares. In addition, the Company *management* believes that the Technogym Group may be considered the key *total wellness solution provider* in the industry, owing to the quality and completeness of the offer of integrated solutions for personal wellness (composed mainly of equipment, services, digital content and solutions).

The Technogym 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, and is characterized by technological innovations and attention to *design* and finishes. These solutions can be personalized and adapted to the specific needs of end users and professional operators. The Technogym Group’s offer includes equipment that has been highly regarded by end users and professional operators and has contributed, over time, to the positioning of the Technogym brand in the high-end bracket of the international market.

### Basis of presentation

The condensed interim consolidated financial statements as of 30 June 2019 of the Technogym Group (the “**Condensed Interim Consolidated Financial Statements**”) were drafted on the basis of the going concern assumption and in compliance with the “*International Financial Reporting Standards*” (IFRS) issued by the “*International Accounting Standards Board*” (IASB) and approved by the European Union, as well as the legislative and regulatory provisions in force in Italy.

The Condensed Interim Consolidated Financial Statements were prepared in compliance with the provisions of IAS 34 “Interim Financial Reporting”. As permitted by said standard, the Condensed Interim Consolidated Financial Statements do not include all the information requested by IFRS for the drafting of the annual consolidated financial statements and, therefore, must be read together with the consolidated financial statements of the Technogym Group as of and for the year ended 31 December 2018 (the “**Consolidated financial statements**”).

The Condensed Interim Consolidated Financial Statements are composed of the statement of financial position, the income statement and statement of comprehensive income, the statement of cash flow, the statement of change in equity and related notes. In presenting these statements, the comparative data required by IAS 34 were reported (31 December 2018 for the statement of financial position, 30 June 2018 for the change in equity, income statement, statement of comprehensive income and statement of cash flow). The notes reported hereunder are shown in summary form and, therefore, do not include all the information requested for annual financial statements.

The Condensed Interim Consolidated 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.



## **Accounting standards**

The accounting standards and criteria adopted to prepare the half-yearly financial report as at 30 June 2019 conform to those used to draft the financial report as at 31 December 2018, to which reference should be made for more information, with the exception of the information indicated below, further to IFRS 16 coming into force on 1 January 2019.

During the first half of 2019, certain cost items were reclassified for a better representation of the profit and loss statement.

The other amendments and interpretations to accounting standards in force from 1 January 2019 govern the events and cases not present or irrelevant for the consolidated financial statements of the Group:

- Amendment to IAS 28 - Long-term Interests in Associates and Joint Ventures;
- Amendment to IFRS 9 - Prepayment Features with Negative Compensation
- Amendments to IAS 19 - Plan Amendment, Curtailment or Settlement;
- IFRIC 23 - Uncertainty over Income Tax Treatments;
- Annual Improvements to IFRS Standards 2015–2017 Cycle - which introduces some amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23.

## **First-time adoption of new accounting standards**

### **IFRS 16 Leases**

IFRS 16 was published in January 2016 and replaces IAS 17 Leasing, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating leases - Incentives and SIC-27. Evaluating the substance of transactions involving the legal form of a lease. IFRS 16 defines the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases in the financial statements on the basis of a single model similar to the one used to account for finance leases in accordance with IAS 17. IFRS 16 came into force on 1 January 2019.

IFRS 16 requires companies to recognise the right of use of leased assets and relative financial liabilities corresponding to the obligation to make lease payments in the financial statements.

These assets and liabilities arising from lease agreements are measured based on their present value. As 2019 is the year of first-time adoption, the effects on the results of the half year are specifically identified in the following tables.

### **Effects of the transition on the financial statements**

During the initial adoption of IFRS 16, the Technogym Group recognised assets at 1 January 2019 for the right of use equal to Euro 20,971 thousand and lease liabilities equal to Euro 20,971 thousand, using a simplified approach without retrospective adoption.

The lease agreements stipulated by the Group basically refer to property leases and leases for vehicles and fork lift trucks.

The Group has included any extension periods covered by the renewal option in the contract duration, when it is assumed with reasonable certainty that the option will be exercised, based on historical evidence and business development plans, save for any business plans to dispose of leased assets, as well as clear indications that non-exercise of the renewal option can be reasonably expected.

Moreover, the Group excluded short-term contracts (including leases of less than 12 months, as from the initial adoption date), and contracts in which the underlying asset is of modest value from the scope of the standard.

When measuring lease liabilities, the Group discounted lease payments due using the marginal lending rate at 1 January 2019. The rate was defined considering the duration of the lease agreements, the currency of denomination, and characteristics of the economic environment in which they are stipulated.

The impact arising from the adoption of IFRS 16 on balance sheet items is indicated below:

<i>(In thousands of Euro)</i>	At 1 January 2019		At 1 January 2019	As of 30 June 2019		As of 30 June 2019
	excluding IFRS 16	IFRS 16	including IFRS 16	excluding IFRS 16	IFRS 16	including IFRS 16
<b>ASSETS</b>						
<b>Non-current assets</b>						
Property, plant and equipment	142,593	20,971	163,563	147,510	18,908	166,418
Intangible assets	35,884	-	35,884	38,767	-	38,767
Deferred tax assets	16,808	-	16,808	16,905	48	16,953
Investments in <i>joint ventures</i> and associates	18,047	-	18,047	17,540	-	17,540
Non-current financial assets	2,881	-	2,881	2,907	-	2,907
Other non-current assets	48,729	-	48,729	53,381	-	53,381
<b>TOTAL NON-CURRENT ASSETS</b>	<b>264,940</b>	<b>20,971</b>	<b>285,911</b>	<b>277,010</b>	<b>18,956</b>	<b>295,966</b>
<b>Current assets</b>						
Inventories	89,540	-	89,540	94,771	-	94,771
Trade receivable	151,469	-	151,469	113,416	-	113,416
Current financial assets	67	-	67	49	-	49
Assets for derivative financial instruments	148	-	148	49	-	49
Other current assets	20,103	-	20,103	28,702	(15)	28,687
Cash and cash equivalents	78,503	-	78,503	74,113	-	74,113
<b>TOTAL CURRENT TAXES</b>	<b>339,831</b>	<b>-</b>	<b>339,831</b>	<b>311,099</b>	<b>(15)</b>	<b>311,084</b>
<b>TOTAL ASSETS</b>	<b>604,771</b>	<b>20,971</b>	<b>625,741</b>	<b>588,109</b>	<b>18,941</b>	<b>607,050</b>
<b>EQUITY AND LIABILITIES</b>						
<b>Equity</b>						
Share	10,050	-	10,050	10,050	-	10,050
Share premium reserve	4,990	-	4,990	4,990	-	4,990
Other reserves	19,196	-	19,196	25,258	9	25,267
Retained	80,519	-	80,519	132,827	-	132,827
Profit (loss) attributable to owners of the parent	93,030	-	93,030	25,414	(127)	25,287
<b>Equity attributable to owners of the parent</b>	<b>207,786</b>	<b>-</b>	<b>207,786</b>	<b>198,539</b>	<b>(117)</b>	<b>198,422</b>
Capital and reserves attributable to non-controlling interests	1,054	-	1,054	1,543	-	1,543
Profit (loss) attributable to non-controlling interests	438	-	438	129	-	129
<b>Equity attributable to non-controlling interests</b>	<b>1,491</b>	<b>-</b>	<b>1,491</b>	<b>1,672</b>	<b>-</b>	<b>1,672</b>
<b>TOTAL EQUITY</b>	<b>209,277</b>	<b>-</b>	<b>209,277</b>	<b>200,211</b>	<b>(117)</b>	<b>200,094</b>
<b>Non-current liabilities</b>						
Non-current financial liabilities	53,389	15,652	69,042	44,695	13,918	58,613
Deferred tax liabilities	420	-	420	401	-	401
Employee benefit obligations	3,001	-	3,001	2,892	-	2,892
Non-current provisions for risks and charges	22,119	-	22,119	21,805	-	21,805
Other non-current liabilities	29,826	-	29,826	31,587	-	31,587
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>108,756</b>	<b>15,652</b>	<b>124,409</b>	<b>101,380</b>	<b>13,918</b>	<b>115,298</b>
<b>Current liabilities</b>						

Trade payable	143,910	-	143,910	126,913	-	126,913
Current tax liabilities	8,097	-	8,097	17,883	-	17,883
Current liabilities	60,121	5,318	65,439	60,652	5,140	65,791
Liabilities for derivative financial instruments	80	-	80	35	-	35
Current provisions for risks and charges	14,058	-	14,058	10,932	-	10,932
Other current liabilities	60,471	-	60,471	70,103	-	70,103
<b>TOTAL CURRENT LIABILITIES</b>	<b>286,738</b>	<b>5,318</b>	<b>292,056</b>	<b>286,518</b>	<b>5,140</b>	<b>291,657</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>604,771</b>	<b>20,971</b>	<b>625,741</b>	<b>588,109</b>	<b>18,941</b>	<b>607,050</b>

The impact arising from the adoption of IFRS 16 on income statement items is indicated below:

		First half of 2019	Impacts	First half of 2019
(In thousands of Euro)	Notes	excluding IFRS 16	IFRS 16	including IFRS 16
REVENUES				
Revenues	5.9	294,602	-	294,602
Other operating		659	-	659
Total revenues		295,261	-	295,261
OPERATING COSTS				
Purchases and use of raw materials, work in progress and finished goods	5.10	(96,341)	-	(96,341)
of which non-recurring income/(expenses)		(137)	-	(137)
Cost of services	5.11	(82,799)	2,109	(80,690)
of which non-recurring income/(expenses)		(624)	-	(624)
Personnel expenses	5.12	(67,810)	799	(67,011)
of which non-recurring income/(expenses)		(643)	-	(643)
Other operating		(2,749)	-	(2,749)
of which non-recurring income/(expenses)		-	-	-
Share of net result from joint ventures		480	-	480
Depreciation, amortisation and impairment losses / (revaluations)		(11,938)	(2,809)	(14,747)
Net provisions		(1,398)	-	(1,398)
NET OPERATING INCOME		32,705	99	32,804
Financial income		4,763	-	4,763
Financial expenses		(5,514)	(274)	(5,788)
Net financial expenses		(751)	(274)	(1,025)
Income/(expenses) from investments		400	-	400
PROFIT BEFORE TAX		32,354	(174)	32,180
Income taxes	5.13	(6,811)	48	(6,763)
of which non-recurrent income taxes		-	-	-
PROFIT/(LOSS) FOR THE PERIOD		25,543	(127)	25,416
Profit/(loss) attributable to non-controlling interests		(129)	-	(129)
Profit (loss) attributable to owners of the parent		25,414	(127)	25,287
EARNINGS PER SHARE	5.14	0.13		0.13
EBITDA ADJ				
		47,445	2,908	50,353

## Accounting standards issued but not yet in force

The main standards and interpretations already issued at the reporting date, but not yet in force, are indicated below:

- IFRS 17 - Insurance Contracts;
- Amendments to the Conceptual Framework in IFRS Standards;
- Amendments to IFRS 3 - Definition of a business;
- Amendments to IAS 1 and to IAS 8 - Definition of Material;
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

The Group does not expect significant impacts on the financial position and performance arising from the adoption of these standards.

## Scope and basis of consolidation

A list of the companies included in the scope of consolidation is provided below, including information about the method of consolidation, as of 30 June 2019:

Entity name	Year ended 30 June 2019				
	Registered office	% of control Jun-2019	% of control Dec-2018	Currency	Share
<b>Subsidiaries - consolidated using the line-by-line method</b>					
Technogym SpA	Italy	Parent company	Parent company	EUR	10,050,250
Technogym E.E. SRO	Slovakia	100%	100%	EUR	15,033,195
Technogym International BV	Holland	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	Holland	100%	100%	EUR	2,455,512
Technogym Japan Ltd	Japan	100%	100%	JPY	320,000,000
Technogym Shanghai Int. Trading Co. Ltd	China	100%	100%	CNY	132,107,600
Technogym Asia Ltd	China	100%	100%	HKD	16,701,750
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	121,795,019
Sidea S.r.l	Italy	70%	70%	EUR	150,000
Technogym ZAO	Russia	90%	90%	RUB	10,800,000
TG Holding BV	Holland	90%	90%	EUR	300,000
Wellness Partners Ltd	United Kingdom	75%	75%	GBP	386,667
TGB Srl	Italy	100%	100%	EUR	96,900
La Mariana Srl	Italy	100%	100%	EUR	76,500
Amleto Aps	Denmark	100%	100%	DKK	60,000
<b>Associates - jointly controlled entities, consolidated using the equity method</b>					
Fitstadium Srl	Italy	45%	45%	EUR	13,506
Wellink Srl	Italy	40%	40%	EUR	60,000
Movimento per la Salute Srl	Italy	50%	50%	EUR	10,000
Technogym Emirates LLC	United Arab Emirates	49%	49%	AED	300,000
T4ME Limited	United Kingdom	20%	20%	GBP	1,000
Exerp Aps	Denmark	50%	50%	DKK	186,966
Exerp America Inc	USA	50%	50%	USD	1,000
Exerp Asia Pacific Pty Ltd	Australia	50%	50%	AUD	100
Quainted INC	South Africa	28%	28%	ZAR	4,440,938

In relation to the scope of consolidation, no changes occurred in the first half of 2019 with respect to 31 December 2018, apart from the disposal of the company Technogym Lifestyle France, which was never operative.

The basis of consolidation adopted for drafting the Condensed Interim Consolidated Financial Statements conform to those used to prepare the Consolidated Financial Statements.

The exchange rates used in the translation of the financial statements of subsidiaries are as follows:

Currency	As of 30 June		As of 31 December
	2019	2018	2018
USD	1.138	1.166	1.145
GBP	0.897	0.886	0.895
JPY	122.600	129.040	125.850
CHF	1.111	1.157	1.127
AUD	1.624	1.579	1.622
AED	4.179	4.281	4.205
CNY	7.819	7.717	7.875
RUB	71.598	73.158	79.715
HKD	8.887	9.147	8.968
BRL	4.351	4.488	4.444
ZAR	16.122	16.048	16.459
SGD	1.540	1.590	1.559
DKK	7.464	7.453	7.467

Currency	Average for the period ended 30 June		Average for the year ended 31 December
	2019	2018	2018
USD	1.129	1.211	1.181
GBP	0.891	0.880	0.885
JPY	122.081	131.607	130.396
CHF	1.117	1.170	1.155
AUD	1.626	1.569	1.580
AED	4.148	4.447	4.337
CNY	7.794	7.710	7.808
RUB	72.403	71.966	74.042
HKD	8.838	9.490	9.256
BRL	4.360	4.140	4.309
ZAR	16.475	14.887	15.619
SGD	1.539	1.606	1.593
DKK	7.467	7.448	7.453

### Accounting policies

The accounting policies adopted for drafting the Condensed Interim Consolidated Financial Statements conform to those used to prepare the Consolidated Financial Statements, with the exception of the international accounting standards that came into force on 1 January 2019, outlined in the previous section “Accounting standards”.

At the time of preparation of the Condensed Interim Consolidated Financial Statements, current income taxes in the half year were calculated on the basis of the existing taxable income on the date of the close of the period. Income tax receivables and payables for current income taxes are recognized at the value that is expected to be paid to/recovered from the tax authorities, in application of the tax regulations in force or essentially approved on the date of the close of the period and the rates estimated on an annual basis.

## Use of estimates

With reference to the description of the use of accounting estimates, please refer to the Consolidated Financial Statements as of 31 December 2018. It should be noted that certain valuation processes, especially the more complex ones such as the calculation of any impairment of non-current assets, are generally only carried out at the time of drafting of the annual financial statements, when all the necessary information is available, except for cases where there are indicators of *impairment* that call for an immediate valuation of any losses in value.

The economic result for the period is presented net of taxes recognised based on the best estimate of the average weighted rate expected for the entire year.

## Segment reporting

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 management when making operational decisions. The approach to the market is adopted through a unique business model that offers an integrated range of “*wellness solutions*”, together with the pursuit of higher levels of operational efficiency achieved by 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*, alternatively by distribution channel and geographic area, an organization that also identifies a strategic vision of the business. The type of organization described above reflects the way Company management monitors and strategically directs the activities of the Group.

Technogym ended the first half improving its **performance** over the previous year (+8.2%), increasing global growth in the sector twofold. Growth was positively affected by FOREX trends: in fact, with constant exchange rates, performance would have been equal to +6.5%.

A breakdown of revenues by geographical area is provided below:

(In thousands of Euro and percentage of total revenues)	Half year ended 30 June			
	2019	2018	2019 vs. 2018	%
Europe (without Italy)	139,393	138,262	1,130	0.8%
APAC	53,092	44,343	8,749	19.7%
North America	41,810	33,620	8,190	24.4%
Italy	25,834	25,595	239	0.9%
MEIA	24,193	21,241	2,952	13.9%
LATAM	10,940	9,822	1,118	11.4%
<b>Total revenues</b>	<b>295,261</b>	<b>272,884</b>	<b>22,377</b>	<b>8.2%</b>

In geographic terms, the overall result was driven by high-potential markets:

- **North America (+24.4%)** thanks to strong growth in Canada (+55.0% in local currency) and in the USA (+11.4% in local currency, due to an excellent performance in main market segments).
- **APAC (+19.7%)** from an excellent performance in Australia (+41.8% in local currency), China (+16.2% in local currency) and on high-potential markets covered by the distribution channel (+44.5%).
- **MEIA (+13.9%)** driven by the excellent performance of the distributors channel (+16.5%).

Double digit growth was also recorded in LATAM, thanks to the performance of Brazil (+60.4% in local currency), while in Europe, the company maintained the same market shares overall, with the excellent performance in Germany (+15.9%) and Benelux (+10.0%) partially offset by difficulties in the macro-economic scenario in Russia, and flat growth in Italy, which is a stable and mature market.

A breakdown of revenues by sales channel is provided below:

(In thousands of Euro and percentage of total revenues)	Half year ended 30 June			
	2019	2018	2019 vs. 2018	%
Field sales	210,994	198,158	12,836	6.5%
Wholesale	61,062	54,852	6,210	11.3%
Inside sales	19,389	16,941	2,448	14.5%
Retail	3,816	2,932	884	30.1%
<b>Total revenues</b>	<b>295,261</b>	<b>272,884</b>	<b>22,377</b>	<b>8.2%</b>

As regards sales channels, double digit growth was recorded nearly everywhere:

- **Retail (+30.2%)** thanks to the performance of all main European sales outlets, that more than offset the difficulties of stores in Russia.
- **Inside Sales (+14.5%)**, thanks to growth of the core driver, i.e. the consumer segment, which is increasingly important also in non-European geographic areas.
- **Wholesale (+11.3%)**, thanks above all to growth in APAC (+44.5%) and MEIA (+16.5%), high-potential regions above all in the vertical segments.

The result from the Field Sales channel (+6.5%), where the company has expanded its market and area coverage, above all in vertical segments.

### Season-related aspects

As described in previous years, the Group's results are impacted by the typical seasonal nature of the *fitness* equipment market, while there were no specific season-related aspects concerning Group operations.

The trend in revenues in the different quarters of the year is linked primarily to customers' tendency to make their purchases in the second half, following the most important industry trade fairs that are traditionally held in the first half (including CES in Las Vegas (United States) in January, IHRSA also in the United States in March, FIBO in Europe in April and Rimini Wellness in Italy in June). Traditionally, many important *key account* customers also tend to concentrate their purchases in the second half of the year in particular, also in view of new openings in January in the following year.

Unlike revenues, Group operating costs are uniformly distributed over the year. Therefore, the incidence of costs on revenues varies considerably over the quarters and, consequently, the operating profit margin changes, generally higher in the second half of the year. Consequently, the interim results do not make a uniform contribution to the results for the year and only partially represent the trend in Group activities. These aspects also determine an imbalance in terms of net financial indebtedness, which is lower at the end of the year compared to the interim figure, also based on the different requirements.

## Notes to the statement of financial position

### 5.1 PROPERTY, PLANT AND EQUIPMENT

The item “Property, plant and equipment” amounted to Euro 166,418 thousand at 30 June 2019 (Euro 142,593 thousand at 31 December 2018).

The following table reports the details of property, plant and equipment as of 30 June 2019 and 31 December 2018:

<i>(In thousands of Euro)</i>	As of 30 June	As of 31 December
	2019	2018
<b>Property, plant and equipment</b>		
Land	13,076	12,374
Buildings and leasehold improvements	108,623	95,549
Plant and machinery	9,209	10,211
Production and commercial equipment	13,680	11,749
Other assets	10,842	6,988
Assets under construction and advances	10,988	5,722
<b>Total property, plant and equipment</b>	<b>166,418</b>	<b>142,593</b>

The increase in the item buildings is mainly due to the first-time adoption of IFRS 16.

The table below shows the amounts of investments made by the Group in the half year ended 30 June 2019 and in the year ended 31 December 2018, relating to the item “Property, plant and equipment”, broken down by category:

<i>(In thousands of Euro)</i>	Half year ended 30 June	Year ended 31 December
	2019	2018
Land	702	242
Buildings and leasehold improvements	453	1,222
Plant and machinery	460	3,044
Production and commercial equipment	4,910	4,252
Other assets	1,402	2,678
Assets under construction and advances	6,106	6,721
<b>Total investments in property, plant and equipment</b>	<b>14,033</b>	<b>18,159</b>

### 5.2 INTANGIBLE ASSETS

The item “Intangible assets” amounted to Euro 38,767 thousand at 30 June 2019 (Euro 35,884 thousand at 31 December 2018).



The following table reports the details of intangible assets as of 30 June 2019 and 31 December 2018:

(In thousands of Euro)	As of 30 June	As of 31 December
	2019	2018
<b>Intangible assets</b>		
Development costs	10,482	11,405
Patents and intellectual property rights	16,860	16,119
Concessions, licenses, trademarks and similar rights	506	506
Intangibles under development and advances	10,785	7,684
Other intangible assets	134	170
<b>Total Intangible assets</b>	<b>38,767</b>	<b>35,884</b>

The table below shows the amounts of investments made by the Group in the half year ended 30 June 2019 and in the year ended 31 December 2018, relating to the item “Intangible assets”, broken down by category:

(In thousands of Euro)	Half year ended 30 June	Year ended 31 December
	2019	2018
Development costs	701	3,081
Patents and intellectual property rights	2,454	6,118
Concessions, licenses, trademarks and similar rights	82	186
Intangibles under development and advances	3,830	5,629
Other intangible assets	7	50
<b>Total investments in intangible assets</b>	<b>7,074</b>	<b>15,064</b>

### 5.3 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The item “Investments in *joint ventures* and associates” amounts to Euro 17,540 thousand as of 30 June 2019 (Euro 18,047 thousand as of 31 December 2018). The following table details the composition and changes in investments in *joint ventures* and associates for the half year ended 30 June 2019:

(In thousands of Euro)	% of Ownersh p	Value 31/12/201 8	Investmen ts	Disinvestmen ts	Revaluations/(Impairm ent losses)	Dividen ds	Net resul t	Exchang e gains / (losses)	Value 30/06/201 9
Exerp Aps	50.01%	17,045	-	-	-	(1,006)	81	10	16,130
Exerp America LLC	50.01%	1	-	-	-	-	1	0	2
Exerp Asia Pacific Pty	50.01%	6	-	-	-	-	(1)	0	5
T4ME limited	20.00%	(1)	-	-	3	-	(3)	-	(1)
Movimento per la salute Srl	50.00%	-	-	-	-	-	-	-	-
Quainted INC	28.00%	-	-	-	-	-	-	-	-
Fistadium Srl	45.00%	-	-	-	-	-	-	-	-
Wellink srl	40.00%	168	-	-	-	-	50	-	218
Technogym Emirates LLC	49.00%	828	-	-	-	-	351	7	1,186
<b>Total</b>		<b>18,047</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>(1,006)</b>	<b>479</b>	<b>17</b>	<b>17,540</b>

## 5.4 ASSETS FOR DERIVATIVE FINANCIAL INSTRUMENTS

The item “Assets for derivative financial instruments” amounted to Euro 49 thousand at 30 June 2019 (Euro 148 thousand at 31 December 2018).

The following table reports the derivative financial instruments broken down by currency:

(In thousands of Euro)	As of 30 June	As of 31 December
	2019	2018
AUD	-	19
GBP	49	100
USD	-	29
<b>Total</b>	<b>49</b>	<b>148</b>

Assets for derivative financial instruments are related to positive differences resulting from the fair value of *forward* contracts used to hedge exposure to currency risk. *Forward* contracts in place as of 30 June 2019 and 31 December 2018 are summarized below.

(In thousands of Euro)	As of 30 June 2019			
	Currency	Currency inflow	Currency	Currency outflow
Forward	EUR	2,655	CNY	21,000
Forward	EUR	2,764	AUD	4,500
Forward	EUR	1,165	GBP	1,000
Forward	EUR	3,665	JPY	450,000
Forward	EUR	877	USD	1,000
<b>Situation as of 30.06.2019</b>				
	At 31 December 2018			
	Currency	Currency inflow	Currency	Currency outflow
Forward	EUR	2,577	JPY	330,000
Forward	EUR	2,160	AUD	3,500
Forward	EUR	8,432	GBP	7,500
Forward	EUR	10,436	USD	12,000
Forward	EUR	1,368	CNY	11,000
<b>Situation as of 31.12.2018</b>				

The exposure to exchange rate risk is mainly managed using contracts for the forward sale of currency denominated in the reference currency of some markets in which the Group operates.

(In thousands of Euro)	As of 30 June	As of 31 December	As of 30 June	As of 31 December
	2019 assets	2018 assets	2019 liabilities	2018 liabilities
<b>Interest rate hedges:</b>				
Interest rate hedges (current) – cash flow hedge	-	-	(7)	(10)
Tax effect - Interest rate hedges (current) – cash flow hedge	-	-	2	2
<b>Total</b>	<b>-</b>	<b>-</b>	<b>(5)</b>	<b>(7)</b>

All currency derivatives in place as of 30 June 2019 mature within 12 months.

## 5.5 EQUITY

The item “Equity” amounted to Euro 200,094 thousand at 30 June 2019 (Euro 209,277 thousand at 31 December 2018).

The following table reports the details of equity as of 30 June 2019 and 31 December 2018:

<i>(In thousands of Euro)</i>	As of 30 June	As of 31 December
	2019	2018
<b>Equity</b>		
Share	10,050	10,050
Share premium reserve	4,990	4,990
Other reserves	25,267	19,196
Retained	132,827	80,519
Profit (loss) attributable to owners of the parent	25,287	93,030
<b>Equity attributable to owners of the parent</b>	<b>198,422</b>	<b>207,786</b>
Capital and reserves attributable to non-controlling interests	1,543	1,054
Profit (loss) attributable to non-controlling interests	129	438
<b>Equity attributable to non-controlling interests</b>	<b>1,672</b>	<b>1,491</b>
<b>Total equity</b>	<b>200,094</b>	<b>209,277</b>

Based on the resolution of the shareholders’ meeting of May 8, 2019, the profit for the year 2018 reported in the financial statements of the Parent company Technogym S.p.A. equal to Euro 92,642 thousand, was allocated as follows:

- Euro 36,181 thousand to payables due to shareholders for profits to be paid;
- Euro 117 thousand for the establishment of the reserve for exchange gains;
- Euro 51,905 thousand to the profits of previous years.
- Euro 3,619 thousand to the extraordinary reserve;
- Euro 820 thousand to other reserves;

As of 30 June 2019, the fair value reserve refers essentially to the effective component of active hedges with sale contracts.

<i>(In thousands of Euro)</i>	CFH reserve
<b>Balance at 1 January 2018</b>	<b>(15)</b>
Hedging instruments / Cash flow hedges	10
Tax effect – Hedging instruments / Cash flow hedges	(2)
<b>Balance at 31 December 2018</b>	<b>(7)</b>
Hedging instruments / Cash flow hedges	3
Tax effect – Hedging instruments / Cash flow hedges	(1)
<b>Balance at 30 June 2019</b>	<b>(5)</b>

## 5.6 FINANCIAL LIABILITIES

The items “Non-current financial liabilities” and “Current financial liabilities” amounted to Euro 58,613 and Euro 65,791 as of 30 June 2019 and Euro 53,389 thousand and Euro 60,121 thousand as of 31 December 2018 respectively.

The following table reports the financial liabilities, current and non-current, as of 30 June 2019 and 31 December 2018.

<i>(In thousands of Euro)</i>	As of 30 June	As of 31 December
	2019	2018
<b>Non-current financial liabilities</b>		
Bank loans due after 12 months – non-current portion	28,653	37,617
Non-current liabilities due to other lenders	16,042	15,772
Other non-current financial liabilities	-	-
Financial liabilities first-time adoption of IFRS 16 - Non-current	13,918	-
<b>Total non-current financial liabilities</b>	<b>58,613</b>	<b>53,389</b>
<b>Current liabilities</b>		
Bank loans due after 12 months – current portion	19,086	18,420
Other short-term borrowings	32,160	29,075
Current liabilities due to other lenders	9,272	12,371
Other current liabilities	133	254
Financial liabilities first-time adoption of IFRS 16 - Current	5,140	-
<b>Total current financial liabilities</b>	<b>65,791</b>	<b>60,121</b>

Non-current and current financial liabilities were affected by the first-time adoption of IFRS 16, respectively for Euro 13,918 thousand and Euro 5,140 thousand.

### Medium/long-term bank loans

The following table reports the movements of bank loans for the half year ended 30 June 2019.

<i>(In thousands of Euro)</i>	Bank loans due after 12 months – non-current portion	Bank loans due after 12 months – current portion	Total bank loans
<b>Values at 1 January 2019</b>	<b>37,617</b>	<b>18,420</b>	<b>56,037</b>
Proceeds	192	672	863
Repayments	-	(9,161)	(9,161)
Reclassification from long-term to short-term	(9,155)	9,155	-
<b>Values at 30 June 2019</b>	<b>28,653</b>	<b>19,086</b>	<b>47,739</b>

The following table reports the details of medium/long-term bank loans as of 30 June 2019:

<i>(In thousands of Euro)</i>	Due date	Interest rate	As of 30 June		As of 31 December	
			2019	of which current	2018	of which current
<b>Bank loans</b>						
Unicredit S.p.A.	2020-2023	Variable	28,943	11,799	34,814	11,815
BPER Banca S.p.A.	2022	Variable	14,024	4,023	16,180	4,096
BPER Banca S.p.A.(*)	2021	Variable	120	72	-	-
Banco BPM S.p.A.	2020	Fixed	3,789	2,520	5,043	2,510
Banco Itau (**)	2020	Fixed	863	672	-	-
<b>Total bank loans</b>			<b>47,739</b>	<b>19,086</b>	<b>56,037</b>	<b>18,420</b>

(\*) Sidea loan

(\*\*) Loan of Tecnogym Equipamentos de Ginastica e Solucao para Bem-Estar LTDA

The following table reports the details of medium/long-term bank loans as of 30 June 2019 by maturity date:

<i>(In thousands of Euro)</i>	<b>Residual debt</b>	<b>Of which current (H1-2020)</b>	<b>H1-2021</b>	<b>H1-2022</b>	<b>H1-2023</b>
Unicredit S.p.A.	28,943	11,799	5,715	5,715	5,714
BPER Banca S.p.A.	14,024	4,023	4,000	4,000	2,001
BPER Banca S.p.A.(*)	120	72	48	-	-
Banco BPM S.p.A.	3,789	2,520	1,269	-	-
Banco Itau (**)	863	672	191	-	-
<b>Total</b>	<b>47,739</b>	<b>19,086</b>	<b>11,223</b>	<b>9,715</b>	<b>7,715</b>

(\*) Sidea loan

(\*\*) Loan of Tecnogym Equipamentos de Ginastica e Solucao para Bem-Estar LTDA

In July, the Group settled the residual amount of Euro 6,000 thousand of the Unicredit loan maturing in 2020.

For the above loans, no guarantees have been given.

As of 30 June 2019, all financial covenants relating to the loans in place, where applicable, were respected, with main indicators referring to:

- EBITDA for the first half of 2019, equal to Euro 48,949 thousand, taking into account the effect of IFRS 16 and Euro 46,041 thousand, excluding the effect of IFRS 16 and Euro 44,865 thousand for the first half of 2018;
- The net financial position equal to Euro 50,229 thousand, taking into account the effect of IFRS 16 and Euro 31,171 thousand, excluding the effect of IFRS 16 as of 30 June 2019, and Euro 34,871 thousand as of 31 December 2018

As of the date of this document, it is not believed that there are any factors that could have had negative repercussions on the parameters in question.

### Other short-term borrowings

The following table reports the details of other short-term borrowings as of 30 June 2019 and 31 December 2018:

<i>(In thousands of Euro)</i>	Currency	As of 30 June	As of 31 December
		2019	2018
<b>Other short-term borrowings</b>			
Banca Popolare di Lodi	EUR	4,503	-
Cassa dei Risparmi di Forlì e della Romagna	EUR	-	-
Banca Popolare di Sondrio	EUR	2,000	14,000
Cassa di Risparmio di Parma e Piacenza	EUR	5,505	10,000
Banca Nazionale del Lavoro	EUR	20,020	-
Unicredit	EUR	-	4,500
BPER Lussemburgo	EUR	35	575
Banco Santander	EUR	97	-
<b>Total other short-term borrowings</b>		<b>32,160</b>	<b>29,075</b>

Short-term bank borrowings mainly include stand-by credit lines, short-term loans (generally called “hot money”) and bank overdrafts.

### 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.

## 5.7 PROVISIONS

The item “Provisions” at 30 June 2019 amounts to Euro 21,805 thousand for non-current financial liabilities and Euro 10,932 thousand for current financial liabilities (respectively, Euro 22,119 thousand and Euro 14,058 thousand at 31 December 2018).

The following table reports the details of provisions, current and non-current, as of 30 June 2019 and 31 December 2018:

<i>(In thousands of Euro)</i>	As of 30 June	As of 31 December
	2019	2018
<b>Non-current provisions for risks and charges</b>		
Warranties provision	5,049	4,917
Agents provision	875	839
Non-Competition Agreement provision	1,682	1,523
Rebates provision	3,433	5,030
Other provisions for risks and charges	10,201	9,026
Ongoing lawsuits provision	-	50
Long-term FOC provision	564	734
<b>Total non-current provisions for risks and charges</b>	<b>21,805</b>	<b>22,119</b>
<b>Current provisions for risks and charges</b>		
Warranties provision	5,974	5,854
Free Product Fund provision	731	2,361
Other provisions for risks and charges	4,292	5,854
Short-term FOC provision	(65)	(10)
<b>Total current provisions for risks and charges</b>	<b>10,932</b>	<b>14,058</b>

## 5.8 LIABILITIES FOR DERIVATIVE FINANCIAL INSTRUMENTS

The item “Liabilities for derivative financial instruments” amounted to Euro 35 thousand at 30 June 2019 (Euro 80 thousand at 31 December 2018).

The following table reports the liabilities for derivative financial instruments broken down by currency:

<i>(In thousands of Euro)</i>	As of 30 June	As of 31 December
	2019	2018
<b>Forward</b>		
CNY	14	22
AUD	3	-
JPY	9	45
<b>Interest rate swaps</b>		
IRS	9	13
<b>Total</b>	<b>35</b>	<b>80</b>

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

Forward contracts as of 30 June 2019 and 31 December 2018 are reported in note 5.4 and 5.9 “Derivative financial instruments”.

## Notes to the income statement

### 5.9 REVENUES

In the half year ended 30 June 2019, the item “Revenues” totalled Euro 294,602 thousand (Euro 272,329 thousand in the half year ended 30 June 2018).

The following table reports the amounts of revenues for the half year ended 30 June 2019 and the half year ended 30 June 2018:

<i>(In thousands of Euro)</i>	<b>Half year ended 30 June</b>	
	<b>2019</b>	<b>2018 (*)</b>
<b>Revenues</b>		
Revenues from the sale of products, spare parts, hardware and software	245,499	227,647
Revenues from transport and installation, after-sale and rental assistance	49,103	44,682
<b>Total revenues</b>	<b>294,602</b>	<b>272,329</b>

*(\*) Revenue items were reclassified for a better representation of the profit and loss statement.*

For further information on the identification of the operating segments and the allocation of revenues by distribution channel and geographic area, see the section “Operating performance and comments on the economic and financial results” in the Interim Board of Directors’ Report.

### 5.10 PURCHASES AND CHANGES IN RAW MATERIALS, WORK IN PROGRESS AND FINISHED GOODS

In the half year ended 30 June 2019, the item “Raw materials, work in progress and finished goods” totalled Euro 96,341 thousand (Euro 85,109 thousand in the half year ended 30 June 2018).

The following table provides details of purchases and changes in raw materials, work in progress and finished goods for the half year ended 30 June 2019 and the half year ended 30 June 2018:

<i>(In thousands of Euro)</i>	<b>Half year ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
<b>Purchases and changes in raw materials, work in progress and finished goods</b>		
Purchases and changes in raw materials	62,820	62,764
Purchases and changes in finished goods	31,825	19,277
Purchase of packaging and costs for custom duties	2,186	3,167
Change in inventory of work in progress	(490)	(99)
<b>Total purchases and changes in raw materials, work in progress and finished goods</b>	<b>96,341</b>	<b>85,109</b>

## 5.11 COST OF SERVICES

In the half year ended 30 June 2019, the item “Cost of services” net of the effect of IFRS 16, totalled Euro 80,690 thousand (Euro 74,888 thousand in the half year ended 30 June 2018).

The following table reports the amounts of costs of services for the half year ended 30 June 2019 and the half year ended 30 June 2018:

<i>(In thousands of Euro)</i>	<b>Half year ended 30 June</b>	
	<b>2019(*)</b>	<b>2018</b>
<b>Cost of services</b>		
Transport of sales, customs duties and installation	23,416	19,356
Technical assistance	11,551	10,805
Marketing expenses	11,498	11,389
Rentals	3,365	5,182
Agents	4,461	4,535
Consulting services	5,645	5,013
Transport of purchases	5,937	4,618
Travel and business expenses	625	509
Outsourcing costs	1,163	2,033
Utilities	1,482	1,604
Maintenance costs	2,415	1,627
Other services	9,132	8,216
<b>Total cost of services</b>	<b>80,690</b>	<b>74,888</b>

*(\*) 2019 data include the effects of the adoption of the new accounting standard IFRS 16, as described in the section “Accounting standards” of the notes.*

## 5.12 PERSONNEL EXPENSES

In the half year ended 30 June 2019, the item “Personnel expenses” totalled Euro 67,011 thousand (Euro 65,621 thousand in the half year ended 30 June 2018).

The following table reports the amounts of personnel expenses for the half year ended 30 June 2019 and the half year ended 30 June 2018:

<i>(In thousands of Euro)</i>	<b>Half year ended 30 June</b>	
	<b>2019(*)</b>	<b>2018</b>
<b>Personnel expenses</b>		
Wages and salaries	46,242	44,578
Social security contributions	12,348	11,411
Provisions for employee benefit obligations	1,274	1,251
Other costs	7,148	8,381
<b>Total personnel expenses</b>	<b>67,011</b>	<b>65,621</b>

*(\*) 2019 data include the effects of the adoption of the new accounting standard IFRS 16, as described in the section “Accounting standards” of the notes.*



The following table reports the average and exact number of employees, broken down by category for the half year ended 30 June 2019 and the half year ended 30 June 2018:

(in number)	Half year ended as of 30 June 2019		Year ended as of 31 December 2018	
	Average	Year-end	Average	Year-end
<b>Number of employees</b>				
Managers	60	59	62	61
White-collar	1,390	1,382	1,313	1,366
Blue-collar	701	696	673	706
<b>Total number of employees</b>	<b>2,151</b>	<b>2,137</b>	<b>2,048</b>	<b>2,133</b>

### 5.13 INCOME TAXES

In the half year ended 30 June 2019, the item “Income tax expenses” totalled Euro 6,763 thousand (income for Euro 4,518 thousand in the half year ended 30 June 2018).

The following table reports the amounts of Income taxes for the half year ended 30 June 2019 and the half year ended 30 June 2018:

(In thousands of Euro)	Half year ended 30 June	
	2019	2018
<b>Income taxes</b>		
Current taxes	6,952	6,883
Deferred taxes	72	(1,449)
<b>Total income taxes for the year</b>	<b>7,024</b>	<b>5,434</b>
Income taxes relating to prior years	(261)	(9,952)
<b>Total income taxes</b>	<b>6,763</b>	<b>(4,518)</b>
<i>of which non-recurrent income taxes</i>	-	12,497

Current income taxes in the half are calculated on the basis of the existing taxable income on the date of the close of the period, in application of the tax regulations in force or essentially approved on the date of the close of the period itself.

The benefit relative to the optional Patent Box tax regime signed by Technogym in 2018 for the 2015-2019 period, was specifically quantified for the first half of 2019, and for the previous half year, in the calculation of current taxes of the Parent Company.

## 5.14 EARNINGS PER SHARE

The following table reports the calculation of basic earnings per share for the half year ended 30 June 2019 and the half year ended 30 June 2018:

<i>(In thousands of Euro)</i>	<b>Half year ended 30 June</b>	
	<b>2019</b>	<b>2018</b>
<b>Earnings per share</b>		
Profit for the period	25,287	37,692
Number of shares	201,005	201,005
<b>Total earnings per share (in Euro)</b>	<b>0.13</b>	<b>0.19</b>

The basic earnings per share coincide with diluted earnings per share. Moreover, 2018 was affected by a non-recurrent tax effect of approximately Euro 12,497 thousand, net of this effect, earnings per share would have been 0.13.

## 5.15 NET INDEBTEDNESS

The following table reports the details of net indebtedness of the Group as of 30 June 2019 and 31 December 2018, determined in accordance with Consob communication of July 28, 2006 and in conformity with the recommendations contained in document no. 319 drafted by ESMA in 2013.

<i>(In thousands of Euro)</i>	<b>As of 30 June</b>	<b>As of 31 December</b>
	<b>2019</b>	<b>2018</b>
<b>Net indebtedness</b>		
A. Cash	74,113	78,503
B. Other cash equivalents	-	-
C. Trading securities	-	-
<b>D. Liquidity (A) + (B) + (C)</b>	<b>74,113</b>	<b>78,503</b>
<b>E. Current financial receivables</b>	<b>98</b>	<b>215</b>
F. Current bank debt	(32,160)	(29,075)
G. Current portion of non-current debt	(19,086)	(18,420)
H. Other current financial debt	(14,581)	(12,705)
<b>I. Current financial debt (F) + (G) + (H)</b>	<b>(65,826)</b>	<b>(60,201)</b>
<b>J. Net current financial indebtedness (I) + (E) + (D)</b>	<b>8,384</b>	<b>18,518</b>
K. Non-current bank loans	(42,572)	(37,617)
L. Bonds issued	-	-
M. Other non-current loans	(16,042)	(15,772)
<b>N. Non-current financial indebtedness (K) + (L) + (M)</b>	<b>(58,613)</b>	<b>(53,389)</b>
<b>O. O. Net Financial Indebtedness (J) + (N)</b>	<b>(50,229)</b>	<b>(34,871)</b>

As described in the section “Operating performance and comments on the economic and financial results” in the Interim Board of Directors' Report, the net financial position was also affected by seasonal trends impacting the Group.

The net financial position as of 30 June 2019 including the effects of the adoption of IFRS 16, was negative by Euro 50,229 (Euro 34,871 thousand as of 31 December 2018). Excluding the effects of the adoption of IFRS 16, the value of the net financial position as of 30 June 2019, would have amounted to Euro 31,171, down compared to 31 December 2018, due to the decrease in non-current financial indebtedness.

Short-term bank borrowings mainly include stand-by credit lines, short-term loans (generally called “hot money”) and bank overdrafts.

As of 30 June 2019 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.

## 5.16 FAIR VALUE DISCLOSURE

As of 30 June 2019 and 31 December 2018, 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) Level 3: *inputs* not based on observable market data.

During the period, there were no transfers between the three levels of *fair value* indicated in IFRS 7.

## 5.17 RISK DISCLOSURE

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:
  - a) currency risk, related to operations in areas using currencies other than the functional currency;
  - b) interest rate risk, related to the Group's exposure to financial instruments that accrue interests;
  - c) price risk, associated with changes in the prices of commodities.

For more information on the policies and processes for risk management, please refer to the section "Risk factors" in the Interim Board of Directors' Report.

## 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 30 June 2019 and 31 December 2018.

2019 (In thousands of Euro)	Loans and receivables	Financial assets at fair value	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	50,701	-	2,680	53,381	-	-	2,680	2,680
Non-current financial assets	2,907	-	-	2,907	-	-	-	-
<b>Non-current financial assets</b>	<b>53,608</b>	<b>-</b>	<b>2,680</b>	<b>56,288</b>	<b>-</b>	<b>-</b>	<b>2,680</b>	<b>2,680</b>
Trade receivable	113,416	-	-	113,416	-	-	-	-
Cash and cash equivalents	74,113	-	-	74,113	-	-	-	-
Assets for derivative financial instruments	-	-	49	49	-	49	-	49
Current financial assets	49	-	-	49	-	-	-	-
Other current assets	28,687	-	-	28,687	-	-	-	-
<b>Current financial assets</b>	<b>216,265</b>	<b>-</b>	<b>49</b>	<b>216,314</b>	<b>-</b>	<b>49</b>	<b>-</b>	<b>49</b>

2018 (In thousands of Euro)	Loans and receivables	Financial assets at fair value	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	46,190	-	2,539	48,729	-	-	2,539	2,539
Non-current financial assets	2,881	-	-	2,881	-	-	-	-
<b>Non-current financial assets</b>	<b>49,071</b>	<b>-</b>	<b>2,539</b>	<b>51,610</b>	<b>-</b>	<b>-</b>	<b>2,539</b>	<b>2,539</b>
Trade receivable	151,469	-	-	151,469	-	-	-	-
Cash and cash equivalents	78,503	-	-	78,503	-	-	-	-
Assets for derivative financial instruments	-	-	148	148	-	148	-	148
Current financial assets	67	-	-	67	-	-	-	-
Other current assets	20,103	-	-	20,103	-	-	-	-
<b>Current financial assets</b>	<b>250,142</b>	<b>-</b>	<b>148</b>	<b>250,290</b>	<b>-</b>	<b>148</b>	<b>-</b>	<b>148</b>

2019 (In thousands of Euro)	Financial liabilities	Financial liabilities carried at fair value	Financial liabilities carried at fair value	Total	Level 1	Level 2	Level 3	Total
	Amortized cost	FV vs. OCI	FV vs. P&L					
Non-current financial liabilities	58,613	-	-	58,613	-	-	-	-
Other non-current liabilities	31,587	-	-	31,587	-	-	-	-
<b>Non-current financial liabilities</b>	<b>90,200</b>	<b>-</b>	<b>-</b>	<b>90,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Current liabilities	65,791	-	-	65,791	-	-	-	-
Trade payable	126,913	-	-	126,913	-	-	-	-
Liabilities for derivative financial instruments	-	7	28	35	-	35	-	35
Other current liabilities	70,103	-	-	70,103	-	-	-	-
<b>Current liabilities</b>	<b>262,807</b>	<b>-</b>	<b>35</b>	<b>262,842</b>	<b>-</b>	<b>35</b>	<b>-</b>	<b>35</b>

2018 (In thousands of Euro)	Financial liabilities	Financial liabilities carried at fair value	Financial liabilities carried at fair value	Total	Level 1	Level 2	Level 3	Total
	Amortized cost	FV vs. OCI	FV vs. P&L					
Non-current financial liabilities	53,389	-	-	53,389	-	-	-	-
Other non-current liabilities	29,826	-	-	29,826	-	-	-	-
<b>Non-current financial liabilities</b>	<b>83,216</b>	<b>-</b>	<b>-</b>	<b>83,216</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Current liabilities	60,121	-	-	60,121	-	-	-	-
Trade payable	143,910	-	-	143,910	-	-	-	-
Liabilities for derivative financial instruments	80	10	126	216	-	136	-	136
Other current liabilities	60,471	-	-	60,471	-	-	-	-
<b>Current liabilities</b>	<b>264,582</b>	<b>10</b>	<b>126</b>	<b>264,719</b>	<b>-</b>	<b>136</b>	<b>-</b>	<b>136</b>

## 5.18 RELATED PARTY TRANSACTIONS

The Group's transactions with related parties, (hereinafter also “**Related party transactions**”) identified based on criteria defined by IAS 24 – Related party disclosures, are primarily of a commercial nature and connected with transactions carried out on an arm's length basis.

The table below details the equity balances of Related Party Transactions as of 30 June 2019 and 31 December 2018.

(In thousands of Euro)	Trade receivable		Current financial assets		Other current assets		Trade payable		Other current liabilities	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec
TECHNOGYM Emirates LLC	1,025	615	-	-	1,467	2,038	241	235	-	-
PUBBLISOLE SPA	-	-	-	-	-	-	10	43	-	-
CONSORZIO ROMAGNA INIZIATIVE	-	-	-	-	38	25	-	0	-	-
ASSO.MILANO DURINI DESIGN	-	-	-	-	-	-	-	-	-	-
FUNKY BOTS LLC	-	-	-	-	-	-	-	-	-	-
WELLINK SRL	0	-	-	-	-	-	42	139	-	-
WELLNESS HOLDING SRL	1	1	-	-	-	-	368	227	-	-
VIA DURINI 1 SRL	-	-	-	-	28	-	(175)	(66)	-	-
STARPOOL SRL	3	-	-	-	-	-	-	1	-	-
ONE ON ONE SRL	0	2	-	-	-	-	55	116	-	-
ENERVIT SPA	20	-	-	-	-	-	1	-	-	-
ALNE SOC. AGR. S.R.L.	-	-	-	-	-	-	-	-	-	-
AEDES S.S.	-	-	-	-	-	-	-	65	-	-
SOBEAT S.R.O.	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,050</b>	<b>618</b>	<b>-</b>	<b>-</b>	<b>1,533</b>	<b>2,063</b>	<b>542</b>	<b>760</b>	<b>-</b>	<b>-</b>
<b>Total Financial Statements</b>	<b>113,416</b>	<b>151,469</b>	<b>49</b>	<b>67</b>	<b>28,687</b>	<b>20,103</b>	<b>126,913</b>	<b>143,910</b>	<b>70,103</b>	<b>60,471</b>
<b>% on financial statements item</b>	<b>0.9%</b>	<b>0.4%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>5.3%</b>	<b>10.3%</b>	<b>0.4%</b>	<b>0.5%</b>	<b>0.0%</b>	<b>0.0%</b>

Trade receivables and other current assets due to joint ventures refer entirely to commercial relations in place with Technogym Emirates LLC, 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 table below details the income statement balances of Related Party Transactions as of 30 June 2019 and 30 June 2018:

(In thousands of Euro)	Revenues		Other operating		Raw materials and work in progress		Cost of services		Personnel expenses		Other operating		Financial income	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun
TECHNOGYM Emirates LLC	4,655	4,614	90	6	(27)	(23)	(3)	(20)	9	11	-	-	-	(0)
PUBBLISOLE SPA	-	-	-	-	-	-	(10)	-	-	-	-	-	-	-
CONSORZIO ROMAGNA INIZIATIVE	-	-	-	-	-	-	(7)	-	-	-	-	-	-	-
ASSO.MILANO DURINI DESIGN	-	-	-	-	-	-	-	-	-	-	(2)	-	-	-
FUNKY BOTS LLC	-	-	-	-	-	-	-	-	-	-	-	-	-	(23)
WELLINK SRL	0	1	-	0	-	-	(62)	(219)	-	-	(0)	-	-	-
WELLNESS HOLDING SRL	-	-	-	-	-	-	(125)	(134)	(2)	-	-	-	-	-
VIA DURINI 1 SRL	-	-	-	-	-	-	(34)*	(411)	-	-	(4)	(2)	-	-
STARPOOL SRL	2	-	-	-	-	-	-	-	-	-	-	-	-	-
ONE ON ONE SRL	1	41	-	-	-	-	(252)	(49)	-	-	(0)	-	-	-
ENERVIT SPA	16	-	-	-	-	-	(1)	-	-	-	-	-	-	-
ALNE SOC. AGR. S.R.L.	-	-	-	-	-	-	-	-	(1)	-	(7)	-	-	-
AEDES S.S.	-	-	-	-	-	-	(50)	-	-	-	-	-	-	-
SOBEAT S.R.O.	-	-	-	-	-	-	(332)	(331)	-	-	-	-	-	-
<b>Total</b>	<b>4,675</b>	<b>4,656</b>	<b>90</b>	<b>6</b>	<b>(27)</b>	<b>(23)</b>	<b>(876)</b>	<b>(1,163)</b>	<b>6</b>	<b>11</b>	<b>(13)</b>	<b>(2)</b>	<b>-</b>	<b>(23)</b>
<b>Total Financial Statements</b>	<b>294,602</b>	<b>272,329</b>	<b>659</b>	<b>555</b>	<b>(96,341)</b>	<b>(85,109)</b>	<b>(80,690)</b>	<b>(74,888)</b>	<b>(67,011)</b>	<b>(65,621)</b>	<b>(2,749)</b>	<b>(2,506)</b>	<b>4,763</b>	<b>3,830</b>
<b>% on financial statements item</b>	<b>1.6%</b>	<b>1.7%</b>	<b>13.6%</b>	<b>1.1%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>1.1%</b>	<b>1.6%</b>	<b>(0.2%)</b>	<b>(0.4%)</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>(0.6%)</b>

(\*) 2019 data include the effects of the adoption of the new accounting standard IFRS 16, as described in the section “Accounting standards” of the notes.

## **Remuneration of directors and key management**

The total amount of compensation of the Board of Directors of the Company amounted to Euro 1,227 thousand for the half year ended 30 June 2019 (Euro 1,139 thousand for the half year ended 30 June 2018). The total amount of compensation of the key management amounted to Euro 1,230 thousand for the half year ended 30 June 2019 (Euro 1,537 thousand for the half year ended 30 June 2018).

## **5.19 CONTINGENT LIABILITIES**

At 30 June 2019 there were no ongoing legal or tax proceedings against any Group companies and therefore, no particular provisions for risks and charges have been recognized, with the exception of the following described.

It should be noted that an assessment notice for an amount of around Euro 10 million was received in the first half of 2017 relating to the company Technogym Equipamentos de Ginastica e Solucao para bem estar Ltda for alleged formal irregularities in the import customs declarations relating to years prior to 2015, also in the name of Technogym Fabricacao de Equipamento de Ginastica Ltda, now incorporated in Technogym Equipamentos de Ginastica e Solucao para bem estar Ltda.

The company, supported by its local tax advisors and lawyers, opposed the presumptions of the local administration and the first ruling, as it believes that it has always operated in full compliance with local tax and customs provisions. Consequently, it did not consider it appropriate to allocate any provision, as the risk of being the losing party is not deemed to be likely.

## **5.20 COMMITMENTS AND GUARANTEES**

As of 30 June 2019 the Company issued guarantees to credit institutions on behalf of subsidiaries for Euro 3,956 thousand (Euro 5,328 thousand as of 30 June 2018), and on behalf of related parties for Euro 3,599 thousand (Euro 3,514 thousand as of 30 June 2018). The guarantees issued by the Group in favour of public institutions and other third parties amount to Euro 2,444 thousand (Euro 2,598 thousand as of 30 June 2018).

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

In the half year ended 30 June 2019, non-recurring expenses equal to Euro 1,404 thousand were recorded, attributable to higher operating costs for inefficiencies caused by the reorganisation processes of some sales branches. As of 30 June 2018, no non-recurring expenses were recorded.

## **5.22 POSITIONS OF TRANSACTIONS ARISING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS**

The Group did not complete any atypical or unusual operations pursuant to Consob Communication no. DEM/6064293 of July 28, 2006.

## **5.23 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

There were no significant events after the close of the half year ended as at 30 June 2019.

**Attestation of the half-year condensed consolidated financial statements pursuant to article 81-ter of the Consob regulation 11971 of May 14, 1999 as amended**

1. The undersigned, Nerio Alessandri, in his capacity as the Chief Executive Officer of Technogym S.p.A. and Andrea Alghisi as Financial Reporting Officer of Technogym S.p.A.'s financial statements, pursuant to Article 154-bis, paragraphs 3 and 4, of the Italian Legislative Decree 58 of February 24, 1998, hereby certify:

- the adequacy of administrative and accounting procedures in relation to the characteristics of the company and
- the effective implementation of the administrative and accounting procedures for the preparation of the half-year condensed consolidated financial statements, during the first half of 2019.

2. With regard to the above, there are no remarks.

3. It is also certified that:

3.1 The Half-year Condensed Consolidated Financial Statements:

- a) have been drawn up in accordance with the international accounting standards recognized in the European Union under the EC regulation 1606/2002 of the European Parliament and of the Council of July 19, 2002;
- b) are consistent with the entries in the accounting books and records;
- c) provide an accurate and fair view of the assets and liabilities, profits and losses and financial position of the issuer and the group of companies included in the consolidation.

3.2 The half-year directors' report includes a reliable analysis of the significant events that took place in the first six months of the financial year and their impact on the half-year condensed consolidated financial statements, along with a description of the main risks and uncertainties for the Group.

The half-year directors' report also includes a reliable analysis of the significant transactions with related parties.

Cesena, 10 September 2019

CHAIRMAN OF THE  
BOARD OF DIRECTORS  
AND CHIEF EXECUTIVE OFFICER  
Nerio Alessandri

FINANCIAL REPORTING OFFICER  
  
Andrea Alghisi

## REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of  
Technogym SpA

### Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Technogym SpA and its subsidiaries ("Technogym Group") as of 30 June 2019, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders' equity, the consolidated statement of cash flow and the related notes. The directors of Technogym SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

### Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated condensed interim financial statements of Technogym Group as of 30

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#### PricewaterhouseCoopers SpA

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June 2019 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Bologna, 10 September 2019

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



The Wellness Company