



ANNUAL REPORT AS OF 31 DECEMBER 2021

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The Olympic Issue

BOARD OF DIRECTORS' REPORT

FIRST SECTION



Letter to the shareholders

Dear Shareholders,

After a 2020 marked by the global explosion of the pandemic, 2021 saw a gradual return to normality.

The growth in home fitness, which had been buoyant during the periods of lockdowns, continued, albeit at a steadier pace, on the back of a strong recovery in fitness centres, hotels and social spaces. All around the world, people headed back to training at the gym with enthusiasm, doing so much quicker than expected, and above all with an unprecedented level of digital awareness acquired over the past few years.

The future of fitness will be characterised by a hybrid model, with people training both at home and in the gym. This model brings with it significant opportunities for Technogym, which has been investing for some years in an ecosystem which is unique in the industry – which includes connected equipment, apps and on-demand video training content – that can connect every single user to a customised experience in fitness, sport and health, anytime, anywhere: at home, in the gym, in hotels, at the doctor's and outdoors.

In terms of innovation, following on from the successful launch in 2020 of Technogym Live, the platform with on-demand video training content, 2021 saw the launch of the Technogym App, a strategic element of the Technogym Ecosystem, able to connect consumers to their training experience at home, in the gym, and on the go. The acceleration of digital fitness and home fitness in recent years represents a huge opportunity for the entire sector. Many people who trained at home during lockdown have stayed active, and are now ready and willing to get back to their fitness clubs. What's more, those who used digital resources for the first time to do physical exercise during the pandemic now have the chance to alternate between home fitness and the professional services provided by fitness clubs.

2021 also saw Technogym in the role of Official Supplier for the Tokyo Olympic Games, an extraordinary event not just for the promotion of Technogym, but for the spread of the culture of wellness and sport. Starting from the involvement of tens of millions of people who train with Technogym every day around the world, we are constantly working towards building a better world where health and environmental protection are central, as evidenced by our social commitment to sustainability, in complete alignment with our business objectives and ESG goals.

Let's Move for a Better World.

Nerio Alessandri

Corporate bodies

Board of Directors

President and Chief Executive Officer	Nerio Alessandri
Deputy Chairperson	Pierluigi Alessandri
Directors	Erica Alessandri Francesca Bellettini ⁽¹⁾ Carlo Capelli ⁽²⁾ Maurizio Cereda ⁽³⁾ Chiara Dorigotti ^{(1) (3) (5)} Melissa Ferretti Peretti ^{(1) (4)} Vincenzo Giannelli ^{(1) (4)} Maria Cecilia La Manna ^{(1) (3) (5) (6)} Luca Martines ^{(1) (4) (5)}

Board of Statutory Auditors

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

Supervisory Body

Chairperson	Andrea Ciani
Members	Giuliano Boccanegra Riccardo Pinza

Financial Reporting Officer	Massimiliano Moi
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Independent Auditors	PricewaterhouseCoopers S.p.A.
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- (1) Independent Director.
(2) Director Responsible for the Internal Audit and Risk Management System.
(3) Member of the Control and Risks Committee.
(4) Member of the Appointments and Remuneration Committee.
(5) Member of the Related Party Transactions Committee.
(6) Lead Independent Director.

Equity Consolidation Method

Not Consolidated

**Jointly
controlled Entity**

Other Companies

Wellink srl (Italy)	← 40,0%	Qicraft Finland OY (Finlandia)	← 10,0%
T4ME Limited (UK)	← 20,0%	Pubblisole Spa (Italy)	← 2,4%
TECHNOGYM Emirates Ltd (UAE)	← 49,0%	Consorzio Romagna Iniziat. (Italy)	← 12,5%
Movimento per la salute Srl in liquidation (Italy)	← 50,0%	Crit Srl (Italy)	← 1,2%
Physio AG (Germany)	← 31,5%	Sviluppo imprese Romagna Spa (Italy)	← 4,4%
Wellness Explores Srl (Italy)	← 50%	Sandcroft avenue limited (UK)	← 12,40%
		Qicraft Norway AS (Norway)	← 10%
		Qicraft Sweden AB (Sweden)	← 10%
		Fimex AG (Switzerland)	← 5%

SHAREHOLDERS

As of 31 December 2021, 33.78% of the Issuer's share capital was held by TGH S.r.l. – a legal entity incorporated under Italian law, whose share capital is 75%-owned by Oiren S.r.l. and 25%-owned by Path S.r.l. – the remaining 66.22% was free float on Borsa Italiana's MTA (screen-based stock exchange).

The Issuer is not subject to the management and coordination of TGH S.r.l., nor of the direct and indirect parent companies of that latter nor third parties. Refer to the "Corporate Governance Report" for more details; the report is based on the model prepared by Borsa Italiana for corporate governance reports and is available in the "Corporate Governance" section of the website at <https://corporate.Technogym.com>, in the "Governance/Shareholders' meetings" and "Governance/Report" section.

1 Technogym

1.1 THE TECHNOGYM BRAND

The Technogym brand was created in 1983 when Nerio Alessandri, a young industrial designer and sports enthusiast, designed and built his first piece of fitness equipment in his garage in Cesena, aged just 22. It was a hack squat machine, designed to enable squat exercises to be performed in a guided and safer way. Since then, Technogym has become known for its strong focus on safety and accident prevention, and for its easy-to-use, well-designed products. The brand name Technogym combines Alessandri's two passions: technology (TECHNO) and sports (GYM).

We're in the early 1980s, when Europe's fitness industry was still considered a small niche market. Gyms, often equipped with very rudimentary machines, were mainly the preserve of body-builders. Nerio Alessandri sensed that there was a growing need for technologically and functionally superior physical exercise equipment that respected consumers' health. He also saw that the fitness industry could potentially appeal to a wider, more diversified public, as society gradually realised the importance of physical exercise in mental and physical health and wellness. Today, 35 years on, Technogym is recognised worldwide as a leader in technologies, services and design products for the Fitness and Wellness sector, thanks to its complete range of cardio, strength and functional training equipment, services (after sales, training and consultancy, interior design, marketing support and finance), plus a digital cloud platform that allows users to connect with their Wellness experience anywhere, using Technogym products or mobile devices.

The offer of Technogym branded products has broadened over the years, and now ranges from Fitness Clubs to the Hospitality & Residential, HCP (Health, Corporate & Performance) and Home segments. Worldwide, Technogym products are now used in 85,000 Wellness centres and more than 400,000 homes.

Technogym has been an official supplier at the last eight editions of the Olympic Games: Sydney 2000, Athens 2004, Turin 2006, Beijing 2008, London 2012, Rio 2016, PyeongChang 2018 and Tokyo 2020.





↑ Alessandri household - garage

Milestones in Technogym's history

1983

Nerio Alessandri founds Technogym, combining his passion for technology (Techno) and sport (Gym). Aged 22, he designs and builds his first machine in his garage.

1986

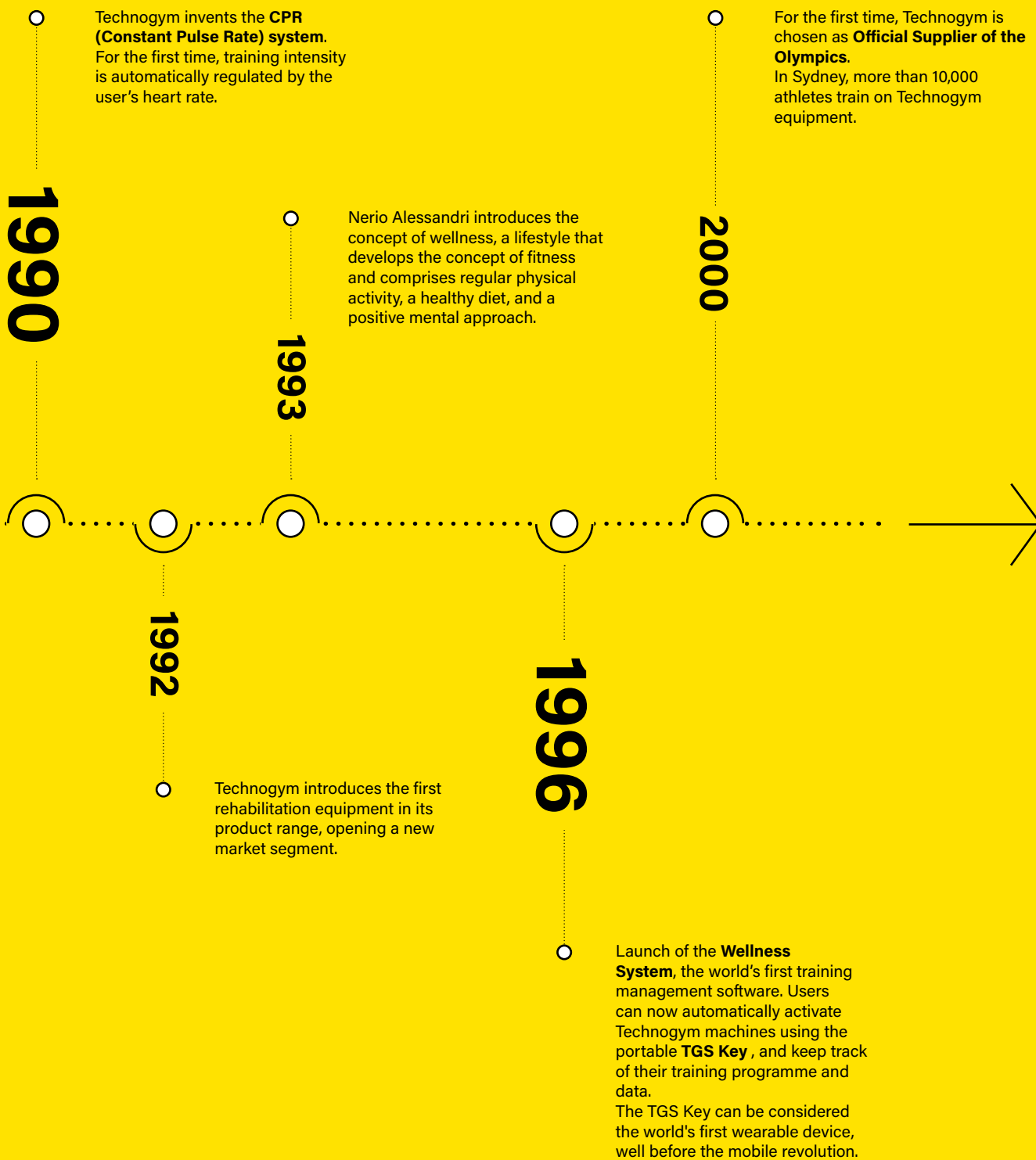
Launch of **Unica**, the first machine designed for domestic use. A complete gym in the space of just one square metre, it soon becomes a status symbol and an icon of Italian design worldwide.

1984

Just one year after being founded, Technogym develops and launches the **Isotonic Line**, the first comprehensive strength training line.

End of
the '80s

Technogym launches partnerships in football and Formula One, becoming the official supplier of athletic equipment for several leading football teams (including A.C. Milan), world-famous athletes (including Formula One drivers Ayrton Senna and Michael Schumacher) and for major international sporting events (the 1990 World Cup in Italy).



Milestones in Technogym's history

DISTRIBUTION
Segments

2007

Visioweb is created, the first piece of fitness equipment connected to the internet.

2010

Technogym opens its **first stores** in Milan, New York and Moscow.

2014

Technogym launches the first edition of **Let's Move for a Better World**, a social campaign aimed at reducing obesity and sedentary lifestyles. Thanks to the **Technogym Ecosystem**, fitness and Wellness Club customers around the world can donate their movement to a good cause.

2002

Technogym launches **Wellness TV**: the first TV screen integrated in fitness equipment.

Nerio Alessandri creates the **Wellness Foundation**, a non-profit organisation that researches and promotes Wellness as a social opportunity. One of the Foundation's main projects is Wellness Valley in Emilia-Romagna, intended to be the world's first Wellness district designed to enhance people's quality of life and wellbeing.

2012

Launch of **mywellness® cloud** – the first cloud platform in the Fitness and Wellness sector. Users can now access their personal programme anywhere, at any time, while fitness and wellness professionals can connect with their clients inside and outside the gym, using a web and mobile system.

On September 29, in the presence of the President of the Italian Republic, Giorgio Napolitano, and former President of the USA, Bill Clinton, **Technogym Village** in Cesena is unveiled, the first Wellness campus in the world, which is home to Technogym's headquarters, research centre, factory and Wellness Centre, and is open to clients, partners and influencers from all over the world.

2015

Technogym is a major partner at Expo Milano 2015 with the "**Let's Move & Donate Food**" campaign which, thanks to equipment connected to the Technogym app, allows visitors to turn movement into meals donated to countries affected by malnutrition.

Technogym is listed on the **Milan Stock Exchange** on 3 May.

For the sixth time, Technogym is chosen as **Official Supplier of the Rio Olympics**.

2016

Starting with the "Wellness on the Go" strategy, that has developed a seamless and integrated digital ecosystem consisting of smart equipment, the mywellness® cloud and apps, for a custom training experience, in 2019, Technogym presented the **Technogym Live** platform during the year, offering users a bespoke training experience of group classes and favourite trainers, to enjoy at home, in the gym, in hotels and at the office.

Technogym Bike is the first product integrated with the Live platform, to access the best indoor cycling classes of fitness studios around the world live or on demand.

2019

Technogym App
Technogym is **Official Supplier to the Olympic Games** for the eighth time, at Tokyo 2020. In June, the **Technogym App** is launched on the market, the application that offers customised workouts with on-demand videos with the best trainers, allowing users to train at home, in the gym, at the office, while travelling and outdoors, thanks to the smart coach. In October, **Technogym** and **Dior** announce their partnership to create exclusive limited-edition fitness products available in Dior Vibe pop-up stores.

2021

2018

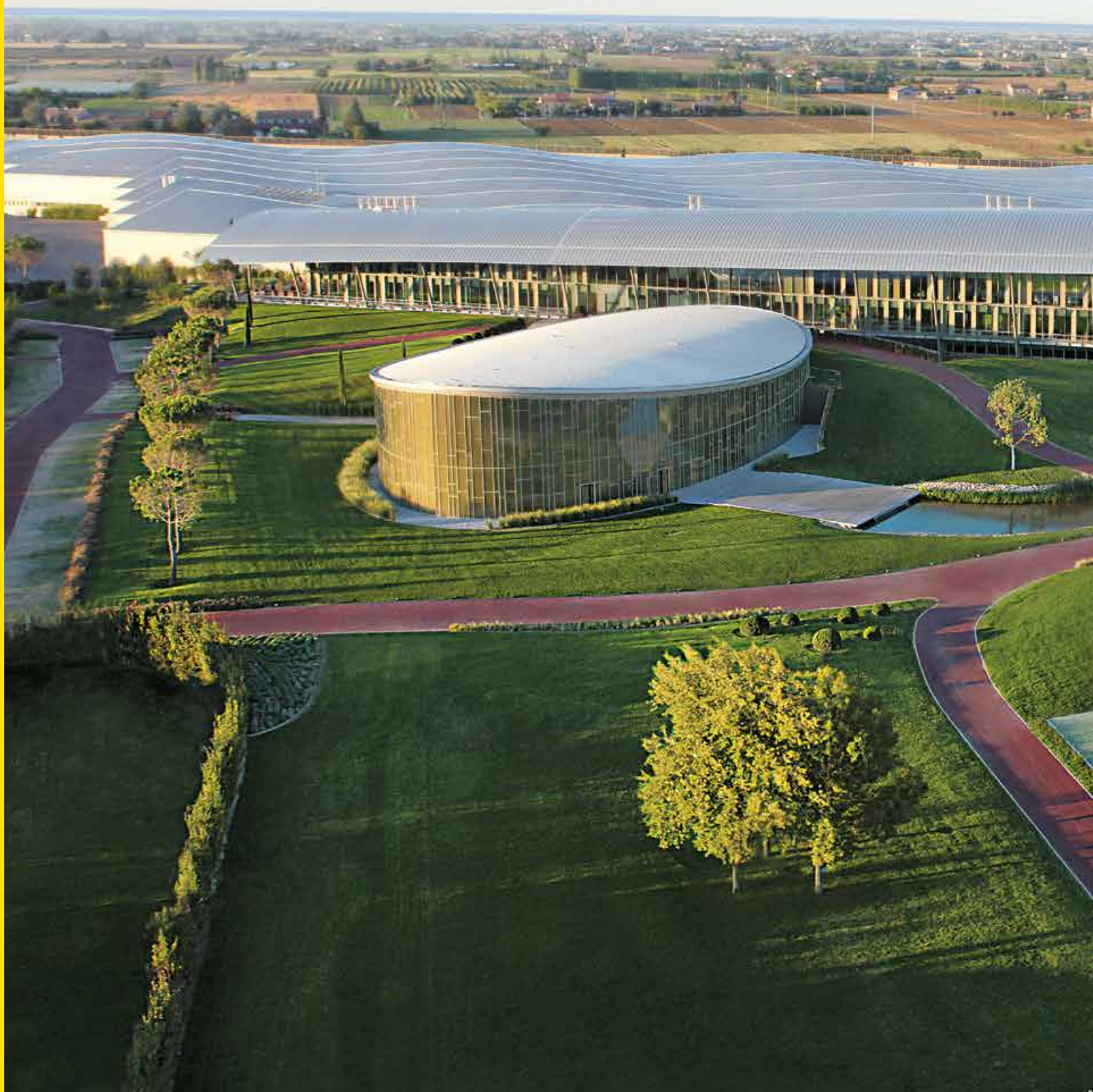
Technogym is **appointed official supplier to the 2018 Winter Olympics in PyeongChang**, the company's seventh appointment as an official supplier to the Games. In the same year, Technogym launches **Skillathletic**, a new training method inspired by the training programmes of sporting champions.

2017

Technogym opens its first flagship experience in Milan and launches the **SKILL** line for athletic performance training.

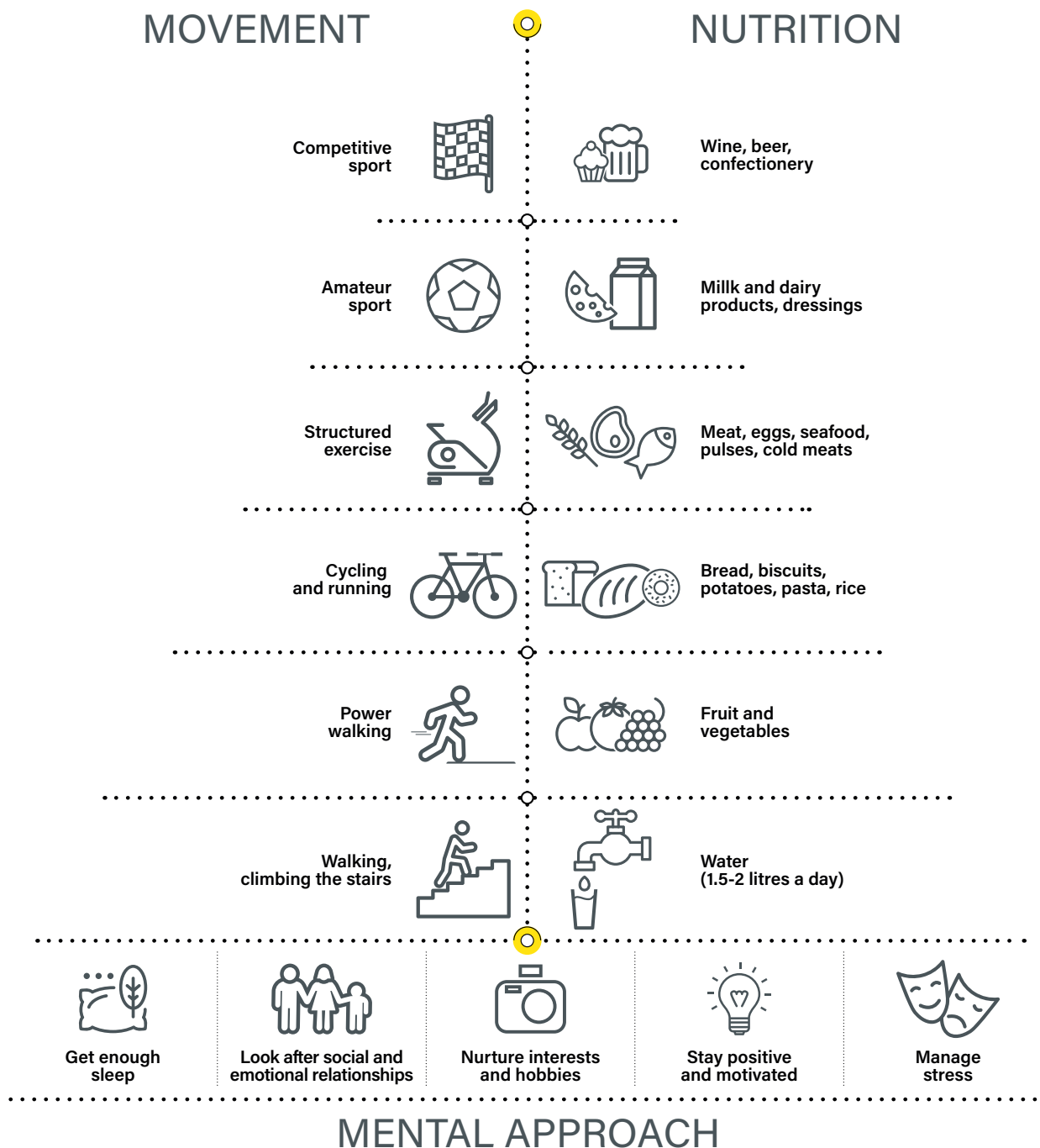
2020

Technogym introduces the new **Excite line: the revolutionary range of smart cardio training equipment with the innovative Technogym Live interface**, offering users a completely new training experience customised to their passions and targets.





The Technogym Wellness Lifestyle® Pyramid



1.2

WELLNESS®

“Wellness®” is a lifestyle, promoted by Technogym, aimed at improving quality of life through education and regular physical activity, a balanced diet, and a positive mental attitude. During the early 1990s, while the stereotypical muscle-bound image of fitness personified by Jane Fonda and Sylvester Stallone was all the rage in the USA, in Romagna Nerio Alessandri was launching a new vision: Wellness®, an all-Italian lifestyle whose roots lie in the Roman concept of *mens sana in corpore sano*. It was nothing short of a revolution, which transformed a business based on hedonism into a social one, from looking good to feeling good, from attracting only a small number of super-fit gym enthusiasts to the possibility of embracing the whole population.

Wellness® was a social opportunity for all: for governments to cut their healthcare bills, for companies to benefit from employing more creative, more productive workers, and for ordinary people, to improve their lifestyles and health. This was the idea behind the Wellness Foundation, the non-profit organisation created more than 10 years ago by Nerio Alessandri, with the goal of sharing his twenty years’ experience in the fitness, Wellness and health sector to create a more sustainable society by promoting wellness and a healthy lifestyle.

Internationally, thanks to the commitment of Nerio Alessandri and the Wellness Foundation, Wellness® has become a key theme of the World Economic Forum in Davos, and was also the subject of a United Nations event in New York.

Within the Romagna region, where the Wellness Foundation is located, it launched the Wellness Valley project, which aims to create the first Wellness district in the world, capitalising on the natural DNA of the Romagna region and on Wellness as an economic (tourism, food, technology) and social (health and prevention) opportunity for the area.

Mission and Vision

Technogym’s Mission: To spread the Wellness Lifestyle. Wellness as a lifestyle can bring important benefits to society by improving people’s quality of life, reducing government expenditure on healthcare, boosting corporate productivity, and respecting the environment. The belief in Wellness as a social responsibility guides and unites our company.

Technogym’s Vision: To be the world’s leading Wellness Solution Provider. Technogym strives to be recognised as a landmark in its industry, promoting an authentic lifestyle by creating customised solutions for private customers and fitness professionals. It is more than just equipment, it is also about services, content, devices and networking solutions.

1.3

STRATEGY

Technogym's objective is to help people live a Wellness lifestyle anytime, anywhere, by implementing a three-pillar strategy:

- › Wellness on the go: the Technogym Ecosystem is a platform that helps everyone enjoy a personalised Wellness experience by accessing content and training programmes on any Technogym machine and on any personal device, at any time, anywhere in the world. The Technogym Ecosystem integrates equipment, dedicated mobile apps, the mywellness® cloud digital platform and specific content, programmes and services, offering fitness professionals the opportunity to connect with their clients wherever they may be.
- › Brand Development: in recent years, the Technogym brand has followed a positioning strategy based on two principal objectives: being a Premium brand in the Club, H&R and HCP segments, and being an aspirational brand in the Home and Consumer segments. Through marketing and communication, the Technogym brand establishes its values with a clear, coherent strategy that has helped Technogym to position itself as an internationally recognised name.
- › Global presence in the different market segments: Technogym is expanding globally in various market segments, thanks to an omni-channel distribution strategy which includes Retail, Field Sales, Wholesale and Inside Sales.

1.4

THE BUSINESS MODEL

Over the years, Technogym has become well-known for interpreting and anticipating its customers' needs, creating a global community of over 55 million people who train every day on its machines in 85,000 fitness centres and in more than 400,000 private homes in 100 countries worldwide. Today, Technogym is an international benchmark in the wellness sector, and as such is able to offer complete solutions for fitness, sport and health.

Innovation, design and product development

Since its foundation in 1983, Technogym's guiding principle has been all-round innovation in products, processes, its digital ecosystem, sales, marketing and in every other area of the company.

Products are at the core of Technogym's innovation strategy. Our Research and Development area employs more than 200 professionals including engineers, sports doctors, designers and software developers. It also collaborates with external medical practitioners, physiotherapists, architects, athletes and sports trainers.

To date, Technogym has an intellectual property portfolio of more than 320 patents, 250 designs and 415 national and international trademarks, which include 29 patents, 19 designs and 16 trademarks registered in 2021.

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 2021 saw the 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 end 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 personalisation 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 2021, Technogym launched Mywellness® 6.0, an open CRM software platform that enables clubs to improve the customer experience and its management by the centre: from customer attraction to retention and secondary spending through assessment, programming, tracking, rewarding, analytics, etc.

Mywellness® enables operators to personalise the experience of every individual customer and offer training content generated by the club even at home in on-demand video format.

The new Mywellness® App adds the possibility for the club to leverage the hybrid model, i.e. to continue managing training to billing in the gym, but also to sell services (personal training sessions, classes and routines) to members, including at home in pay-per-use or subscription mode.

Using Mywellness® 6.0, the operator can configure its services, content and customer journey to be offered to every different customer type on the basis of their passions and aspirations: programmes, services, methods for staff to interact with customers and automatic app notifications.

When customers enrol in the club, they are invited to download the Mywellness® App, which becomes the point of reference for all wellness services offered at the centre. Within the Mywellness® App, customers can find their personalised training programme, the results of their progress, classes to book, the challenges offered by the centre, their personal trainer, and many other services.

With Mywellness® 6.0, customers can also access all services offered by their centre that can be used anywhere and anytime: Live classes, on-demand training and individual personal training sessions offered in streaming mode are just a few examples of the services that can be booked, used and/or purchased directly from the Mywellness® App.

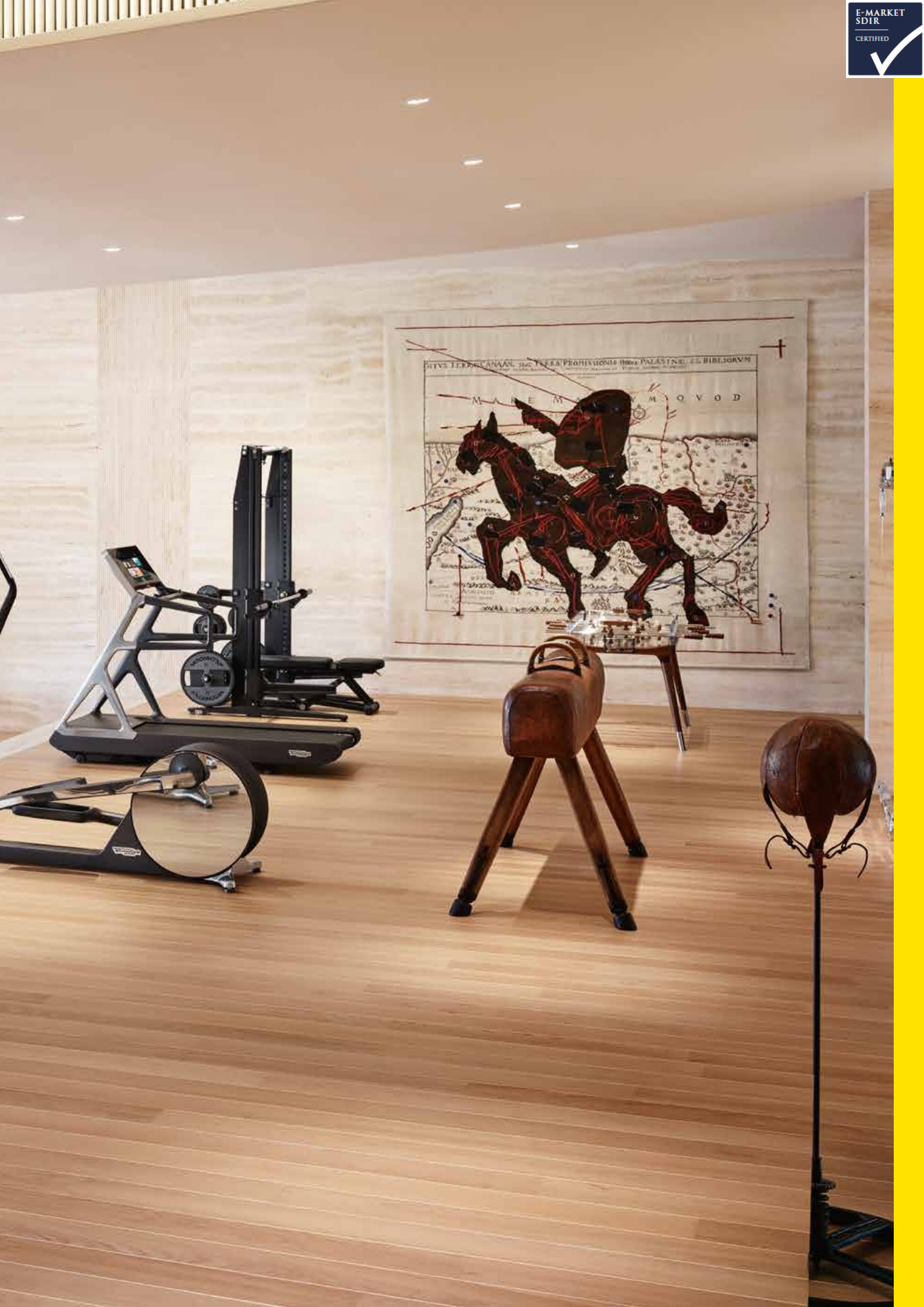
For the Commercial sector, Technogym launched a new indoor cycling training solution on the market in June. The new Group Cycle format includes different indoor cycling classes that combine music, visual effects and accurate performance data to create an interactive workout that inspires people to move. The new Group Cycle experience helps operators meet the different needs and preferences of their customers, achieve different targets and optimise the use of space. Through the Technogym Ecosystem, trainers can easily create a class, upload a playlist or their custom profile through the Group Cycle professional app, managing the class together with the new Mywellness® Kiosk; they can also programme virtual classes in one or more locations, with customers booking their place through the Mywellness® App.

In the home segment, in the first 6 months of 2021 Technogym continued with the launch of Technogym BIKE in many markets following the launch of the product in Europe in the previous year, and launched a new version of Technogym MYRUN, the compact and silent home fitness treadmill that connects to a tablet and offers a broad range of on-demand training for running and walking: sessions guided by a trainer, targeted routines and virtual classes. Technogym MyRun is designed to meet the needs of the entire family and offer personalised on-demand programmes suited for users at any level: from beginners, to fitness fans to athletes.

In June, the company announced the launch of Technogym APP, which guides users in obtaining the best results in the shortest period of time with personalised training programmes and libraries of on-demand content.

Whether the goal is to improve fitness level or increase sports performance, Technogym Coach, based on artificial intelligence, adapts the workout to user needs, wherever they are and whenever they prefer to work out. Every day, the app proposes the most suitable





training for each individual combining scientific research, artificial intelligence and engaging and challenging video content.

In August 2021, Technogym launched Technogym Cycle, the new home exercise bike, which combines functionality, ease of use and design: thanks to the walk-through access, users can get on and off with ease, and the wide and comfortable seat and compact dimensions - less than 1 square metre in area and 60 cm in width - make it ideal for any household space.

In November, the launch of Technogym ELLIPTICAL was announced, the new home elliptical machine for a workout with no impact on the joints, offering an incredible variety of on-demand workout videos and training routines for all users' needs and preferences. With Technogym Elliptical, users can maximise their training, burning calories with less perceived effort thanks to the total-body movement that involves both the upper and lower limbs. The movement trajectory, designed from the experience of Technogym's research centre in fitness and sport, ensures an effective workout with full activation of the glutes, without impacting on the joints.

Technogym Cycle and Technogym Elliptical join the home fitness product line, characterised by simple, compact lines, without compromising on professional technology and entertainment. Indeed, both products allow users to view essential training data quickly and intuitively. Furthermore, a variety of on-demand training videos and programmes from Technogym Live can be accessed from both products by simply positioning a tablet on the console.

Medical-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. The collaboration with sports federations and professional teams for the testing of high-level athletes is also well structured.

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. For athletes, Technogym offers them training support using Technogym Lab technologies.

Both elite athletes and Technogym products under development are tested at the new Technogym Lab, equipped with cutting-edge technology, at the headquarters in Cesena.

Among the many partnerships between Technogym and universities and research institutes, the following significant partnerships on both a national and international level are worth noting:

- › S. Raffaele Pisana Hospital in Rome for the use of Technogym products in the treatment of patients with cardiovascular diseases
- › The University Institute of Motor Sciences in Rome for which we carry out training activities
- › Edith Cowan University in Perth (Aus), where they are using Technogym products to study patients with prostate cancer.
- › Pinnacle Medical Fitness Center in Seattle for the study of 'Biocircuit' products
- › The Catholic University in Murcia for the study of Skillrun

In 2021, to reinforce its commitment to the science-based promotion of the benefits of wellness, Technogym donated physical exercise centres with the most advanced equipment and technology to the Oncology Centre of Romagna and the new Centre for Exercise Therapy at IUSM in Rome.

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, both in person and online.

Digital innovation

Digital innovation is a fundamental part of Technogym's activities. Back in 1996, Technogym launched Wellness System, the world's first training management software. Today, Technogym's offer incorporates the Technogym Ecosystem, the only system of its kind in the world of fitness and Wellness. It connects equipment based on an 'Internet of Things' approach, and incorporates a cloud platform that stores personalised data and training programmes for individual users, and a complete range of Wellness apps for consumers and professionals.

Radical changes have also been made to the user experience: The Technogym Ecosystem is an open application that integrates Technogym products and services with the leading tracking apps and wearable devices, giving users a "Wellness on the Go" experience anytime, anywhere: in the gym, at home, at work, outdoors, at the doctor's or while travelling. Each user has a personal account containing their personal data and training programmes. Exercise data can be accessed from various touchpoints: apps, websites or directly on Technogym equipment, thanks to the LIVE interface.

Technogym's mywellness® is the only platform in the sector to allow users to have a completely personalised experience (training programmes, data and content) throughout their whole training path, both on the gym floor and during classes (cycling, rowing, based on heart rate, and much more) as well as during outdoor training.

Since its launch in 2012, the mywellness® platform has become a point of reference in the market in the field of Connected Wellness. Today, more than 23,000 wellness and fitness centres around the world connect to the Technogym mywellness® digital platform, with over 22 million registered users.

Starting from the "Wellness on the go" strategy, involving the development of a seamless and integrated digital ecosystem consisting of smart equipment, the mywellness® cloud and apps, and able to offer a customised training experience, in 2020 Technogym launched Technogym LIVE, the new platform that offers a completely new and engaging training experience and allows users to access a variety of live and on-demand training videos from all consoles of Technogym products, from the new Mywellness® 6.0 app, on-screen during virtual gym classes or on personal digital devices and from the very latest Technogym App, the new app available on Android and iOS devices.

The Technogym App offers customised workouts with on-demand videos with the best trainers, allowing users to train at home, in the gym, at the office, while travelling and outdoors, thanks to the smart coach.

Whatever your fitness goal, with the Technogym App it has never been easier or quicker to achieve it, with a wide selection of on-demand training videos and a customised plan that adapts to the user, the user's progress and lifestyle. Every day, the app proposes the most suitable training, combining scientific research, artificial intelligence, and engaging and challenging video content.

Users can access their personalised training programme, services and results at any time, any place, thanks to their personal Technogym ID, which allows them to connect to their profile at all contact points of the Technogym Ecosystem: the smartphone app, equipment consoles, and the website. Technogym App offers a wide variety of programmes dedicated to fitness, sport and health, developed by a team of trainers and athletes specialising in various disciplines. For those with access to Technogym equipment, at home or in the gym, the Technogym App will guide the user through the best use of the equipment with the option to access training videos on the console. Moreover, it will suggest bodyweight

workouts or training using accessories, directly on the user's device or by mirroring the device on a TV, for a unique and compelling Technogym wellness experience.

As part of these options and content, the brand-new **Technogym Coach** – the first application of artificial intelligence to fitness – guarantees each user a fully customised experience. Technogym Coach manages the details and preferences of users and guides them, day by day, suggesting different training options depending on their interests, needs and personal tastes.

Design and Innovation awards

Italian style and design have always been distinctive characteristics of Technogym worldwide. For over 10 years, the company has participated in the Salone del Mobile in Milan, the most important design event in the world. It collaborates with Antonio Citterio, one of Italy's most renowned architects, and boasts a top Design Department within its Research and Development Centre.

Again in 2021, the company's commitment to design delivered significant results: Technogym Bench won the Italian ADI Design Index award, presented by the Italian Association for Industrial Design, and the Good Design Award, presented by the Chicago Design Athenaeum.

These new awards are in addition to the list of Technogym prizes, which include 3 Compasso d'Oro, 13 ADI awards, 12 Red Dot Design Awards, 3 International Design Excellence Awards and 4 iF awards, among others.

1.5

PRODUCTION

The products offered by Technogym are designed, produced and distributed according to an operating model characterised by direct control of all the production phases.

The purchase of raw materials represents one of the main areas of the value chain. Technogym attaches great importance to the materials used in its products, which must meet the highest industry standards. The company uses a global sourcing system that includes more than 800 suppliers from around the world.

Assembly is performed at Technogym's two production facilities: in Cesena, in the Technogym Village, and in Malý Krtíš (Slovakia).

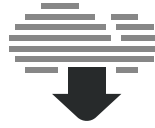
The Cesena facility, designed to guarantee both maximum production efficiency and a work environment inspired by the principles of Wellness, covers an area of around 40,000 square metres. The production facility only includes product assembly lines designed according to lean production and total quality criteria. The Slovakian facility covers a total area of roughly 30,000 square meters (including an office area) and includes vertical production lines with integrated carpentry, painting and product assembly processes.

The offer: Total Wellness Solution

Technogym's unique offer is the Total Wellness Solution, a bespoke Wellness solution for professionals and end users alike. It includes:



**Fitness, Wellness
and sports equipment**



**Cloud platform
and digital products**



Services
Aftersales, Training, Interior Design,
Marketing Support and Finance

Content

Digital training video available
on product displays

Equipment

Technogym boasts a complete range of cutting-edge equipment for cardio, strength, functional and group training. All machines are specially designed to meet the needs of the different market segments. We are constantly committed to developing new products and technologies to offer safe, effective and engaging training.

1.6

NEW PRODUCTS LAUNCHED IN 2021

Group Cycle

In 2021, Technogym launched a new indoor cycling training solution on the market: Group Cycle. The new format is a solution for creating an immersive experience that offers participants excitement, motivation, an engaging group workout and a personalised workout all at the same time.

The new Technogym Group Cycle Experience includes different indoor cycling classes that combine music, visual effects and accurate performance data to create an interactive workout that inspires people to move.

The videowall is essential for viewing personal and class results or simply to become immersed in the atmosphere, listening to and visualising the music and performance. Tutorials and motivational videos are projected onto the screen to offer a real boost during training.

The new Group Cycle format is supported by the new Technogym Group Cycle bikes, designed to the highest standards of comfort, performance and connectivity.





SESSIONS

EXERCISES

00:00

1.02

8.32

4.0 00:12 STOP 1.20 10.5

TECHNOGYM

Technogym Cycle

In 2021, the company launched the Technogym Cycle - the most comfortable exercise bike ever - with its wide seat, practical access, ease of use and compact dimensions, making it perfect for everyone.

Technogym Cycle is the new home exercise bike, which combines functionality, ease of use and design: thanks to the walk-through access, it is possible to get on and off with ease, and the wide and comfortable seat and compact dimensions - less than 1 square metre in area and 60 cm in width - make it ideal for any household space.

Technogym Cycle is stable, strong and designed for users of any age, level and physical size (up to 180 kg), while the differentiated density saddle offers maximum comfort and can be adjusted during exercise, without the need to get off. With two handgrips - standard and city bike - and Fast Track Controls, the resistance controls on the handlebar, users can vary the training position and intensity with ease.

The console shows all the essential data in a user-friendly and easy to view way during the training session. Furthermore, to access the range of on-demand training videos and programmes from Technogym Live, simply position a tablet on the console and choose from the available Technogym Sessions, training sessions guided by trainers, the virtual workouts in outdoor settings immersed in nature or in the world's most beautiful cities, the training Routines with specific goals, or the Custom Workouts, ranging from traditional goal-based training - time, distance, calories - to more advanced programmes such as High-Intensity Interval Training.

In addition, by downloading the Technogym Live Connect app to an Apple Watch, users can synchronise their heartbeat with the Technogym Cycle and track the exercise on Apple Health.

Technogym Elliptical

In the second half of 2021, Technogym launched the new home elliptical machine for a workout with no impact on the joints, offering an incredible variety of on-demand workout videos guided by Technogym trainers.

Technogym Elliptical is the perfect solution for everyone - even beginners - thanks to its fluid movement with no impact on the joints, and the extensive library of on-demand training videos and programmes, tailored to specific user needs and objectives. Its compact dimensions and folding design make it ideal for any size of house and any room.

With Technogym Elliptical, exercising is effective and the effort is less apparent thanks to the total-body movement that involves both the upper and lower limbs, above all thanks to the movement trajectory, designed from the experience of Technogym's research centre in fitness and sport, which ensures an effective workout with full activation of the glutes, without impacting on the joints.

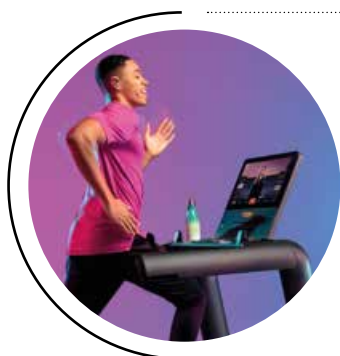
The console shows all the essential data in a user-friendly and easy to view way during the training session. Furthermore, to access the range of on-demand training videos and programmes from Technogym Live, simply position a tablet on the console and choose from the available Technogym Sessions, training sessions guided by trainers, the virtual workouts in outdoor settings immersed in nature or in the world's most beautiful cities, the training Routines with specific goals, or the Custom Workouts, ranging from traditional goal-based training - time, distance, calories - to more advanced programmes such as High-Intensity Interval Training. Thanks to Technogym Live, it is possible to integrate your training with strength, functional and yoga exercises using your body weight. In addition, by downloading the Technogym Live Connect app to an Apple Watch, users can synchronise their heartbeat with the Technogym Elliptical and track the exercise on Apple Health.





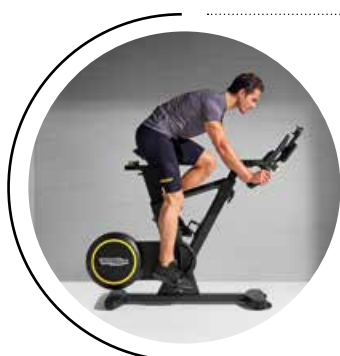


THE TECHNOGYM PRODUCT RANGE



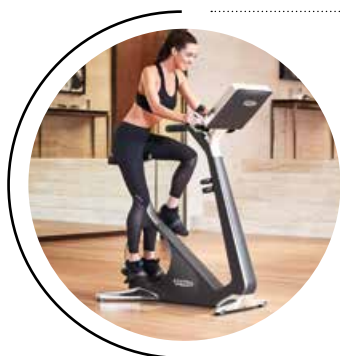
Excite Live Line

The new **Excite** line is the revolutionary range of fully-connected cardio training equipment with the innovative Technogym Live interface, offering users a completely new training experience customised to their passions and targets. The new Excite is based on 4 key concepts – variety of training content, connectivity, compact design and eco-sustainability – to give users an engaging and customised training experience, and to guarantee sector operators added value and the possibility to innovate the business model. The new **Excite** line includes: the **Excite Run** treadmill, the **Excite Synchro** elliptical machine, the **Excite Bike**, **Excite Vario**, the **Excite Recline** recumbent bike, the **Excite Climb** stairclimber, and **Excite Top** for the upper body.



Skill Line

Skillline is the product line dedicated to athletic performance training, developed from Technogym's over twenty years of experience as Official Supplier to the Olympic Games and partner for the training of champions from all over the world. The line comprises **Skillmill**, the non-motorised curved treadmill, **Skillrun**, the treadmill for athletes' training needs, **Skillrow**, the rowing machine that perfectly simulates water resistance, and **SkillBike**, the indoor bike for professional or amateur cyclist training.



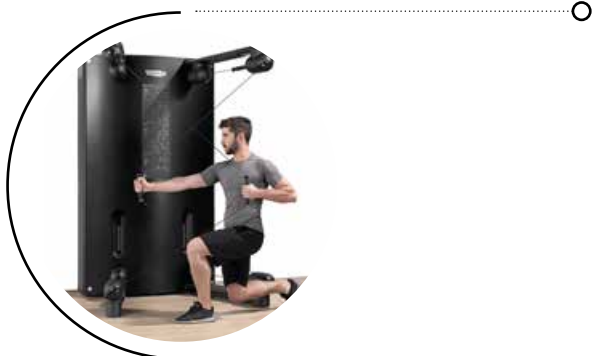
Personal Line

Technogym's **Personal** Line is a collection of iconic products dedicated to Wellness at home, which combines innovation, technology and design. The result of collaboration between Technogym, with its thirty years of experience in developing fitness and Wellness products, and the design concept of Antonio Citterio, the Personal line products are inspired by nature and science. The result is a line of interior design products, created using sophisticated materials and the best craftsmanship techniques. The **Personal** Line includes: the innovative **Kinesis Personal** for gentle gymnastics, which, thanks to the FullGravity patent, allows free and natural movement, offering 360° resistance; the new **Power Personal** for strength training, the **Run Personal** treadmill, the Elliptical **Cross** Trainer and the **Recline** exercise bike, equipped with **LIVE**, the most advanced multimedia interface on the market.



Artis Line

Artis embodies the state of the art of the fitness and Wellness sector, and is the result of thirty years of scientific and technological research applied to the design and production of fitness products. It includes a complete collection of over 30 products, integrated and coordinated in terms of design and style, as well as connected and sustainable, for cardio, strength and functional training, allowing users to enjoy a unique experience. The line also includes **OMNIA**, the product for training in small groups, with training programmes for different levels of ability.



Kinesis Line

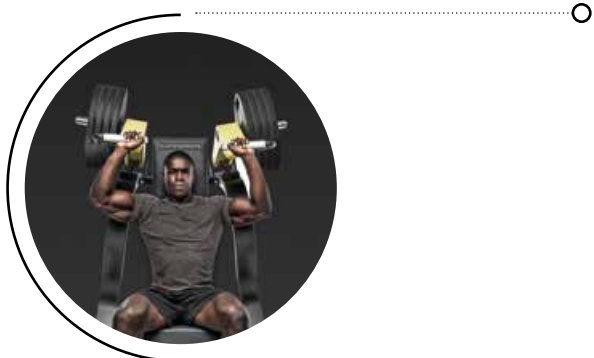
Kinesis is not merely a product, but an actual training discipline. Kinesis line products for functional training are designed to help users recover the functionality of free and natural movement, offering effective and adjustable training based on the level of experience and specific targets to be achieved.

The "Full Gravity" patent allows natural 360-degree movements, which fully activates the kinetic chains. The "**Kinesis Class**" configuration allows personal trainers to easily manage an entire class. Kinesis innovation and technology are also available in one single unit. Developed as a single free-standing unit with a reduced footprint, **Kinesis One** provides a complete training solution. **Kinesis Stations** are also part of the line.



Group Cycle Connect

The new Technogym **Group Cycle** format is the ideal solution for creating an immersive indoor cycling experience that offers participants excitement, motivation, an engaging group workout and a personalised workout all at the same time. This new training solution includes different indoor cycling classes that combine music, visual effects and accurate performance data to create an interactive workout that inspires people to move. The videowall is essential for viewing personal and class results or simply to become immersed in the atmosphere, listening to and visualising the music and performance.



Pure Strength Line

The comprehensive line of **Pure Strength** equipment is the result of many years' experience in helping Olympic athletes get stronger and faster. The most innovative solutions in terms of biomechanics, ergonomics and product durability ensure that **Pure Strength** offers the maximum results to everyone looking for the best form of strength training and the highest level of sports performance.



Med Line

A comprehensive line for rehabilitation, stress testing and patient assessment. It includes cardio equipment such as Run and Bike with customised test and exercise protocols. The strength equipment is characterised by the completeness of the range, its application versatility and the innovative Multiple Resistance System (patent pending) on Leg Press Med, a device which combines the benefits of elastic resistance with those of traditional weight stack training. The line also includes a circuit training solution, which is completely customisable according to specific patient needs: **Biocircuit Med**. All medical lines are 93/42/EEC certified.



Home Line

Ideal for Wellness at home, the Technogym line includes the **Technogym MyRun** treadmill, which is the new iconic Technogym product for the home, boasting an elegant and minimalist design, silent operation and compact dimensions; **Technogym BIKE**, the indoor bike that allows users to access indoor cycling classes by the most engaging trainers, live or on-demand, from fitness studios in various cities around the world; and **Technogym Bench** is the new all-inclusive functional training solution designed to combine the maximum variety of training exercises with the minimum footprint. It allows users to perform the widest range of resistance, strength and core training exercises in a limited space, thanks to its innovative design and to the equipment it contains. **Technogym Cycle**, the exercise bike which combines functionality, ease of use and design: get on and off with ease thanks to the walk-through access; the seat is the widest and most comfortable ever, and it has compact dimensions; **Technogym Elliptical**, the home elliptical machine for a workout with no impact on the joints, offering an incredible variety of on-demand workout videos, ideal for everyone; **Wellness Ball Active Sitting**, the dual intensity ball that can be used as both an alternative to a chair at home or in the office and as a tool for doing a full programme of exercises; as well as **Unica**, designed by Nerio Alessandri in 1985 and today an design icon in the world of fitness. **Unica** was in fact the first training product to also be an item of furniture. Thanks to the compact design and revolutionary ergonomics of **Unica**, for the first time it was possible to concentrate an entire gym in 1.5 square metres.



Biocircuit

Biocircuit is the new circuit-based method able to offer clients bespoke training to meet their goals in a short time. The guided programme guarantees an engaging experience without the need for adjustments or waiting times, as the exercises, workloads, exercise/rest ratio and speed are predefined and integrated into customised programmes. Through the **Biodrive** patent, Biocircuit is able to offer a safe, guided and effective varied workout suitable for any type of user. Based on revolutionary aerospace technology, **Biodrive** includes a motor controller which offers personalised and adaptive training to help users achieve the best results in a short space of time.



Skillathletic

Skillathletic Training is the new training format created thanks to Technogym's experience as Official Supplier of the last 7 editions of the Olympic Games and its partnership with the best teams and sports champions the world over. The format - developed by Technogym's research centre partnered by numerous coaches and trainers - targets the improvement of athletic performance and offers an extensive range of training programmes based on Skillathletic Training's four key skills - Power, Agility, Speed, Stamina - which can be used at varying levels of difficulty, to manage people with different fitness levels in the same class.



Technogym Tools

The **Technogym Tools** have been designed to offer a wide variety of training combinations and allow users to work out different parts of the body and muscle groups to achieve any fitness, health or lifestyle goal thanks to Technogym Precision Training. All the accessories guarantee long-term performance and are perfect to take with you when travelling, transforming any workout into a high-level fitness experience. This selection of fitness accessories ensures the best in terms of quality, design and attention to detail. Technogym has also designed 3 Training Kits containing different tools for an infinite number of training options. The Kits include dumbbells, resistance bands and loop bands, or a practical mat to allow you to train and take the healthy habit of wellness with you everywhere.

Service

Technogym's Total Wellness Solution offers a series of services designed to offer an enhanced, personalised Wellness experience for end users, while giving fitness professionals a range of diversified options to expand their client base and gain their loyalty.

Interior Design

Thanks to the Wellness Design service, Technogym can offer the full design of Wellness areas in hotels, businesses, medical centres or private homes. The objective is to create peaceful and stimulating spaces and environments and enable customers to stand out thanks to a unique and personalised style.

Financial Services

Technogym provides its customers with safe, fast and transparent financing, together building a personalised and reliable plan in collaboration with a number of leading international banks and insurance companies.

After Sales

Technogym's aftersales service is designed to ensure that our equipment stays reliable and performs well over time, thanks to tailor-made contracts designed to ensure the best operation and constant quality of the equipment. We have a global network of Authorised Technical Assistance Centres, able to provide a fast, competent response.

Marketing Support

The promotion of Wellness, sporting partnerships and our global community give the Technogym brand a distinctive appeal, and make a positive contribution to our customers' business. Educational and promotional tools are used to raise awareness about Technogym

equipment and its benefits, and allow customers to exploit our brand and communications as an asset for their business.

Networking Apps, Devices & Content

Thanks to mywellness® cloud, an open platform integrated with equipment, apps and portable devices, fitness professionals and users can stay in touch wherever they are. It offers complete lifestyle management that builds customer loyalty and business opportunities. Operators can take advantage of a vast range of professional applications that increase their potential, while users can engage with the Technogym Live console, which offers a huge library of on-demand video content such as live classes, one-to-one cardio or strength training sessions, athletic training routines, and basic exercises or virtual programmes set in the countryside or in the city.

Technogym University

The Technogym University encourages the exchange and sharing of ideas and projects through the use of multimedia resources, thus placing the Technogym Village at the heart of a network that is capable of reaching millions of individuals. Technogym Village facilities host numerous conferences, seminars, and workshops organised by the Technogym University and the Wellness Institute, Technogym's dedicated training school. The Wellness Institute is where fitness centre operators, doctors, and researchers can come together to share their ideas, projects and new scientific discoveries; this encourages a multi-disciplinary approach, and contributes to the development of the Wellness culture. Continuous training of industry professionals is also ensured by on-line and on-site courses, as well as specialist technical seminars given by highly experienced university professors.

1.7

DISTRIBUTION

Segments

Technogym targets specific distribution SEGMENTS:

- › Fitness and Wellness Clubs
- › Hospitality & Residential
- › HCP (Health, Corporate & Performance)
- › Home & Consumer

Fitness and Wellness Clubs

Fitness and Wellness Clubs continues to be one of the most significant market segments, albeit with a significantly lower proportion of the total turnover than in 2019. Technogym continues to be the trusted supplier for the most important chains of clubs in the world, including Virgin Active in Europe, Asia and South Africa, Leejam in the Middle East and Life Time Fitness in the United States.

Again this year, the Fitness and Wellness Clubs segment was significantly impacted by the pandemic, especially at the start of the year. Some areas, such as Europe and North America, suffered even longer lockdowns than the previous year, continuing to block the operations of fitness centres which, however, were much better prepared and flexible in the

adoption of hybrid and digital solutions to continue to train and cater for their members, including remotely.

In the second part of the year, when clubs were safe places with very strong specific measures and protocols, there was a growing and predictable desire among members to get back to training in the gym. It is also interesting to note that a large proportion of new members are people of all ages who are new to the world of fitness. This is also reflected in the increasing awareness of consumers about putting their own health and wellbeing first.

Confidence in the sector is therefore growing. Some of our large clients are confirming plans for expansion and the opening of new locations while still remaining more cautious about renovations, waiting to see if there are further risks of closure.

The digitalisation of the sector continues at a rapid pace. The adoption of digital tools by operators is now not just a way of offering something extra to their customers or maintaining their membership during periods of closure. The level of digitalisation of clubs and their ability to offer high-quality experiences and content are two of the most important drivers behind the choices made by consumers, who are increasingly looking for clubs that can offer a fully connected wellness journey. In this sense too, Technogym is at the forefront in providing practical support to operators through apps, content, experience formats and specific digital solutions.

In 2021, Technogym entered into an important agreement with the Anytime Fitness chain - a group present on all seven continents with more than 4 million members and over 4,700 existing clubs - in relation to Italy and South Africa. The partnership with Fitness Time is progressing smoothly, fulfilling the expectations for the first year of the partnership, concluding with the supply of more than 40 new clubs.

In addition, negotiations continue for the supply of smart equipment and digital solutions with other leading chains in Europe, the USA, China, Australia and the Middle East.

Hospitality & Residential

Technogym products are already present in the most prestigious hotels throughout the world, and in 2021 the brand remained a key reference for luxury hotels. In the Hospitality & Residential channel, Technogym is a partner of the most prestigious global groups, including Mandarin Oriental, Rosewood, Marriott Group, Hilton Group, Accor Group, Hyatt and many more.

In the year just ended, Technogym was awarded projects by several leading hotels on all continents, including the Cheval Blanc in St. Tropez, AMAN hotel in New York, Fairmont Windsor in London and Fairmont Grand Del Mar in San Diego, Waldorf Astoria in Doha and Lusail, Alila Maldives and W Hotel in Rome and New York City, and again the Rosewood in São Paulo.

Among the most iconic references of the year in the world of leisure clubs is La Quinta Country Club, one of the most prestigious clubs in the Palm Desert and Palm Springs area, which is home to one of the most historical golf clubs in the US.

In 2021, Technogym's proposals for the sector redefined the boundaries of the hospitality offer. Aimed at elevating the end user experience, Technogym supported operators in innovating and enriching their Wellness Proposition, increasing their opportunities for additional revenues. Included in Technogym's innovations for 2021, what stands out are the in-room training solutions adopted by many operators including, for example, Mandarin Oriental and Kempinski Hotel. The Kempinski Hotel chain has adopted Technogym solutions to offer a new type of room, the Kempinski Fit Room, which the historical luxury hotel group is gradually introducing at some of its most prestigious locations. Kempinski guests can book a Fit Room with Technogym equipment directly from the hotel's website, to enjoy innovative in-room training solutions and on-demand fitness services for an exclusive wellness experience, moving beyond the gym.

Some of the most prestigious residential projects to open in 2021, such as Shark Tower in Cancun, The H Xi Gaepo Seoul – Gangnam, The Estates Acqualina in Miami and The Residences - Mandarin Oriental in Barcelona, have created dedicated Wellness spaces for their residents together with Technogym. Such spaces are in increasing demand and contribute to increasing property values.

Some of the best cruise ships in the world have chosen Technogym for their on-board training centres. Among others, Technogym was awarded the supply agreement for the Virgin Voyages Resilient Lady, Costa Toscana and Viking Cruise - Mars.

In 2021, there was also a growing demand for digital training solutions in all segments; thanks to Technogym Live, it was possible to offer constantly updated training content and on-demand and live videos that can be used through Technogym apps, expanding the offer of facilities, or on specific products such as, for example, Technogym Bike.

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. The pandemic has made health and prevention issues even more relevant to both end users and companies.

In the corporate wellness sector, Technogym is a partner of prestigious companies including Facebook, Google and Apple in the Silicon Valley, with a facility recently renovated at the Culver City campus. In 2021, the company provided equipment for many corporate wellness programmes and centres, including the most notable at Procter & Gamble in the UK and Japan, Lavazza in Italy, the European Amazon headquarters in Luxembourg, the new Hong Kong airport and the 2024 Olympic Organising Committee headquarters, recently established in Paris.

In the Education sector, the best universities and business schools chose Technogym for their wellness centres and athletic training. In 2021, Technogym developed many new projects in prestigious universities around the world: John Hopkins University, University of Florida and Texas University in the USA, Milan Polytechnic and Bocconi University in Italy, and several British universities such as Newcastle University and the University of York.

As regards the world of Sports Performance, in 2021 Technogym fitted out the athletic training centre at Chelsea Football Club in London, numerous athletic training centres in China, such as the National Baseball Centre, and the training centres of a number of top tier football teams, the headquarters of the Jumbo-Visma sports club in the Netherlands, a centre for cycling and skating, the national field hockey centre in Australia, and the National Olympic Centre in Luxembourg.

In the medical sector, Technogym was selected by John Hancock Hospital in the USA, the National Oncology Centre in the Netherlands, the Italian Institute for Auxology and many institutions in Asia, such as the Sapporo Sports Clinic and Akaike Kyoudou Hospital in Japan and the large Heaven of Hope medical centre in Hong Kong.

Home & Consumer

The sector's growth continued in 2021, benefiting from the continued increase in demand for home products and services following the pandemic, albeit at a slower pace in the second half as fitness centres gradually reopened. It is worth remembering, however, that the Technogym offer is complementary to training at professional locations and not an alternative, allowing the company to benefit from the growing business volumes in the B2B segments reported previously.

In terms of products, the company consolidated its strategy of creating bespoke solutions for the home based on the space and service level requested by the customer: the positioning of the company in the Luxury segment, represented by the Personal line, for those who want to add one or two products fully integrated into their living room or bedroom furnishings, and the Performance line, represented by more active customers who want professional equipment at home to always push their limits. The range also includes compact products, such as MyRun, Technogym Elliptical and Technogym Bench or professional solutions such as Artis, which can also be adapted to the needs of a Full Home Gym of high-net-worth individuals.

Today, Technogym is present in more than 400,000 private homes around the world, and it should be noted that the main focus is still limited to a few European countries, although notable performances were recorded in several geographical areas compared to the previous year.

Channels

The distribution of Technogym products follows the omni-channel approach, through 4 sales channels:

- > field sales, represented by Technogym sales personnel and sales agents;
- > inside sales, including telemarketing and online sales;
- > retail, represented by our eleven directly-managed stores;
- > wholesale.

Field sales, Inside Sales and Retail are direct channels used by Technogym to reach end users and professionals directly, while the Wholesale channel is an indirect channel, through which end users and professionals are reached by exclusive distributors who can cover markets in which we have no direct outlet.

Geographical areas

Technogym is present in all the major global markets. In 2021, around 90% of company sales occurred outside Italy and roughly 40% outside Europe.

In a scenario where all areas continued to feel, to some extent, the impact of the pandemic on BtoB activities, the performances seen in MEIA and APAC countries as well as in North America and Europe are very significant.

Marketing and communications

Marketing and communications at every stage of the Technogym operating model are the pillars of our strategy to develop and consolidate our position in the fitness market and in the Wellness industry as a whole. Over time, this has contributed significantly to making Technogym a distinctive brand, which is recognised worldwide for its quality, innovation and Italian design. A cornerstone of Technogym's marketing and communication strategy is its participation in the sports industry. Technogym is the official supplier to a large number of top teams and athletes, and has been the Exclusive Official Supplier of athletic training at eight Olympic Games.

In 2021, Technogym announced a new partnership with Dior. The innovation of Technogym meets the style of Dior in a range of limited-edition home wellness products, including a treadmill, multi-function bench and wellness ball. From the original partnership between Technogym's Research and Innovation Centre and Dior's creative team, three of Technogym's most iconic products are reinterpreted with the branding of the house of Dior,





becoming symbols of excellence and attention to detail, in line with the shared culture and values of both brands. The range, produced in Italy at Technogym Village, reflects a shared commitment to promoting a lifestyle around the world that combines exercise and style to motivate people to live healthier and happier lives.

The Dior and Technogym Limited-Edition products include:

Technogym My Run for Dior - the compact, silent treadmill connects to your tablet and offers a wide range of on-demand running and walking workouts. Simply by placing a tablet on the MYRUN console, you can select the on-demand workouts of your favourite trainer.

Technogym Bench for Dior - the innovative bench that offers an endless variety of exercises in a small space. Technogym Bench includes a series of dumbbells, resistance bands and knuckle weights that allow you to do over 200 exercises using the extensive library of on-demand workouts accessible on the Technogym App.

Technogym Ball for Dior - keeps you moving even when you are sitting down. Technogym Ball acts as both a seat and a wellness tool, allowing you to perform a comprehensive programme of exercises for flexibility, toning and balance.

1.8 EVENTS, REFERENCES AND PARTNERSHIPS

A central element of Technogym's marketing strategy consists of taking part in numerous reference events in sectors of interest for the company business: fitness, Wellness, sports, rehabilitation, design and technology. Events are chosen based on consistency with corporate values and on both business and brand positioning opportunities.

Key events in the year

In the 2021 financial year, Technogym organised numerous digital events to keep in contact with its customers and stakeholders, including during the health emergency caused by Covid-19 in the absence of traditional, annual industry trade shows.

Events covered the most important topics of the fitness and wellness sector, in 4 macro-categories:

- › Education: events dedicated to training for Technogym products;
- › Digital Solutions: training on digital solutions for the sector;
- › Technogym Experts: a selection of speeches by international experts on health, fitness and sports;
- › Virtual products presentations: sessions dedicated to the launch and further development of new Technogym solutions.

In 2021, the company organised the Technogym INNOVATION OUTLOOK event at Technogym Village. During the event, several training formats were presented, including SKILLX, the effective and engaging training experience to improve athletic skills, Group Cycle, the group training format that combines music, visual effects and performance, and Biocircuit. Technogym INNOVATION OUTLOOK was a hybrid in-person and online international event held in many countries between July and December, including Dubai, Spain, the United Kingdom and France.

As part of Design Week, Technogym celebrated the union of sport and design with the Sport & Design event at its Technogym Milan flagship store at Via Durini 1, in the heart of the design district. It was attended by numerous medal-winning athletes from the 2020 Tokyo Olympic Games, led by the President of the Italian National Olympic Committee, Giovanni Malagò.

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, in football, the partnerships continue between Technogym and the main Italian football clubs such as Juventus, Inter, Milan and the national team, and Cesena Calcio as part of a local sponsorship project. With the goal of expanding its partnerships abroad, especially in key markets, in 2021 the company confirmed its collaboration with top international clubs and the Russian and Brazilian national teams. In basketball, Technogym also continued its collaboration with Olimpia Milano and Virtus Segafredo Bologna in 2021.

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 and the tennis sensation Jannik Sinner, the Real Madrid striker Karim Benzema, and the football legend Andrés Iniesta, as well as highly successful Formula 1 teams such as Ferrari and McLaren. In sailing, Technogym was chosen by Luna Rossa and Ineos Team UK, who competed in the 2021 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, and prestigious Italian golf clubs including the Marco Simone Golf Club in Rome, host to the 2023 Ryder Cup, and Royal Park in Turin. In the world of tennis in 2021, Technogym was present at some of the most important tournaments, including the ATP Finals in Turin, Roland Garros, the Davis Cup Final in Madrid, the Italian Open in Rome, and the Next Gen Finals in Milan. In the world of cycling, in 2021 Technogym became the Official Training Partner of the Giro d'Italia and the Jumbo-Visma Team.

Olympics

Technogym has been the Official Supplier for the following Olympic Games: Sydney 2000, Athens 2004, Turin 2006, Beijing 2008, London 2012, Rio de Janeiro 2016, PyeongChang 2018 and Tokyo 2020. For each edition of the Olympics, the company was involved in the design and installation of athletic training centres within the Olympic facilities, providing training products and digital ecosystem to track and store training data in the personal profiles of each athlete.

In addition, the company provided a team of international professional trainers to manage the athletic training centres, support athletes and offer all related services (gym layout, installation and technical assistance).

Many Olympic athletes trained with Technogym at the latest edition of the Olympics, Tokyo 2020, including the flag bearer for Italy Elia Viviani, the surfer Leonardo Fioravanti, the paralympic champion Bebe Vio, the Dutch sprinter Dafne Schippers, the German rowing champion Oliver Zeidler, the US show jumping rider Kent Farrington and the Japanese fencing champion Kazayasu Minobe.

1.9 TECHNOGYM VILLAGE

On 29 September 2012 in Cesena, in the presence of the Italian President of the Republic, Giorgio Napolitano, and former President of the USA, Bill Clinton, the Technogym Village was inaugurated, the first Wellness campus in the world; a cultural centre, an innovation laboratory and a production centre, where partners, clients, suppliers and guests from around the world can enjoy a real experience inspired by Wellness.

Technogym Village reflects the vision of Nerio Alessandri, who, together with architect Antonio Citterio, conceptualised a place where lifestyle, quality, design and productivity are all combined. The design, which houses Technogym's corporate headquarters, research centre, factory and a large Wellness Centre, is based on the concepts of eco-sustainability and bio-architecture applied to create a place of work and inspiration devoted to excellence.

1.10 HUMAN RESOURCES AND ORGANISATION

Technogym recognises the fundamental importance of human resources, their health, training, motivation and incentives. Development of their attributes and skills is considered essential for the implementation of the corporate strategy.

In 2021, Technogym employed on average 2,089 staff (2,077 for the year ended 31 December 2020), which comprised 659 blue-collar workers, 1,362 white-collar workers and 68 managers.

<i>(in numbers)</i>	Year ended 31 December			
	2021		2020	
	Average	Year-end	Average	Year-end
Number of employees				
Managers	68	69	61	60
White-collar	1,362	1,405	1,353	1,325
Blue-collar	659	681	664	635
Total number of employees	2,089	2,155	2,077	2,020

Training is an important way of developing and consolidating personal skills, while promoting the Group's values and strategy. This is why the company organises training programmes through the Technogym University, with its internal trainers on main company processes, as well as cross-cutting training programmes based on developing soft skills or new expertise and information sessions on the Technogym culture, open to all staff.

Training is delivered in various forms: on-the-job training, so that employees can learn through projects and new, challenging activities; continuous feedback, coaching and mentoring to support staff through the growth process, and e-learning to ensure regular updating in self-training mode. Training is also provided at classes and seminars.

Training is categorised as follows:

- › Technical and Managerial Training: aimed at developing expertise for specific roles, including positions with a high managerial content and/or supervisory roles in order to develop relational, communicative and behavioural capabilities at all levels in the organisation;
- › Commercial Training: for Sales and Marketing roles;
- › Health and Safety Training: mandatory health and safety training for the company's health and safety officers.

In 2021, a large part of the training was delivered as e-learning or distance training, and planned specifically. In any case, in-person events and courses resumed, in compliance with safety regulations.

In line with the company's values and promoting a leadership culture to all levels, training activities on the Technogym Leadership model continued at HQ, involving all managers and team leaders through classroom training, hands-on workshops and team coaching.

Training on the professional role of workers continued at headquarters with the *Scuola dei Mestieri* (Skills School) Project. This involved the new entrants in the production area, i.e. mainly temporary staff (temps), who do not fall within the scope of the figures included in the Sustainability Report.

In 2021, the company worked on continuously improving a unique programme called "Working for Wellness" (W4W), which is aimed at guaranteeing the quality of the work environment and corporate climate, offering the chance to all personnel to live a Wellness lifestyle in all its aspects. Working for Wellness is the only corporate wellness programme that is aimed at all aspects of mental and physical wellbeing, offering services dedicated to movement, nutrition and mental approach according to the Wellness Lifestyle Pyramid developed by the Technogym Wellness Science Center.

The "W4W" programme also involves: special agreements with stores, services and associations in the local area for staff and their families; tax advice; a supplementary health policy for HQ staff with more than 10 years' service with the company, which provides cover extending to their families.

The T-Welfare (Technogym-WELFARE) project has also been in existence since 2017, offering, through a dedicated online platform, a number of services, including prevention, welfare, the reimbursement of healthcare costs and school fees for children, as well as opportunities including shopping vouchers, travel, leisure, relaxation and wellbeing initiatives.

Corporate Wellness

As part of the company's mission, which promotes the Wellness lifestyle all over the world, the Corporate Wellness project plays a key role, aimed at offering employees an all-round programme for health, physical exercise and sport. All employees can follow specific exercise or sports programmes, both individual and group, within the large Technogym Village Wellness Centre or outdoors.

The Wellness Centre provides employees with over 200 pieces of training equipment, which combine the best in technology, biomechanics, innovation and design. The space, which extends over a floor area of more than 3,500 square metres, can be used free of charge by all employees, who can choose whether to train in the morning, at lunchtime, or after work. In 2020, due to the restrictions related to the pandemic, access to the wellness centre was capped and, on occasion, suspended, in line with requirements of the authorities. As a result, Technogym produced a series of training on-demand videos and programmes available to staff on its app for home or outdoor use.

As part of the Corporate Wellness project, online educational activities are also scheduled on topics related to wellness 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 Wellness Restaurant offers a menu created by the Scientific Department, with recipes prepared using quality, local seasonal ingredients with a low salt content and free from polyunsaturated fats.

Three menus are on offer every day, with very fresh and natural ingredients, following a balanced nutritional regime according to the "Wellness pyramid".

Since 2019, the new T-Take Home service has been available, so all Technogym SpA staff can book dinner directly from an app, pick it up, take it home, and enjoy a meal with their families.

Aimed at encouraging monitoring and prevention, every year Technogym organises a free Wellness check-up for those employees that want to take part, in conjunction with leading medical centres.

From the analysis of the data, analysed by independent universities, it can clearly be seen that Technogym employees involved in the Corporate Wellness programme are on average healthier compared to the standard values of the population, and that their health parameters improve year on year or stay stable over time.

1.11 TECHNOGYM AND SUSTAINABILITY

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 social opportunity for governments, businesses and individual citizens. The company also implemented a number of corporate social responsibility initiatives in 2021, developed locally, nationally and internationally.

→ For more information, refer to the 2021 Non-Financial Statement, which provides details of the activities implemented by Technogym during the financial year.

Sustainability objectives and commitments

Technogym's approach to sustainability has strong synergies with its corporate mission. Our aim is to disseminate the Wellness Lifestyle globally with a view to promoting regular physical exercise and healthy lifestyles and improving people's quality of life. Wellness, the corporate philosophy of Technogym, is key to defining our strategic objectives. It reflects our commitment to building shared value with all stakeholders.

The close correlation between business strategy and sustainability is what guides the Group in its decisions and actions, which are designed to meet the health needs and demands of ordinary people. The wellbeing of end users, and therefore of the community as a whole, is central to our corporate objectives, and it starts at the product design phase. We maintain this focus throughout the production process, through to the after sales and marketing stages.

This combination of factors makes our business model unique, and fosters our strategic alignment with the United Nations Sustainable Development Goals (SDGs). Technogym unquestionably contributes

to achieving Goal 3 "Good Health and Well-being", with specific reference to Target 3.4. "By 2030, reduce by one-third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being".

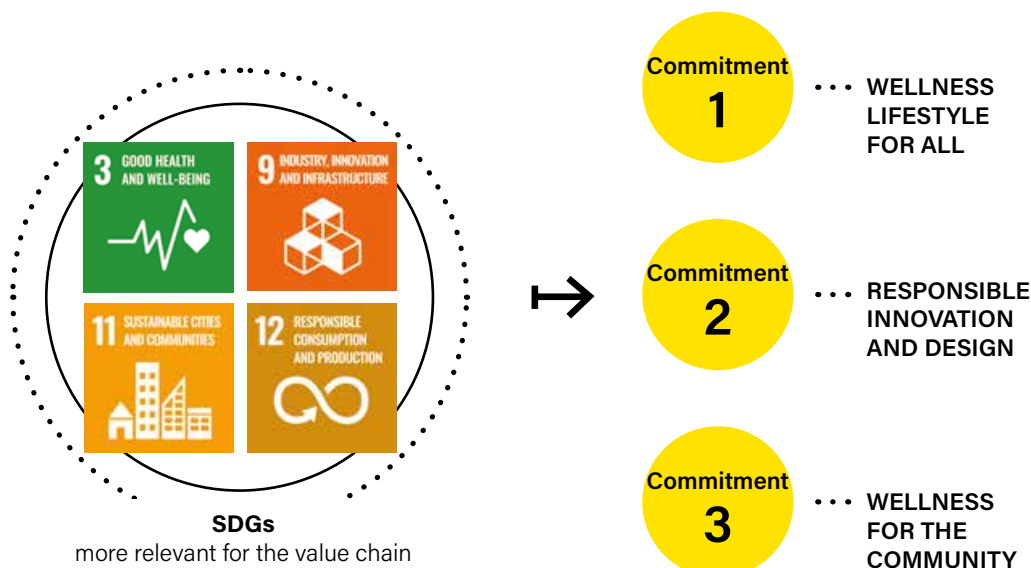
On the strength of the Group's commitment to ESG (Environmental, Social, and Governance) issues and with a view to strengthening the alignment between the SGDs and its corporate strategy, Technogym undertakes to outline clear sustainability objectives and commitments.

Technogym approved its Sustainability Policy in 2021, with commitments through to 2025. The Policy includes three main commitments related to:

- › **Wellness Lifestyle for All** (Commitment no.1), which underlines the opportunity to create value starting from the Group's core business
- › **Responsible Innovation And Design** (Commitment no.2), with a strong focus on sustainable innovation to increasingly guide choices towards the responsible management of climate change risks¹
- › **Wellness for the Community** (Commitment no.3), focused on the wellbeing of the community in which it operates and of the stakeholders that Technogym works and communicates with.

1. A point of reference is the European guidelines linked to the recommendations made by the Task Force on Climate-related Financial Disclosures (TCFD).

Technogym's 2025 ESG commitments



WELLNESS LIFESTYLE FOR ALL



For over 20 years, Technogym has been promoting wellness as a social opportunity for all stakeholders: Citizens, Companies and Governments. Using this history of culture and innovation, and in compliance with the United Nations' "Good Health and Well-being" goal, the company is determined to keep helping its stakeholders to achieve wellness by promoting sustainable lifestyles and behaviours for the wellbeing of the community through a range of products and services that use the latest technology, meet the needs of private and professional users, and reach an ever larger number of people

RESPONSIBLE INNOVATION AND DESIGN



Our mission to contribute to building a better world, based on the health of people, cannot be separated from a strong focus on and awareness of the environment in which they live. That is why, in pursuing the UN's "Responsible consumption and production" and "Industry, innovation and infrastructure" goals, we work to create products and environments in which functionality and aesthetics can co-exist and where seeking out new green solutions, from the planning stage onwards, enables us to act responsibly while not neglecting excellence in design

WELLNESS FOR THE COMMUNITY



Through several concrete projects, such as the Wellness Valley set up in 2003 and the Let's Move for a Better World campaign, which is now on to its seventh edition, we wish to promote the full expression and realisation of wellness as a concept, using our technologies and communication initiatives to help improve the quality of life and wellbeing of the community and the planet. We believe these factors are crucial in order to achieve the UN's goal of "Sustainable cities and communities".

In addition, in 2021 Technogym strived to improve the Group's level of disclosure and engagement on issues related to climate change, diversity and inclusion, as well as responsible business practices. The foundations have been laid for the definition of our first Sustainability Plan, which shows how the Policy Commitments are adopted at an operational level. At the time of publication, the Plan was shared and discussed with the Control, Risk and Sustainability Committee during the first quarter of 2022.

Finally, starting from 2017, Technogym has prepared a Non-Financial Statement (NFS) in accordance with the legal requirements set out in Italian Legislative Decree 254/2016. For details on its non-financial performance, refer to the Non-Financial Statement prepared in line with the Global Reporting Initiative Standards (GRI Standards). This was subjected to a limited examination by PricewaterhouseCoopers S.p.A., and is available on the Group's corporate website.

Exercise is medicine

For many years, Technogym has supported a number of cultural activities and campaigns to promote Wellness as a social opportunity and to encourage regular physical exercise in partnership with numerous national professional associations (ANIF in Italy, UK Active, NL Actief, Fitness Australia, etc.) with an overall investment of around €100,000 in support of many national initiatives. At a supranational level, Technogym has been a reference partner

of the European professional organisation EuropActive for many years (which it supports with an investment of around €70,000) and the IHRSA, the professional association of fitness clubs based in the USA and operating on a global scale, with an investment of \$25,000. Furthermore, the company contributes to international economic events such as the World Economic Forum in Davos, where Chairman Nerio Alessandri is one of the promoters of the working group dedicated to health and quality of life.

In 2021, in the absence of traditional annual trade fairs and industry events due to the pandemic, the company organised a number of digital events and seminars with the aim of continuing its cultural and scientific outreach activities to maintain contact with its customers and stakeholders.

Known worldwide as “The Wellness Company”, the Group’s business model is teamed with a strong sense of social responsibility focused on the idea of exercise as medicine, and on promoting the Wellness lifestyle as an important social opportunity for governments, businesses and the public.

National and international initiatives

Exercise is Medicine Initiative

The historical partnership between Technogym and the American College of Sports Medicine continues. Technogym is a Main Partner of the “Exercise is Medicine” initiative (with a contribution of €70,000), which is aimed at promoting on a global level the role of regular physical exercise as a form of medicine for a number of disorders. Indeed, there is a wealth of scientific evidence on the therapeutic benefits of exercise in the treatment of many metabolic and chronic diseases, such as diabetes and high blood pressure.

Global Health & Fitness Alliance Partnership

As part of the historical partnership with the IHRSA – the professional association of fitness clubs based in the USA and operating on a global scale – in 2021 Technogym joined the Global Health & Fitness Alliance as a Main Partner (with a contribution of \$25,000). The Alliance has the aim of promoting the role and impact of the wellness sector on people’s health and advocating the introduction of measures to support and encourage more regular exercise.

Sponsorship of the “Europe Active” Annual Publication

For some years, Technogym has been a sponsor (with a contribution of €30,000) of the annual publication of Europe Active, a European professional association, which has a dual objective: on the one hand, to raise awareness among Institutions of the impact of the wellness and fitness sector in terms of better health and wellbeing of people and, on the other, to create culture and training for industry operators and managers. The 2021 publication, “Horizon 2030”, concentrated on the future of the industry and on the new opportunities provided by digital technologies.

“Games of Silence” Exhibition

The Tokyo 2020 Olympics, held in the summer of 2021, was the first large, global sports event following the start of the pandemic. As well as having the role of Official Supplier for the training centres for the more than 12,000 athletes, Technogym also sponsored an art installation to communicate the cultural value of sport. In Tokyo, we witnessed a rather different kind of Olympics, where silence played a leading role: the absence of the public during competitions, and side events kept to a minimum, unusual scenes for the Olympics in the modern era. This was the starting point for the idea of the art exhibition/installation “The Games of Silence” sponsored by Technogym and curated by Davide Rampello, focusing on the dignity and cultural role of sport. It was a multimedia exhibition itinerary housed in Casa Italia, the base for the Italian Olympic team in Tokyo, in which 6 young athletes were portrayed during their Olympic preparations both in the gym and in their competitive environments, surrounded by a silent space like the sport arenas of these unusual post-pandemic Olympic Games.

Gym donation “Foro Italico” University Foundation in Rome

A long series of scientific studies confirms the importance of physical exercise in the prevention and management of metabolic diseases such as type-2 diabetes. With this in mind, Technogym, which for over 30 years has been promoting the culture of wellness and health around the world via its social media campaign “Let’s Move for a better World”, decided to donate an exercise therapy gym to a leading Italian organisation dedicated to scientific research on the benefits of exercise for the prevention and treatment of diabetes.

The “Foro Italico” University of Rome was chosen as the location for the gym at the Centre for Sports Medicine and Exercise, in collaboration with the “Foro Italico” University Foundation. The research group involves collaboration between the Department of Clinical and Molecular Medicine at “La Sapienza” University of Rome (Prof. Giuseppe Pugliese) and the Department of Motor, Human and Health Sciences at the “Foro Italico” University of Rome.

Workplace Wellness Alliance

Initially promoted by the World Economic Forum, which Technogym has been a member of since 2009, the objective of the Workplace Wellness Alliance is to promote the concept of Wellness in the workplace as a social and business opportunity. Since 2013, the World Economic Forum has entrusted the management of the project to the Institute for Health and Productivity Management (IHPM), a non-profit organisation. Technogym continues to play an active role in the project, and in October 2014 hosted the organisation’s European Forum at the Technogym Village, involving representatives from businesses, research centres and other organisations involved in the project.

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 expertise and structures and organized practical activities as well as meetings and themed

discussions to facilitate networking among all the stakeholders in the area. Wellness Valley is intended to show how it is possible to build a social, cultural and economic ecosystem that encourages people to adopt a healthy lifestyle to prevent chronic illness, improve quality of life and socio-economic conditions.

Thanks to its multi-stakeholder approach, the Wellness Foundation currently coordinates the work of over 250 local public and private organisations actively involved in the project: public institutions, doctors, schools, universities, businesses, hospitals, gyms, sports clubs, hotels, spas and event organisers.

Wellness Valley activities in 2021

Donation of state-of-the-art gym to the IOR PRIME Center

In 2021, Technogym donated a complete state-of-the-art gym to the PRIME Center of the Oncology Institute of Romagna, the innovative centre of integrated medicine for cancer patients in Cesena. The key role of regular physical exercise is now recognised, not just as a tool to prevent a variety of illnesses, including neoplasms, but also combined with cancer fighting treatments, it is capable of reducing their side effects and improving patient quality of life.

The partnership between Technogym and IOR does not only involve the donation of the best exercise equipment, but thanks also to the digital platform and professionals employed by the company, there will also be a monitoring and research service to measure the effects and benefits of physical activity on patients, in order to continuously improve the response to treatment and contribute to the scientific literature on the subject with targeted studies.

Training family physicians on how to use physical exercise as therapy

As well as having helped to make the medical prescription of physical exercise to prevent and treat the major chronic illnesses part of the healthcare system of the regional government of Emilia-Romagna since 2014, in 2016 Technogym entered into a partnership agreement with the Forlì-Cesena Order of Surgeons and Dentists, which was subsequently extended to the entire region, as part of which Technogym hosts an annual "Exercise and Therapy Training Course" at its Wellness Campus exclusively for medicine and surgery graduates specialising in general practice.

Besides providing expertise free of charge, trainers and the Technogym Village with all its teaching and sports' facilities, Technogym pays all the costs of this training programme, that also includes education on healthy eating.

In 2021, the "Wellness Lifestyle and Exercise is Medicine" training activities also involved future pharmacists studying for a degree in Pharmacy at the University of Bologna, at the Rimini Campus.

Higher training for hospitality managers

Since 2017, Technogym has partnered the ITS Foundation "Turismo e Benessere" (Tourism and Wellbeing) to train highly qualified managers in the tourist industry and promote the local area. After lockdown, the population changed the way it approaches holidays, increasingly looking for wellness options. This new scenario has led to a need to rethink the tourism offer and the call for hotel managers to transform guests' requirements into wellness-oriented services. To this end, in 2021 Technogym offered digital training to hospitality managers to help them transform their guests' stay into a complete wellness experience.

“Wellness parks”

Launched in 2011 in Cesena, the “Wellness parks” project has become an outstanding part of the local area’s wellness offer and continues to grow steadily in terms of attendance, the types of activities offered and the number of parks involved.

“Wellness parks” is a calendar of free physical activities in the main public parks of the cities involved, with the participation of Technogym and local fitness clubs, who make their best qualified trainers available to promote the habit of physical activity, recognised as a key factor for a healthy lifestyle.

In 2021, the activities in the parks of Cesena took place at selected locations with a variety of courses on offer and the possibility for participants to learn more about one of the fundamental aspects of the Wellness lifestyle: a healthy diet.

Sports education centre

In 2021, thanks to a partnership between the Italian National Olympic Committee (CONI) and Technogym, a new sports education centre was created for young people as part of the “Cesena Sport City” project. This is a multidisciplinary project developed in order to encourage young people from Cesena, from 5 to 14 years old, to take part in sports, thanks to the provision of Technogym products and to the commitment and continuous collaboration of all the local sports associations. In this way, in the summer, young people had the chance to try out different sports disciplines, a key element for building a varied and complete motor skill set, with the opportunity to discover their talent and helping them to find their way towards taking part in competitive sport.

Thanks to its active commitment to the Wellness Valley project, Technogym was invited as a full member of the “Healthy Cities & Communities” working group promoted by the World Economic Forum in 2019, with the aim of creating a sustainability model for large cities and states, focused on the culture of healthy lifestyles and their individual and collective benefits. Back in January 2016, the World Economic Forum presented “The Future of Healthy” study during the annual forum in Davos, which identified Wellness Valley as an international benchmark in a wellness ecosystem which promotes long-term sustainability, placing people and their quality of life centre stage.

Since 2009, Technogym has actively participated in the global promotion of prescribing physical exercise to prevent and treat common chronic diseases. This commitment led the Emilia-Romagna regional government to add this prescription to its health care system from 2014, thus establishing the first truly working model in Italy, and among the first in Europe.

Since 2016, through an agreement signed with the Medical Association of Forlì-Cesena, later extended to the entire region, Technogym has hosted a “Training course on exercise therapy” at its own Wellness Campus for graduates in medicine and surgery who are specialising in general medicine.

Environment and safety

Wellness for Technogym goes far beyond full compliance with applicable laws in the fields of environmental protection, social protection, and occupational safety and hygiene. It means contributing in a practical and active way to the improvement of society in all its forms.

Our primary values are respect for the individual, the protection of employment, diversity and equal opportunities, the health, safety and wellbeing of employees, and social development in the context we operate in. Technogym also considers the integration of its vision of sustainable responsibility within the value chain as essential, including through the promotion of the complete lifecycle system and continuous improvement of energy efficiency.

Total Quality Management, as a state of mind, is the path chosen by the company to guarantee reliability and transparency in relation to customers within the context of continuous improvement. The Technogym group is committed to promoting and supporting a culture of Total Quality Management through its structured management system to ensure:

- › Involvement, Motivation and Empowerment of People
- › Development and Innovation through its Products/Services
- › Active involvement of Suppliers
- › Process Optimisation and Control
- › Customer satisfaction and the satisfaction of all stakeholders

In line with its mission and integrated corporate policy, Technogym has for many years based its production and management processes on internationally recognised standards, shared with its employees and suppliers, including ISO 9001 and ISO 13485, for its Quality Management System; ISO 14001, for its Environmental Management System; ISO 50001, for its Energy Management System, and ISO 45001 for the health and safety of its employees and work environments.

1.12

TECHNOGYM AND THE STOCK MARKETS

Financial markets

Initially, 2021 was marked by a gradual and significant recovery in demand, especially for goods, from the early months of the year, helped by the positive effects of the vaccines on the Covid-19 pandemic and by the expansive monetary policies adopted by the main central banks and, in many cases, also by the so-called helicopter money from central governments; hundreds of millions of Americans were also able to benefit from support even if they kept their jobs during the pandemic. This excess liquidity, the desire to purchase goods that were not bought during the pandemic and the zero-infection policies for Covid containment, but also the lack of available vaccines in Asia, contributed to creating serious problems in the supply chain, which was already suffering from a lack of investment over many years, making the current capacity inadequate to serve the boom in demand seen all around the world. The main consequence was a significant increase in commodity and logistics prices, increasingly felt in the real economy, leading inflation to rise to levels never seen before in recent history either in the USA (+7% in December) or in the eurozone (+5% also in December 2021), pushing central banks towards an even faster than expected exit from the expansionary policies initiated in 2020. For example, in November and December, many components, above all electronic, had a cost that was five or even ten times higher than the normal value at the start of the year, and sea transport, particularly containers, also recorded triple-digit increases.

Despite the clear return of inflation, the main central banks continued their ultra-expansive monetary policies in 2021, buying bonds on the market and keeping interest rates low, which primarily supported investments in the equities asset class. Furthermore, with particular reference to the USA, the direct investment in shares by a number of individuals who also benefited from the additional income generated by various government subsidies, in some cases supported by blogs and other digital platforms, resulted in significant distorting effects on the markets with the performance of many stocks completely out of line with their respective fundamentals – the most well-known being the examples of Gamestop and AMC.

The rally that began in 2020 as a result of expansive monetary policies and the initial rollout of vaccines continued throughout 2021 with a minimal level of volatility evidenced by corrections that reached a maximum of 5%; the S&P 500 closed in double digits for the third year running (+28.7% in 2021, almost record levels) and the longest running bull market in history, which began 13 years ago, extended further. Towards the end of the year, however, some signs of weakness began to appear, triggered by the growing fear that inflationary pressures would force central banks to speed up the normalisation of monetary policy. During the final months of 2021, significant corrections began to be seen, linked mainly to so-called growth stocks for which the market is starting to forecast less optimistic valuation outlooks with an expected, albeit gradual, tightening of monetary policy. This trend has continued into 2022 following announcements of a more restrictive monetary policy and faster implementation of monetary tightening by the Federal Reserve.

In Europe too, the equities asset class was the best in performance terms in 2021, in this case also benefiting from the accommodative policies of the ECB, and thereby more than making up for what was lost in 2020, where the recovery was not as strong as in the USA. The Euro Stoxx 50 index, representative of the main eurozone stocks, closed with a gain of 21%. In Italy, the two main indexes, the FTSE MIB and FTSE Mid Cap, saw a performance of +22% and +30%. Specifically, the FTSE Mid benefited from the performance, in some cases even in triple digits, of some growth/technology companies. Finally, moving on to the emerging markets, these were impacted by a normalisation of monetary policy that began earlier in emerging countries (for example, the interest rate increases introduced by the central banks of Brazil, Mexico and Russia) than in developed countries, contributing in part to the negative performance in 2021: -4.5% for the MSCI Emerging Market Index.

The gradual increase in bond yields that followed the upswing in inflation and the resulting expectations of a change in monetary policy by central banks led the bond market to record one of the worst performances in recent years. This, despite the 1.5% contraction registered, for example, by the Barclays US Aggregate Index as a result of a general increase in yields across the entire Treasury curve (1.52% 10-year yield at the end of the year, +59 base points compared to the start of 2021), can in any case be considered limited in view of the unprecedented inflationary pressure of recent times (+7% in December in the USA, a figure not seen since 1982) and this has led to the lowest real rates seen in the last 40 years (-5.38%). In the eurozone too, the performances registered in 2021 for the bond asset class were negative: the 10-year Bund yield increased by 40 base points and there was a loss of around 2.9 percentage points for European bonds with an intermediate maturity. In view of the strong growth in inflation seen in the latter part of the year (+5% in December), driven in the first instance in Europe by the increase in the energy component (+26% compared to December 2020), the performance of bonds would have been lower in the absence of a very accommodative monetary policy and bond acquisitions by the ECB, aimed at sustaining yields in peripheral eurozone countries. A negative performance in the bond asset class was also registered in emerging countries, exacerbated in some cases by the devaluation of certain currencies, in view of the restrictive monetary policies implemented by many central banks to combat inflation and the record levels of international investment (USD 20 billion), which mainly related to China.

Financial market trends

Market Index	QTD	YTD
Eonia*	-0.482%	-0.483%
Bonds		
Government Italy	-2.5%	-2.9%
Government EMU	-0.3%	-0.7%
Government Global (in LC)	-0.7%	-4.3%
Shares		
S&P 500 TR (USD)	11.0%	27.0%
MSCI Europe TR LC	7.7%	22.1%
MSCI World TR LC	9.8%	29.2%
Nikkei TR LC	-2.1%	6.5%
MSCI Emerging Markets TR (USD)	-1.3%	-4.8%
Currencies (vs Euro)		
USD	-1.8%	-7.4%
JPY	1.6%	2.8%
GBP	-2.1%	-7.0%
Commodity		
Bloomberg Commodity Index TR (in USD)	-1.6%	23.5%
Gold (\$/OZ)	4.1%	-4.4%
Crude Oil, WTI (future)	0.2%	48.0%

Source: Bloomberg, data as of 30 December 2021.

(*): average rate and no percentage change

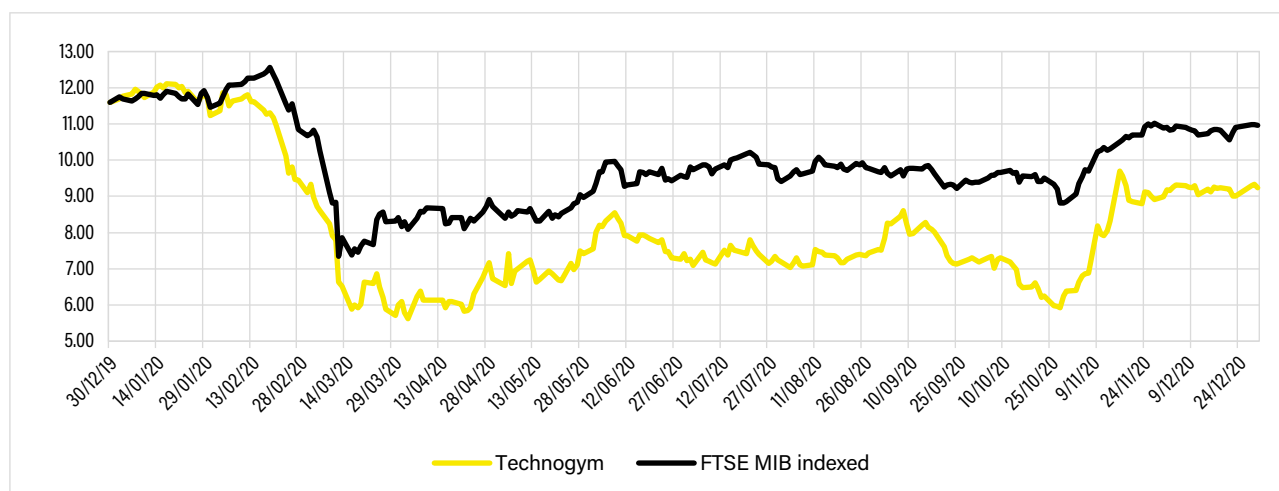
Information on shares

In this context, some statistics concerning the performance of Technogym stock in 2021 are reported below. It should be noted that the company does not own nor did it hold, during the period, either through third parties or trust companies, treasury shares or shares or holdings in parent companies.

Share performance

The diagram below summarises the performance of the Technogym share price:

Main stock market indicators (Euro)	
Shares listing	
Official price as of 4 January 2021	9.24
Official price as of 31 December 2021	8.46
Minimum closing price (January - December)	8.16
Minimum price in absolute terms	7.74
Maximum closing price (January - December)	11.85
Maximum price in absolute terms	12.09
Stock market capitalisation	
Stock market capitalisation as of 02 January 2021	1,860,266,100
Stock market capitalisation as of 31 December 2021	1,702,224,013
Ordinary shares	
No. outstanding shares	201,327,500



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 31 December 2021:

Main shareholders	Number of shares	Share	Voting rights
TGH S.r.l.*	68,000,000	33.78%	50.49%

* company set up following the partial, proportional demerger of Wellness Holding S.r.l., which became effective on 14 May 2020.

The share capital of the Issuer as of 31 December 2021 amounted to Euro 10,066,375, divided into 201,327,500 ordinary shares with no par value.

On 19 May 2021, an Accelerated Bookbuilding procedure by TGH S.r.l. concluded with the disposal of 12,000,000 Issuer shares at a price of Euro 10.81 per share, for a total value of Euro 129.7 million.

The transaction took place by approaching qualified investors in Italy and foreign institutional investors. Following the completion of the transaction, TGH S.r.l. holds a total of 68,000,000 shares in the Company, equal to 33.78% of the share capital (corresponding to 136,000,000 voting rights and equal to 50.5% of the total voting rights). The remaining 66.22% of the Issuer's share capital was free float on Borsa Italiana's MTA (screen-based stock exchange).

Therefore, at the date of publication of this Financial Report, TGH S.r.l. held 33.78% of the Issuer's share capital (representing 50.49% of total voting rights), while the remaining 66.22% of the Issuer's share capital is free float on the MTA market managed by Borsa Italiana S.p.A.

2021 Financial Calendar

Date	Corporate events
23 March 2022	Board of Directors' meeting for approval of the 2021 Draft Financial Statements (*)
04 May 2022	Shareholders' meeting for approval of the 2021 Financial Statements
11 May 2022	Board of Directors' meeting for disclosure not subject to auditing on the performance of consolidated revenues in the first quarter of the 2022 financial year (*)
03 August 2022	Board of Directors' meeting for approval of the half-yearly financial report as of 30 June 2022
03 November 2022	Board of Directors' meeting for disclosure not subject to auditing on the performance of consolidated revenues in the third quarter and in the first nine months of the 2022 financial year (*)

(*) following the Board of Directors' meeting, a conference call is planned with the financial community.

Possibility to not disclose information in the case of non-material transactions

Pursuant to Article 70, paragraph 8, and Article 71, paragraph 1-bis of the Issuers Regulation, the Issuer opted to defer the obligation to disclose information in cases indicated in Articles 70, paragraph 6, and 71, paragraph 1 of the Issuers Regulation.

SECOND SECTION

FOREWORD

In accordance with art. 40 of Italian Legislative Decree 127/1991, as modified by art. 2 letter d) of Italian Legislative Decree 32/2007, this report covers both the consolidated financial statements of the Technogym Group and the financial statements of the Parent Company Technogym S.p.A., both of which were prepared in accordance with international accounting standards (IAS/IFRS).

1

Operating performance and comments on the economic and financial results

1.1

COVID-19 UPDATE

The Group has continued to implement a number of actions to limit the negative effects of the pandemic, in addition to the measures taken by many governments worldwide to mitigate its negative economic and financial effects. The main actions taken are summarised below.

- › **Home-Consumers.** In 2021, the Group saw a further increase in demand from end consumers for training solutions that could also be used in their homes. These results also stem from the company's unwavering focus on the complementary nature of training in different places, with wellness-on-the-go and technological solutions developed over the years to achieve this objective. The home and digital training experience is increasingly more complementary to the experience in clubs, so much so that it has become a driver for growth and new enrolments in gyms.
- › **Digitalisation.** In addition to the mywellness® cloud platform, which has been central for all operators to stay in contact with their customers and continue to develop activities, Technogym has released the Technogym App, a smartphone application that makes it possible to access personalised training with on-demand videos to work out in the gym or from the comfort of your own home, in the office, while travelling and outdoors by relying on a "smart coach", a trainer based on artificial intelligence, and a wide variety of content. Therefore, today, the digital ecosystem is enhanced with further elements for acquiring new customers and offering solutions in an innovative manner.
- › **Sales network.** When permitted by local regulations, the sales network resumed ordinary activities in the market with all professional operators and proactively continued to support particularly significant growth in the Home & Consumer segment, also thanks to the new digital tools made available, which provide increasing proximity to customers.
- › **Personnel.** Technogym has always placed at the heart of its activities the wellbeing and growth of its personnel, who have monitored and directed the changes taking place in the market. Technogym has put in place procedures and protocols aligned with the legal provisions of the various countries to minimise risks and at the same time continue with all of the initiatives implemented during the financial year.
- › **Production and distribution.** The factories remained open during the financial year and there were no particularly critical issues such as line shutdowns or product shortfalls. Technogym was able to confirm deliveries and meet all commitments to its customers.
- › **Operating costs.** Again in 2021, ongoing streamlining activities continued, and there was a strong drive towards strategic activities focusing on growth.
- › **Investments.** Technogym confirmed its strategic investments in technology, product innovation and digital solutions.

- › **Cash management.** Credit collection activities and keeping stock levels in check continued, while the committed credit lines taken out in 2020, the majority of which are still undrawn, remain available.

This document contains the estimates and forecasts relative to future events that will affect the Group's operating, economic and financial results. These forecasts are based on current expectations and forecasts of the Group, however, actual results could differ even significantly from statements made in this document due to a number of variables, including the volatility of capital and financial markets, changes in the prices of raw materials, changes in macro-economic conditions and economic growth, and other changes in business conditions, in the regulatory and institutional context (both in Italy and abroad), and many other factors, the majority of which are beyond the Group's control.

1.2 MACROECONOMIC SCENARIO

"Following the widespread slowdown in the third quarter, signs emerged of a return to stronger recovery in the United States and other advanced countries at the end of last year, in contrast to a prolonged weakness in the emerging economies. However, the resurgence of the pandemic and the persistent bottlenecks on the supply side are creating downside risks to growth. Inflation has risen further almost everywhere, mainly as a result of the increases in the prices of energy products and intermediate inputs and of the recovery of internal demand." This comes from the latest Economic Bulletin published by the Bank of Italy, immediately focusing on the main trends that characterised the evolution of 2021. First, the start of a strong global economic recovery following the distribution of the first Covid-19 vaccines and the resulting easing of restrictions by world governments, then the emergence of tension in the supply chain and logistics that initially represented a potential risk to global recovery and then became a trigger for a significant return of inflation on a global scale. The increase in inflation is also linked to the rise in the price of energy commodities, above all in Europe. This has led to the first tightening measures by some central banks and to the acceleration of the normalisation of the monetary policy in the United States and United Kingdom.

From the beginning of November, Covid-19 infections picked up again in the wake of the spread of the Omicron variant that first affected South Africa and then European countries and the United States. The resumption of global travel, which was making significant progress compared to 2020, albeit at a level significantly below 2019, consequently slowed dramatically. Despite this, there were many signs of recovery in advanced economies during the fourth quarter, as evidenced by the Purchasing Managers' Indexes (PMIs), which in all geographical areas were above 50 points, thus indicating prospects for expansion of the economic cycle.

In Japan, the lifting of the state of emergency by the government at the beginning of October boosted the recovery of the Services PMI, which returned to above the expansion threshold for the first time since the start of the pandemic. In the United States, the Industry and Services PMIs remain at values consistent with sustained growth, in line with the expectations of an acceleration in GDP in the fourth quarter. In this regard, it should also be noted that the strong expansion of US GDP is attributable to the substantial relief payments made by the federal government to all Americans, even to those who had not lost their jobs due to the pandemic, which gave households an increase in disposable income of around 7% in the two-year period of 2020 and 2021 compared to 2019. In the eurozone, on the other hand, there was a significant contraction in business confidence in the fourth quarter, as evidenced by a slowdown in both the Services PMI – hit harder by the resurgence of the pandemic and by the resulting impacts on travel – and the Goods PMI, affected by production stoppages and the rising prices of parts and energy. Emerging economies are currently

experiencing weaker economic conditions than the main developed countries, especially in the manufacturing sector, and many countries whose economies are traditionally supported by tourism (from countries in Africa to the Bahamas) are affected by a substantial rise in interest rates, which could make their public debt less sustainable.

Despite some critical issues, the outlook for the global economy remains positive. Global GDP is expected to experience significant growth in both 2021 and 2022 - +5.6% and +4.5% respectively according to the OECD - values in line with previous estimates made several months ago. Looking in more detail, however, it can be seen that a number of countries have recorded a significant downward shift in GDP growth estimates, mainly related to the slowdown in the fourth quarter and start of 2022. The eurozone, for example, one of the areas most affected by input cost inflation, is now expected to see a +4.3% increase in GDP in 2022 following a rate of +5.2% in 2021, with a reduction of tens of basis points compared to the estimates of a few months ago. The same is true for the United States (+5.6% in 2021 and +3.7% in 2022) and in the United Kingdom (+6.9% and 4.7%). The situation in emerging countries is weaker, where the restrictive monetary policies put in place by central banks to curb rising inflation had an initial impact on the real economy with a slowing of all the main indicators and where GDP is expected to grow only slightly in Brazil (+1.4% expected in 2022 from the previous +2.3%) and in Russia (+2.7% from previous +3.4%), where the latter has also been hit by an increasing climate of uncertainty related to the growing geopolitical tensions with the USA and NATO related to Ukraine.

Supply chain issues were probably the main global macroeconomic event of 2021, also leading to an exacerbation of inflationary pressures that were looking set to remain low for a long time to come. Indeed, in 2021, thanks to the distribution of vaccines, there was a rapid recovery in global demand, first and foremost in the demand for goods, since the continuing restrictions on travel and services reduced the propensity of individuals and businesses to spend in these areas. In order to cope with an unexpected spike in orders, many manufacturing firms had to quickly draw on inventories, thus quickly increasing the demand for new intermediate goods to replenish stocks and support future demand. Alongside this phenomenon, which involved a variety of goods, was the sudden growth in demand for electronic products linked to the new wave of digitalisation following the pandemic, which led to a demand for semiconductors far beyond global production capacity. Logistics was also affected by the sudden recovery in demand, with sea freight costs reaching their highest in 10 years. Finally, the energy transition that most countries around the world have committed to is having a significant indirect cost: the sharp rise in CO₂ prices has contributed, together with geopolitical tensions with Russia and the shortage of power generation from certain renewable sources in Europe, to an increase in the price of gas, an energy commodity that has always been central to power generation and heating in Europe. This combination of factors has triggered an inflationary surge in virtually all countries, developed and emerging.

In the United States, inflation reached 7% in December, the highest level since the early 1980s, driven by energy prices, used car prices (due to the previously mentioned chip shortage limiting production capacity) and rent growth. In this context, the Federal Reserve initiated tapering, which has been in effect for several years: the initial monthly target for bond purchases of \$120 billion was reduced by \$15 billion in November and by the same amount in December. At its meeting in mid-December, a further acceleration was made by reducing purchases for January by \$30 billion. Finally, in January 2022, Federal Reserve Chair Powell expressly indicated that in order to protect the central bank's main objective, i.e. the real economy and the labour market, several rate increases are to be expected in the coming months - four according to current estimates - accompanied by the start of a reduction in the Fed's balance sheet, which has reached 9000 billion USD.

In the eurozone, energy prices continue to drive inflation, which reached 5.0% in December, the highest value in the history of the Monetary Union. Around half of this trend can be attributed to the energy component and to the increase in the prices of industrial goods as a result of the significant shortage of raw materials and intermediate goods. These issues

should subside in the latter part of 2022, allowing the ECB to maintain an accommodative monetary policy and historically very low rates. The purchase programmes of public and private securities under the Asset Purchase Programme and Pandemic Emergency Purchase Programme also continued, bringing the balance of the ECB's bond portfolio to €1,536 billion at the end of November.

In the United Kingdom, inflation reached 5.4% and the Bank of England also initiated a restrictive monetary policy with an initial rate increase of 0.25% agreed in December, which will be followed by further rises in the coming months, and with the suspension of the bond purchase programme when the previously established maximum threshold of £895 billion is reached. In Japan, following the strong deflation recorded in 2020 (-0.9%), there was a growth in consumer prices of 0.6%, but the value remains well below the targets of the central bank, which has therefore maintained an expansionary monetary policy.

Moving on to the main emerging countries, the strong increase in price trends in Brazil (+10.1% in December), India (+5.6%) and Russia (+8.4%) has prompted the launch of restrictive monetary policies. In China, on the other hand, inflation remains contained (+1.5%), allowing the central bank to pursue further expansionary measures aimed at supporting the crisis that has hit some operators in the real estate sector, including the recent measure cutting required reserve ratios for banks and the reduction of reference rates for loans to customers and on the interbank market.

Bond Market

Once again in 2021, the market was influenced by the pandemic. The worsening of the health situation seen from the start of November contributed to a widespread increase in risk aversion, reflected in a general decrease in long-term yields that was more pronounced in economies whose bonds are considered more secure, such as the United States and Germany. Since the start of the year, however, yields have started to rise again, reflecting a more rapid normalisation of US monetary policy. In mid-January, the 10-year Treasury yield was around 1.8%, while the Bund yield was only slightly negative (-0.57% in December 2020). Against this backdrop, there was a widening of the yield spreads of eurozone countries against German bonds, in particular for Greece and Italy, where the ten-year BTP offered a yield of 1.35% at the end of January (compared to 0.52% in December 2020).

Currency Market

The currency market began see the effects not only of the evolution of the pandemic, as in the previous year, but also the expectations of a less expansive monetary policy in the United States and the more restrictive decisions taken by the central banks of various countries to deal with rising inflation.

The euro continued to fall against the dollar for the whole of 2021, contracting by 7.5% at the end of January compared to the end of 2020, thus reflecting a more gradual normalisation of economic policy in Europe than expected in the United States. This is also highlighted by the trend in the USD Index – representative of the general value of the US dollar in international markets – which went from 89 at the start of the year to 96 on 26 January.

The Japanese yen also fell significantly against the dollar, reaching an exchange rate of 114 (-10% compared to the start of the year), also mainly linked to the continued expansive monetary policy of the Japanese central bank, in light of the low rate of inflation, compared to the Fed's decisions.

The pound sterling rose considerably (+6.2%) against the euro, benefiting from the start of a normalisation of the monetary policy and an initial rise in rates in December. On the other hand, the exchange rate with the US dollar remained more or less unchanged.

Industry scenario

As has happened in other industries, the Covid-19 pandemic has accelerated technological developments and the adoption of new ways of exercising to cope with the changing conditions of our daily lives. The topic of connectivity between devices and machines for physical exercise, aimed at giving the end user a unique and integrated fitness experience, which has been at the heart of developments in the industry for some time, has become of primary importance for end users and B2B operators (i.e. clubs), together with the availability of engaging training content.

The industry has therefore accelerated its development towards a hybrid training approach, where the end user can train anywhere, including at home, further validating the so-called Wellness on the Go strategy launched by Technogym in 2012. This context has seen significant growth not only in the importance of companies focused on the supply of home fitness products and content, but has also accelerated the interest of traditional operators in solutions able to guarantee a point of contact with members during periods of closure (i.e. training content available via streaming) and supported the relaunch of clubs when they reopened in 2021.

The pandemic has also increased the importance of health on the consumer value scale, thus supporting the subject of prevention and physical exercise as an essential element of a healthy lifestyle and the ability to live better and longer, while also increasing the awareness of governments, institutions and companies.

With specific reference to fitness equipment manufacturers, it is worth noting the unique positioning of Technogym, which is able to make the most of how demand is evolving in both the B2C (business to client) and B2B (business to business) segments. With the rapid restart of B2B activities, the company was able to consolidate its role as supplier to Premium users and is the only one with an integrated equipment, software and content solution that can be adapted to both B2C and B2B locations.

1.3 COMMENTS ON THE GROUP'S ECONOMIC AND FINANCIAL RESULTS

The economic and financial results in this section are discussed including the effects of IFRS 16.

The Group's key financial data for 2021 is summarised below compared to the figures for the previous year:

<i>(In thousands of Euro, with ratios)</i>	Year ended 31 December		Changes	
	2021	2020	2021 vs 2020	%
Revenues	611,412	509,679	101,732	20.0%
Adjusted EBITDA ⁽¹⁾	107,023	96,884	10,139	10.5%
Adjusted EBITDA margin ⁽¹⁾	17.5%	19.0%	(1.5%)	(7.9%)
Adjusted net operating income ⁽²⁾	67,059	58,913	8,146	13.8%
Adjusted profit for the period ⁽³⁾	51,221	43,437	7,784	17.9%

(1) The Group defines:

- the adjusted EBITDA as the net operating income, adjusted by the following income statement items: (i) net provisions; (ii) depreciation, amortisation and impairment losses; (iii) non-recurring income/(expenses) and;
- the adjusted EBITDA margin as the ratio between EBITDA and total revenues.

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

(3) 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:

<i>(In ratios)</i>	Year ended 31 December	
	2021	2020
ROS	13%	11%
Adjusted ROS	11%	12%
Adjusted EBITDA/financial expenses ratio ⁽³⁾	123.45	103.69

Total revenues came to Euro 611,412 thousand, up by Euro 101,732 thousand (20%) compared to Euro 509,679 thousand in 2020. The increase for the financial year is due both to a strong increase in the Private customer segment and to a significant recovery of the Commercial business, above all in the final quarters of the financial year, although still below the levels reached prior to the pandemic. With constant exchange rates, Total revenues would be Euro 614,035 thousand (20.5%).

Adjusted EBITDA came to Euro 107,023 thousand, up by 10,139 thousand (10.5%) compared to 96,884 thousand in the 2020 financial year, positively impacted by the increase in sales volumes, as well as an increase in prices that partially offset the increase in costs linked to raw materials and logistics seen in 2021. Overall, the **Adjusted EBITDA Margin** is 17.5%, down 19% compared to the previous year.

Adjusted net operating income came to Euro 67,059 thousand, up by 8,146 thousand (13.8%) compared to Euro 58,913 thousand in 2020, positively impacted in absolute terms by the increase in turnover, driven a strong recovery in demand in all the geographical areas the group operates in.

Adjusted ROS, equal to 11% for the financial year ended 31 December 2021, is down 12% compared to the financial year ended 31 December 2020, affected in part by an increase in commodity prices and logistics costs, and by higher depreciation and amortisation compared to the previous year by Euro 1,763 thousand, relating to investments made to digitalise the offer, both with reference to new technologies used and with regard to content development. Furthermore, there was an increase in net provisions for risks of Euro 220 thousand.

Adjusted profit for the period came to Euro 51,221 thousand, up by Euro 7784 thousand (17.9%) compared to Euro 43,437 thousand in 2020. This increase is in line with the above mentioned trends in Net Operating Income, as well as a positive effect of the conversion of foreign currency items of Euro 1,432 thousand (negative Euro 3,151 thousand in 2020) and the Euro 427 thousand increase in the value of minor shareholdings in accordance with the IFRS9 accounting standard. The adjusted profit for the period represents 8.4% of Group revenues.

In the year ended 31 December 2021, non-recurring income of Euro 11,838 thousand was recorded. The item is positively impacted to the extent of Euro 13,961 thousand by the capital gain recorded following the sale of the Exerp Group, net of accessory costs incurred for the transaction. The Exerp Group includes the holding company Amleto APS, a Danish company which is a wholly owned subsidiary of Technogym SpA, Exerp APS, Exerp America LLC and Exerp Asia Pacific Pty. The remaining part of the item refers to Euro 2,123 thousand of non-recurring expenses, mainly attributable to Euro 1,421 thousand in costs related to the early retirement of personnel, as well as the costs for extraordinary services and relating to previous financial years for consultancy and other professional costs. As of 31 December 2020, non-recurring expenses amounted to Euro 7,433 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 31 December 2021 and as of 31 December 2020:

<i>(In thousands of Euro)</i>	As of 31 December		
	2021	2020	% Variations
Loans			
Net Fixed Capital ⁽⁴⁾	244,755	248,859	(1.6%)
Net Operating Capital ⁽⁵⁾	(29,176)	(17,798)	63.9%
Net Invested Capital	215,579	231,061	(6.7%)
Sources			
Equity	311,560	290,546	7.2%
Net financial position ⁽⁶⁾	(95,981)	(59,485)	61.4%
Total sources of financing	215,579	231,061	(6.7%)

(4) 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.

(5) 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 for risks and charges and (vii) Other current liabilities.

(6) The net financial position consists 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, (vi) Liabilities for derivative financial instruments, and (vii) Trade payables and other non-current payables.

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

<i>(In ratios)</i>	For the year ended 31 December	
	2021	2020
ROE	20.2%	12.4%
ROI	36.7%	23.5%
Adjusted ROI	31.2%	25.5%
Net Indebtedness/ <i>adjusted</i> EBITDA ratio	n.m.	n.m.

Net fixed capital came to Euro 244,755 thousand, down Euro 4,104 thousand compared to Euro 248,859 thousand for the year ended 31 December 2020. This decrease can mainly be attributed to the net effect of (i) the disposal of the equity investment in the Exerp group in May 2021. See the section on “Investments in Joint Ventures and Associates” for additional specifications relating to the transaction; (ii) the normal Group investments in new product development; (iii) an increase in transferred trade receivables due after 12 months. See the section on “Other non-current assets” for details on this item; and (iv) a decrease in the long-term liabilities for sales with return rights identified pursuant to IFRS 15, in order to represent suspended revenues associated with these sales.

Net operating capital came to negative Euro 29,176 thousand, down by Euro 11,378 thousand compared to the negative balance of Euro 17,798 thousand as of 31 December 2020. The change is mainly the result of the trend in net operating working capital, and is influenced in particular by (i) an increase in the balance of the “Trade receivables” item of Euro 23,182 thousand, mainly due to the increase in turnover; (ii) an increase in the “Trade payables” item of Euro 44,956 thousand, and (iii) an increase in the “Inventories” item of Euro 25,934 thousand, also due to, as well as an increase in the purchase prices of raw materials, the company’s decision to prudently increase stocks in order to avoid delays due to the unavailability of components. It should also be noted that: (i) the average number of days in inventory went from 89 for the year ended 31 December 2020 to 92 for the year ended 31 December 2021 (the inventory turnover ratio went from 4.1 to 3.9); (ii) the average days of collection of trade receivables went from 46 for the year ended 31 December 2020 to 50 for the year ended 31 December 2021 (the trade receivables turnover ratio went from 7.9 to 7.1); and (iii) the DPO went from 130 for the year ended 31 December 2020 to 146 for the year ended 31 December 2021 (the trade payables turnover ratio went from 2.8 to 2.5).

The **Net financial position** is equal to net cash of Euro 95,981 thousand, up by Euro 36,496 thousand compared to the balance of Euro 59,485 thousand for the year ended 31 December 2020. Despite the payment of Euro 44,292 thousand in dividends, this improvement is mainly due to the increase in cash and cash equivalents of Euro 27,759 thousand, positively affected by the financial revenue from the sale of Amleto, which involved the corresponding deconsolidation of Exerp Aps, Exerp America LLC and Exerp Asia Pacific Pty.

Moreover, the Group undersigned some committed credit lines, to support investments and cover any cash needs. At the moment, these credit lines are mainly undrawn, as detailed below:

<i>(In thousands of Euro)</i>	Cash credit lines	Self-liquidating credit lines	Financial credit lines	Total
As of 31 December 2021				
Credit lines	7,382	17,641	293,241	318,264
Utilisations	—	—	(62,500)	(62,500)
Credit lines available as of 31 December 2021	7,382	17,641	230,741	255,764

Moreover, the group did not benefit from any loans which were part of the measures to support businesses approved by the Italian government or provided by the banking system with state guarantees, in the reporting period.

Equity totalled Euro 311,560 thousand, up by Euro 21,014 thousand (7.2%) compared to Euro 290,546 thousand in the year ended 31 December 2020. This increase is primarily attributable to the recognition of profit for the period of Euro 63,065 thousand and to the payment of dividends of Euro 44,292 thousand in May 2021 following the approval of the 2020 financial statements.

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 Group's approach to the market follows a unique business model that offers an integrated range of 'Wellness solutions' and also pursues higher levels of operational efficiency through cross-production.

However, for the purposes of operational and sales analysis, Company management considers the customer base, geographical areas and distribution channels to be important aspects, and monitors revenue trends in relation to these aspects.

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

A breakdown of the Group's revenues by customer segment, geographical area and distribution channel is provided below:

	Year ended 31 December		Changes	
	2021	2020	2021 vs 2020	%
	<i>(In thousands of Euro and percentage of total revenues)</i>			
B2C	181,706	154,129	27,577	17.9%
B2B	429,705	355,550	74,155	20.9%
Total revenues	611,412	509,679	101,733	20.0%

Revenues as of 31 December confirm the strong growth of the Private customer segment compared to the previous financial year (+17.9% Y/Y) due to the broad range of Technogym products and services in line with the solid demand for at-home training. At the same time, there was a significant recovery in the Commercial business (+20.9% Y/Y), albeit below the levels reached before the pandemic. It is worth noting the performance in the Health segment, which in the BtoB segment is the area that is closing the gap created in the previous 2 years due to the pandemic most quickly:

	Year ended 31 December		Changes	
	2021	2020	2021 vs 2020	%
	<i>(In thousands of Euro and percentage of total revenues)</i>			
Europe (without Italy)	291,122	247,875	43,247	17.4%
APAC	110,782	88,343	22,439	25.4%
North America	69,042	57,304	11,739	20.5%
Italy	63,032	59,789	3,244	5.4%
MEIA	62,333	42,866	19,468	45.4%
LATAM	15,100	13,505	1,596	11.8%
Total revenues	611,412	509,679	101,733	20.0%

In a scenario where all areas continued to feel, to some extent, the impact of the pandemic on BtoB activities, the performances seen in MEIA and APAC countries as well as in North America and Europe are very significant. Within the individual markets, growth above 20% Y/Y is seen in the UK, China, Benelux, USA and Australia. The performance in Italy, +5.4% Y/Y, shows an excellent rebound of the BtoB segment, which balances out a steady decrease in home fitness, which is in contrast to the record of the previous year influenced by the prolonged lockdown.

Overall, there has been a gradual return to normality in almost all markets as evidenced by the partial recovery of various Key Accounts in the Club sector and the Hospitality segment.

	Year ended 31 December		Changes	
	2021	2020	2021 vs 2020	%
	<i>(In thousands of Euro and percentage of total revenues)</i>			
Field sales	374,290	325,035	49,255	15.2%
Wholesale	145,322	102,358	42,964	42.0%
Inside sales	79,500	70,009	9,491	13.6%
Retail	12,300	12,277	23	0.2%
Total revenues	611,412	509,679	101,733	20.0%

In relation to the turnover for the sales channel, it is worth noting the excellent performance of the Wholesale channel generated in particular in APAC countries (the growth in South Korea, Thailand and Malaysia is particularly noteworthy), MEIA (excellent performance in Saudi Arabia, Turkey and India) and Europe (where we have consolidated our market share mainly in the centre-north). There was a healthy rebound in the Field Sales channel, reflecting the previously mentioned gradual return to normality, also linked to the increasing productivity of the sales network.

The channels most relevant to home fitness, Inside Sales and Retail, face a 2020 heavily impacted by the pandemic. Despite this, a double-digit growth was recorded in Inside Sales, which includes the teleselling and e-commerce channels, in particular driven by the explosion in commerce not just in Europe, but also in the USA and China.

In accordance with IFRS 8, paragraph 34, for the years ended 31 December 2021 and 31 December 2020, the Group did not have any clients generating more than 10% of total revenues of the Group.

1.4 COMMENTS ON THE ECONOMIC AND FINANCIAL RESULTS OF THE PARENT COMPANY TECHNOGYM S.P.A. (TG S.P.A.)

Total revenues of TG S.p.A. came to Euro 438,839 thousand, up by Euro 80,770 thousand (+22.6%) compared to Euro 358,069 thousand in 2020. This increase for the financial year is due both to a strong increase in the Private customer segment compared to the previous financial year, and to a significant recovery of the Commercial business, although still below the levels reached prior to the pandemic.

Adjusted profit for the period of Technogym S.p.A. came to Euro 55,167 thousand, up by Euro 4,273 thousand compared to Euro 50,894 thousand in the 2020 financial year, positively impacted by the increase in sales volumes which partially offset the increase in certain costs linked to raw materials and logistics recorded throughout 2021.

The table below shows the statement of financial position of TG S.p.A. in condensed and reclassified form, which reports the structure of invested capital and sources of financing as of 31 December 2021 and as of 31 December 2020:

<i>(In thousands of Euro)</i>	As of 31 December			
	2021	2020	Changes	Changes %
Loans				
Net Fixed Capital ⁽¹⁾	342,339	350,546	(8,207)	(2%)
Net Operating Capital ⁽²⁾	(11,846)	(3,326)	(8,520)	256%
Net Invested Capital	330,493	347,220	(16,727)	(5%)
Sources				
Equity	352,410	330,214	22,196	7%
Net financial indebtedness ⁽³⁾	(21,918)	17,006	(38,924)	(229%)
Total sources of financing	330,492	347,220	(16,728)	(5%)

(1) 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.

(2) 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 for risks and charges and (vii) Other current liabilities.

(3) The net financial position consists 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, (vi) Liabilities for derivative financial instruments, and (vii) Trade payables and other non-current payables.

Net fixed capital of TG S.p.A. came to Euro 342,339 thousand, down by Euro 8,207 thousand compared to Euro 350,546 thousand for the year ended 31 December 2020. This decrease can mainly be attributed to the net effect of (i) the disposal of the equity investment in the Exerp group in May 2021. See the section on "Investments in joint ventures and associates" for additional specifications relating to the transaction; (ii) the normal activities of investment in new product development; (iii) an increase in transferred trade receivables due after 12 months.

⇒ See the section on "Other non-current assets" for details on this item; and (iv) a decrease in the long-term liabilities for sales with return rights identified pursuant to IFRS 15, in order to represent suspended revenues associated with these sales.

Net operating capital of TG S.p.A. had a negative value of Euro 11,846 thousand, a decrease of Euro 8,520 thousand compared to the negative balance of Euro 3,326 thousand as of 31 December 2020. The change is mainly the result of the trend in net operating working capital, and is influenced in particular by the joint effect of: (i) an increase in the "Trade receivables" item of Euro 29,875 thousand, mainly due to an increase in intercompany receivables deriving from a restocking of local warehouses towards the end of the financial year, aimed at the delivery of the existing portfolio in the first quarter of 2022; (ii) an increase in the "Trade payables" item of Euro 12,245 thousand; (iii) an increase in the "Inventories" item of Euro 12,462 thousand, as well as an increase in the purchase prices of raw materials, for the "Private segment", for which the company increased its production of "Home" products, increasing stock in order to avoid delays due to the unavailability of parts. It should also be noted that: (i) the average days of collection of trade receivables went from 51 for the year ended 31 December 2020 to 57 for the year ended 31 December 2021 (the trade receivables turnover ratio went from 7.2 to 6.3); (ii) the DPO went from 133 for the year ended 31 December 2020 to 147 for the year ended 31 December 2021 (the trade payables turnover ratio went from 2.7 to 2.45); and (iii) the average number of days in inventory went

from 55.70 for the year ended 31 December 2020 to 57.49 for the year ended 31 December 2021 (the inventory turnover ratio went from 6.55 to 6.35).

Net financial indebtedness came to Euro 21,918 thousand, up by Euro 38,924 thousand compared to the negative Euro 17,006 thousand in the year ended 31 December 2020. This increase is mainly due to the Parent Company's ability to generate cash flows, positively affected by the financial revenue from the sale of Amleto.

Moreover, the company did not benefit from any loans which were part of the measures to support businesses approved by the Italian government or provided by the banking system with state guarantees, in the reporting period.

Equity came to Euro 352,410 thousand, up by Euro 22,196 thousand (7%) compared to Euro 330,214 thousand for the year ended 31 December 2020. This increase is primarily due to the recognition of profit for the period of Euro 66,361 thousand.

Segment information of TG S.P.A.

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 follows a unique business model that offers an integrated range of "Wellness solutions" and also pursues higher levels of operational efficiency through cross-production.

A breakdown of revenues by geographical area is provided below:

<i>(In thousands of Euro and percentage of total revenues)</i>	Year ended 31 December		Changes	
	2021	2020	2021 vs 2020	%
Europe (without Italy)	184,116	155,817	28,299	18.2%
MEIA	67,835	45,655	22,180	48.6%
APAC	82,631	60,910	21,722	35.7%
Italy	63,032	59,789	3,243	5.4%
North America	27,934	27,551	384	1.4%
LATAM	13,290	8,347	4,943	59.2%
Total revenues	438,839	358,069	80,770	22.6%

1.8 RISK FACTORS

Risks related to the Covid-19 pandemic

In the initial months of 2020, we saw the spread of Covid-19 (so-called coronavirus) with significant global impacts on a health, social, political, economic and geopolitical level, and with repercussions in 2021 as well. The Group implemented a number of actions to limit the negative effects of the pandemic, in addition to the measures taken by many governments. Technogym has taken all the necessary steps to minimise the health and financial risks to its workers. Moreover, Technogym confirmed its commitment to product innovation with a specific focus on improving the equipment user experience through digital services

supported by the MyWellness® open platform, the launch of Technogym Live on machines installed with smart equipment, which will allow end users to access new training content wherever they are, and thanks to the launch of the Technogym App, the app designed to offer consumers customised training programmes every day, with or without equipment, through an extensive library of on-demand training videos, thus achieving another step in the Wellness on the Go strategy that has always been endorsed by company. This is a central strategy for Technogym and for all its stakeholders given the current situation. At present, it cannot be ruled out that the uncertainty regarding the development of the pandemic situation, which could be negatively impacted by the spread of possible new variants, may continue to influence the results of future years.

Financial risks

Financial markets continued to be volatile in 2021. In this scenario, the Group implemented policies to monitor and mitigate potential risks, 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 to 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.

Also in 2021, due to the continued effects of the pandemic, the group conducted a sensitivity test on the recoverability of the value of receivables on which there is a buyback obligation. Various sensitivity scenarios that were already analysed in December 2020 were re-run, which involved an increased allocation to the bad debt provision. The group has confirmed a significant improvement in the portfolio and a reduction in past due items, already confirmed in the first half of 2021.

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. The Company does not use derivative instruments to hedge interest rate risks.

Exchange rate risk

The Group operates internationally and is therefore exposed to exchange rate risk with regard to business and financial transactions entered into in USD, GBP, AUD, BRL, RBL and Yen.

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 time frame so as to achieve net exposures to exchange rate risk which may be hedged more effectively and efficiently;

- › Derivative financial instruments, to hedge net exposures of assets and liabilities denominated in foreign currencies;
- › Derivative financial instruments used as cash flow hedges relating to highly probable future transactions (Cash Flow Hedge Highly Probable Transaction).

Liquidity risk and change in cash flows

The Group's liquidity risk is closely monitored by the parent company. In order to minimise the risk, the Group has implemented centralised treasury management with specific procedures that aim to optimise 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.

Risks related to supplier relations

The Group has always been committed to developing innovative, high-performance quality solutions. To continue this commitment, a close collaboration needs to be maintained with suppliers, particularly those who produce materials and technologies suitable for use in the fitness industry, even if they primarily operate in other sectors.

Technogym's supply chain is divided into suppliers who provide "bill of materials" supplies, some of which are particularly strategic to Technogym's success, including those that contribute directly to product creation, and indirect suppliers who provide other services or materials, as well as the equipment used in production.

The Group works closely with those suppliers considered key to the success of its products, establishing long-term relationships in order to minimise the risks related to the potential unavailability of raw materials within the required timescales.

Periodic performance checks are made, and controls carried out regarding compliance with current environmental and social regulations aimed at guaranteeing a stable supply chain.

Technogym has also adopted a structured supply chain assessment process involving on-site audits and checks, which ensures continuous monitoring, and requires its suppliers to comply with the REACH and RoHS directives.

Non-financial risks

Internal risks - effectiveness of processes

The processes that characterise 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.

Management is carefully monitoring developments in the current conflict in Ukraine and the resulting sanctions on the Russian market. It should be noted that the Group operates in Ukraine exclusively through a local distributor and with insignificant volumes. In relation to the Russian market, Technogym works directly through its subsidiary Technogym ZAO, whose revenues can be quantified in the region of 2% of the Group total. The Group has already closed its retail outlets. Technogym has also suspended exports to Russia. We would like to stress that Technogym does not have significant financial, foreign currency and commercial exposure on the Russian market.

Risks related to cyber attacks

The technological acceleration of digital transformation internally and in relation to the market, driven by the health emergency, exposes the Group to the potential risk of cyber attacks (cyber risks). In this regard, the Group has adopted a governance structure and cyber risk management model based on international standards in order to put in place the best technological solutions and choose the best partners to defend corporate assets as well as take out appropriate insurance cover.

1.9 INVESTMENTS AND ACQUISITIONS

In the 2021 financial year, the Group made investments in property, plant and equipment and intangible assets totalling Euro 29,470 thousand, up on the figure for 2020, where the value was Euro 24,399 thousand. The increase is due to the continuous investments made by the Group, aimed mainly at: (i) constantly updating and extending the Group's range of products and services, with a specific focus on the digitalisation of the offer and development of new content; (ii) adapting production infrastructure; (iii) optimising the Group's main production processes; and (iv) creating new showrooms and updating existing ones, both in Italy and overseas.

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

The investments made by the Group in the year ended 31 December 2021 and in the year ended 31 December 2020 are shown below, broken down by type:

<i>(In thousands of Euro)</i>	Year ended 31 December 2021	Year ended 31 December 2020
Property, plant and equipment	12,874	9,111
Intangible assets	16,596	15,289
Total investments	29,470	24,399

The table below shows the investments made by the Group in the year ended 31 December 2021 and in the year ended 31 December 2020, relating to the 'Property, plant and equipment' item, broken down by category:

<i>(In thousands of Euro)</i>	Year ended 31 December 2021	Year ended 31 December 2020
Land	—	—
Buildings and leasehold improvements	1,416	978
Plant and equipment	1,038	775
Production and commercial equipment	5,672	5,242
Other assets	2,580	1,516
Assets under construction and advances	2,168	600
Total investments in property, plant and equipment	12,874	9,111

Investments in the "Production and commercial equipment" category relate mainly to the purchase of moulds for the continuous expansion and updating of production lines.

The table below shows the investments made by the Group in the year ended 31 December 2021 and in the year ended 31 December 2020, relating to the 'Intangible assets' item, broken down by category:

<i>(In thousands of Euro)</i>	Year ended 31 December 2021	Year ended 31 December 2020
Development costs	6,036	6,530
Patents and intellectual property rights	5,442	4,844
Concessions, licences, trademarks and similar rights	288	259
Intangibles under development and advances	4,738	3,443
Other intangible assets	91	212
Total investments in intangible assets	16,596	15,289

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.

In the 2021 financial year, the Group did not make any significant purchases of stocks or shares in companies.

1.10 RELATED PARTY TRANSACTIONS

Pursuant to art. 5, paragraph 8, of Consob Regulation no. 17221/2010 concerning "Related Party Transactions" and subsequent Consob Resolution no. 17389/2010, in 2021 there are no Related Party Transactions that significantly influenced the Group's financial position or results as of and for the financial year ended 31 December 2021.

Related party transactions were regulated under market conditions, and were performed, where applicable, 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 relationships with related parties required by Consob Communication no. DEM/6064293 of 28 July 2006 are presented in the financial statements and in the "Related party transactions" note of the consolidated financial statements as of 31 December 2021.

1.11**SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

Following on from the success in Europe of the Technogym App in 2021 – the app designed to offer consumers customised training programmes every day, with or without equipment, through an extensive library of on-demand training videos – it was launched in the United States in February 2022. Furthermore, in view of the rising trend of cycling, in February the company also introduced Technogym Ride, a new indoor bike designed for professional or amateur cyclists, with a 22" screen connected to all the favourite apps of cyclists and to an extensive range of training content and programmes aimed at improving athletic training.

Internationally, on 8 March 2022, Technogym opened the new Technogym Dubai offices, a true hub for Technogym in the Middle East comprising the Technogym Emirates headquarters, the Technogym flagship store dedicated to the end consumer and a showroom and training area for industry operators.

Also in Dubai, as part of "Health and Wellness Week" at Expo Dubai, Wellness Valley was presented as an example of a local ecosystem that puts health and quality of life centre stage during the "Personalized medicine: new tools and active polices for prevention, diagnosis and therapy" conference, organised on 28 and 29 January 2022 at the Italy Pavilion by the University of Modena and Reggio Emilia in partnership with Emilia-Romagna Region, ART-ER, the University of Bologna, the University of Ferrara and the University of Parma.

Management is carefully monitoring developments in the current conflict in Ukraine and the resulting sanctions on the Russian market. It should be noted that the Group operates in Ukraine exclusively through a local distributor and with insignificant volumes. In relation to the Russian market, Technogym works directly through its subsidiary Technogym ZAO, whose revenues can be quantified in the region of 2% of the Group total. The Group has already closed its retail outlets. Technogym has also suspended exports to Russia. We would like to stress that Technogym does not have significant financial, foreign currency and commercial exposure on the Russian market.

OUTLOOK

Following the acceleration seen in the BtoB segment in the final quarters of the previous financial year, this trend continues in 2022. In fact, several studies show how, since the pandemic, health has risen to the top of people's list of priorities. Furthermore, significant proportions of the population have experienced weight gain, and mental and cardiovascular diseases due to lockdown. This is driving an increase in consumer demand for wellness solutions in all areas of life. For example, in 2021 there were significant signs of recovery in the Hotel segment, back to a higher average rate than in 2019 as a result of the upturn in travel, a solid performance of the so-called Wellness Real Estate/Residence segment, whose growth rates worldwide are much higher than the construction sector, a thriving Corporate Wellness market, and a growing interest in solutions related to Health/anti-ageing: all these trends are expected to continue in 2022. The fitness club segment is also recovering thanks to the return of members to existing clubs and the opening of increasing numbers of Premium clubs. The B2C segment will continue its growth, driven by a gradual process of international expansion, in a normalised context compared to the peak registered during lockdown that involved several billion people worldwide. A prudent procurement policy with the creation of "backup stocks", adopted in early 2021, enabled us to guarantee normal production rates, effectively manage supply chain pressures and provide adequate stocks for 2022.

We should remember that Technogym is a flexible company, thanks to its wide range of products and services, and is able to provide solutions for all market segments depending on the development of demand and new trends. International growth, with a specific focus on Europe, the Middle East, the Americas and APAC countries, will continue to be the main direction of development for the Group over the next few years, making the most of the interest of consumers in Wellness, which has no geographical boundaries.

This year, the pursuit of the goal of sustainable and profitable growth that has always characterised the Group will continue, focusing on a double-digit growth in turnover and improved profitability, thanks to the full contribution of the price increases made in recent quarters and to the investments in innovation and new products, such as Technogym Ride, recently introduced on the market, and to the revolutionary Biostrength line, which will be available in a few months' time.



**CONSOLIDATED
FINANCIAL
STATEMENTS
31 DECEMBER
2021**

Technogym Group Consolidated Financial Statements

Consolidated statement of financial position

<i>(In thousands of Euro)</i>	Notes	As of 31 December			
		2021	<i>of which from related parties</i>	2020	<i>of which from related parties</i>
Assets					
Non-current assets					
Property, plant and equipment	6.1	153,563	8,498	159,243	9,982
Intangible assets	6.2	50,697		47,365	
Deferred tax assets	6.3	20,280		18,532	
Investments in joint ventures and associates	6.4	4,438		18,736	
Non-current financial assets		200		2,992	
Other non-current assets	6.5	62,871		52,616	
Total non-current assets		292,049		299,484	
Current assets					
Inventories	6.6	108,548		82,614	
Trade receivables	6.7	104,242	1,963	81,060	1,174
Current financial assets	6.8	53,837		39	
Assets for derivative financial instruments	6.9	127		1,525	
Other current assets	6.10	29,984	475	17,202	466
Cash and cash equivalents	6.11	174,306		202,065	
Total current assets		471,044		384,505	

<i>(In thousands of Euro)</i>	Notes	As of 31 December			
		2021	<i>of which from related parties</i>	2020	<i>of which from related parties</i>
Total assets		763,092		683,989	
Equity and liabilities					
Equity					
Share capital		10,066		10,066	
Share premium reserve		7,132		4,990	
Other reserves		31,321		25,541	
Retained earnings		198,256		211,567	
Group profit (loss)		63,065		36,004	
Equity attributable to owners of the parent	6.12	309,841		288,167	
Capital and reserves attributable to non-controlling interests		1,519		1,934	
Profit (loss) attributable to non-controlling interests		200		444	
Equity attributable to non-controlling interests		1,720		2,379	
Total equity		311,560		290,546	
Non-current liabilities					
Non-current financial liabilities	6.13	57,671	7,974	97,677	9,411
Deferred tax liabilities	6.14	301		343	
Employee benefit obligations	6.15	3,091		2,955	
Non-current provisions for risks and charges	6.16	8,952		9,662	
Other non-current liabilities	6.17	34,950		37,665	
Total non-current liabilities		104,964		148,303	
Current liabilities					
Trade payables	6.18	159,769	640	114,006	316
Current tax liabilities	6.19	5,951		2,465	
Current financial liabilities	6.13	73,771	2,737	46,409	2,061
Liabilities for derivative financial instruments	6.20	41		58	
Current provisions for risks and charges	6.16	11,734		8,621	
Other current liabilities	6.21	95,302		73,582	
Total current liabilities		346,567		245,141	
Total equity and liabilities		763,092		683,989	

Consolidated income statement

	Notes	Year ended 31 December			
		2021	of which from related parties	2020	of which from related parties
<i>(In thousands of Euro)</i>					
Revenues					
Revenues	7.1	609,742	11,302	508,342	10,361
Other revenues and income	7.2	1,670	206	1,337	171
Total revenues		611,412		509,679	
Operating costs					
Purchases and use of raw materials, work in progress and finished goods	7.3	(209,425)	(63)	(166,366)	(100)
<i>Of which non-recurring expenses:</i>		(46)		(708)	
Cost of services	7.4	(158,228)	(882)	(128,500)	(592)
<i>Of which non-recurring expenses:</i>		(495)		(1,217)	
Personnel expenses	7.5	(133,307)	(147)	(112,640)	6
<i>Of which non-recurring expenses:</i>		(1,421)		(1,047)	
Other operating costs	7.6	(6,933)	(12)	(10,260)	(22)
<i>Of which non-recurring expenses:</i>		(153)		(1,115)	
Share of net result from joint ventures	7.7	15,352		883	
<i>Of which non-recurring income</i>		13,961		-	
Depreciation, amortisation and impairment / (write-backs)	7.8	(36,435)	(1,508)	(35,109)	(1,541)
Net provisions	7.9	(3,533)		(3,312)	
<i>Of which non-recurring expenses:</i>		(3)		(450)	
Net operating income		78,902		54,375	
Financial income	7.10	11,998	15	12,981	5
Financial expenses	7.11	(11,596)	(221)	(17,184)	(293)
<i>Of which non-recurring expenses:</i>		-		(205)	
Net financial expenses		402		(4,203)	
Income/(expenses) from investments	7.12	427		(2,131)	
<i>Of which non-recurring expenses:</i>		-		(2,395)	
Profit before tax		79,731		48,041	
Income taxes	7.13	(16,466)		(11,593)	
<i>Of which non-recurrent income taxes</i>		-		(295)	
Profit/(loss) for the period		63,265		36,448	
Profit/(loss) attributable to non-controlling interests		(200)		(444)	
Profit (loss) attributable to owners of the parent		63,065		36,004	
Earnings per share (in Euro)	7.14	0.31		0.18	

Consolidated statement of comprehensive income

<i>(In thousands of Euro)</i>	Notes	Year ended 31 December	
		2021	2020
Profit (loss) for the period (A)		63,265	36,448
Actuarial gains/(losses) on post-employment benefit obligations and Non-Compete Agreements	6.16	122	(158)
Tax effect on actuarial gains/(losses) on post-employment benefit obligations and Non-Compete Agreements		(40)	38
Total items that will not be reclassified to profit or loss (B1)		82	(120)
Exchange rate differences on the translation of foreign operations		2,414	(5,400)
Exchange rate differences for valuation of entities accounted for using the equity method	6.4	280	(210)
Total items that will be reclassified to profit or loss (B2)		2,694	(5,611)
Total Other comprehensive income, net of tax (B)=(B1)+(B2)		2,775	(5,731)
Total comprehensive income for the period (A)+(B)		66,040	30,717
<i>Of which attributable to owners of the parent</i>		<i>65,841</i>	<i>30,433</i>
<i>Of which attributable to non-controlling interests</i>		<i>199</i>	<i>285</i>

Consolidated cash flow statement

(In thousands of Euro)	Notes	Year ended 31 December	
		2021	2020
Cash flows from operating activities			
Consolidated Profit (loss) for the period	6.12	63,265	36,448
<i>Adjustments for:</i>			-
Income taxes	7.13	16,466	11,593
Income/(expenses) from investments	7.12	(427)	2,131
Financial income/(expenses)	7.10-7.11	(402)	4,203
Depreciation, amortisation and impairment	7.8	36,435	35,109
Net provisions	7.9	3,533	3,312
Share of net result from joint ventures	7.7	(15,352)	(883)
Cash flows from operations before changes in working capital		103,518	91,913
Change in inventories	6.6	(26,489)	(7,996)
Change in trade receivables	6.7	(24,121)	49,711
Change in trade payables	6.18	46,038	(13,199)
Change in other assets and liabilities	6.10 6.15 6.16 6.17 6.21	8,591	(2,041)
Income taxes paid	6.3 6.14 6.18-7.13	(14,330)	(15,980)
Net cash inflow/(outflow) from operations (A)		93,207	102,408
<i>of which from related parties</i>		10,894	9,663
Cash flows from investing activities			
Investments in property, plant and equipment	6.1	(11,095)	(9,111)
Disposals of property, plant and equipment	6.1	694	1,332
Investments in intangible assets	6.2	(16,596)	(15,289)
Disposals of intangible assets	6.2	14	67
Dividends from investments in Joint Ventures	6.4	464	952
Sale/(Purchase) of subsidiaries, associates and other entities		30,842	-
Net cash inflow/(outflow) from investing activities (B)		4,323	(22,050)
<i>of which from related parties</i>		464	952
Cash flows from financing activities			
Reimbursement of leasing costs (IFRS 16)		(7,251)	(6,892)
Non-current financial liabilities (including the current portion)	6.13	-	50,000

(In thousands of Euro)	Notes	Year ended 31 December	
		2021	2020
Repayment of borrowings (including the current portion)	6.13	(25,000)	(24,579)
Net increase (decrease) in current financial liabilities	6.8-6.13	(52,495)	(413)
Dividends paid to shareholders		(44,292)	—
Net financial income/(expenses)	6.9-6.20-7.10-7.11	1,772	(5,755)
Net cash inflow/(outflow) from financing activities (C)		(127,266)	12,362
<i>of which from related parties</i>		<i>(1,729)</i>	<i>(1,834)</i>
Net increase (decrease) in cash and cash equivalents (D)=(A)+(B)+(C)		(29,736)	92,721
Cash and cash equivalents at the beginning of the year		202,065	114,413
Increase/(decrease) in cash and cash equivalents from 1 January to 31 December		(29,736)	92,721
Effects of exchange rate differences on cash and cash equivalents		1,977	(5,069)
Cash and cash equivalents at the end of the period		174,306	202,065

Statement of changes in consolidated shareholders' equity

(In thousands of Euro)	Share capital	Share premium reserve	Other reserves					Retained earnings	Profit (loss) attributable to owners of the parent	Equity attributable to owners of the parent	Capital and reserves attributable to non-controlling interests	Profit (loss) attributable to non-controlling interests	Equity attributable to non-controlling interests	Total equity
			Translation reserve	Reserve for the adoption of IAS/IFRS	IAS 19 reserve	Stock grant plan reserve	Other							
At 1 January 2020	10,050	4,990	3,149	978	(77)	2,416	20,458	132,827	83,203	257,995	1,554	540	2,093	260,089
Profit for the previous year	—	—	—	(12)	—	—	4,475	78,741	(83,204)	(1)	541	(541)	—	(1)
Total profit for the year	—	—	(5,451)	—	(120)	—	—	—	36,004	30,433	(160)	444	285	30,717
Dividends paid	—	—	—	—	—	—	—	(0)	—	(0)	—	—	—	(0)
Increase in capital	16	—	—	—	—	—	(0)	—	—	16	—	—	—	16
Other movements	—	—	—	—	—	—	—	(2)	—	(2)	—	—	—	(2)
Incentive plan (LTIP)	—	—	—	—	—	(274)	—	—	—	(274)	—	—	—	(274)
As of 31 December 2020	10,066	4,990	(2,302)	966	(197)	2,142	24,933	211,566	36,002	288,167	1,935	444	2,378	290,546
Profit for the previous year	—	—	—	(12)	—	—	5,035	30,979	(36,002)	0	444	(444)	—	—
Total comprehensive income for the year	—	—	2,694	—	82	—	—	—	63,065	65,840	—	200	200	66,040
Dividends paid	—	—	—	—	—	—	—	(44,292)	—	(44,292)	0	—	0	(44,292)
Increase in capital	—	—	—	—	—	—	—	—	—	(0)	—	—	—	—
Acquisition of minority interests	—	—	—	—	—	—	123	—	—	123	(861)	—	(861)	(738)
Other movements	—	—	—	—	—	—	—	2	—	2	1	—	1	3
Incentive plan (LTIP)	—	2,142	—	—	—	(2,142)	—	—	—	—	—	—	—	—
As of 31 December 2021	10,066	7,132	392	954	(115)	(0)	30,091	198,256	63,065	309,841	1,519	200	1,719	311,560

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1

General information

Technogym S.p.A. (hereinafter “Technogym”, the “Company” or the “Parent Company”) and its subsidiaries (collectively the “Group” or the “Technogym Group”) is a leader in the international fitness equipment market in terms of sales volumes and market shares. 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 the fitness equipment market and to the wellness industry. The Group is known for its technological innovations and attention to design and finishes. These solutions can be personalised 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.

Technogym is a legal entity established in Italy, headquartered at Via Calcinaro 2861, Cesena (Forlì-Cesena), and it is governed by Italian law.

On 19 May 2021, an Accelerated Bookbuilding procedure by TGH S.r.l. concluded with the disposal of 12,000,000 Issuer shares at a price of Euro 10.81 per share, for a total value of Euro 129.7 million.

The operation took place by relying on qualified investors in Italy and foreign institutional investors. Following the completion of the transaction, TGH S.r.l. holds a total of 68,000,000 shares in the Company, equal to 33.78% of the share capital (corresponding to 136,000,000 voting rights and **equal to 50.5%** of the total voting rights). The remaining 66.22% of the Issuer’s share capital was free float on Borsa Italiana’s MTA (screen-based stock exchange).

Therefore, at the date of publication of this Financial Report, TGH S.r.l. held 33.78% of the Issuer’s share capital (representing **50.5%** of the total voting rights), while the remaining 66.22% of the Issuer’s share capital is free float on the MTA market managed by Borsa Italiana S.p.A.

Technogym is not subject to direction and coordination by TGH S.r.l., within the meaning of Art. 2497 of the civil code. Please refer to Paragraph 2, letter j) of the “Corporate Governance Report” for more details, drafted by taking into consideration the format prepared by Borsa Italiana for corporate governance reports. The corporate governance report is available in the “Corporate Governance” section of the website www.technogym.com.

These Consolidated Financial Statements were approved by the Company’s Board of Directors on 23 March 2022 and audited by PricewaterhouseCoopers S.p.A.

2 Summary of accounting standards

This section describes the accounting standards adopted for the preparation of these Consolidated Financial Statements for the year ended 31 December 2021 (hereinafter the "Consolidated Financial Statements"). These standards have been adopted for all the financial years presented, unless otherwise indicated.

2.1 BASIS OF PREPARATION

(i) Compliance with EU-IFRS

The Consolidated Financial Statements have been prepared in compliance with the International Financial Reporting Standards issued by the International Accounting Standards Board, and endorsed by the European Union ("EU-IFRS"). EU-IFRS means all the International Financial Reporting Standards, International Accounting Standards ("IAS") and all the interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") previously known as the Standing Interpretations Committee ("SIC"), which, at the reporting date of the Consolidated Financial Statements, had been endorsed by the European Union in accordance with the procedure in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002.

The Consolidated Financial Statements have also been prepared:

- › based on the best knowledge of EU-IFRS and considering relative legal theory. Any future guidance and updates to interpretations will be reflected in subsequent years, according to procedures established as and when necessary by relative accounting standards;
- › on a going-concern basis, as the Directors have verified that there are no financial, operational or other types of indicators that could indicate any problems with the Group's capacity to meet its obligations in the foreseeable future.

(ii) Historical cost approach

The Consolidated Financial Statements have been prepared based on the historical cost approach, with the exception of certain financial assets and liabilities (including financial derivatives) which are measured at fair value.

2.2

FORM AND CONTENT

The Consolidated Financial Statements are presented in Euro, which is the currency of the primary economic environment in which the Group companies operate. The amounts reported in the current document are presented in thousands of Euro, unless otherwise stated.

The Consolidated Financial Statements comprise the mandatory statements contemplated in IAS 1, namely the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and the related Notes.

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

- › the *consolidated statement of financial position* has been prepared by classifying assets and liabilities according to the “current and non-current” criterion;
- › the *consolidated statement of comprehensive income* – whose format is based on a classification of costs and revenues according to their nature - indicates the economic result, supplemented by items which, as provided for by EU-IFRS, are directly recognised as equity, other than those items regarding transactions undertaken by owners of the Company;
- › the *consolidated statement of cash flows* has been prepared by presenting cash flows from operating activities according to the “indirect method”.

The formats used best represent the financial position, performance and cash flows of the Group.

Some items on the statement of financial position and the income statement for the year just ended have been reclassified by amounts that are not significant, in order to give a better presentation of these items.

Distinction between current and non-current assets and liabilities

The Group classifies an asset as current when:

- › it holds the asset for sale or use, or expects to realise the asset in its normal operating cycle;
- › it holds the asset primarily for the purpose of trading;
- › it expects to realise the asset within twelve months after year-end;
- › the asset is cash or a cash equivalent, unless the asset is restricted or limited in such a way as to prevent its use for at least twelve months after the reporting period.

All other assets that do not meet the above conditions are classified as non-current. The Group classifies a liability as current when:

- › it expects to settle the liability during its normal operating cycle;
- › it holds the asset primarily for the purpose of trading;
- › the liability must be settled within twelve months after the year-end; or
- › the Group does not have an unconditional right to defer settlement of the asset beyond twelve months.

All other liabilities are classified as non-current.

2.3 CONSOLIDATION CRITERIA AND METHODOLOGIES

The Consolidated Financial Statements include the financial position, performance and cash flows of the Parent company and its subsidiaries, prepared based on the relative accounts and, where applicable, suitably adjusted to bring them in line with EU-IFRS.

The following table lists the companies included in the scope of consolidation, including information about the method of consolidation applied, for the years ended 31 December 2021 and 2020.

Entity name	Year ended 31 December 2021				
	Registered office	% of control Dec 2021	% of control Dec 2020	Currency	Share capital
Subsidiaries - consolidated using the line-by-line method					
Technogym SpA	Italy	Parent company	Parent company	EUR	10,066,375
Technogym E.E. SRO	Slovakia	100%	100%	EUR	15,033,195
Technogym International BV	Netherlands	100%	100%	EUR	113,445
Technogym Germany Gmbh	Germany	100%	100%	EUR	1,559,440
Technogym France Sas	France	100%	100%	EUR	500,000
Technogym UK Ltd	United Kingdom	100%	100%	GBP	100,000
Technogym Trading SA	Spain	100%	100%	EUR	2,499,130
Technogym Usa Corp.	United States	100%	100%	USD	3,500,000
Technogym Benelux BV	Netherlands	100%	100%	EUR	2,455,512
Technogym Japan Ltd	Japan	100%	100%	JPY	320,000,000
Technogym Shanghai Int. Trading Co. Ltd	China	100%	100%	CNY	132,107,600
Technogym Asia Ltd	Hong Kong	100%	100%	HKD	11,481,935
Technogym Australia Pty Ltd	Australia	100%	100%	AUD	11,350,000
Technogym Portugal Unipessoal Lda	Portugal	100%	100%	EUR	5,000
FBK Equipamentos LTDA	Brazil	100%	100%	BRL	156,064,684
Sidea S.r.l	Italy	70%	70%	EUR	150,000
Technogym ZAO	Russia	100%	90%	RUB	10,800,000
TG Holding BV	Netherlands	100%	90%	EUR	300,000
Wellness Partners Ltd	United Kingdom	75%	75%	GBP	386,667
Wellness Partners USA Inc	United States	75%	75%	USD	1,000
TGB Srl	Italy	100%	100%	EUR	96,900
La Mariana Srl	Italy	100%	100%	EUR	76,500
TG Technogym SA (PTY) LTD	South Africa	100%	100%	ZAR	4,345,000
DWL	Italy	100%	100%	EUR	10,000
TECHNOGYM SAUDI LLC	Saudi Arabia	100%	0%	SAR	1,145,000
MyWellness Inc	United States	100%	0%	USD	100
Amleto Aps	Denmark	0%	100%	DKK	60,000
Associates - Jointly controlled entities, consolidated using the equity method					
Wellink Srl	Italy	40%	40%	EUR	60,000
Movimento per la Salute Srl	Italy	50%	50%	EUR	10,000

Entity name	Year ended 31 December 2021				
	Registered office	% of control Dec 2021	% of control Dec 2020	Currency	Share capital
Technogym Emirates LLC	United Arab Emirates	49%	49%	AED	300,000
T4ME Limited	United Kingdom	20%	20%	GBP	–
Exerp Aps	Denmark	0%	50%	DKK	186,966
Exerp America Inc	USA	0%	50%	USD	1,000
Exerp Asia Pacific Pty Ltd	Australia	0%	50%	AUD	100
Wellness Explorers Srl	Italy	50%	0%	EUR	10,000
Physio Ag	Germany	32%	0%	EUR	73,000

During the year ending 31 December 2021, the following changes occurred within the perimeter: (i) the acquisition of 50% of the Italian company Wellness Explorers Srl (consolidated with the equity method), whose purpose is to develop detailed market research and marketing projects to optimise the digital strategy; (ii) the acquisition of a share in the German company Physio AG (owned as to 31.5% and consolidated with the equity method), whose purpose is to consolidate the presence on the German market of the main players active in the development and sale of the biocircuit platform; (iii) the deconsolidation of the Danish company Amleto Aps., following a sale that also saw the deconsolidation of Exerp Aps (Denmark), Exerp America LLC and Exerp Asia Pacific Pty (Australia); for further details on this transaction, refer to the “Investments in joint ventures and associates” section of this document; iv) in March 2021, Technogym International BV acquired the remaining 10% of TG Holding BV for Euro 600 thousand, through an arm’s length transaction with the minority shareholder. On the date of this document, the Group therefore holds 100% of TG Holding BV and thus of the subsidiary Technogym ZAO. No risks or impairment of intangible assets have been identified, given that, as of today’s date, Technogym ZAO has equity greater than the value of the investments in TG Holding BV. Management is also continuously monitoring the developments in the conflict in Ukraine and the resulting embargos on the Russian market. It should be noted that: the revenues of Technogym SAO account for approximately 2% of the Group’s total revenues and this subsidiary does not have a significant financial, currency or commercial exposure on the Russian market; v) a South African company has been formed, Technogym SA (100% consolidated on a line-by-line basis), whose purpose is to provide local technical support; vi) a Saudi Arabian company has been formed, Technogym Saudi LLC, (100% consolidated on a line-by-line basis) whose purpose is to provide local technical support; vii) a US company has been formed, Mywellness Inc., (100% consolidated on a line-by-line basis) whose purpose is to develop potential new initiatives in the USA.

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

(i) Subsidiaries

An investor controls an entity when i) it is exposed or has rights to the relative variable returns and ii) it has the ability to use its decision-making power over significant activities so as to affect such returns. The existence of control is verified when facts and/or circumstances indicate a change in one of the elements of control described above.

Subsidiaries are consolidated on a line-by-line basis from the date control is acquired and are no longer consolidated from the date on which control is transferred to third parties. The financial statements of all the subsidiaries have the same reporting period as that of the Parent company.

The basis for line-by-line consolidation is as follows:

- › the assets and liabilities, expenses and income of the subsidiaries are accounted for line by line, assigning, where applicable, the relative portion of equity and net profit for the period to non-controlling interests; these portions are indicated separately in equity and in the statement of comprehensive income;
- › gains and losses, including relative fiscal effects, arising from transactions between companies consolidated on a line-by-line basis and not yet realised with third parties, are eliminated, except for losses that are not eliminated if the transaction provides evidence of impairment of the transferred asset. The reciprocal receivables and payables, costs and revenues, as well as financial income and expenses are also eliminated;
- › in the case of investments acquired after control has been obtained (third-party acquisitions of interests), any difference between the purchase cost and corresponding portion of equity acquired is recognised in equity attributable to owners of the parent. Similarly, effects arising from the sale of non-controlling interests without loss of control are recognised in equity.

In the case of the sale of investments resulting in loss of control, the Group:

- › eliminates the assets (including goodwill) and liabilities of the subsidiary at their carrying amount at the date of loss of control;
- › eliminates the carrying amount of non-controlling interests at the date of loss of control (including the aggregate value of other comprehensive income attributable to them);
- › recognises the fair value of the proceeds from the transaction that resulted in the loss of control;
- › recognises any remaining interest maintained at fair value at the date of loss of control. The value of any investment maintained, aligned with the relative fair value at the date of loss of control, represents the new value at which the investment is recognised; this is also the benchmark for its subsequent measurement according to the applicable measurement criteria;
- › reclassifies any values identified in other comprehensive income relative to the investee in which control was lost in consolidated profit or loss, with reversal to profit or loss. If reversal to profit or loss is not required, these values are transferred to the equity item "Reserves for retained earnings";
- › recognises the resulting difference in consolidated profit or loss as a loss or gain of the Parent Company.

(ii) Business combinations

Business combinations, in which the control of a business is acquired, are recognised in accordance with IFRS 3, by adopting the acquisition method. In particular, identifiable assets, liabilities and potential liabilities are recognised at fair value at the date when control is acquired (the acquisition date), except for deferred tax assets and liabilities, assets and liabilities relative to employee benefits and assets held for sale, which are recognised based on the relative accounting standards. The difference between the cost of acquisition and the amount of any minority shareholding in the acquired entity and the fair value on the data of acquisition of previously-owned interests, compared to the current value of the identifiable assets and liabilities acquired, if positive, is recognised under intangible assets as goodwill, or, if negative, after checking the correct measurement of the current values of assets and liabilities and of the cost of acquisition, it is directly recognised in consolidated profit or loss, as income. When the values of the assets and liabilities of the acquired business are determined on a provisional basis, the measurement must be completed within twelve months from the acquisition date, considering only the information relative to the circumstances existing at the Acquisition Date. In the year when this measurement is completed, the provisional values are adjusted retrospectively. Any ancillary transaction costs are recognised in consolidated profit or loss at the time they are incurred.

The acquisition cost is represented by the fair value at the Acquisition Date of the transferred assets, assumed liabilities and equity instruments issued for the purposes of the acquisition, and also includes the potential consideration, or the part of the consideration the amount and payment of which depend on future events. The potential consideration is identified based on the relative fair value at the Acquisition Date and subsequent changes in fair value are recognised in consolidated profit or loss if the potential consideration is a financial asset or liability, while potential considerations classified as equity are not restated and the subsequent elimination is directly recognised in equity.

If control is acquired in stages, the acquisition cost is determined by adding the fair value of the investment previously held in the investee and the amount paid for the additional portion. Any difference in the fair value of the investment previously held and the relative carrying amount is recognised in consolidated profit or loss. When control is acquired, any amounts previously recognised in other comprehensive income are recognised in profit or loss, or in another item of equity, if restatement in profit or loss is not envisaged.

Business combinations in which the companies involved are controlled by the same entity or entities both before and after the transaction, for which control is not temporary, qualify as business combinations “under common control”. These transactions are not governed by IFRS 3, nor by other EU-IFRS. In the absence of a relative accounting standard, the choice of method to represent the transaction must guarantee compliance with IAS 8, i.e. the reliable and faithful representation of the transaction must be ensured. Moreover, the accounting standard selected to represent transactions under common control must reflect the economic substance of the transactions, regardless of their legal form. Therefore the existence of economic substance is key to the methodology to adopt to recognise the transactions in question. The economic substance must refer to the generation of added value which is reflected in significant changes in the cash flows of net transferred assets. When recognising the transaction, current interpretations and guidance must also be considered. In particular, reference is made to OPI 1 (Revised) (Assirevi Preliminary Guidance on IFRS), relative to the “accounting of business combinations of entities under common control in separate and consolidated financial statements”. Net transferred assets must therefore be recognised at the carrying amounts they had in the acquired company or, if available, at the amounts resulting from the consolidated financial statements of the common parent company.

(iii) Associates

Associates are companies in which the Group exercises significant control, which is assumed to exist when the investment refers to between 20% and 50% of voting rights.

Associates are initially recognised at cost and subsequently measured with the equity method.

The procedure for adopting the equity method is described below:

- › the carrying amount of investments measured with the equity method is aligned to the equity of the relative company, adjusted, where necessary, to reflect the adoption of EU-IFRS and includes the recognition of greater values attributed to assets and liabilities and any goodwill, identified at the time of acquisition, following a similar process to that described previously for business combinations;
- › gains or losses attributable to the Group are recognised at the date when significant influence starts and until it ends. If, due to losses, a company measured using the equity method posts negative equity, the carrying amount of the investment is annulled and any excess attributable to the Group, if it has committed to meeting the legal or implied obligations of the investee, or in any case to covering the losses, is recognised in a specific provision for risks; changes in equity of companies measured with the equity method, not represented by profit or loss, are directly recognised in comprehensive income;
- › unrealised gains and losses, generated from transactions between the Company/its subsidiaries and the investee measured with the equity method, are eliminated based on the value of the Group investment in the investee, except for losses that represent the impairment of the underlying asset and dividends that are wholly eliminated.

If there is objective evidence of impairment, recoverability is tested by comparing the carrying amount with the relative recoverable value. When the reasons for impairment no longer apply, the value of the investments is reinstated within the limits of impairments made, recognising the effect in profit or loss.

If the sale of investments results in loss of joint control or significant influence over the investee, the difference between:

- › the fair value of any outstanding investment kept and income arising from the sale of the investments, and
- › the carrying amount of the investment on the date when the net equity method was no longer used, will be recognised in consolidated profit or loss.

(iv) Joint arrangements

In accordance with IFRS 11 – Joint arrangements, investments in joint arrangements may be classified as either a joint operation or a joint venture. This classification depends on the contractual rights and obligations of each investor, rather than on the legal structure of the joint arrangement.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to its net assets.

A joint operator must recognise, with reference to its own interests in a joint operation:

- › its assets, including its share of any assets held jointly;
- › its liabilities, including its share of any liabilities incurred jointly;
- › its revenue from the sale of its share of the output of the joint operation;
- › its share of the revenue from the sale of the output by the joint operation; and
- › its expenses, including its share of any expenses incurred jointly.

A joint venturer recognises its interest in a joint venture as an investment, initially recognised at cost. Subsequently, the investment is accounted for using the equity method.

(v) Translation of the financial statements of foreign operations

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

- › assets and liabilities are translated using the closing exchange rates at the year-end reporting date;
- › costs and revenues are translated using the average exchange rate for the reporting period;
- › the “currency translation reserve”, in the comprehensive income statement, reports the differences arising in the income statement’s translation at an average rate as opposed to a closing rate, as well as the differences arising in the translation of opening equity at a different rate applied to closing equity;
- › goodwill and fair value adjustments arising from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rate.

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

<i>Currency</i>	As of 31 December	
	2021	2020
USD	1.133	1.227
GBP	0.840	0.899
JPY	130.380	126.490
CHF	1.033	1.080
AUD	1.562	1.590
AED	4.160	4.507
CNY	7.195	8.023
RUB	85.300	91.467
HKD	8.833	9.514
BRL	6.310	6.374
ZAR	18.063	18.022
SGD	1.528	1.622
DKK	7.436	7.441
SAR	4.247	4.602

<i>Currency</i>	Average for the year ended 31 December	
	2021	2020
USD	1.183	1.142
GBP	0.860	0.890
JPY	129.877	121.846
CHF	1.081	1.071
AUD	1.575	1.655
AED	4.344	4.195
CNY	7.628	7.875
RUB	87.153	82.725
HKD	9.193	8.859
BRL	6.378	5.894
ZAR	17.477	18.766
SGD	1.589	1.574
DKK	7.437	7.454
SAR	4.435	4.564

2.4 VALUATION CRITERIA

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

Consolidated statement of financial position

Property, plant and equipment

Property, plant and equipment are recognised according to the cost criterion at the cost of purchase or production, including the directly related costs necessary for preparing the assets for their intended use, net of any impairment. Revaluations of property, plant and equipment are not permitted, even if in application of specific laws.

Costs for improvements, modernisation and transformation which increase the value of third-party assets are recognised as assets when it is likely that they will increase the future economic benefits expected from use of the asset. They are depreciated over the time between the useful life of improvements made or the duration of the relative lease agreement, whichever is the shorter.

In valuing the lease duration, the possibility of renewal must be considered, if this is substantially certain and therefore depends on the will of the lessee.

Property, plant and equipment are depreciated systematically on a straight-line basis over their useful technical economic life, considered to be the estimate of the period in which the asset will be used by the Company. The period which starts from the month when use of the asset starts or could have started. When the tangible asset comprises several significant components with different useful lives, depreciation is carried out for each component. The value to depreciate is represented by the carrying amount minus the presumed net sale price at the end of the asset's useful life. Land is not depreciated even if purchased together with a building, nor are property, plant and equipment held for sale. Any changes to the depreciation schedule, resulting from a revision of the useful life of the tangible asset, the residual value or procedure for obtaining the economic benefits of the asset, are recognised on a forward-looking basis.

Amortisation methods and periods

Depreciation starts when the asset becomes available for use and is distributed systematically in relation to the residual possible use of the asset, i.e. based on its estimated useful life.

The estimated useful life of main tangible assets is as follows:

Tangible assets	Estimated useful life (in years)
Buildings	34
Plant and machinery	8-11
Production and commercial equipment	5-6
Other assets	5-11

Intangible assets

Intangible assets are identifiable assets without physical substance, controlled by the Company that can generate future economic benefits, as well as goodwill when acquired for a consideration. An intangible asset is identifiable as such if separable from goodwill. This requirement is normally met when:

- › the intangible asset rises from a legal or contractual right; or
- › the asset is separable, i.e. it may be sold, transferred, rented or exchanged independently or as a part of other assets.

Intangible assets are recognised at purchase or production cost including directly related costs necessary for preparing the assets for their intended use. Revaluations are not permitted, even if in application of specific laws.

Intangible assets are amortised systematically on a straight-line basis over their useful life, considered to be the estimate of the period in which the asset will be used by the Company. Development costs are amortised over five years except for costs in which a future benefit is not expected, which are recognised in profit or loss in the year they are incurred.

Development costs

Development costs for the realisation of new products and processes or improving existing products and processes, are capitalised according to IAS 38 if the innovations introduced lead to technically feasible processes and/or commercially viable products, as long as the intention to complete the project can be demonstrated, and the costs and benefits of such innovations can be reliably measured. Capitalised development costs include internal and external costs, inclusive of personnel expenses and costs of services and consumables reasonably allocated to the projects. Development costs are intangible assets with a finite life, amortised over the period the expected economic benefits will arise, generally five years (three years for software due to its high rate of obsolescence) and are subject to impairment losses that may arise after initial recognition. Amortisation starts from the moment the products are available to be used. Useful lives are reviewed and adjusted accordingly if there are changes in the expected future use.

Amortisation methods and periods

Depreciation starts when the asset becomes available for use and is distributed systematically in relation to the residual possible use of the asset, i.e. based on its estimated useful life.

The estimated useful life of main intangible assets is as follows:

Intangible assets	Estimated useful life (in years)
Development costs	3-5
Software, licences and similar rights	3
Trademarks	10

Impairment losses on property, plant and equipment and intangible assets

Intangible and tangible assets with a finite useful life

Testing is carried out at the end of each reporting period, to establish whether the tangible and intangible assets have been impaired. For this purpose, both internal and external sources of information are considered. As regards internal sources, the obsolescence or physical deterioration of the asset are considered, as well as any significant changes in use and the asset's economic performance compared to its expected performance. As regards external sources, the trend of market prices of assets are considered, as well as any technological, market or regulatory nonconformities, the trend of market interest rates or cost of capital used to measure investments.

If these indicators are identified, the recoverable value of the assets is estimated, with any impairment recognised in separate profit or loss. The recoverable value of an asset is represented by the greater of the fair value, minus additional selling costs, and relative value in use, the latter meaning the present value of expected future cash flows of the asset. When determining the value in use, expected future cash flows are discounted using a discount rate including taxes that reflects current market valuations of the cost of money, referred to the investment period and specific risks of the asset. The recoverable value of assets which do not generate cash flows that are largely independent is determined in relation to the cash generating unit the asset belongs to.

An impairment loss is recognised in profit or loss if the carrying amount of the asset, or its relative CGU, is greater than its recoverable value. Impairment of CGUs is first recognised as a reduction of the carrying amount of goodwill attributed to the unit, and therefore, as a reduction of other assets, in proportion to their accounting value and within the limits of the relative recoverable value. If the conditions for a previous impairment no longer apply, the carrying amount of the asset is reinstated with recognition in separate profit or loss, within the limits of the net carrying amount of the asset if it had not been impaired and if relative amortisation/depreciation had been carried out.

Leased assets

Leasing contracts are recognised in accordance with IFRS 16.

When entering into each contract, the Group:

- › determines whether the contract is a lease or contains one; this arises when the contract grants the right to control the use of a specific asset for a period of time in exchange for a price, this assessment is repeated if there are subsequent changes to the contractual terms and conditions;
- › separates the components of the contract, by distributing the contract price between each leasing or non-leasing component.
- › determines the duration of the lease as the non-cancellable period of the lease, to which may be added to any period covered by an extension option, or termination of the lease.

On the start date of each contract, i.e. the date on which the asset becomes available for use, if the Group is the lessee it will recognise a right-of-use asset on the statement of assets and liabilities, and a lease liability representing the obligation to make payments for the duration of the leasing contract. The duration of the leasing contract is determined by considering the non-cancellable period, and, if there is reasonable certainty, also the periods of any optional extensions or non-use of options to terminate the contract early. The leasing liability is initially recognised at an amount equal to the current value of the following leasing payments, not yet made as of the commencement date: (i) fixed (or substantially

fixed) payments net of any incentives due; (ii) variable payments based on indexes or rates; (iii) an estimate of the payment to be made by the lessee to guarantee the residual value of the leased asset; (iv) payment of the price for exercising the right to purchase, if the lessee is reasonably certain of doing so; and (v) payment of contractual penalties for terminating the lease if the lessee is reasonably certain of doing so. The current value of such payments is equal to the current value of the remaining future payments, discounted using the implicit interest rate for the leasing, or alternatively the Group's marginal financing rate. Subsequently, the asset consisting of the right of use is valued by applying the cost model, net of the depreciation and any reductions in accumulated value, adjusted to take into account any new valuations or modifications to the lease. Leasing charges are valued by increasing the book value to take into account the interest, reducing the book value to take into account payments made, and re-determining the book values to take into account any new valuations or modifications to the lease.

The assets are depreciated according to a period represented by the term of the lease contract, unless its duration is less than the useful life of the asset based on the rates applied to tangible assets, and there is the reasonable certainty of the ownership of the leased asset being transferred on the natural contractual expiry date. In such a case the depreciation period will be calculated on the basis of the criteria and rates indicated for tangible assets.

For lease contracts whose duration ends within 12 months from the date of initial application and for which there are no renewal options, and for contracts with low-value underlying assets, the lease charges are recognised on the income statement on a straight line basis throughout the duration of the respective contracts.

"Tangible assets" include equipment leased to customers by the leasing company under operating leases according to IFRS 16.

Financial assets

On initial recognition, financial assets must be classified in one of the three categories below, based on the following:

- › the entity's business model for managing financial assets; and
- › the characteristics relative to the contractual cash flows of the financial asset.

Financial assets are then derecognised only if the sale has resulted in the substantial transfer of all risks and rewards connected with the assets. On the other hand, if a substantial part of the risks and rewards relative to the sold financial assets have been retained, the assets will still be recognised in the financial statements, even if in legal terms ownership of the assets has been transferred.

Financial assets measured at amortised cost

This category includes financial assets that meet both of the following conditions:

- › the financial asset is held within a business model whose objective is achieved by collecting the contractual cash flows ("hold to collect" business model); and
- › the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI Test").

On initial recognition, these assets are entered at fair value, including costs or income arising from the transaction directly attributable to the instrument. After initial recognition, the financial assets in question are measured at amortised cost, using the effective interest

method. The amortised cost method is not used for assets - recognised at historical cost - of a short duration that render the effect of discounting negligible, nor for assets with no expiry or revocable credit.

Financial assets measured at fair value and recognised in comprehensive income

This category includes financial assets that meet both of the following conditions:

- › the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (“hold to collect and sell” business model); and
- › the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (“SPPI Test”).
- › This category includes equity interests that cannot qualify as control, connection or joint control and that are not held for trading, for which the fair value designation option has been exercised and recognised in comprehensive income.
- › On initial recognition, assets are recognised at fair value including costs or income arising from the transaction directly attributable to the instrument. After initial recognition, the non-controlling, connecting and joint control interests are measured at fair value, and amounts identified as a contra-item in equity (other comprehensive income), must not be subsequently transferred to profit or loss, even in the case of disposal. The only component referable to equity instruments recognised in profit or loss is the relative dividends.

For equity instruments in this category that are not listed on an active market, the cost criterion is used as the fair value estimate but only on a residual basis and in certain limited circumstances, i.e. when the most recent information to measure the fair value is insufficient, or where there is a wide range of possible fair value measurements and the cost represents the best estimate of the fair value in this range.

Financial assets measured at fair value and recognised in profit or loss

This category includes financial assets other than assets classified as “Financial assets measured at amortised cost” and “Financial assets measured at fair value recognised in comprehensive income”.

This category includes financial assets held for trading and derivative contracts not classifiable as hedging (which are represented as an asset if the fair value is positive, and as a liability if the fair value is negative).

On the date of first recognition, financial assets valued at fair value affecting profit and loss are recorded at fair value without considering the costs or income of settlement which are directly attributable to the instrument itself. On the next reporting dates, the assets are recognised at fair value and the effects are recognised in profit or loss.

Impairment of financial assets

In accordance with IFRS 9, the Group adopts a simplified approach to estimate the expected credit losses over the lifetime of the instrument and considers the historical experience accrued concerning credit losses, adjusted based on specific forward-looking factors specific to the nature of the Group receivables and the economic context.

In brief, the Group measures expected losses of financial assets in a way that reflects:

- › an unbiased and probability-weighted amount that is determined by evaluating the range of possible outcomes;
- › the time value of money; and
- › reasonable and supportable information available without excessive costs or effort at the end of the reporting period about past events, current conditions and reasonable and supportable forecasts of future economic conditions.

A financial asset is impaired when one or more assets occur that have a negative effect on the expected future cash flows of the financial asset. Observable data relative to the following events provide proof that the financial asset has been impaired (it is possible that a single event cannot be identified; the impairment of the financial assets may be due to the combined effect of a number of events):

- a) significant financial difficulty of the issuer or debtor;
- b) a breach of contract, such as a default or past-due event;
- c) the lenders, for economic or contractual reasons relating to the borrower's financial difficulties, granted the borrower a concession that would not otherwise be considered;
- d) it becomes probable that the borrower will enter a bankruptcy or other financial restructuring arrangement;
- e) the disappearance of an active market for the financial asset because of financial difficulties; or
- f) the purchase or origination of a financial asset at a deep discount that reflects incurred credit losses.

When an impairment loss is identified for financial assets recognised using the amortised cost method, the value is measured as the difference between the carrying amount of the asset and the present value of expected future cash flows, discounted based on the original effective interest rate. This value is recognised in profit or loss.

Derecognition of financial assets and liabilities

Financial assets are derecognised when they satisfy one of the following conditions:

- › the contractual right to receive cash flows from the financial asset has expired;
- › the Group has substantially transferred all risks and rewards connected with the asset;
- › the Group has transferred the control of the financial asset but has neither transferred nor retained the risks and rewards associated with the financial asset.

Financial liabilities are derecognised when they are extinguished, i.e. when the contractual obligation is discharged, cancelled or expires. Where there has been an exchange of debt instruments with substantially different terms, the transaction is accounted for as a discharge of the original financial liability and the recognition of a new financial liability. Similarly, where there has been a substantial modification of the contractual terms of an existing financial liability, this transaction is accounted for as a discharge of the original financial liability and the recognition of a new financial liability.

Offsetting of financial assets and liabilities

The Group offsets financial assets and liabilities if and only if:

- › there is an enforceable legal right to offset the recognised amounts in the financial statements;
- › there is the intention to offset on a net basis or realise the asset and settle the liability simultaneously.

Inventories

Inventories are recognised at the lower of the cost of purchase and the net realisable value, represented by the amount the Group expects to obtain from their sale during the normal course of activities, net of selling costs. The cost is determined using the weighted average cost method.

The cost of finished goods and works in progress includes the costs of design, raw materials, direct labour and other production costs (determined based on normal operating capacity).

Inventories of raw materials and works in progress no longer used in the production cycle and inventories of unsaleable finished goods are written down in relation to the market trend and presumed non-use related to obsolescence and slow turnover.

Public grants

Public grants, including non-monetary grants measured at fair value, are recognised when there is reasonable certainty that they will be received and that the Group will meet all the conditions required for their disbursement.

Cash and cash equivalents

Cash and cash equivalents include cash, call deposits, as well as financial assets with original expiry of 3 months or less, readily convertible into cash and with a negligible risk of a change in value. Cash and cash equivalents are measured at fair value. Cash and cash equivalents do not include time deposits which do not meet the requirements of IFRS.

Short-term bank deposits with an original expiry of 3 months or more that do not meet the requirements of IAS 7 are included in a specific item of current assets.

Cash transactions are recorded by bank transaction date, while payment transactions also consider the order date.

Financial liabilities and trade payables

Financial liabilities and trade payables are recognised when the Group has contractual obligations; they are measured initially at fair value, net of the directly attributable transaction costs.

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

Financial liabilities are derecognised when the contractual rights to the cash flows expire or when the financial liability is disposed of with the substantial transfer of all risks and rewards incident to ownership.

Provisions for risks and charges

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

- › a present legal or constructive obligation is likely to exist as a result of a past event;
- › it is likely that fulfilment of the obligation will be onerous;
- › the amount of the obligation can be estimated reliably.

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

The costs the Group expects to incur for restructuring programmes are recognised in the year when the programme is formally defined, and the entities concerned have valid expectations that the restructuring will take place.

The amounts are periodically reviewed to identify changes in estimated costs, the obligation settlement date, and the discounting rate. Any changes in estimates are recognised in profit or loss within the same account previously used to record the provision. Provisions for risks and charges are discounted if it is possible to reasonably estimate the time of the cash outflows. When the liability refers to tangible assets, changes in the estimate of provisions are recognised as a contra-item under the assets referred to within the limits of carrying amounts; any excess is recognised in profit or loss.

If all expenses (or a part) required to settle an obligation are to be repaid by third parties, the repayment, when virtually certain, is recognised as a separate entity.

Employee benefits

Short-term benefits refer to salaries, wages, relative social security contributions, pay in lieu of holidays accrued and incentives payable as bonuses in the twelve months from the end of the reporting period. These benefits are recognised as personnel costs in the period when the service is provided.

In defined benefit plans, which include the post-employment benefit for employees pursuant to article 2120 of the Italian Civil Code ("TFR"), the amount of the benefit to pay to the employee may be quantified only post-employment, and is related to one or more factors such as age, length of service and salary; therefore the relative expense is recognised in profit or loss on an accrual basis, according to an actuarial calculation. The liability recognised in the financial statements for defined benefit plans corresponds to the present value of the obligation at the end of the reporting period. Obligations for defined benefit plans are determined annually by an independent actuary, using the Project Unit Credit method. The current value of defined benefit plans is determined discounting future cash flows to a given interest rate. Actuarial gains and losses arising from the above adjustments and changes in actuarial assumptions are recognised in other comprehensive income.

As from 1 January 2007, the 2007 Budget and relative implementing decrees have introduced significant amendments to regulations governing the TFR, including employees right to choose where their accrued TFR is allocated. In particular, new portions of TFR may be allocated to supplementary pension schemes or kept within the company. If the TFR is allocated to external pension schemes, the Company only has to pay the defined benefit to the selected scheme, and as from this date, newly accrued portions owing will be defined benefit plans not subject to actuarial valuation.

Liabilities for obligations relative to other medium/long-term employee benefits, such as management incentive plans, are determined using actuarial assumptions. The effects arising from changes to actuarial assumptions or adjustments based on past experience are recognised in full in profit or loss.

Share-based payments

The cost of services rendered by directors and employees, remunerated according to share-based payments and settled with the assignment of securities, is determined based on the fair value of the related rights, measured at the date of assignment. The calculation method used to determine the fair value considers, at the date of assignment, all the characteristics of the rights and security of the relative plan (accrual period, the price and conditions of exercise, etc.). The cost of these plans is recognised in profit or loss under "personnel costs", with a contra-item in equity, over the time when the granted rights accrue, based on the best estimate of rights that will become exercisable.

Measurement of fair value

The measurement of fair value and relative disclosure comply with IFRS 13 - Fair value measurement. The fair value represents the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in an ordinary transaction between market participants on the measurement date.

The fair value measurement is based on the assumption that the sale of the asset or transfer of the liability takes place on the principal market, i.e. the market with the greatest volume and level of transactions for the asset or liability. In the absence of a main market, it is assumed that the transaction has taken place on the most advantageous market the Company has access to, i.e. the market that maximises the results of the transaction to sell the asset or minimises the amount to pay to transfer the liability.

The fair value of an asset or liability is determined considering the assumptions that market participants would use to define the price of the asset or liability, assuming that they would act in their best economic interests. Market participants are informed, independent buyers and sellers, that can enter into a transaction for the asset or liability, that wish to but are not obliged nor induced to carry out the transaction.

Measurement of the fair value of financial instruments

The fair value of listed financial instruments is determined by observing the market prices, while for unlisted financial instruments, specific valuation methods are used, referring to the highest number possible of observable market input. When this is not possible, the inputs are estimated by management, taking into account the characteristics of the instrument being measured. Changes in the assumptions made when estimating the inputs may have an impact on the fair value recorded in the financial statements for those instruments.

Below are the levels of financial instruments classified according to a hierarchy that reflects the significance of the inputs used in determining the fair value (IFRS 13 - Fair value measurement).

- › **Level 1:** Quoted prices (active market): the data used in measurements are represented by quoted prices on markets where assets or liabilities identical to those being measured are exchanged;
- › **Level 2:** The use of parameters observable on the market (for example derivatives, exchange rates identified by the Bank of Italy, market rate curves, volatility provided by Bloomberg, credit spreads calculated based on credit default swaps, etc.) other than level 1 quoted prices;
- › **Level 3:** The use of parameters that are not observable on the market (internal assumptions, for example, cash flows, spreads adjusted for risk, etc.).

Financial derivative instruments

Financial derivative instruments are recognised in accordance with IFRS 9.

On the date of contract stipulation, financial derivatives are initially recognised at fair value, as financial assets measured at fair value and are recognised in profit or loss when the fair value is positive, or as financial liabilities measured at fair value and recognised in profit or loss when the fair value is negative.

If the financial instruments are not recognised as hedging instruments, the changes in fair value identified after initial recognition are treated as components of profit for the year. If instead the derivative instruments meet requirements to be classified as hedging instruments, subsequent changes in fair value are recognised according to the criteria explained below.

A financial derivative instrument is classified as hedging if the relationship between the hedging instrument and hedged item is formally documented, including risk management objectives, the strategy to carry out hedging and the methods that will be used to check effectiveness on a forward-looking and retrospective basis. The effectiveness of each hedging instrument is verified when it is first started, and during its lifetime, in particular at the end of each reporting period. Generally, hedging is considered as highly "effective" if, at the start and during its lifetime, the changes in the fair value of the hedged item, in the case of a fair value hedge, or in its expected future cash flows, in the case of a cash flow hedge, are substantially offset by the changes in the fair value of the hedging instrument.

IFRS 9 allows for the possibility to designate the following three types of hedging relationships:

- a) fair value hedge: when the hedge concerns the changes in the fair value of the assets and liabilities recognised in the financial statements, both the changes in the fair value of the hedging instrument and the changes in the hedged item are recognised in profit or loss;
- b) cash flow hedge: in the case of hedges intended to neutralise the risk of changes in cash flows originating from future obligations contractually defined on the reporting date, the changes in the fair value of the derivative recorded after initial recognition are recognised, only as regards the effective portion, in other comprehensive income and therefore in an equity reserve named "Cash flow hedge reserve". When the economic effects arising from

the hedging occur, the portion recognised in other comprehensive income is reversed to profit or loss. If the hedging is not fully effective, the change in the fair value of the hedging instrument referable to the ineffective portion is immediately recognised in profit or loss.

c) net investment hedge.

If the effectiveness of hedging is not confirmed by testing, the recognition of hedging is stopped and the hedging derivative is reclassified under financial assets measured at fair value and recognised in profit or loss, or under financial liabilities measured at fair value and recognised in profit or loss. The hedging relationship also ceases when:

- › the derivative expires, is sold, withdrawn or exercised;
- › the hedged item is sold, expires or is repaid;
- › it is no longer highly probable that the future hedged operation will take place.

Consolidated income statement

Recognition of revenues

Revenues from contracts with customers are recognised when the following conditions occur:

- › a contract with the customer has been identified;
- › performance obligations have been identified in the contract;
- › the price has been determined;
- › the price has been allocated to individual contractual obligations;
- › the contractual obligation has been met.

The Group identifies revenues from contracts with customers when (or as) the contractual obligation is met, transferring the promised good or service (or asset) to the customer. The asset is transferred when (or as) the customer acquires control.

The Group transfers control of the asset or service over time, and therefore meets the contractual obligation and records revenues over time, if one of the following criteria are met:

- › the customer simultaneously receives and consumes all of the benefits provided by the entity as the entity performs;
- › the Group's performance creates or enhances an asset (for example works in progress) that the customer controls as the asset is created or enhanced;
- › the Group's performance does not create an asset with an alternative use for the Group, and the Group has an enforceable right to payment for performance completed to date.

If the Group does not satisfy its performance obligation over time, it satisfies it at a point in time. In this case, the Group recognises the revenue when the customer acquires control of the promised asset.

In particular, in the case of the supply of transport and installation services in addition to the sale of equipment, the Group considers that the customer acquires control at the time of installation.

The contractual consideration included in the contract with the customer may include fixed amounts, variable amounts or both. If the contractual consideration includes a variable amount (e.g. discounts, concessions on the price, incentives, penalties or other similar elements), the Group estimates the amount of the consideration it will be entitled to in exchange for the transfer of the promised goods or services to the customer. The Group includes the amount of the estimated variable consideration in the transaction price only if it is highly probable that when the uncertainty associated with the variable consideration no longer applies, there is no significant downwards adjustment to the amount of aggregate revenues identified.

The Group distributes the contractual price among individual contractual obligations based on stand-alone selling prices (SSP) of individual contractual obligations (supply of equipment, maintenance service, product warranties after legal terms, etc.). When an SSP does not exist, the Group estimates the SSP using an adjusted market approach.

The Group exercises judgement in determining the contractual obligation, the variable prices and the allocation of the transaction price.

Revenues from services realised over time are recognised on the basis of an assessment of the progress made by the entity in fulfilling its obligation over time. The transfer over time is assessed according to the input method: by considering the effort or input made by the Group in fulfilling each performance obligation.

For contracts in which new goods are provided to customers with buyback clauses, to be exercised at fair value on the purchase of a new machine, the Group adjusts the sales revenues based on the historic probability of the buyback clause being utilised, and makes a contra-entry under Assets, to reflect the buyback obligation. It also adjusts the cost of sales by the same amount, by recognising a liability for the buyback obligation.

Recognition of costs

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

Income and financial expenses are recognised in profit or loss as they accrue.

Transactions in currency

Revenues and costs relative to transactions in a currency other than the functional currency are recognised at the exchange rate in effect on the day when the transaction is recorded.

Monetary assets and liabilities in a currency other than the functional currency are converted into the functional currency adopting the exchange rate in effect at the end of the reporting period with the effect recognised in profit or loss. Non-monetary assets and liabilities in a currency other than the functional currency measured at cost are recognised at the exchange rate of initial recognition; when the measurement is at fair value or at recoverable or realisable value, the exchange rate in effect on the date when the value was determined is adopted.

Dividends

Dividends are recognised at the date of the resolution passed by the Shareholders' Meeting that establishes the right to receive payment, unless there is reasonable certainty that shares will be sold before coupon detachment.

The dividends resolved by the Shareholders' Meeting are represented as a movement of equity in the year in which they are approved.

Income taxes

Current income taxes, recognised under the item "Current tax payables" net of advances paid, or under "Current tax receivables" when the net balance is positive, or where the amount of the tax due is less than the tax paid and/or the future amount payable, are determined based on an estimate of taxable income and in compliance with applicable tax legislation. Taxable income differs from net profit in profit or loss as it excludes income and cost components that are taxable or deductible in other years, or are not taxable or non-deductible. In particular, these receivables and payables are determined applying the tax rates in force at the reporting date.

Current taxes are recognised in profit or loss, apart from those relative to items identified outside the income statement that are directly recognised in equity.

Deferred tax assets and liabilities are calculated on the temporary differences between values in the financial statements and corresponding values recognised for tax purposes, applying the tax rate in effect at the date when the temporary difference will be transferred, determined based on tax rates in force at the reporting date.

Deferred tax assets for all temporary taxable differences, tax losses or tax receivables not used are identified when their recovery is probable, i.e. when taxable income sufficient to recover the asset is expected in the future. The possible recovery of deferred tax assets is reviewed at the end of each reporting period. Deferred tax assets not recognised in the financial statements are reviewed at the end of each reporting period and are identified to the extent that a future taxable income that allows for the deferred tax asset to be recovered is probable.

Deferred tax assets and liabilities are recognised in profit or loss, apart from those relative to items identified outside the income statement that are directly recognised in equity.

Taxes on deferred assets and liabilities, arising from the adoption of regulations referable to the same tax authority, are offset if there is a legal right to offset current tax assets against current tax liabilities generated at the time of transfer.

Deferred tax assets are classified as non-current assets and are offset at the level of the individual tax jurisdiction, if referred to taxes that may be offset. The positive balance from offsetting is recognised under "Deferred tax assets".

As of 31 December 2021 the Group had not entered any advances on the tax losses reported in Note 6.3.

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

Related parties

Related parties means parties that have the same controlling entity as the Company, companies that directly or indirectly control it, are controlled or are under the joint control of the Company and companies in which the Company holds an investment giving it significant influence. The definition of related parties also includes members of the Board of Directors of the Company and key managers. Key managers are persons with the direct or indirect power and responsibility for planning, managing and controlling the Company's activities.

2.5

RECENTLY ISSUED ACCOUNTING STANDARDS

Accounting standards, amendments, and interpretations applicable from 1 January 2021

On 31 March 2021, the IASB published an amendment named "Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)" extending the period of application of the amendment issued in 2020, which allows tenants to recognise the Covid-19 related rent concessions without having to consider (by analysing the contracts) whether the IFRS 16 definition of lease modification has been respected.

Despite the change made to leasing contracts during 2020, the Group has decided not to recognise those changes using the accounting rule provided for in the amended IFRS16 – Covid-19 related rent concessions, but will apply the existing provisions of the IFRS 16.

In view of the reforms to interbank interest rates such as the IBOR, on 27 August 2020 the IASB published the "Interest Rate Benchmark Reform—Phase 2" document, which contains amendments to the following standards:

- › IFRS 9 Financial Instruments;
- › IAS 39 Financial Instruments: Recognition and Measurement;
- › IFRS 7 Financial Instruments: Disclosures;
- › IFRS 4 Insurance Contracts;
- › IFRS 16 Leases.

All the changes came into force on 1 January 2021. The application of this amendment had no significant effects on the Consolidated Financial Statements.

Accounting standards, amendments and EU-approved interpretations which are not yet mandatory and not adopted in advance by the Group as of 31 December 2021

On 14 May 2020, the IASB published the following amendments:

- › Amendments to IFRS 3 Business Combinations: the purpose of the changes is to update the reference in IFRS 3 to the revised version of the Conceptual Framework, without making any changes to the provisions of IFRS 3.
- › Amendments to IAS 16 Property, Plant and Equipment: the purpose of the changes is to prevent the deduction of the amount received from the sale of goods produced during the asset test phase, from the cost of tangible assets. These sales revenues and related costs will thus be recorded on the income statement.
- › Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: the amendment clarifies that the evaluation of a contract's onerousness must take into account all the costs which are directly attributable to the contract. Consequently, any evaluation of the onerousness of a contract will include not only the incremental costs (such as the cost of the direct materials used in processing), but also any costs that the business cannot avoid, due to having entered into the contract (such as the depreciation of machines used to fulfil the contract).
- › Annual Improvements 2018-2020: the changes were made to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and to the Illustrative Examples of IFRS 16 Leases.

All the changes will come into force from 1 January 2022. The Directors do not expect to see any significant impact on the Group's consolidated financial statements as a result of these amendments.

Accounting standards, amendments and IFRS interpretations not yet approved by the EU and not adopted in advance by the Group

On the reporting date, the competent bodies of the European Union had not yet completed the approval process necessary to adopt the following accounting standards and amendments:

- › On 23 January 2020, the IASB published an amendment named "Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current". The purpose of the document is to clarify how to classify short- or long-term payables and other liabilities. The amendments will come into force from 1 January 2023, but early application is permitted. The Directors do not expect to see any significant impact on the Group's consolidated financial statements as a result of these amendments.
- › On 12 February 2021, the IASB published two amendments: "Disclosure of Accounting policies (amendments to IAS 1 and IFRS Practice Statement 2)" and "Definition of Accounting Estimates (Amendments to IAS 8)". The purpose of these amendments is to improve disclosures on accounting policies, to provide investors and other primary users of financial reporting information with details that are more useful and can help companies to distinguish changes in the accounting Estimates, from changes to accounting policy. The amendments will come into force from 1 January 2023, but early application is permitted. The Directors are currently considering the potential effects of introducing these amendments into the Group's consolidated financial statements;
- › On 7 May 2021, the IASB published an amendment named "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The document explains that deferred taxes need to be recognised on certain operations that could generate assets and liabilities of equal amounts, such as leasing and dismantling obligations. The amendments will come into force from 1 January 2023, but early

application is permitted. The Directors do not expect to see any significant impact on the Group's consolidated financial statements as a result of these amendments.

3 Estimates and assumptions

The preparation of the Consolidated Financial Statements according to IFRS requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities in the statement of financial position, and the accompanying disclosures regarding potential assets and liability at the date of publication of the financial statements, as well as revenues and costs for the period.

The estimates are based on experience and other factors considered relevant. The actual results could differ from estimates. Estimates are reviewed periodically and the effects of each change are reflected in consolidated profit or loss, in the period when the estimate is reviewed.

Below is a list of cases that require greater subjectivity by management, in producing the estimates:

- › **Measurement of receivables:** the provision for bad debts reflects the estimates of the expected losses for the Group's receivables. Provisions for expected losses on receivables have been made, estimated based on past experience with reference to receivables with a similar credit risk, current and past amounts unpaid, as well as careful monitoring of the quality of receivables and current and estimated conditions of the economy and the reference markets. The estimates and assumptions are reviewed periodically and the effects of each change are recognised in profit or loss as they occur. In 2020, due to the continuation of the pandemic, the Company conducted a sensitivity test on the recoverability of the value of receivables on which there is a buyback obligation. Various sensitivity scenarios were presented, and with a portfolio of approximately EUR 170 million they led to an increase of EUR 3.2 million in the provision set aside during the 2020 financial year. The purpose of the provision made in 2020 was intended to indicate on the financial statements the probable risk of customer defaults, due to the effects of the continued pandemic, such as gym closures and entry restrictions imposed to maintain social distancing. The final figures for 2021 show that the recorded defaults amounted to EUR 1.2 million, a clear improvement on the forecasts presented in the financial statements during the previous year. Another 4 sensitivity scenarios were presented up to 31 December 2021, considering the current trend in the portfolio. It has been estimated that for the next year, the risk of default will be approximately EUR 3 million on a portfolio of EUR 160 million; based on our analysis this scenario is highly probable.
- › **Measurement of inventories:** obsolete stocks are periodically measured and written down if the net realisable value is lower than the carrying amount. Write-downs are calculated based on management's assumptions and estimates, arising from management's experience and past results achieved.
- › **Measurement of deferred taxes:** deferred taxes are measured based on expectations of taxable income expected in future years. The measurement of expected taxable income depends on factors that could vary in time and have significant effects on the measurement of deferred tax assets.
- › **Income taxes:** the Group is subject to different laws on income tax in numerous jurisdictions. The determination of the Group's tax liabilities requires management to use measurements with reference to transactions with tax implications that are not certain at the end of the reporting period. The Group recognises liabilities that could arise from

future audits by tax authorities based on the estimate of taxes due. If the outcome of the above audits differs from that estimated by management, significant effects on current and deferred taxes could be possible.

- › **Development costs:** the Group capitalises costs for the development of new products and processing procedures. Costs are capitalised based on management's judgement, which confirms the technical, financial and commercial feasibility of development projects. In determining amounts to capitalise, management makes some assumptions as to the generation of the project's expected future cash flows, consequent discount rates to apply and the expected useful life of capitalised costs. As of 31 December 2021, the net carrying amount of capitalised development costs was equal to Euro 21,087 thousand (Euro 19,337 thousand at 31 December 2020).
- › **Impairment of assets:** assets are impaired when events or changes in circumstances lead to the assumption that the carrying amount in the financial statements can no longer be recovered. Events that may cause an impairment of an asset include changes in industrial plans, changes in market prices or a reduced use of plants. The decision to write-down an asset and quantify the write-down depends on management's evaluations of complex and highly uncertain factors, including the future trend of prices, the impact of inflation and technological progress on production costs, production profiles and conditions of demand and supply. The write-down is determined by comparing the carrying amount with the relative recoverable value, represented by the higher of the fair value, net of disposal costs, and value in use determined by discounting expected cash flows arising from use of the asset. Expected cash flows are quantified in the light of information available at the time of the estimate based on subjective judgements of the trend of future variables, such as prices, costs, rates of growth in demand, production profiles, and are discounted using a rate that takes into account the implied risk of the asset concerned.
- › **Business combinations:** the recognition of business combinations implies attributing the difference between the purchase cost and net carrying amount to the assets and liabilities of the acquired company. For most assets and liabilities, the difference is attributed by recognising assets and liabilities at their fair value. The part which is not attributed, if positive, is recognised as goodwill, or if negative, recognised in profit or loss. In this process, the Group uses the available information and, for more significant business combinations, external valuations.
- › **Useful life of tangible and intangible assets with a finite useful life:** depreciation is calculated based on the useful life of the asset. Useful life is determined when the asset is recognised in the financial statements. Valuations of the duration of useful life are based on past experience, market conditions and expectations of future events that could have an effect on the useful life, including technological changes. Consequently, the actual useful life may differ from the estimated useful life.
- › **Employee benefits:** defined benefit plans are measured based on uncertain events and actuarial assumptions that include, among others, discount rates, expected returns on assets serving plans (if existing), the level of future remuneration, mortality rates, retirement age and future trends of covered health expenses. The main assumptions used to quantify defined benefit plans are determined as follows: (i) the discount and inflation rates that represent the rates based on which obligations to employees could actually be carried out, are based on the rates that accrue on high-quality bonds and inflation expectations; (ii) the level of future remuneration is determined based on elements such as inflation expectations, productivity, career progress and seniority; (iii) the future cost of healthcare is determined based on elements such as the present and past trend of healthcare costs, including assumptions concerning the inflation trend of costs, and changes in the health conditions of entitled parties; (iv) demographic assumptions that reflect the best estimate of the trend in variables, such as mortality, turnover and disability, and other variables relative to the entitled population. The differences in the value of net liabilities (assets) of employee benefit plans arising from changes in the actuarial assumptions used and the

difference between actuarial assumptions previously adopted and those actually used occur normally and are defined as actuarial gains or losses. Actuarial gains and losses relative to defined benefit plans are recognised in other comprehensive income. The actuarial assumptions are also adopted to determine obligations relative to other long-term benefits; for this purpose, the effects arising from changes to actuarial assumptions or characteristics of the benefit are recognised in full in profit or loss.

- › **Measurement of provisions for risks:** the Group recognises a liability for disputes and lawsuits in progress when it is considered probable that there will be a financial outflow and when the amount of the resulting loss can be reasonably estimated. In the event a financial outflow is possible but the amount cannot be determined, this fact is disclosed in the notes to the financial statements. The causes may relate to complex legal and tax issues that are subject to different level of uncertainty, against which it is possible that the value of the funds may vary as a result of future developments in the ongoing proceedings. The Group monitors the status of pending litigation and consults with its own legal advisors and experts. Moreover, when selling the product, the Group makes provisions relating to estimated costs for product warranties. The estimate of this fund is calculated on the basis of historical information on the nature, frequency and average cost of warranty claims.
- › **Fair value of financial instruments:** the fair value of unlisted financial instruments is determined according to commonly used financial valuation techniques that require basic assumptions and estimates. These assumptions might not occur according to expected times and procedures. Therefore Group estimates could deviate from final data.
- › **Share-based payments:** the fair value of share-based payments is estimated by determining the most appropriate measurement model, which depends on the terms and conditions of the plan. This estimate also requires the determination of the most appropriate input for the measurement model, including the expected duration of the option or granted right, the volatility and return on dividends, and the related assumptions.
- › **Estimate of variable considerations relative to returns and discounts on volumes:** the Group estimates variable considerations to include in the transaction price for the sale of products with the right to return them. The Group has developed a statistical model for expected returns on sales. This model is based on historical data relative to each product, to obtain the percentages of expected returns. The percentages obtained are applied to determine the expected value of the variable consideration. Any future change compared to past experience will affect the expected return percentages estimated by the Group.

4 Segment reporting

IFRS 8 defines an operating segment as a component of an entity (i) that engages in business activities from which it may earn revenues and incur expenses (ii) whose operating results are reviewed regularly by the entity's chief operating decision maker and (iii) for which discrete financial information is available.

The Group's approach to the market follows a unique business model that offers an integrated range of 'Wellness solutions' and also pursues higher levels of operational efficiency through cross-production.

However, for the purposes of operational and sales analysis, Management considers the customer segments, geographical areas and distribution channels to be important aspects, and monitors revenue trends on that basis.

The type of organisation described above reflects the way that Management monitors and strategically directs the activities of the Group.

A breakdown of the Group's revenues by customer segment, geographical area and distribution channel is provided below:

<i>(In thousands of Euro and percentage of total revenues)</i>	Year ended 31 December		Changes	
	2021	2020	2021 vs 2020	%
BtoC	181,706	154,129	27,577	17.9%
BtoB	429,705	355,550	74,155	20.9%
Total revenues	611,412	509,679	101,733	20.0%

<i>(In thousands of Euro and percentage of total revenues)</i>	Year ended 31 December		Changes	
	2021	2020	2021 vs 2020	%
Europe (without Italy)	291,122	247,875	43,247	17.4%
APAC	110,782	88,343	22,439	25.4%
North America	69,042	57,304	11,739	20.5%
Italy	63,032	59,789	3,244	5.4%
MEIA	62,333	42,866	19,468	45.4%
LATAM	15,100	13,505	1,596	11.8%
Total revenues	611,412	509,679	101,733	20.0%

<i>(In thousands of Euro and percentage of total revenues)</i>	Year ended 31 December		Changes	
	2021	2020	2021 vs 2020	%
Field sales	374,290	325,035	49,255	15.2%
Wholesale	145,322	102,358	42,964	42.0%
Inside sales	79,500	70,009	9,491	13.6%
Retail	12,300	12,277	23	0.2%
Total revenues	611,412	509,679	101,733	20.0%

The following table gives a breakdown of non-current assets, excluding deferred tax assets, by geographical area for the years ended 31 December 2021 and 2020:

<i>(In thousands of Euro)</i>	Europe (excluding Italy)		MEIA		APAC		Italy		North America		LATAM	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Property, plant and equipment	27,126	28,810	1	0	4,304	1,490	119,660	125,377	2,073	2,908	399	658
Intangible assets	838	1,104	0	0	19	26	49,830	46,215	0	0	10	19
Investments in joint ventures	0	16,543	0	0	0	0	4,438	2,193	0	0	0	0
Other non-current assets	18,753	19,389	3	0	1,814	1,672	38,459	27,900	2,384	3,178	1,458	477
Non-current financial assets	0	2,792	0	0	0	0	200	200	0	0	0	0
Total	46,717	68,638	4	0	6,137	3,188	212,588	201,885	4,457	6,086	1,866	1,154

In accordance with IFRS 8, paragraph 34, for the years ended 31 December 2021 and 31 December 2020, the Group did not have any clients generating more than 10% of total revenues.

5 Impacts of Covid-19 and business continuity

The 2021 financial year was also impacted by the Covid-19 pandemic although with less significant effects. The rollout of the vaccine campaign marked the beginning of a gradual but significant upturn in demand, with the timing and mode of recovery differing in the various geographical areas.

However, as the Covid-19 emergency has still had an impact on the business, which is still considered a trigger event, the Group repeated the preliminary qualitative analysis performed in 2020, on all the financial statement items (also bearing in mind that intangible assets with an indefinite useful life are not recognised in the financial statements), in order to identify any impairment losses. Where considered necessary, based on this preliminary quantitative analysis, an impairment test was conducted. This analysis did not lead to the recognition of any write-downs due to lasting impairment of value, and confirmed the growth prospects of the Group, which maintained a consistent level of financial and profit solidity during 2021.

Finally, considering the Group's net financial position as of 31 December 2021, which was positive by 96 million and includes cash and cash equivalents of 174.3 million, as well as undrawn credit lines of approximately 256 million, and considering the Group's future growth prospects in relation to both products and markets, the Directors believe there is no uncertainty about the continuity of the Group's business. Technogym has proved its readiness to seize new opportunities in order to continue meeting its customers' expectations and to achieve its mission of fostering a wellness culture worldwide.

6 Notes on the statement of financial position

6.1 PROPERTY, PLANT AND EQUIPMENT

The item "Property, plant and equipment" amounted to Euro 153,563 thousand at 31 December 2021 (Euro 159,243 thousand at 31 December 2020).

The following table shows the amounts and movements in "Property, plant and equipment" for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Land	Buildings and leasehold improvements	Plant and machinery	Production and commercial equipment	Other assets	Intangibles under development and advances	Total
Historical cost at 1 January 2020	13,077	158,832	26,389	77,338	31,870	2,867	310,372
IFRS16 investments	—	7,241	—	—	2,484	—	9,725
Investments	—	978	775	5,242	1,516	600	9,111
IFRS16 disposals	—	(977)	—	—	(236)	—	(1,213)
Disposals	—	(110)	(43)	(481)	(1,820)	(265)	(2,718)
Impairment losses	—	—	—	—	—	(91)	(91)
Reclassifications	—	—	1,067	76	(368)	(1,303)	(529)
Exchange rate differences	—	(1,632)	—	(87)	(506)	—	(2,225)
Change in scope of consolidation	—	—	—	—	—	(0)	(0)
Historical cost at 31 December 2020	13,077	164,332	28,188	82,087	32,939	1,809	322,432
Accumulated amortization as of 1 January 2020	—	(45,944)	(17,207)	(58,810)	(20,494)	—	(142,453)
IFRS16 depreciation/amortisation	—	(4,406)	—	—	(2,176)	—	(6,582)
Depreciation and amortisation	—	(5,644)	(1,809)	(7,277)	(2,402)	—	(17,132)
IFRS16 disposals	—	—	—	—	165	—	165
Disposals	—	47	31	369	939	—	1,386
Reclassifications	—	—	—	123	406	—	529
Impairment losses	—	—	—	—	—	—	—
Exchange rate differences	—	543	—	61	295	—	899
Change in scope of consolidation	—	—	0	(0)	—	—	(0)
Accumulated depreciation at 31 December 2020	—	(55,404)	(18,985)	(65,534)	(23,266)	—	(163,189)
Net values at 31 December 2020	13,077	108,928	9,203	16,553	9,673	1,809	159,243
Historical cost at 1 January 2021	13,077	164,332	28,188	82,087	32,939	1,809	322,432

<i>(In thousands of Euro)</i>	Land	Buildings and leasehold improvements	Plant and machinery	Production and commercial equipment	Other assets	Intangibles under development and advances	Total
IFRS16 investments	—	4,698	—	—	2,024	—	6,722
Investments	—	1,415	1,036	3,918	2,558	2,168	11,095
IFRS16 disposals	—	(75)	—	—	(340)	—	(415)
Disposals	—	(31)	(145)	(1,964)	(4,251)	—	(6,391)
Impairment losses	—	—	—	—	—	—	—
Reclassifications	—	10	578	1,754	50	(2,418)	(26)
Exchange rate differences	—	803	—	41	370	—	1,214
Historical cost at 31 December 2021	13,077	171,151	29,657	85,836	33,351	1,559	334,631
Accumulated amortization as of 1 January 2021	—	(55,404)	(18,985)	(65,534)	(23,266)	—	(163,189)
IFRS16 depreciation/amortisation	—	(4,799)	—	—	(2,048)	—	(6,848)
Depreciation and amortisation	—	(5,734)	(1,832)	(6,837)	(1,934)	—	(16,338)
IFRS16 disposals	—	—	—	—	293	—	293
Disposals	—	31	145	1,850	3,672	—	5,697
Reclassifications	—	—	—	0	(5)	—	(5)
Impairment losses	—	—	—	—	—	—	—
Exchange rate differences	—	(410)	—	(35)	(235)	—	(680)
Accumulated depreciation at 31 December 2021	—	(66,317)	(20,673)	(70,556)	(23,523)	—	(181,068)
Net values at 31 December 2021	13,077	104,835	8,984	15,280	9,827	1,559	153,563

The category "Buildings and leasehold improvements" mainly includes buildings used for production and commercial activities and the associated installations also at the complex called "Technogym Village", used as corporate headquarters. The increases pertaining to IFRS 16 refer to the right to use new offices of several Group companies, specifically Technogym Australia and Technogym Shanghai. "Plant and machinery" mainly includes production line assembly plants. "Production and commercial equipment" mainly refers to the moulds used for production and the equipment used for machine assembly. "Assets under construction" mainly relate to investments in production lines at the Group's sites, which had yet been placed in service at year-end, and to moulds not yet available for use.

Investments for the year ended 31 December 2021 amounted to Euro 11,095 thousand, excluding the effects of IFRS 16, which refer to property leases, vehicle and forklift truck leasing contracts. Investments in assets under construction (Euro 2,168 thousand), mainly refer to the renovation of production lines; investments in industrial and commercial equipment (Euro 3,918 thousand) mainly refer to the purchase of moulds for the continual expansion and renovation of production lines; investments in plant and machinery (Euro 1,036 thousand) chiefly concern the implementation of new production lines.

Net disposals of property, plant and equipment for the year ended 31 December 2021 amount to Euro 694 thousand, compared to Euro 1,332 thousand as of 31 December 2020. As of 31 December 2021 and 2020, there was no property or instrumental asset that was subject to any kind of guarantee provided to a third party.

Some detailed information relative to IFRS 16 has been provided below for a greater clarity and understanding of the financial statements.

The table below shows the impact of IFRS 16 on the consolidated financial position to 31 December 2021 and for the year ended 31 December 2020.

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Rights of use		
Buildings	18,562	18,254
Equipment	1,142	1,287
Cars	3,315	3,213
Others	—	—
Total rights of use	23,019	22,754
Lease liabilities		
IFRS 16 Financial liabilities - Current	7,165	5,965
IFRS 16 Non-current financial liabilities	16,868	17,763
Total lease liabilities	24,033	23,727

The table below shows the impact of IFRS 16 on the consolidated income statement to 31 December 2021 and 31 December 2020:

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Payment reversals		
Buildings	5,574	5,011
Equipment	166	241
Cars	1,511	1,640
Total payment reversals	7,251	6,892
Depreciation of rights of use		
Buildings	(4,799)	(4,406)
Equipment	(387)	(330)
Cars	(1,661)	(1,846)
Total depreciation	(6,848)	(6,582)
Interest		
Interest expense	(506)	(681)
Total interest	(506)	(681)

6.2 INTANGIBLE ASSETS

The item "Intangible assets" amounted to Euro 50,697 thousand at 31 December 2021 (Euro 47,365 thousand at 31 December 2020). The following table shows the amounts and movements of intangible assets for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Development costs	Patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Intangibles under development and advances	Other intangible assets	Total
Historical cost at 1 January 2020	30,847	29,931	1,546	8,183	891	71,398
Investments	6,530	4,844	259	3,443	212	15,289
Disposals	(5,736)	(1,109)	(262)	(10)	(47)	(7,165)
Impairment losses	—	—	—	(350)	—	(350)
Reclassifications	4,261	80	—	(4,391)	17	(33)
Exchange rate differences	—	(4)	—	—	0	(4)
Historical cost at 31 December 2020	35,903	33,742	1,542	6,875	1,073	79,135
Accumulated amortisation as of 1 January 2020	(16,510)	(9,647)	(1,025)	—	(771)	(27,953)
Depreciation and amortisation	(5,763)	(4,947)	(172)	—	(69)	(10,952)
Disposals	5,704	1,095	262	—	36	7,098
Reclassifications	—	17	—	—	16	33
Exchange rate differences	4	0	—	—	(1)	3
Accumulated depreciation at 31 December 2020	(16,565)	(13,481)	(935)	—	(789)	(31,770)
Net values at 31 December 2020	19,337	20,261	607	6,875	285	47,365
Historical cost at 1 January 2021	35,903	33,742	1,542	6,875	1,073	79,135
Investments	6,036	5,442	288	4,738	91	16,596
Disposals	(6,330)	(464)	(34)	—	(53)	(6,881)
Impairment losses	—	—	—	(29)	—	(29)
Reclassifications	2,452	25	—	(2,460)	8	26
Exchange rate differences	—	152	—	—	0	152
Historical cost at 31 December 2021	38,061	38,897	1,797	9,124	1,120	88,999
Accumulated amortization as of 1 January 2021	(16,565)	(13,481)	(935)	—	(789)	(31,770)
Depreciation and amortisation	(6,739)	(6,171)	(216)	—	(96)	(13,221)
Disposals	6,330	457	34	—	47	6,867
Reclassifications	—	5	—	—	—	5
Exchange rate differences	—	(182)	—	—	(0)	(182)
Accumulated depreciation at 31 December 2021	(16,974)	(19,374)	(1,116)	—	(838)	(38,303)
Net values at 31 December 2021	21,087	19,523	680	9,124	282	50,697

“Development costs” refer to the costs arising from the innovation activity performed by the Group as part of its core business. “Patents and intellectual property rights” include expenditures related to the acquisition and registration of patents, models and designs. The category “Concessions, licences, trademarks and similar rights” includes trademarks and the associated costs of registration, as well as the costs for software rights and user licences. “Intangibles under development and advances” mainly refers to expenses incurred by the Group relative to projects for the development of new products, product lines, software and supporting applications not yet in use at year-end. “Other intangible assets” concern the costs incurred relating to the recognition of intangible assets that meet the requirements of IAS 38 for recognition in the financial statements.

Investments for the year ended 31 December 2021 amounted to a total of Euro 16,596 thousand. Investments in intangible assets under development and advances (Euro 4,738 thousand) mainly relate to the development of new products and product lines, as well as to software and software applications; investments in patents and intellectual property rights (Euro 5,442 thousand) mainly refer to the upgrade and implementation of the new ERP SAP system, and upgrades to software used by the Group; investments in development costs (Euro 6,036 thousand) mainly refer to the costs incurred in updating and extending the range of products and services.

Net disposals of intangible assets for the years ended 31 December 2021 and 2020 are not significant.

6.3

DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

“Deferred tax assets” amounted to Euro 20,280 thousand at 31 December 2021 (Euro 18,532 thousand at 31 December 2020), while the item “Deferred tax liabilities” amounted to Euro 301 at 31 December 2021 (Euro 343 thousand at 31 December 2020).

The following table shows the amounts and movements of deferred tax assets and liabilities for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Values at 1 January 2020	Provisions	Utilisations	Reclassi- fications	Values at 1 January 2021	Provisions	Utilisations	Reclassi- fications	Values at 31 December 2021
Deferred tax assets									
Inventory write-down provision	3,075	1,304	(40)	—	4,339	492	(207)	—	4,624
Warranties provision	2,159	844	(1,016)	—	1,988	975	(936)	—	2,027
Accumulated amortisation of trademarks	143	118	(14)	—	247	460	(257)	—	451
Other provisions for risks	2,485	884	(2,317)	—	1,052	1,574	(915)	—	1,711
Bad debt provision	666	880	(31)	—	1,516	133	(300)	—	1,349
Accruals provision	0	—	—	—	0	—	—	—	0
Unrealised exchange losses	90	419	0	(134)	376	0	—	(279)	97
Post-employment benefits	269	6	(46)	—	229	94	(21)	—	302
Other	148	202	(329)	—	22	769	(147)	—	644
PNC fund	386	102	(45)	—	444	105	(62)	—	487
Provision for consolidated adjustments	—	984	(35)	—	949	906	(29)	—	1,826
Intercompany stock profit provision	6,122	1,406	(157)	—	7,371	—	(611)	—	6,760
Total deferred tax assets	15,543	7,150	(4,028)	(134)	18,532	5,510	(3,483)	(279)	20,279
Deferred tax liabilities									
Provision for consolidated adjustments	—	(192)	128	—	(64)	(52)	4	—	(112)
Unrealised exchange gains	(41)	—	—	(134)	(175)	—	398	(279)	(55)
Others	(262)	(0)	158	—	(104)	(87)	56	—	(134)
Total deferred tax liabilities	(304)	(192)	287	(134)	(343)	(139)	458	(279)	(302)
Total	15,239	6,958	(3,742)	(267)	18,188	5,370	(3,025)	(557)	19,978

Where permitted by the IFRS, "Deferred tax assets" are shown net of the "Deferred tax liabilities", which can be offset in order to show a correct representation.

Deferred tax assets on tax losses were recognised taking into account that there is a reasonable certainty that in future years positive results will be achieved that are likely to absorb such losses.

In addition, the Group had tax losses carried forward of **Euro 14,343 thousand**, not recognised in deferred tax assets at 31 December 2021. Total deferred tax assets were approximately Euro 2.2 million, which the Group has not made any provision for as they are not considered recoverable.

6.4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The item "Investments in joint ventures and associates" amounted to Euro 4,438 thousand at 31 December 2021 (Euro 18,736 thousand at 31 December 2020).

The following table shows the amounts and movements of investments in joint ventures and associates for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Joint ventures	Associates	Total
Values at 31 December 2019	17,863	199	18,063
Investments	—	—	—
Disinvestments	—	—	—
Impairment losses	—	—	—
Dividends	—	—	—
Net result	874	9	883
Exchange rate differences	(210)	—	(210)
Values at 31 December 2020	18,527	208	18,736
Investments	5	1,288	1,293
Disinvestments	(16,944)	—	(16,944)
Impairment losses	—	—	—
Dividends	(436)	—	(436)
Net result	1,586	(76)	1,509
Exchange rate differences	280	—	280
Values at 31 December 2021	3,017	1,421	4,438

Details of movements relating to joint ventures are provided below.

<i>(In thousands of Euro)</i>	Values as of 31 December 2020	Exchange rate differences	Investments	Disinvestments	Dividends	Net result	Values as of 31 December 2021
Exerp Aps	16,417	(24)	—	(16,650)	—	257	—
Exerp America LLC	79	—	—	(193)	—	114	—
Exerp Asia Pacific Pty	47	—	—	(101)	—	54	—
Technogym Emirates LLC	1,984	303	—	—	(436)	1,164	3,015
Wellness Explorers Srl	—	—	5	—	—	(3)	2
Total	18,527	280	5	(16,944)	(436)	1,586	3,017

As of 31 December 2021 and 2020, the category "Joint ventures" referred to the stakes held in Technogym Emirates LLC (49%), which was set up by the Group with a company in the United Arab Emirates in order to facilitate the distribution and sale of products and services in that area, and in Wellness Explorers Srl (50%), an Italian-law company whose object is to conduct detailed market research and run marketing campaigns to optimise the digital strategy.

May 2021 saw the disposal of the Exerp Group, resulting in the deconsolidation of the holding company Amleto APS, a Danish company 100%-owned by Technogym Spa, and of Exerp APS, Exerp America LLC and Exerp Asia Pacific Pty. That operation led to the recognition of a gain on the profit and loss statement, of Euro 13,961 thousand.

The financial highlights of joint ventures are reported below from a standalone perspective, i.e. before the consolidation process.

<i>(In thousands of Euro)</i>	Technogym Emirates LLC		Exerp Aps		Exerp America LLC		Exerp Asia Pacific Pty		Wellness Explorers Srl	
	As of 31 December		As of 31 December		As of 31 December		As of 31 December		As of 31 December	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Equity	8,596	6,357	—	4,133	—	176	—	97	4	—
Total revenues	22,783	18,939	—	13,208	—	3,627	—	1,226	540	—
Profit/(loss) for the period	2,510	1,276	—	2,417	—	95	—	71	(6)	—

Details of movements relating to associates are provided below.

<i>(In thousands of Euro)</i>	Values at 31 December 2020	Exchange rate differences	Investments	Disinvestments	Dividends	Net result	Values at 31 December 2021
Wellink srl	209	—	—	—	—	15	223
Physio AG	—	—	1,288	—	—	(91)	1,197
Total	209	—	1288	—	—	(77)	1,420

As of 31 December 2021, the category "Associates" mainly referred to the 40% shareholding in Wellink S.r.l., an Italian company that develops and implements custom projects for wellness centres, and to the 31.5% stake in Physio AG, a German company whose purpose is to consolidate the development and sale of the biocircuit platform on the German market.

The financial highlights of the associated companies are reported below from a standalone perspective, i.e. before the consolidation process.

<i>(In thousands of Euro)</i>	Wellink srl		Physio AG	
	As of 31 December		As of 31 December	
	2021	2020	2021	2020
Equity	407,680	369,515	815,469	—
Total revenues	609,628	620,008	913,013	—
Profit/(loss) for the period	38,165	13,960	470,031	—

Equity investments are impairment-tested when there are indications of specific impairments, mainly where there is a significant loss for the year or where the performance is not in line with the plan forecasts.

On 31 December 2021 an impairment test was conducted on the German affiliate Physio AG, which was acquired during the year. Although this is a recent acquisition, the Company decided to conduct an impairment test to check whether the findings based on the projections in the plans prepared by local management revealed any impairment indicators.

The updated test revealed that the company's equity value is higher than the value of the investment recognised on the financial statements, thus there is no need to write-down these investments because there are no indications of loss of value. The WACC used was 8.70%, with a *g* value of 0.

In line with IAS 36, impairment testing was carried out by comparing the recoverable value, net of the net financial position (NFP) at 31 December 2021 ("Economic Value") with the relative carrying amounts of the investments at 31 December 2021.

For the purposes of estimating the recoverable value, the economic value of the investments was determined, using the "Discounted Cash Flow – asset side" method, which considers the operating cash flows expected by the company based on the plans approved by the management and subtracting the net financial position at the reporting date.

The calculation method is reported below:

Equity Value = V-PFN

where:

$$V = \sum_{i=1}^n \frac{FCF_i}{(1+WACC)^i} + TV$$

NFP = net financial position;

FCF = free cash flow, or cash flow generated by operations;

WACC = weighted average cost of capital;

n = explicit forecast period;

TV = present terminal value, i.e. value deriving from cash flows generated outside the explicit forecast time horizon.

The cash flows for periods after the fifth year were calculated using the following formula (Gordon formula):

where:

$$TV = \frac{FCF_n \times (1+g)}{WACC - g}$$

FCF_n = cash flow sustainable beyond the explicit forecast time horizon;

g = growth rate of the business beyond the hypothesised plan period;

WACC = weighted average cost of capital.

The discount rate used is the Weighted Average Cost of Capital (WACC) relating to the investment. The method applied is the Capital Asset Pricing Model, based on which the rate is determined on a mathematical model given by the sum of the return of a risk-free asset plus a risk premium (market premium risk). The market premium risk, in turn, is given by the product of the average market risk for the specific beta of the sector.

In applying this method, the main assumptions used are the estimate of future increases in sales, the gross margin, operating costs, the growth rate in terminal values, investments, changes in the operating capital and the weighted average cost of capital (discount rate).

The growth rate *g* used was prudentially equal to zero.

Had the Technogym Group carried out impairment testing on Physio AG by applying to the cash flow forecasts a higher discounting rate than the one used by local Management in its estimate, the results of the test would not have been significantly different compared to the recognised results.

6.5 OTHER NON-CURRENT ASSETS

The item "Other non-current assets" amounts to Euro 62,871 thousand at 31 December 2021 (Euro 52,616 thousand on 31 December 2020).

The following table provides details of "Other non-current assets" on 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Other non-current assets		
Transferred trade receivables due after 12 months	28,303	17,414
Provisions for transferred receivables - due after 12 months	(2,018)	(1,669)
Income tax receivables due after 12 months	2,730	1,106
Security deposits	2,429	2,048
Other receivables	800	952
Investments in other entities	977	785
Receivables for buy backs - due after 12 months	29,651	31,980
Total other non-current assets	62,871	52,616

"Transferred trade receivables due after 12 months" net of the relative bad debt provision, equal to Euro 26,285 thousand and Euro 15,745 thousand at 31 December 2021 and 2020 respectively, include the non-current portion of receivables arising from the sale of goods which, although transferred to third party financial institutions, are retained in the financial statements as they do not meet all the conditions required by IFRS 9 for their derecognition from assets. The financial liabilities include the amounts received from financial institutions in the form of advances for these transfers. The bad debts provision, which has a current quota of EUR 1.2 million and a non-current quota of EUR 2 million, was reduced by a total of EUR 1.2 million during the year after it was used to cover losses following the defaults seen in 2021. As explained in the paragraph "Estimates and assumptions", following the analysis of the trend in the receivables book, the Company considers the provision recognised on the financial statements to be enough to cover the risk of loss estimated on the basis of recent data, and thus no additional sums were set aside.

"Income tax receivables due after 12 months" relate to the "patent box" taxation rules, the tax credit for investments in new business assets, and the tax credit for research and development.

"Security deposits" of Euro 2,429 thousand as of 31 December 2021 are recognised in respect of property leases, lease agreements for vehicles, and utilities.

"Receivables for buy backs due after 12 months" recognised in accordance with IFRS 15, relate to non-current assets for sales with the right of return, which may be exercised by certain categories of customer when new machinery is bought.

The decrease compared to the previous year is only due to the reclassification of an amount into "Other current assets", as from next year customers will be able to exercise a buyback option on the machines sold.

The following table shows the details of “investments in other entities” for the years ended 31 December 2021 and 31 December 2020.

<i>(In thousands of Euro)</i>	Registered office	% of control	Currency	As of 31 December	
				2021	2020
Entity name					
Qicraft Sweden AB	Sweden	10%	SEK	81	55
Qicraft Norway AS	Norway	10%	NOK	343	228
Qicraft Finland OY	Finland	10%	EUR	79	78
Fimex	Switzerland	5%	CHF	290	266
Pubblisole Spa	Italy	2%	EUR	100	100
Crit S.r.l.	Italy	1%	EUR	26	26
Other investments	n.a.	n.a.	n.a.	58	34
Total investments in other entities				977	785

In accordance with IFRS 9, these equity instruments are classified as financial assets at fair value and recognised in profit or loss.

The increase in the item “Total investments in other entities” is mainly due to an increase in share capital of Euro 25 thousand in the company Sviluppo Imprese Romagna S.p.A.

6.6 INVENTORIES

The item “Inventories” amounts to Euro 108,548 thousand as of 31 December 2021 (Euro 82,614 thousand as of 31 December 2020). The following table gives a breakdown of this item of 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Inventories		
Raw materials (gross value)	25,217	15,946
Write-down provision	(2,049)	(2,048)
Total raw materials	23,168	13,898
Work in progress (gross value)	1,356	1,229
Write-down provision	(136)	(151)
Total work in progress	1,220	1,078
Finished goods (gross value)	104,029	85,390
Write-down provision	(19,870)	(17,752)
Total finished goods	84,160	67,638
Total inventories	108,548	82,614

The increase in the balance of inventories as of 31 December 2021 compared to 31 December 2020 is mainly due to the rise in the prices of raw materials, the impact of these price increases on the value of the end product, and to the Group's decision to increase

warehouse stocks in order to avoid delays in production due to lack of components. Average storage time fell from 89 days for the year ended 31 December 2020 to 92 days for the year ended 31 December 2021; the inventory turnover ratio fell from 4.1 to 3.9.

The following table shows the amounts and movements of the inventory write-down provision for the years ended 31 December 2021 and 31 December 2020.

<i>(In thousands of Euro)</i>	Raw materials	Work in progress	Finished goods	Total inventory write-down provision
Values at 01 January 2020	1,482	143	13,627	15,252
Net provisions	582	12	6,863	7,457
Utilisations	(15)	(4)	(2,379)	(2,398)
Reclassifications	—	—	—	—
Exchange rate differences	—	—	(360)	(360)
Values at 31 December 2020	2,048	151	17,752	19,951
Net provisions	11	13	3,632	3,656
Utilisations	(10)	(29)	(2,008)	(2,047)
Reclassifications	—	—	210	210
Exchange rate differences	—	—	284	284
Values at 31 December 2021	2,049	136	19,870	22,054

6.7 TRADE RECEIVABLES

The item "Trade receivables" amounted to Euro 104,242 thousand on 31 December 2021 (Euro 81,060 thousand on 31 December 2020) net of the bad debt provision.

The following table contains a breakdown of the trade receivables as of 31 December 2021 and 2020:

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Trade receivables		
Trade receivables (gross value)	94,979	72,902
Bad debt provision	(5,963)	(4,110)
Transferred trade receivables	16,395	15,035
Bad debt provision	(1,169)	(2,767)
Total trade receivables	104,242	81,060

The reduction in "Trade receivables" during the reporting period is mainly due to a generic rise in sales and an increase in list prices during the year, to partially offset the rise in the cost of procuring materials. Average days to collect outstanding trade receivables rose from 46 for the year ended in 2020, to 50 for the year ended in 2021; the turnover ratio fell from 7.9 to 7.1. The activities of the debt collection and credit monitoring team were also important.

Transferred trade receivables net of the relative provision, equal to Euro 15,226 thousand at 31 December 2021 and Euro 12,268 thousand at 31 December 2020, refer to the current portion of receivables arising from the sale of goods which, although they are transferred to financial institutions, are retained in the financial statements as they do not meet all

the conditions required by IAS 9 for derecognition from assets. The bad debts provision, which has a current quota of EUR 1.2 million and a non-current quota of EUR 2 million, was reduced by a total of EUR 1.2 million during the year after it was used to cover losses following the defaults seen in 2021. As explained at length in the paragraph "Estimates and assumptions", following the analysis of the trend in the receivables book, the Company considers the provision recognised on the financial statements is sufficient, and thus no additional sums were set aside.

The financial liabilities include the amounts received from financial institutions in the form of advances for these transfers.

The following table contains a breakdown of trade receivables broken down by maturity as of 31 December 2021 and 2020:

<i>(In thousands of Euro)</i>	Not overdue	Up to 30 days past due	Between 31 and 90 days past due	Between 91 and 180 days past due	Between 181 and 360 days past due	More than 360 days past due	Total
As of 01 January 2020	108,717	10,831	4,859	1,458	581	1,026	127,472
Trade receivables (gross value)	59,103	4,764	3,462	1,315	2,205	2,052	72,902
Bad debt provision	—	(332)	(38)	(207)	(1,828)	(1,705)	(4,110)
Transferred trade receivables	15,035	—	—	—	—	—	15,035
Bad debt provision	(2,766)	—	—	—	—	—	(2,766)
As of 31 December 2020	71,372	4,432	3,424	1,109	377	347	81,061
Trade receivables (gross value)	66,482	16,043	6,312	2,245	1,756	2,142	94,979
Bad debt provision	—	(331)	(1,079)	(1,225)	(1,311)	(2,019)	(5,963)
Transferred trade receivables	16,395	—	—	—	—	—	16,395
Bad debt provision	(1,169)	—	—	—	—	—	(1,169)
As of 31 December 2021	81,708	15,712	5,233	1,020	445	123	104,242

The following table reports the amounts and changes in the bad debt provision for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Bad debt provision
Values at 01 January 2020	3,269
Net provisions	4,275
Utilisations	(419)
Exchange rate differences	(248)
Values at 31 December 2020	6,877
Net provisions	3,065
Utilisations	(3,010)
Exchange rate differences	201
Values at 31 December 2021	7,133

Specific bad debt provisions have been established for doubtful receivables for which legal proceedings have been started to collect sums due, and for some receivables due from customers with a lower likelihood of collection.

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

Main customers

In accordance with IFRS 8, paragraph 34, for the years ended 31 December 2021 and 2020, the Company did not have any clients generating more than 10% of total revenues.

6.8 CURRENT FINANCIAL ASSETS

The item "Current financial assets" amounted to Euro 53,837 thousand at 31 December 2021 (Euro 39 thousand at 31 December 2020) and relates to restricted bank deposits with a term of 3-12 months. In accordance with IAS 7, as these assets are not readily available they were not included in Cash and cash equivalents.

6.9 ASSETS FOR DERIVATIVE FINANCIAL INSTRUMENTS

The item "Assets for derivative financial instruments" amounted to Euro 127 thousand at 31 December 2021 (Euro 1,525 thousand at 31 December 2020).

The following table shows assets for derivative financial instruments broken down by currency at 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
USD	94	1,456
CNY	—	69
JPY	33	—
Total	127	1,525

Assets for derivative financial instruments are related to positive differences resulting from the fair value of "forward" contracts in place as of 31 December 2021 and 2020. They are listed in the table below:

<i>(In thousands of Euro)</i>	As of 31 December 2021			
	Currency	Currency inflow	Currency	Currency outflow
Forward	EUR	13,446	USD	15,200
Forward	EUR	2,319	JPY	150,000
Forward	EUR	2,834	AUD	4,500
Forward	EUR	137	CNY	1,000
Situation at 31.12.2021		2,368	GBP	2,000

<i>(In thousands of Euro)</i>	As of 31 December 2020			
	Currency	Currency inflow	Currency	Currency outflow
Forward	EUR	1,349	JPY	171,000
Forward	EUR	2,467	AUD	4,000
Forward	EUR	55,669	USD	66,500
Forward	EUR	3,544	CNY	28,000
Situation at 31.12.2020				

The exposure to exchange rate risk is mainly managed using contracts for the forward sale of currency denominated in the sale currency of some markets in which the Group operates. However, at 31 December 2021, these contracts were not recorded on a hedge accounting basis.

As of 31 December 2021, no hedge accounting transactions for currency risk were in place.

6.10 OTHER CURRENT ASSETS

The item "Other current assets" amounts to Euro 29,984 thousand as of 31 December 2021 (Euro 17,202 thousand as of 31 December 2020). The following table contains a breakdown of the other current assets at 31 December 2021 and 2020:

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Other current assets		
VAT receivables	4,398	3,533
Prepaid expenses	5,783	4,324
Advances to suppliers	4,316	2,413
Tax receivables	2,839	4,824
Accrued income	222	276
Receivables from employees	78	143
Other receivables	3,145	1,690
Receivables for buy backs - within 12 months	9,203	—
Total other current assets	29,984	17,202

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

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

"Advances to suppliers" relate to advances and deposits paid for supplies yet to be received.

Tax receivables mainly relate to a tax credit of the US branch, a tax credit for investments in new business assets, and the tax credit for research and development.

The balance of the item "Other receivables" mainly refers to receivables for dividends from joint ventures.

“Receivables for buy backs due within 12 months”, recognised in accordance with IFRS 15, relate to current assets for sales with the right of return, which may be exercised when new machinery is bought. The increase compared to the previous year is only due to the reclassification of part of the “Other current assets” item, as from next year customers will be able to exercise a buyback option on the machines sold.

6.11 CASH AND CASH EQUIVALENTS

The item “Cash and cash equivalents” amounted to Euro 174,306 thousand at 31 December 2021 (Euro 202,065 thousand at 31 December 2020).

The following table shows the amounts of cash and cash equivalents at 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Cash and cash equivalents		
Bank deposits	168,416	149,472
Cheques	320	280
Cash and cash equivalents	384	79
Term bank deposits <3 months	5,186	52,234
Total cash and cash equivalents	174,306	202,065

“Bank deposits” represent temporary cash surpluses on Group current accounts at year-end.

“Term bank deposits within 3 months” at 31 December 2020 represent temporary uses of surplus cash.

The following table shows the breakdown by currency of the item “Cash and cash equivalents” at 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
AUD	2,742	4,600
BRL	93	723
CHF	180	15
CNY	8,752	11,065
DKK	—	860
EUR	132,134	93,693
GBP	9,185	11,872
HKD	649	1,259
JPY	4,613	7,031
MXN	13	14
RUB	5,289	4,317
SGD	324	61

<i>(In thousands of Euro)</i>	As of 31 December	
USD	8,654	66,555
SAR	237	–
ZAR	1,234	–
OTH	206	(0)
Total	174,306	202,065

As of 31 December 2021 and 2020 there were no restrictions or limitations on the use of the Group's bank deposits, cheques and cash and cash equivalents on hand.

6.12 EQUITY

The item "Equity" amounted to Euro 311,560 thousand at 31 December 2021 (Euro 290,546 thousand at 31 December 2020). The following table reports the details of equity at 31 December 2021 and 2020:

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Equity		
Share capital	10,066	10,066
Share premium reserve	7,132	4,990
Other reserves	31,321	25,541
Retained earnings	198,256	211,567
Profit (loss) attributable to owners of the parent	63,065	36,004
Equity attributable to owners of the parent	309,841	288,167
Capital and reserves attributable to non-controlling interests	1,519	1,934
Profit (loss) attributable to non-controlling interests	200	444
Equity attributable to non-controlling interests	1,720	2,379
Total equity	311,560	290,546

The following table shows the amounts and movements of equity for the years ended 31 December 2021 and 2020:

(In thousands of Euro)	Share capital	Share premium reserve	Other reserves					Retained earnings	Group profit (loss)	Equity attributable to owners of the parent	Capital and reserves attributable to non-controlling interests	Profit (loss) attributable to non-controlling interests	Equity attributable to non-controlling interests	Total equity
			Translation reserve	Reserve for the adoption of IAS/ IFRS	IAS 19 reserve	Stock grant plan reserve	Other							
At 1 January 2020	10,050	4,990	3,149	978	(77)	2,416	20,458	132,827	83,203	257,995	1,554	540	2,093	260,089
Profit for the previous year	–	–	–	(12)	–	–	4,475	78,741	(83,204)	(1)	541	(541)	–	(1)
Total comprehensive income for the year	–	–	(5,451)	–	(120)	–	–	–	36,004	30,433	(160)	444	285	30,717
Dividends paid	–	–	–	–	–	–	–	–	–	(0)	–	–	–	(0)
Increase in capital	16	–	–	–	–	–	–	–	–	16	–	–	–	16
Other movements	–	–	–	–	–	–	–	(2)	–	(2)	–	–	–	(2)
Incentive plan (LTIP)	–	–	–	–	–	(274)	–	–	–	(274)	–	–	–	(274)
As of 31 December 2020	10,066	4,990	(2,302)	966	(197)	2,142	24,933	211,566	36,002	288,167	1,935	444	2,378	290,546
Profit for the previous year	–	–	–	(12)	–	–	5,035	30,979	(36,002)	–	444	(444)	–	0
Total comprehensive income for the year	–	–	2,694	–	82	–	–	–	63,065	65,840	–	200	200	66,040
Dividends paid	–	–	–	–	–	–	–	(44,292)	–	(44,292)	–	–	–	(44,292)
Increase in capital	–	–	–	–	–	–	–	–	–	(0)	–	–	–	–
Acquisition of minority interests	–	–	–	–	–	–	123	–	–	123	(861)	–	(861)	(738)
Other movements	–	–	–	–	–	–	–	2	–	2	1	–	1	3
Incentive plan (LTIP)	–	2,143	–	–	–	(2,143)	–	–	–	–	–	–	–	–
As of 31 December 2021	10,066	7,132	392	954	(115)	–	30,091	198,256	63,065	309,841	1,519	200	1,719	311,560

As of 31 December 2021, the "Share capital" of Euro 10,066 thousand, fully subscribed and paid in cash, amounted to 201,327,500 ordinary shares with no nominal value.

The "Currency translation reserve" is generated from the translation of financial statements of foreign subsidiaries with a functional currency other than Euro. The increase for the year is due to the appreciation of certain currencies, mainly the renminbi, the US dollar and GBP.

The "Reserve for the adoption of IAS/IFRS" was generated at the time of the transition of the Group's separate and consolidated financial statements to IFRS, which took place on 31 December 2013. This reserve, originally a negative Euro 432,083 thousand, was partially covered over the years using the "Share premium reserve" and the profits generated.

The "IAS 19 reserve" refers to the effects arising from the re-measurement of defined benefit plans, as represented in the statement of comprehensive income.

It should be noted that in March 2021, Technogym International BV acquired the remaining 10% of TG Holding BV for Euro 600 thousand through an arm's length transaction with the minority shareholder. On the date of this document, the Group therefore holds 100% of TG Holding BV and thus of the subsidiary Technogym ZAO. This transaction entailed a decrease in equity attributable to non-controlling interests and had a positive impact on the group's equity of roughly Euro 123 thousand.

Stock grant plan reserve

As of 31 December 2021, two incentive plans were in place for Technogym Management: (i) the 2019-2021 Performance Shares Plan and the 2021-2023 Performance Shares Plan, approved by the Board of Directors on 27 March 2019 and 24 March 2021 respectively.

In compliance with Consob resolution 11971 of 14 May 1999 as amended and Consob communication 11508 of 15 February 2000, information on the relative stock grant plans is given below.

The purpose of the Incentive Plans is to consolidate Technogym's ability to retain key resources and attract staff with the best skills, and align interest in company performance of the Company's key resources with that of shareholders to create sustainable value over time. Incentive plans are based on a three-year horizon, considered as the most suitable timeframe to achieve the plans' objectives. The Incentive Plans are for Technogym Group managers, who are nominated individually by the Board of Directors, based on proposals made by the Chairman of the Board of and after consulting with the Appointments and Remuneration Committee, from among the employees and/or staff of the Company or its subsidiaries who have strategic roles or can make significant contributions to the Company's and/or Group's strategic objectives, including the Company's Key Managers. Pursuant to article 114-bis, paragraph 3 of the TUF and article 84-bis, paragraph 2 of the Consob Regulation on Issuers, incentive plans are considered as "plans of particular significance", as the beneficiaries identified by the Board of Directors may include Key Managers. The incentive plan regulations do not provide for loans or other facilitations to acquire shares, as defined in Article 2358 paragraph 3 of the Civil Code.

The incentive plans for 2019-2021 and 2021-2023 are based on granting the right to receive free shares if certain Company performance objectives are met. These incentive plans have:

- › performance objectives established in advance and identified in the Company's economic/financial performance;
- › adequate periods to accrue rights to obtain assigned shares (three-year vesting period),
- › a restriction preventing the transfer of shares equal to 6 months from the date of allocation for the 2019-2021 Performance Shares Plan, and for 12 months from the date of allocation for the 2021-2023 Performance Shares Plan.

The shares will be assigned to the beneficiaries, subject to the conditions in the Incentive Plans being met, no later than 60 days following approval of the Group's Consolidated Financial Statements for 31 December 2021 and 31 December 2023.

The beneficiaries will have the right to receive the shares if, on the vesting date:

- › they still have a contract of employment and/or collaboration with Technogym and/or its subsidiaries;
- › there is no pending termination of their contract of employment with the Company or its subsidiaries.

The amount of the reserve, for the corresponding sum of EUR 2,143 thousand, was reclassified to the share premium reserve following the distribution decision for the 2020 financial year.

The reconciliation between the Parent company's equity and net result for the year and the consolidated equity and consolidated net result for the year is shown in the following table:

<i>(In thousands of Euro)</i>	2021		2020	
	Equity	Profit	Equity	Profit
Equity and result as reported in the Parent company's financial statements	352,410	66,361	330,214	46,339
Effect of consolidation of subsidiaries	109,769	25,679	124,173	5,126
Alignment of accounting policies of consolidated companies	28,229	245	28,662	(7,531)
Effect of elimination of values of investments	(173,502)	(7,755)	(187,594)	5,334
Elimination of intercompany dividends	(5,345)	(21,265)	(4,909)	(12,821)
Equity pertaining to minority interests	(1,719)	(200)	(2,379)	(444)
Group equity and results	309,841	63,065	288,167	36,004

6.13 FINANCIAL LIABILITIES

The items "Non-current financial liabilities" and "Current financial liabilities" amounted to Euro 57,671 thousand and Euro 73,771 thousand at 31 December 2021 (respectively Euro 97,677 thousand and Euro 46,409 thousand at 31 December 2020 respectively). The following table shows the amounts of financial liabilities, current and non-current, at 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Non-current financial liabilities		
Bank loans due after 12 months – non-current portion	12,500	62,500
Non-current liabilities due to other lenders	28,303	17,414
IFRS 16 Non-current financial liabilities	16,868	17,763
Total non-current financial liabilities	57,671	97,677
Current financial liabilities		
Bank loans due after 12 months – current portion	50,103	25,167
Other short-term borrowings	99	19
Current liabilities due to other lenders	16,395	15,035
Other current financial liabilities	9	224
IFRS 16 Financial liabilities - Current	7,165	5,965
Total current financial liabilities	73,771	46,409

As of 31 December 2021 the Group's financial debt was entirely with variable interest rates.

Medium/long-term bank loans

The following table shows the movements of bank loans for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Bank loans due after 12 months - non-current portion	Bank loans due after 12 months - current portion	Total loans
Values at 31 December 2019	24,680	12,486	37,166
Obtainment of loans	41,667	8,333	50,000
Repayments	(16,337)	(8,242)	(24,579)
Reclassification from long-term to short-term	(4,179)	4,179	—
Conversion of hot money to loans	16,669	8,411	25,080
Values at 31 December 2020	62,500	25,167	87,667
Obtainment of loans	—	—	—
Repayments	—	(25,064)	(25,064)
Reclassification from long-term to short-term	(50,000)	50,000	—
Conversion of hot money to loans	—	—	—
Values at 31 December 2021	12,500	50,103	62,603

The following shows the details of medium-long term bank loans at 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Due date	Interest rate	As of 31 December			
			2021	of which current	2020	of which current
Bank loans						
Unicredit S.p.A.	2020-2022	Variable	33,433	33,433	41,781	8,448
Crédit Agricole Italia S.p.A.	2020-2023	Variable	16,667	8,333	25,032	8,366
Banca Popolare dell'Emilia Romagna S.p.A. *	2021	Variable	—	—	12	12
Banca Nazionale del Lavoro S.p.A	2023	Variable	12,504	8,335	20,841	8,341
Total bank loans			62,603	50,101	87,667	25,168

* Includes the loan from Sidea of Euro 12 thousand

The following table shows the details of medium/long-term bank loans at 31 December 2021 by maturity date.

<i>(In thousands of Euro)</i>	Residual debt	Current portion	2022	2023
Unicredit S.p.A.	33,433	33,433	33,433	—
Crédit Agricole Italia S.p.A.	16,667	8,333	8,333	8,333
Banca Nazionale del Lavoro S.p.A	12,504	8,335	8,335	4,169
Total	62,603	50,101	50,101	12,502

The medium-long term loan granted by Unicredit S.p.A. on 9 August 2019 for a total of Euro 25,000 thousand, with maturity on 29 July 2022, is repayable in six equal six-monthly instalments of Euro 4,166 thousand each. The loan agreement requires the Company to comply with the following financial covenant: consolidated "Net financial position/EBITDA" ratio of no higher than 3.8, verified annually.

For the year ended 31 December 2021, the covenant was met.

The medium-long term loan granted by Unicredit S.p.A. on 30 June 2020 for a total of Euro 25,000 thousand is to be repaid in a single amount upon expiry on 30 June 2022. The loan agreement requires the Company to comply with the following financial covenant: consolidated "Net financial position/EBITDA" ratio of no higher than 3.8, verified annually.

For the year ended 31 December 2021, the covenant was met.

The medium-long term loan granted by Crédit Agricole Italia S.p.A. on 29 September 2020 for a total of Euro 25,000 thousand, is repayable in six deferred half-yearly instalments with maturity on 29 September 2023. The loan agreement requires the Company to comply with the following financial covenant: consolidated "Net financial position/EBITDA" ratio of no higher than 3.8, verified annually.

For the year ended 31 December 2021, the covenant was met.

The medium-long term loan granted by Banca Nazionale del Lavoro S.p.A. on 16 May 2019 for a total of Euro 25,000 thousand, with maturity on 16 May 2023, is repayable in six equal six-monthly instalments of Euro 4,166 thousand each. The loan agreement requires the Company to comply with the following financial covenant: consolidated "Net financial position/EBITDA" ratio of no higher than 3.8, verified annually.

For the year ended 31 December 2021, the covenant was met.

During 2021, the Group further strengthened its funding structure by entering into the following finance agreements:

- › Intesa Sanpaolo: the medium-long term loan granted on 24 November 2021 for a total of Euro 30,000 thousand provides for a period of 2 years within which the Company can decide whether or not to use the credit facility. It will lapse unless used within that two-year period. The credit facility expires on 24 November 2026 and a repayment plan will apply if it is used. The loan agreement requires the Company to comply with the following financial covenant: consolidated "Net financial position/EBITDA" ratio of no higher than 3.8, verified annually.

For the year ended 31 December 2021, the covenant was met.

- › On 24 November 2021, Intesa Sanpaolo S.p.A. also authorised an increase to the revolving finance approved on 17 April 2020, from 35,000 thousand to 50,000 thousand. This loan expires on 24 November 2026 and has the following financial covenant: consolidated "Net financial position/EBITDA" ratio of no higher than 3.8, verified annually.

For the year ended 31 December 2021, the covenant was met.

- › BPM: the medium-long term loan granted by BPM on 23 July 2020 was increased by 15,000 thousand on 7 September 2021, for a total of 30,000 thousand. This revolving loan expires on 30 June 2024, and has the following financial covenant: consolidated "Net financial position/EBITDA" ratio of no higher than 3.8, verified annually.

For the year ended 31 December 2021, the covenant was met.

The three loans indicated above, on which there are financial covenants to 31 December 2021, have not been used by the Group.

Other short-term borrowings

The item "Other short-term borrowings" amounts to Euro 99 thousand as of 31 December 2021 (Euro 19 thousand as of 31 December 2020).

Other short-term borrowings mainly include stand-by credit lines, short-term loans (generally "hot money") and bank overdrafts. In particular, the Group uses short-term committed and uncommitted credit lines granted by leading banks, which accrue interest at a variable rate indexed to the Euribor plus a spread.

Liabilities due to other lenders

Current and non-current liabilities due to other lenders refer to financing transactions guaranteed by the assignment of receivables arising from the sale of goods that are transferred to third financial institutions but are still retained on the financial statements as they do not meet all the conditions required by IFRS 9 for their derecognition from assets. See also note 6.5 "Other non-current assets" and note 6.7 "Trade receivables".

6.14 DEFERRED TAX LIABILITIES

For comments relating to the item "Deferred tax liabilities" please see paragraph 6.3.

6.15 EMPLOYEE BENEFIT OBLIGATIONS

The item "Employee benefit obligations" amounts to Euro 3,091 thousand at 31 December 2021 (Euro 2,955 thousand at 31 December 2020).

The following table shows the amounts and movements of employee benefit obligations for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Employee benefit obligations
Values at 1 January 2020	3,066
Provisions	158
Financial expenses	20
Actuarial (gains)/losses	27
Utilisations	(315)
Values at 31 December 2020	2,955
Provisions	401
Financial expenses	9
Actuarial (gains)/losses	5
Reclassifications	226
Utilisations	(491)
Values at 31 December 2021	3,091

Information about the actuarial valuation of provisions for employee benefit obligations is presented in note 6.16.

6.16 PROVISIONS FOR RISKS AND CHARGES

The item "Provisions" at 31 December 2021 amounts to Euro 8,952 thousand for non-current financial liabilities and Euro 11,734 thousand for current financial liabilities (respectively, Euro 9,662 thousand and Euro 8,621 thousand at 31 December 2020). The following table shows the details of provisions for risks and charges, current and non-current, at 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Non-current provisions for risks and charges		
Warranties provision	4,772	4,500
Agents provision	1,087	1,030
Non-Competition Agreement provision	1,990	1,997
Rebates provision	456	221
Other provisions for risks and charges	604	1,346
Ongoing lawsuits provision	43	568
Total non-current provisions for risks and charges	8,952	9,662
Current provisions for risks and charges		
Warranties provision	4,955	4,961
Free Product Fund provision	199	133
Other provisions for risks and charges	6,580	3,527
Total current provisions for risks and charges	11,734	8,621

The following table shows the amounts and movements of provisions for risks and charges, current and non-current, for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Warranties provision	Agents provision	Non-Competition Agreement provision	Rebates provision	Other provisions for risks and charges	Ongoing lawsuits provision	Non-current provisions for risks and charges	Warranties provision	Free Product Fund provision	Other provisions for risks and charges	Current provisions for risks and charges
Values at 01 January 2020	5,217	990	1,784	5,210	2,016	—	15,218	6,187	772	5,759	12,718
Net provisions	1,409	116	175	221	424	568	2,911	1,974	33	2,016	4,023
Reclassifications	—	—	—	—	—	—	—	—	—	—	—
Exchange rate differences	(57)	—	—	(211)	(211)	—	(479)	(83)	(6)	(349)	(438)
Financial expenses	—	—	12	—	—	—	12	—	—	—	—
Actuarial (gains) / losses			132				132				
Utilisations/Releases	(2,068)	(76)	(106)	(4,999)	(881)	—	(8,130)	(3,116)	(667)	(3,900)	(7,683)
Values at 31 December 2020	4,500	1,030	1,997	220	1,347	568	9,662	4,961	133	3,527	8,621
Net provisions	2,070	81	12	238	25	—	2,425	2,112	80	5,344	7,536
Reclassifications	—	—	—	—	(226)	(525)	(751)	—	—	525	525
Exchange rate differences	41	—	—	—	12	—	53	56	9	2	67
Financial expenses	—	—	7	—	—	—	—	—	—	—	—
Actuarial (gains)/losses	—	—	(172)	—	—	—	(172)	—	—	—	—
Utilisations/Releases	(1,840)	(24)	(19)	(3)	(554)	—	(2,439)	(2,175)	(22)	(2,818)	(5,015)
Values at 31 December 2021	4,772	1,087	1,990	456	604	43	8,952	4,955	199	6,580	11,734

Current and non-current warranties provisions are reasonably estimated by the Group on the basis of the contractual guarantees issued to customers and past experience; they cover the cost of parts and labour that the Group will incur in future years for repairing products under warranty, for which the sales revenues have already been recognised in the income statement of the year or of previous years.

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

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

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

Other current provisions for risks and charges mainly refer to employee bonuses, of which the amount has not yet been defined.

The increase in this item compared to 31 December 2020 mainly refers to the potential liabilities for staff premiums, of EUR 2,311 thousand; the provision to the reserve for product warranties totalling EUR 266 thousand; the provision for rebates of EUR 235 thousand, mainly due to the increase in sales during the year.

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

The methodology used for the discounting is recognised by the name "method of the years of management on an individual basis and by drawing lots" (MAGIS). This method is based on a stochastic Montecarlo type simulation.

The main demographic assumptions used by the actuary to analyse the employee benefits provisions and the no-competition provision for the years ended December 31 December 2021 and 2020 are as follows: (i) the probability of death is obtained by using tables determined by ISTAT in 2000 and reduced by 25%; (ii) the probability of disability/invalidity as those adopted in the INPS model; (iii) the retirement age for the general working population is assumed at achieving the first retirement requirement applicable for the Mandatory General Insurance; (iv) the probability of leaving employment for reasons other than death was determined from the probability of turnover in line with the historical evolution of the phenomenon and, in particular, the annual rate of 4.75% was considered for the year 2021, unchanged with respect to 2020 (3.5%); (v) for the probability of early retirement it is applied an annual rate of 3% based on the history of the phenomenon and a percentage equal to 80% of the provision accumulated at the date of the request.

As regards the discounting of the Agents provision according to IAS 37, the hypothesis of "closed group" was considered during the time framework.

The valuations were conducted by quantifying future payments through the projection of the agents' provision accrued at the valuation date of the agents working for the Company until the estimated time (unpredictable) of termination of the contract with the company; once again the method used is the MAGIS. Regarding the demographic assumptions, the ISTAT 2011 mortality rates were considered; for disability, the INPS tables by age and gender were used, whereas for the retirement age, the requirement established by ENASARCO was used. The possibility of agents being released due to the termination of their relationship with the Company or for other causes was determined using estimates of annual frequency based on company data. The financial assumptions essentially refer to the discount rate. At 31 December 2021 this was the yield obtainable from the Iboxx Corporate AA index with a duration of 5-7 years, which is consistent with the duration of the collective agreement in question, taken to be 0.30% as its value on 31.12.2020 was 0.00%.

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

	As of 31 December	
	2021	2020
Annual technical discount rate	1.00%	0.35%
Annual inflation rate	1.75%	1.00%
Annual rate of TFR increase	2.81%	2.25%
Annual rate of commissions increase (for the evaluation of N.C.A.)	3.00%	3.00%

As for the annual technical discount rate of 1%, the Iboxx Corporate AA was selected as the benchmark for the Eurozone, with duration consistent with the average duration of the collective agreement.

A sensitivity analysis was also performed upon a change in the main actuarial assumptions included in the calculation model in relation to the 0.5% change of annual technical discount rate. The following results were obtained:

<i>(In thousands of Euro)</i>	As of 31 December					
	2021			2020		
	-0.50% change	Carrying amount	0.50% change	-0.50% change	Carrying amount	0.50% change
Employee benefit obligations	126	3,091	(117)	150	2,955	(141)
Non-Competition Agreement provision	113	1,990	(104)	169	1,997	(109)
Total	239	5,081	(221)	320	4,952	(249)

6.17 OTHER NON-CURRENT LIABILITIES

The item "Other non-current liabilities" amounted to Euro 34,950 thousand on 31 December 2021 (Euro 37,665 thousand as of 31 December 2020).

Other non-current liabilities mainly include:

- › deferred income, amounting to Euro 3,273 thousand, related to revenues associated to long-term contracts for technical assistance. This item was recognised as contractual liabilities in accordance with IFRS 15;
- › liabilities for sales with return rights, equal to Euro 29,817 thousand, identified pursuant to IFRS 15, in order to represent suspended costs associated with these sales;
- › the long-term portion of the obligation to buy-back leased products, of Euro 1,017 thousand;
- › trade payables due after 12 months, of Euro 806 thousand.

6.18 TRADE PAYABLES

The item "Trade payables" amounted to Euro 159,769 thousand at 31 December 2021 (Euro 114,006 thousand at 31 December 2020). Trade payables are mainly related to transactions for the purchase of raw materials, components and shipping services, manufacturing and technical assistance. These transactions are part of ordinary procurement management.

6.19 CURRENT TAX LIABILITIES

The item "Current tax liabilities" amounted to Euro 5,951 thousand at 31 December 2021 (Euro 2,465 thousand at 31 December 2020). The item income tax receivables amounted to Euro 2,839 thousand at 31 December 2021 (Euro 4,824 thousand at 31 December 2020) (see note 6.10).

6.20 LIABILITIES FOR DERIVATIVE FINANCIAL INSTRUMENTS

The item "Liabilities for derivative financial instruments" amounted to Euro 41 thousand at 31 December 2021 (Euro 58 thousand at 31 December 2020).

The following table shows the liabilities for derivative financial instruments by currency at 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Forward		
GBP	4	—
AUD	37	56
JPY	—	2
Total	41	58

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

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

For details of the types of “forward” contracts, see the table in paragraph 6.9. *Assets for derivative financial instruments.*

On 31 December 2021 the Group did not hold any derivatives treated according to hedge accounting rules.

6.21 OTHER CURRENT LIABILITIES

The item “Other current liabilities” amounted to Euro 95,302 at 31 December 2021 (Euro 73,582 thousand at 31 December 2020). The following table shows the amounts of other current liabilities at 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Other current liabilities		
Deferred income	26,239	24,867
Advances from clients	28,201	17,720
Payables to employees	10,497	9,277
VAT payables	8,873	11,293
Social security payables	5,215	5,104
Other liabilities	5,300	3,576
Accrued expenses	1,571	1,569
Payables for buy backs - due within 12 months	9,405	175
Total other current liabilities	95,302	73,582

“Deferred income” mainly refers to scheduled maintenance contracts on machines sold in previous years, for which the revenues are recognised according to the matching principle; “Advances from customers” concerns the advances and deposits received for supplies yet to be delivered. These items were recognised as contractual liabilities in accordance with IFRS 15.

“Payables to employees” mainly refer to salaries for the month of December paid in January, untaken holiday entitlements and staff bonuses.

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

“Other liabilities” at 31 December 2021 and 2020 mainly relate to income taxes withheld on income from employment and self-employment to be paid in the following year.

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

“Liabilities for buyback obligations within 12 months” includes the short-term portion of payables for sales with the right of return, equal to Euro 9,038 thousand; these are recognised according to IFRS 15, in order to represent the suspended revenues associated with these sales. The increase compared to the previous year is only due to the reclassification of part of the “Other non-current liabilities” item, as from next year customers will be able to exercise a buyback option on the machines sold. The rest of this item relates to the obligation to buy back leased products, of Euro 367 thousand.

7 Notes to the income statement

7.1 REVENUES

The item "Revenues" amounts to Euro 609,742 thousand for the year ended 31 December 2021, an increase of Euro 101,399 thousand (20%) compared to Euro 508,342 thousand for the year ended 31 December 2020. This increase is due to the higher sales volumes which have risen in the Private segment and are showing a strong recovery in the BtoB segment, and also to the increase in list prices to partially cover some of the materials and logistics costs incurred during the year.

The following table contains a breakdown of the revenues for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Revenues		
Revenues from the sale of products, spare parts, hardware and software	511,983	421,251
Revenues from transport and installation, after-sale and rental assistance	97,759	87,092
Total revenues	609,742	508,342

The breakdown of revenues by customer, distribution channel and geographical area is shown in note 4, "Segment Reporting".

7.2 OTHER REVENUES AND INCOME

The item "Other revenues and income" amounted to Euro 1,670 thousand for the year ended 31 December 2021 (Euro 1,337 thousand for the year ended 31 December 2020). Other income and revenues consist mainly of rental income, and income from suppliers for compensation.

7.3 PURCHASES AND USE OF RAW MATERIALS, WORK IN PROGRESS AND FINISHED GOODS

This item amounted to Euro 209,425 thousand for the year ended 31 December 2021 (Euro 166,366 thousand for the year ended 31 December 2020).

The following table reports the amounts of raw materials, semi-finished and finished goods for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Purchases and use of raw materials, work in progress and finished goods		
Purchase and change in inventory of raw material	147,218	114,459
Purchase and change in inventory of finished goods	59,587	50,611
Purchase of packaging and costs for custom duties	2,763	1,338
Change in inventory of work in progress	(142)	(42)
Total raw materials, semi-finished and finished goods	209,425	166,366

The increase in this item reflects the Group's higher sales and is also linked to the rise in purchase prices of materials and finished products.

7.4 COST OF SERVICES

The item "Cost of services" amounted to Euro 158,228 thousand for the year ended 31 December 2021 (Euro 128,500 thousand for the year ended 31 December 2010).

The following table shows the amounts of cost of services for the years ended 31 December 2021 and 2020 restated.

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Cost of services		
Transport of sales, customs duties and installation	53,771	42,914
Technical assistance	14,041	14,351
Advertising	17,409	13,184
Rentals	6,099	4,763
Agents	8,799	8,343
Consulting services	9,842	8,571
Transport of purchases	13,842	8,053
Travel and business expenses	1,263	934
Outsourcing costs	6,756	2,674
Utilities	3,618	3,152
Maintenance costs	5,036	4,707
Other services	17,752	16,852
Total cost of services	158,228	128,500

The increases are due to the rise in logistics costs and the cost of processes performed by outsourcers. Advertising costs have also risen, reflecting the fact that Technogym is investing in marketing in order to target the BtoC segment which accounted for 30% of the Group's sales in 2021.

"Other services" mainly relate to royalties paid, costs for managing external deposits, insurance and the remuneration of external directors, the board of statutory auditors and independent auditors.

The following table shows the details of audit fees to the independent auditors for services provided to the Company for the years ended 31 December 2021 and 2020:

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Audit fees		
Auditing of the accounts	814	950
Other services	200	56
Total audit fees	1,014	1,006

7.5 PERSONNEL EXPENSES

The item "Personnel expenses" amounted to Euro 133,307 thousand for the year ended 31 December 2021 (Euro 112,640 thousand for the year ended 31 December 2020).

The following table shows the amounts of personnel expenses for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Personnel expenses		
Wages and salaries	96,471	80,877
Social security contributions	24,936	22,283
Provisions for employee benefit obligations	3,026	3,224
Other costs	8,875	6,256
Total personnel expenses	133,307	112,640

The increase in this item is due to the larger workforce compared to the previous year, and is in line with the improvements in the Group's results during the year.

The following table shows the average number of employees and the exact number of employees at the year-end broken down by category for the years ended 31 December 2021 and 2020.

<i>(in number)</i>	Year ended 31 December			
	2021		2020	
Number of employees	Average	Year-end	Average	Year-end
Managers	68	69	61	60
White-collar	1,362	1,405	1,353	1,325
Blue-collar	659	681	664	635
Total number of employees	2,089	2,155	2,077	2,020

7.6 OTHER OPERATING COSTS

The item "Other operating costs" amounted to Euro 6,933 thousand for the year ended 31 December 2021 (Euro 10,260 thousand for the year ended 31 December 2020).

The following table reports the amounts of other operating costs for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Other operating costs		
Other taxes and indirect taxes	2,659	2,241
Other costs and net provisions on leasing receivables	4,274	8,018
Total other operating costs	6,933	10,260

The item "Other costs and net provisions on leasing receivables" mainly refers to membership fees, products donated for promotional and advertising purposes, and donations. It also includes the amount set aside by the Group to cover doubtful receivables posted on the financial statements, for which there is a buyback obligation. With regard to this last item, in view of the persistent effects of the pandemic, various sensitivity scenarios previously analysed in December 2020 were reperformed, leading to an increase of EUR 3.2 million in the allocation to the bad debts provision. As already described in paragraph 6.5 "Other non-current assets" and 6.7 "Trade receivables", the Group considers that the amount recognised on the financial statements for 2020 is sufficient and did not make any further provision.

7.7 SHARE OF NET RESULT FROM JOINT VENTURES

The item "Share of net result from joint ventures" amounted to Euro 15,352 thousand for the year ended 31 December 2021 (Euro 883 thousand for the year ended 31 December 2020). The higher value compared to the previous year is due to the gain from the sale of the Exerp Group, for the sum of Euro 13,961 thousand; this has been included in the non-recurring income for the year. Compared to June 2021, the capital gain has increased by Euro 2,400 thousand as a result of further agreements reached post-closing; the remainder is the share of net profit due to the Group, achieved by affiliates or joint ventures (see note 6.4).

7.8 DEPRECIATION, AMORTISATION AND IMPAIRMENT / (WRITE-BACKS)

The item "Depreciation, amortisation and impairment losses/(revaluations)" amounted to Euro 36,435 thousand for the year ended 31 December 2021 (Euro 35,109 thousand for the year ended 31 December 2020).

The following table shows the amounts of depreciation, amortisation and impairment losses/(write-backs) for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Depreciation, amortisation and impairment losses / (revaluations)		
Depreciation of property, plant and equipment	23,185	23,715
Amortisation of intangible assets	13,221	10,953
Impairment losses of property, plant and equipment	—	91
Impairment losses of intangible assets	29	350
Total depreciation, amortisation and impairment losses (revaluations)	36,435	35,109

For the tables of details regarding the breakdown of and changes in "Property, plant and equipment" and "Intangible assets" for the years ended 31 December 2021 and 2020, see notes 6.1 and 6.2.

7.9 NET PROVISIONS

The item "Net provisions" amounted to Euro 3,533 thousand for the year ended 31 December 2021 (Euro 3,312 thousand for the year ended 31 December 2020). The following table shows the amounts of net provisions for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Net provisions		
Inventory write-down net provisions	555	2,213
Bad debt net provisions	2,575	2,102
Warranties net provisions	167	(1,802)
Other net provisions for risks and charges	186	275
Ongoing lawsuits net provisions	50	525
Total net provisions	3,533	3,312

The item "Bad debt net provisions" includes non-trade receivables totalling Euro 235 thousand.

For details of the breakdown and changes in these items, see paragraphs "6.7. Trade receivables" and "6.16. Provisions for risks and charges" in this document.

7.10 FINANCIAL INCOME

The item "Financial income" amounted to Euro 11,998 thousand for the year ended 31 December 2021 (Euro 12,981 thousand for the year ended 31 December 2020).

The following table shows the amounts of financial income for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Financial income		
Realised exchange gains	10,748	9,181
Unrealised exchange gains	668	2,882
Other financial income	93	304
Bank interest receivable	488	613
Total financial income	11,998	12,981

7.11 FINANCIAL INCOME

The item "Financial expenses" amounted to Euro 11,596 thousand for the year ended 31 December 2021 (Euro 17,184 thousand for the year ended 31 December 2020).

The following table shows the amounts of financial expenses for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Financial expenses		
Realised exchange losses	9,500	12,627
Unrealised exchange losses	485	2,587
Bank interest on financial loans	405	400
Provision for the write-down of financial receivables	92	174
Bank interest and fees	462	534
Other financial expenses	652	861
Total financial expenses	11,596	17,184

"Other financial expenses" mainly include the financial cost of applying the IFRS 16 accounting standard.

"Write-downs of financial receivables" includes the write-down of a further loan granted during the year to the unconsolidated entity Sandcroft Avenue Ltd, and which the Group has written off completely following the write-downs made in the previous year. The value of the equity investment was eliminated last year. As Technogym is a limited liability company it is only liable for the sums invested.

7.12 INCOME/(EXPENSES) FROM INVESTMENTS

The item "Income/(expenses) from investments" amounted to Euro 427 thousand for the year ended 31 December 2021 (Euro 2,131 thousand for the year ended 31 December 2020).

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Income/(expenses) from investments		
Revaluations/(impairment losses) investments	427	(2,131)
Total income/(expenses) from investments	427	(2,131)

The positive result for the current year refers to the adjustment of the value of minority shareholdings, in accordance with IFRS9. The valuation is made by adjusting the value of the equity investments to their fair value.

7.13 INCOME TAXES

The item "Income taxes" amounts to Euro 16,466 thousand for the year ended 31 December 2021 (Euro 11,593 thousand for the year ended 31 December 2020).

The following table shows the amounts of income taxes for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Income taxes		
Current taxes	17,254	16,573
Deferred taxes	(701)	(3,005)
Total income taxes for the year	16,553	13,569
Taxes relating to prior years	(87)	(1,976)
Total income taxes	16,466	11,593

Taxes relating to prior years mainly relate to the recalculation of the tax credit for R&D.

The following table shows the reconciliation between the theoretical tax rate and the actual tax rate for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Year ended 31 December			
	2021	%	2020	%
Profit before tax	79,731		48,041	
Income tax calculated with theoretical tax rate	19,135	24.0%	11,530	24.0%
Effect of difference between local tax rate and theoretical tax rate	(3,379)	(4.2%)	524	1.1%
Fiscal effect of non-deductible expenses/revenues	6,801	8.5%	1,116	2.3%
Tax losses carried forward that are not recognised in deferred tax assets.	(1,163)	(1.5%)	(26)	(0.1%)
Other income taxes (IRAP)	716	0.9%	1,571	3.3%
Fiscal effect of tax relief	(911)	(1.1%)	(924)	(1.9%)
Gain from disposal of investments	(3,183)	(4.0%)	-	0.0%
Other minor effects	(1,465)	(1.8%)	(321)	(0.7%)
Income taxes of previous years	(87)	(0.1%)	(1,877)	(3.9%)
Total	16,466	20.7%	11,593	24.1%

The gain from disposal of investments relates to the fiscal effect of the sale of the Exerp Group during the year, which was subject to taxation limited to 5% of the gain. As this is a non-recurring event it does not generate a continuous long-term group tax rate.

7.14 EARNINGS PER SHARE

The following table shows the calculation of basic earnings per share.

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Earnings per share		
Profit for the period	63,065	36,004
Number of shares (in thousands of euro)	201,328	201,328
Total earnings per share	0.31	0.18

8 Net financial position

The following table is a statement of the Group's net indebtedness as of 31 December 2021 and 31 December 2020, determined in accordance with the new ESMA Guidelines of 4 March 2021 (Consob notice no. 5/21 in reference to Consob Communication DEM/6064293 of 28 July 2006).

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Net financial position		
A. Cash	169,120	149,832
B. Cash equivalents	5,186	52,233
C. Other current financial assets	53,964	1,564
D. Liquidity (A) + (B) + (C)	228,270	203,629
E. Current financial payables (including debt instruments, but excluding the current part of non-current financial payables)	(23,709)	(21,300)
F. Current part of non-current financial payables	(50,103)	(25,167)
G. Current financial indebtedness (E) + (F)	(73,812)	(46,467)
H. Net current financial indebtedness (G) + (D)	154,458	157,162
I. Non-current financial payables (excluding the current part and debt instruments)	(57,671)	(97,677)
J. Debt instruments	—	—
K. Trade payables and other non-current payables	(806)	(42)
L. Non-current financial indebtedness (I) + (J) + (K)	(58,477)	(97,719)
M. Total financial indebtedness (H) + (L)	95,981	59,443

Net financial indebtedness is positive at Euro 95,981, and includes (i) Euro 228,270 thousand of cash assets, and (ii) other financial payables relative to financing transactions guaranteed by the transfer of receivables arising from the sale of goods which, although they are transferred to third-party financial institutions, are retained in the financial statements as they do not meet all the conditions required by IFRS 9 for their derecognition from assets.

As of 31 December 2021 there were no restrictions or limitations on the use of Group cash assets, apart from minor amounts relating to specific circumstances closely linked to the commercial operations of certain Group entities.

9

Financial risk management

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

- › credit risk, arising from commercial transactions or financing activities;
- › liquidity risk, related to the availability of financial resources and access to the credit market;
- › market risk, in particular:
 - › currency risk, related to operations in areas using currencies other than the functional currency;
 - › interest rate risk, related to the Group's exposure to financial instruments that accrue interests;
 - › price risk, associated with changes in the prices of commodities.

9.1

CREDIT RISK

The operational management of the credit risk is assigned to the Credit Management, which operates on the basis of a credit policy that regulates: (i) customers' merit ratings, which are evaluated by the internally developed risk rating system, used for the management of credit limits and requests for bank or insurance guarantees to support extended payment terms; (ii) the involvement of institutionalised credit committees in operations completed under terms other than those normally applied by the Company; (iii) the use of credit insurance policies; (iv) the monitoring of the balance of outstanding receivables and their ageing, so that the amount of outstanding positions is not significant; (v) the monitoring of the related expected cash flows; (vi) the issuance of reminders; (vii) any recovery actions. The bad debt provision is calculated on percentages of past due, based on historical insolvency, with the exception of provision on specific credits in litigation. In relation to the breakdown of receivables by maturity, please see the Note "Trade receivables". For financing activities related to temporary excess of liquidity or for the stipulation of financial instruments (derivatives), the Group deals exclusively with counterparties with high credit standing. The Group's maximum theoretical exposure to credit risk is mainly represented by the book value of trade receivables at year-end.

Risks related to supplier relations

The Company and its Group have always been committed to developing innovative, high-performance, quality solutions. To continue this commitment, a close collaboration needs to be maintained with suppliers, particularly those who produce materials and technologies that may be used in the fitness industry, even if they primarily operate in other sectors.

Technogym's supply chain is divided into suppliers who provide "bill of materials" supplies, some of which are particularly strategic to Technogym's success, including those that contribute directly to product creation, and "indirect" suppliers who provide other services or materials, as well as the equipment used in production.

The company works closely with those suppliers considered key to the success of its products, establishing long-term relationships in order to minimise the risks related to the potential unavailability of raw materials within the required timescales.

Periodic performance checks are made, and controls carried out regarding compliance with current environmental and social regulations aimed at guaranteeing a stable supply chain.

Technogym has also adopted a structured supply chain assessment process involving on-site audits and checks, which ensures continuous monitoring, and requires its suppliers to comply with the REACH and RoHS directives.

9.2 LIQUIDITY RISK

The Group's liquidity risk is closely monitored by the parent company. In order to minimise the risk, the Group has implemented centralised treasury management with specific procedures that aim to optimise the management of financial resources and the needs of the Group companies. In particular, a set of policies and processes was adopted aimed at optimising the management of financial resources that reduce liquidity risk: (i) maintenance of an adequate level of available liquidity; (ii) obtaining adequate credit lines; (iii) monitoring future liquidity in relation to the business planning process. For this type of risk, in the net financial indebtedness, the Group tends to finance investments and current commitments using cash flow from operations and also short-term credit lines.

The following table shows the amounts of credit lines available and used at 31 December 2021 and 2020:

<i>(in thousands of Euro)</i>	Cash credit lines	Self-liquidating credit lines	Financial credit lines	Total
As of 31 December 2021				
Credit lines	7,382	17,641	293,241	318,264
Utilisations	—	—	(62,500)	(62,500)
Credit lines available at 31 December 2021	7,382	17,641	230,741	255,764
As of 31 December 2020				
Credit lines	7,382	17,641	267,911	292,934
Utilisations	—	—	(87,500)	(87,500)
Credit lines available at 31 December 2020	7,382	17,641	180,411	205,434

The table below contains the breakdown and maturity dates of the liability items to 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Within 1 year	Between 1 and 5 years	Beyond 5 years	Total
Values at 31 December 2021				
Non-current financial liabilities	—	57,671	—	57,671
Other non-current liabilities	—	34,950	—	34,950
Trade payables	159,769	—	—	159,769
Current tax liabilities	5,951	—	—	5,951
Current financial liabilities	73,771	—	—	73,771
Liabilities for derivative financial instruments	41	—	—	41
Other current liabilities	95,302	—	—	95,302
Total	334,833	92,620	—	427,453
Values at 31 December 2020				
Non-current financial liabilities	—	97,677	—	97,677
Other non-current liabilities	—	37,665	—	37,665
Trade payables	114,006	—	—	114,006
Current tax liabilities	2,465	—	—	2,465
Current financial liabilities	46,409	—	—	46,409
Liabilities for derivative financial instruments	58	—	—	58
Other current liabilities	73,582	—	—	73,582
Total	236,520	135,342	—	371,862

On 31 December 2021, the Technogym Group had approximately Euro 230.7 million of undrawn credit lines, liquidity amounting to Euro 228.1 million and trade receivables of 104.5 million, giving a total of Euro 563.3 million, against payables and current commitments totalling Euro 334.7 million.

9.3 MARKET RISK

Exchange rate risk

The Group operates internationally and it is subject to currency risk in regards to commercial and financial transactions, especially in US dollars, GBP, JPY and AUD. To limit the exposure to exchange risk, the Group usually enters into forward contracts to cover between 70% and 80% of transactions in these currencies. In the year ending 31 December 2021, no exchange rate hedging derivative contract was recognised using the hedge accounting method.

Investments in foreign subsidiaries are not covered, as the currency positions are considered long-term.

The following table shows the trade receivables and payables, cash and cash equivalents and current financial liabilities broken down by currency at 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	EUR	GBP	USD	CNY	AUD	JPY	Other currencies	Total
Other non-current assets								
As of 31 December 2021	54,908	8,364	219	87	-	287	1,524	65,389
As of 31 December 2020	47,784	11,021	372	45	-	296	635	60,153
Non-current financial assets								
As of 31 December 2021	200	-	-	-	-	-	-	200
As of 31 December 2020	150	-	-	-	-	-	2,842	2,992
Trade receivables								
As of 31 December 2021	54,291	12,128	26,224	2,174	3,636	3,534	2,256	104,242
As of 31 December 2020	45,441	10,294	13,020	3,223	2,157	2,175	4,750	81,060
Cash and cash equivalents								
As of 31 December 2021	128,686	12,797	8,623	8,752	2,714	4,613	8,120	174,306
As of 31 December 2020	91,577	14,022	66,772	10,662	4,587	7,031	7,414	202,065
Current financial liabilities								
As of 31 December 2021	70,716	341	1,122	162	229	302	899	73,771
As of 31 December 2020	43,217	326	1,089	66	8	342	1,361	46,409
Trade payables								
As of 31 December 2021	132,474	7,642	14,801	412	2,073	1,385	982	159,768
As of 31 December 2020	94,078	6,146	8,892	337	1,228	1,195	2,131	114,007

For the purposes of the sensitivity analysis on the exchange rate, items in the financial position (assets and liabilities) denominated in foreign currency were identified. For the purposes of the analysis, two scenarios were considered that reflect an increase and a decrease respectively of 5% in the exchange rate between the currency of the balance sheet item and the Euro.

The following table shows the results of the analysis for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	2021 - Exchange risk					
	Carrying amount	of which subject to exchange risk	+5%		-5%	
			Gains / (losses)	Other movements in sales invoice ledger (RFV)	Gains / (losses)	Other movements in sales invoice ledger (RFV)
Financial assets						
Cash and cash equivalents	174,306	45,383	(2,161)	-	2,389	-
Trade receivables	104,242	48,056	(2,288)	-	2,529	-
Non-current financial assets	200	-	-	-	-	-
Current financial assets	53,837	23,839	(1,135)	-	1,255	-
Assets for derivative financial instruments	127	127	(6)	-	7	-
Tax effect			1,560	-	(1,724)	-

(In thousands of Euro)

	2021 - Exchange risk					
	Carrying amount	of which subject to exchange risk	+5%	Other movements in sales invoice ledger (RFV)	-5%	Other movements in sales invoice ledger (RFV)
Gains / (losses)			Gains / (losses)			
			(4,031)	—	4,455	—
Financial liabilities						
Non-current financial liabilities	57,671	1,051	50	—	(55)	—
Current financial liabilities	73,771	730	14	—	(38)	—
Trade payables	159,769	26,050	1,240	—	(1,371)	—
Liabilities for derivative financial instruments	41	41	2	—	(2)	—
Tax effect			(370)	—	409	—
			957	—	(1,058)	—
Total increases (decreases) 2021			(3,074)		3,398	

(In thousands of Euro)

	2020 - Exchange risk					
	Carrying amount	of which subject to exchange risk	+5%	Other movements in sales invoice ledger (RFV)	-5%	Other movements in sales invoice ledger (RFV)
Gains / (losses)			Gains / (losses)			
Financial assets						
Cash and cash equivalents	202,065	110,488	(5,261)	—	5,815	—
Trade receivables	81,060	31,592	(1,504)	—	1,663	—
Non-current financial assets	2,992	2,892	(138)	—	152	—
Current financial assets	39	37	(2)	—	2	—
Assets for derivative financial instruments	1,525	—	—	—	—	—
Tax effect		—	1,888	—	(2,087)	—
			(5,017)	—	5,545	—
Financial liabilities						
Non-current financial liabilities	97,677	—	—	—	—	—
Current financial liabilities	46,409	420	20	—	(22)	—
Trade payables	114,006	541	26	—	(28)	—
Liabilities for derivative financial instruments	58	16,770	799	—	(883)	—
Tax effect			—	—	—	—
			844	—	(933)	—
Total increases (decreases) 2020			(4,173)		4,612	

Interest rate risk

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. The Company does not use derivative instruments to hedge interest rate risks.

For the purposes of the interest rate sensitivity analysis, items in the financial position (financial assets and liabilities) subject to fluctuations in interest rates were identified. For the purposes of the analysis, two scenarios were considered which reflect an increase and a decrease respectively of 20 basis points in the interest rate.

The following table shows the results of the analysis for the years ended 31 December 2021 and 2020:

<i>(In thousands of Euro)</i>	2021 - Interest Rate Risk					
				+ 20 bp		-20 bp
	Carrying amount	of which subject to Interest Rate Risk	Gains / (losses)	Other movements in RFV	Gains / (losses)	Other movements in RFV
Financial assets						
Cash and cash equivalents	174,306	156,925	314	—	(314)	—
Trade receivables	104,242	—	—	—	—	—
Tax effect			(99)	—	99	—
			215	—	(215)	—
Financial liabilities						
Non-current financial liabilities	57,671	93,776	(188)	—	188	—
Current financial liabilities	73,771	119,711	(239)	—	239	—
Trade payables	159,769	—	—	—	—	—
Tax effect			134	—	(134)	—
			(293)	—	293	—
Total increases (decreases) 2021			(78)	—	78	—

<i>(In thousands of Euro)</i>	2020 - Interest Rate Risk					
				+ 20 bp		-20 bp
	Carrying amount	of which subject to Interest Rate Risk	Gains / (losses)	Other movements in sales invoice ledger (RFV)	Gains / (losses)	Other movements in sales invoice ledger (RFV)
Financial assets						
Cash and cash equivalents	202,065	127,900	256	—	(256)	—
Trade receivables	81,060	—	—	—	—	—
Tax effect			(80)	—	80	—
			176	—	(176)	—
Financial liabilities						

	2020 - Interest Rate Risk					
				+ 20 bp	-20 bp	
	Carrying amount	of which subject to Interest Rate Risk	Gains / (losses)	Other movements in sales invoice ledger (RFV)	Gains / (losses)	Other movements in sales invoice ledger (RFV)
Non-current financial liabilities	97,677	113,520	(227)	—	227	—
Current financial liabilities	46,409	48,247	(147)	—	147	—
Trade payables	114,006	—	—	—	—	—
Tax effect			117	—	(117)	—
			(257)	—	257	—
Total increases (decreases) 2020			(131)	—	131	—

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

Price risk

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

Capital risk management

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

	As of 31 December	
	2021	2020 Restated
Net financial indebtedness (A)	(95,981)	(59,443)
Total equity (B)	311,560	290,546
Total capital (C)=(A)+(B)	215,579	231,061
Gearing ratio (A)/(C)	-44.5%	-25.7%

9.4 FINANCIAL RISK MANAGEMENT

As of 31 December 2021 and 2020, the carrying amount 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 year, there were no transfers between the three levels of fair value indicated in IFRS 7.

Financial instruments by category

The following tables show the financial assets and liabilities by category of financial instrument, in accordance with IFRS 9 and the fair value hierarchy level at 31 December 2021 and 2020.

2021 (In thousands of Euro)	Financial assets			Total	Level 1	Level 2	Level 3	Total
	Amortised cost	FV vs OCI	FV vs P&L					
Other non-current assets	61,894	—	977	62,871	—	—	977	977
Non-current financial assets	200	—	—	200	—	—	—	—
Non-current financial assets	62,094	—	977	63,071	—	—	977	977
Trade receivables	104,242	—	—	104,242	—	—	—	—
Cash and cash equivalents	174,306	—	—	174,306	—	—	—	—
Financial derivative assets	—	—	127	127	—	127	—	127
Current financial assets	53,837	—	—	53,837	—	—	—	—
Other current assets	29,984	—	—	29,984	—	—	—	—
Current financial assets	362,369	-	127	362,495	-	127	-	127

2020 (In thousands of Euro)	Financial assets	Available for sale	Financial assets at fair value	Total	Level 1	Level 2	Level 3	Total
	Amortised cost	FV vs OCI	FV vs P&L					
Other non-current assets	51,830	—	786	52,616	—	—	786	786
Non-current financial assets	2,992	—	—	2,992	—	—	—	—
Non-current financial assets	54,822	—	786	55,608	—	—	786	786
Trade receivables	81,060	—	—	81,060	—	—	—	—
Cash and cash equivalents	202,065	—	—	202,065	—	—	—	—
Assets for derivative financial instruments	—	—	1,525	1,525	—	1,525	—	1,525
Current financial assets	39	—	—	39	—	—	—	—
Other current assets	17,202	—	—	17,202	—	—	—	—
Current financial assets	300,366	—	1,525	301,891	—	1,525	—	1,525

2021 (In thousands of Euro)	Financial liabilities	Financial liabilities carried at fair value	Financial assets at fair value	Total	Level 1	Level 2	Level 3	Total
	Amortised cost	FV vs OCI	FV vs P&L					
Non-current financial liabilities	57,671			57,671	—	—	—	—
Other non-current liabilities	34,950			34,950	—	—	—	—
Non-current financial liabilities	92,620	—	—	92,620	—	—	—	—
Current financial liabilities	73,771			73,771	—	—	—	—
Trade payables	159,769			159,769	—	—	—	—
Liabilities for derivative financial instruments	—	—	58	58	—	58	—	58
Other current liabilities	95,302			95,302	—	—	—	—
Current financial liabilities	328,842	—	58	328,900	—	58	—	58

2020 (In thousands of Euro)	Financial liabilities	Financial liabilities carried at fair value	Financial assets at fair value	Total	Level 1	Level 2	Level 3	Total
	Amortised cost	FV vs OCI	FV vs P&L					
Non-current financial liabilities	97,677			97,677	—	—	—	—
Other non-current liabilities	37,665			37,665	—	—	—	—
Non-current financial liabilities	135,342	—	—	135,342	—	—	—	—
Current financial liabilities	46,409			46,409	—	—	—	—
Trade payables	114,006			114,006	—	—	—	—
Liabilities for derivative financial instruments	—	—	58	58	—	58	—	58
Other current liabilities	73,582			73,582	—	—	—	—
Current financial liabilities	233,997	—	58	234,055	—	58	—	58

10 Non-financial risks

RISKS RELATED TO CYBER ATTACKS

The processes that characterise 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 - MARKET AND 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.

Management is also continuously monitoring the developments in the conflict in Ukraine and the resulting embargos on the Russian market. It should be noted that the Group's Ukrainian operations are all through a local distributor, and the volumes are low. On the Russian market, Technogym operates directly through its subsidiary Technogym ZAO, whose revenues can be quantified at approximately 2% of the Group's total revenues. The retail stores have already been closed. Technogym has also stopped exporting to Russia. We can report that Technogym does not have a significant financial, foreign currency or commercial exposure on the Russian market.

RISKS RELATED TO CYBER ATTACKS

The pace of the digital transformation was accelerated, within the Company itself and also on the market, due to the public health emergency, and this exposes the Group to potential cyberattacks (cyber risks). The Group has adopted a governance structure and cyber risk management model based on international standards, in order to put in place the best technological solutions and choose the best partners to defend its corporate assets. It has also taken out appropriate insurance cover.

11 Related party transactions

The Group's transactions with related parties, identified based on criteria defined by IAS 24 – Related party disclosures – are carried out under normal market conditions.

The following table shows the amounts of related party transactions for the years ended 31 December 2021 and 2020 and the incidence on the related item in the financial statement.

	Property, plant and equipment		Other non-current assets		Trade receivables		Other current assets		Non-current financial liabilities		Trade payables		Current financial liabilities	
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021
Technogym Emirates Llc	–	–	–	–	1,166	1,962	446	447	–	–	218	298	–	–
Pubblisole Spa	–	–	–	–	–	–	–	–	–	–	2	–	–	–
Crit S.r.l.	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Consorzio Romagna Iniziative	–	–	–	–	–	–	20	28	–	–	–	15	–	–
Asso.milano Durini Design	–	–	–	–	–	–	–	–	–	–	–	1	–	–
Sandcroft Avenue Limited	–	–	–	–	–	–	–	–	–	–	–	–	(5)	(20)
Wellink Srl	–	–	–	–	–	–	–	–	–	–	53	67	–	–
Alfin Srl	–	–	–	–	2	1	–	–	–	–	79	125	–	–
Via Durini 1 Srl	5,827	5,035	–	–	–	–	–	–	5,170	4,402	(49)	(75)	768	789
Starpool Srl	–	–	–	–	1	–	–	–	–	–	5	5	–	–
One On One Srl	–	–	–	–	5	0	–	–	–	–	1	101	–	–
Alne Soc. Agr. S.r.l.	–	–	–	–	–	–	–	–	–	–	–	2	–	–
Aedes S.s.	–	–	–	–	–	–	–	–	–	–	8	–	–	–
Sobeat S.r.o.	4,155	3,463	–	–	–	–	–	–	4,241	3,571	–	–	1,298	1,968
Total	9,982	8,498	–	–	1,174	1,963	466	475	9,411	7,974	316	540	2,061	2,737
Total Financial Statements	159,243	153,663	52,616	62,871	81,060	104,549	17,202	29,697	97,677	57,671	114,006	160,064	46,409	73,330
% on financial statements item	6.3%	5.5%	0.3%	0.3%	1.4%	1.9%	2.7%	1.6%	9.6%	13.8%	0.3%	0.3%	4.4%	3.7%

(In thousands of Euro)	Revenues		Other revenues and income		Raw materials and work in progress		Cost of services		Personnel expenses		Other operating costs		Depreciation and amortisation		Financial income		Financial expenses		
	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	
Values at 31 December																			
Technogym Emirates Llc	10,340	11,290	168	206	(99)	(63)	(6)	(101)	6	(147)	—	—	—	—	—	—	(0)	—	
Pubblisole Spa	—	—	—	—	—	—	(2)	38	—	—	—	—	—	—	—	—	—	—	
Consorzio Romagna Iniziative	—	—	—	—	—	—	(16)	(8)	—	—	—	—	—	—	—	—	—	—	
Asso.milano Durini Design	—	—	—	—	—	—	—	—	—	—	(2)	(2)	—	—	—	—	—	—	
Sandcroft Avenue Limited	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5	15	(174)	(92)	
Fitkey South Africa Pty Ltd	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7	0	
Wellink Srl	—	—	—	—	—	—	(170)	(187)	—	—	(0)	(0)	—	—	—	—	—	—	
Alfin Srl	—	—	—	—	—	—	(190)	(250)	—	—	—	—	—	—	—	—	—	—	
Via Durini 1 Srl	9	—	—	—	—	—	(145)	(162)	—	—	(9)	(10)	(822)	(816)	—	—	(126)	(130)	
Starpool Srl	1	1	1	0	—	—	(1)	(1)	—	—	—	—	—	—	—	—	—	—	
One On One Srl	12	12	2	—	(1)	—	(207)	(256)	—	—	(0)	(0)	—	—	—	—	—	(0)	
Alne Soc. Agr. S.r.l.	—	—	—	—	—	—	—	(2)	—	—	(11)	—	—	—	—	—	—	—	
Aedes S.s.	—	—	—	—	—	—	(30)	—	—	—	(1)	—	—	—	—	—	—	—	
Sobeat S.r.o.	—	—	—	—	—	—	176	184	—	—	—	—	(719)	(692)	—	—	—	—	
Total	10,361	11,302	171	206	(100)	(63)	(592)	(882)	6	(147)	(22)	(12)	(1,541)	(1,508)	5	15	(293)	(221)	
Total Financial Statements	508,342	609,902	1,337	1,670	(166,366)	(209,050)	(128,500)	(158,919)	(112,640)	(133,307)	(10,260)	(6,493)	(35,109)	(36,435)	12,981	11,998	(17,184)	(11,596)	
% on financial statements item	2.0%	1.9%	12.8%	12.4%	0.1%	0.0%	0.5%	0.5%	0.0%	0.1%	0.2%	0.2%	4.4%	4.1%	0.0%	0.0%	1.7%	1.9%	

The relationship between the Group and related parties as of and for the years ended 31 December 2021 and 2020 are mainly commercial. Technogym Emirates LLC is a joint venture established by the Group with a company in the UAE, in order to facilitate the distribution and sale of the Group's products and services in that region. Specifically, relations with this company are regulated by a series of agreements under which Technogym Emirates LLC has been delegated exclusive rights to distribute the Company's products in the UAE. In addition, Technogym Emirates LLC is required to respect certain conditions relating to marketing, distribution and sales and after-sales policies established by the Group. The transactions are regulated by orders issued from time to time based on an agreed product list that is updated periodically by the parties.

The figures for the companies Via Durini S.r.l and Sobeat S.r.o mainly refer to the adoption of IFRS 16 concerning property leased in favour of the group.

The relationship with One on One S.r.l. is related to collaborations aimed to implement and manage corporate wellness areas. For instance, the Group occasionally receives the support of One on One S.r.l. in order to offer a complete service to the end customers.

Transactions between the Group and One on One S.r.l. are regulated by agreements arranged from time to time based on the requests and needs of the end customer.

Relations with Wellink S.r.l. refer mainly to collaborations aimed at implementing personalised projects for wellness centres.

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT

The total amount of compensation and the related costs of the Board of Directors of the Company amounted to Euro 2,413 thousand for the year ended 31 December 2021 (Euro 2,369 thousand for the year ended 31 December 2020).

The total amount of compensation paid to key management amounted to Euro 1,757 thousand for the year ended 31 December 2021 (Euro 1,928 thousand for the year ended 31 December 2020). The following table shows the amounts of revenues for the years ended 31 December 2021 and 2020.

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Fees for office	1,229	1,407
Non-monetary benefits	25	23
Bonuses and other incentives	90	167
Other fees	414	331
Total	1,757	1,928

12 Contingent liabilities

As of 31 December 2021 there were no ongoing legal or tax proceedings against any Group companies and therefore, no particular provisions for risks and charges have been recognised, 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 FBK Equipamentos Ltda, for alleged formal irregularities in the import customs declarations relating to years prior to 2015, also in the name of Technogym Fabricação de Equipamento de Ginástica Ltda, now incorporated in BK Equipamentos Ltda.

The company, assisted by its local tax advisors and lawyers, opposed the presumptions of the local administration and the first rulings against it, as it believes that it has always operated in full compliance with local tax and customs provisions. Consequently, the decision was taken not to allocate any provision, as the risk of losing the appeal procedure is not deemed likely.

13 Commitments and guarantees

As of 31 December 2021 the Group issued guarantees to credit institutions on behalf of subsidiaries for Euro 21,344 thousand (Euro 3,721 thousand at 31 December 2020) and on behalf of related parties for Euro 3,617 thousand (Euro 3,338 thousand at 31 December 2020). The guarantees issued by the Group in favour of public institutions and other third parties amounted to Euro 2,150 thousand (Euro 2,378 thousand at 31 December 2020).

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

14 Non-recurring events and transactions

In the year ended 31 December 2021, non-recurring income amounted to Euro 11,838 thousand. A positive element of this item was Euro 13,961 thousand, from the capital gain posted after the sale of the Exerp Group, net of the ancillary costs of this transaction. The Exerp Group includes the holding company Amleto APS, a Danish company which is a wholly owned subsidiary of Technogym SpA, Exerp APS, Exerp America LLC and Exerp Asia Pacific Pty.

The remainder of this item relates to non-recurring costs of Euro 2,123 thousand, which mainly relate to costs related to staff turnover, of Euro 1,421 thousand, and the costs for extraordinary services and related to previous financial years for consultancy and other professional fees. As of 31 December 2020, non-recurring expenses amounted to Euro 7,433 thousand.

Significant events after the reporting period

Following the 2021 European success of Technogym App, which offers daily personalised training programmes with or without equipment thanks to an extensive library of on-demand training videos, the app was also launched in the USA in February 2022. In response to the strong rise in the popularity of cycling, February also saw the presentation of Technogym Ride, a new indoor bike designed for pro and amateur cyclists. It has a 22" screen, connects to all the apps preferred by riders, and also has a wide range of programmes and training content to improve athletic performance.

Internationally, on 8 March 2022 Technogym opened the new Technogym Dubai office, Technogym's Middle East hub, comprising the Technogym Emirates headquarters, the Technogym flagship store for end consumers, and a showroom and training area for industry operators.

Also in Dubai, as part of "Health and Wellness Week" at Expo Dubai, Wellness Valley was presented as an example of a local ecosystem that puts health and quality of life centre-stage during the "Personalized medicine: new tools and active polices for prevention, diagnosis and therapy" conference organised on 28 and 29 January 2022 at the Italy Pavilion by the University of Modena and Reggio Emilia in partnership with Emilia-Romagna Region, ART-ER, the University of Bologna, the University of Ferrara and the University of Parma.

Management is also continuously monitoring the developments in the conflict in Ukraine and the resulting embargos on the Russian market. It should be noted that the Group's Ukrainian operations are all through a local distributor, and the volumes are low. On the Russian market, Technogym operates directly through its subsidiary Technogym ZAO, whose revenues can be quantified at approximately 2% of the Group's total revenues. The retail stores have already been closed. Technogym has also stopped exporting to Russia. We can report that Technogym does not have a significant financial, foreign currency or commercial exposure on the Russian market.



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of
Technogym SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Technogym SpA (the “Company”) and its subsidiaries (the “Group” or the “Technogym Group”), which comprise the consolidated statement of financial position as of 31 December 2021, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Technogym Group as of 31 December 2021 and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

PricewaterhouseCoopers SpA

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Key Audit Matters

Auditing procedures performed in response to key audit matters

Revenue recognition

See notes to the consolidated financial statements, paragraph "Accounting policies" and note 7.1 – Revenues

Revenues of Technogym Group for the year ended as at 31 December 2021 amounted to Euro 609.7 million.

Such financial statements item includes revenues from sales of wellness equipments, accessories, services and digital solutions made by Technogym Group in several distribution channels and geographical areas.

General terms of sale drawn up by the Technogym Group are negotiated with the counterparty and may be amended and/or supplemented by specific clauses based on the type of customer.

Moreover, sales contracts, especially those with leading international customers, are often long-term.

As part of our audit of the consolidated financial statements as of 31 December 2019, we focused our attention on this financial statements area not only because of the magnitude of the amount, but because it is particularly complex and requires an in-depth analysis to ascertain the correct application of the revenues cut-off principle. This is due to the fact that a single contract may include components of a different nature (for instance, the sale of a product and the provision of the maintenance service), with the consequent need to allocate to the single contractual obligations the total price inferable from the contract/sale order, and due to the existence, in contracts with specific international customers, of buy back clauses (i.e. sales with the obligation to buy back second-hand goods against the sale of a new machine), with the need to estimate, on a historical/statistic basis, the probability of their implementation by the customers.

With reference to the Revenue line item, our audit approach preliminarily provided for the update of our understanding and evaluation of the internal control system of the various companies of Technogym Group in relation to the sale process as well as, where deemed as efficient in the circumstances, the validation of its adequacy through tests on a sample basis on the effectiveness of the key controls implemented by the various companies of the Group.

We also updated our understanding and analysed the general terms of sale and the main contractual clauses used and negotiated with customers, considering the related effects for the purpose of the appropriate revenue recognition through analysis of the documentation and discussion with management of the Group.

In order to verify the existence of the sale revenues as well as the correct application of the cut-off principle and considering what emerged from the activities summarised above, we selected a sample of contracts/sale orders concluded during the year, we analysed the contractual clauses relevant in the circumstances and we verified the correct recognition and measurement of revenues from sales related to the selected transactions. Furthermore, we selected a sample of transactions recognised as revenues during the year and near the end of the reporting period, we obtained the supporting documentation (contracts/orders, transports documents, invoices) and we verified the correct revenue recognition and measurement. In particular, we focused our audit activity on the type of contracts that envisage, in addition to the sale of a product, also the provision of a service, in order to verify the appropriate method for the allocation of the total price under the contract to each performance obligation agreed with the customer.



We also performed the external confirmations procedures on a sample basis in order to acquire evidence supporting trade revenues and receivables recognised in the consolidated financial statements in relation to the sale of products or the provision of services.

In addition, we analysed the reasonableness of the estimate of the year-end monetary awards recognised to distributors as well as that of the non-monetary awards (i.e. free products) that the Group recognises to customers as a result of the achievement of specific sale volumes.

Furthermore, we verified on a sample basis the invoices to be issued and the credit notes to be issued allocated in the financial statements, as well as the credit notes issued at the beginning of 2022, in order to ascertain that the sums allocated as increases in and adjustments to the revenues earned by the Group at year-end were correctly recognised within the cut-off date.

Moreover, we reviewed the assumptions underlying the estimate prepared by the Group to determine the probability to implement the buy back clauses by customers, testing the correctness of the calculation and the accurate adjustment to the revenue from sale in order to consider the buy back obligation undertaken by the Group.

Finally, we verified the accuracy and completeness of the information reported in the notes to the consolidated financial statements as of 31 December 2021.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors of Technogym SpA are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

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



- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 16 February 2016, the shareholders of Technogym SpA in general meeting engaged us to perform the statutory audit of the Company's separate and consolidated financial statements for the years ending 31 December 2016 to 31 December 2024.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Technogym SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the consolidated financial statements, to be included in the annual report.



We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all significant respects, in compliance with the provisions of the Commission Delegated Regulation.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

The directors of Technogym SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Technogym Group as of 31 December 2021, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998, with the consolidated financial statements of Technogym Group as of 31 December 2021 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of Technogym Group as of 31 December 2021 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of Technogym SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016. We have verified that the directors



approved the non-financial statement. Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Bologna, 8 April 2022

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.

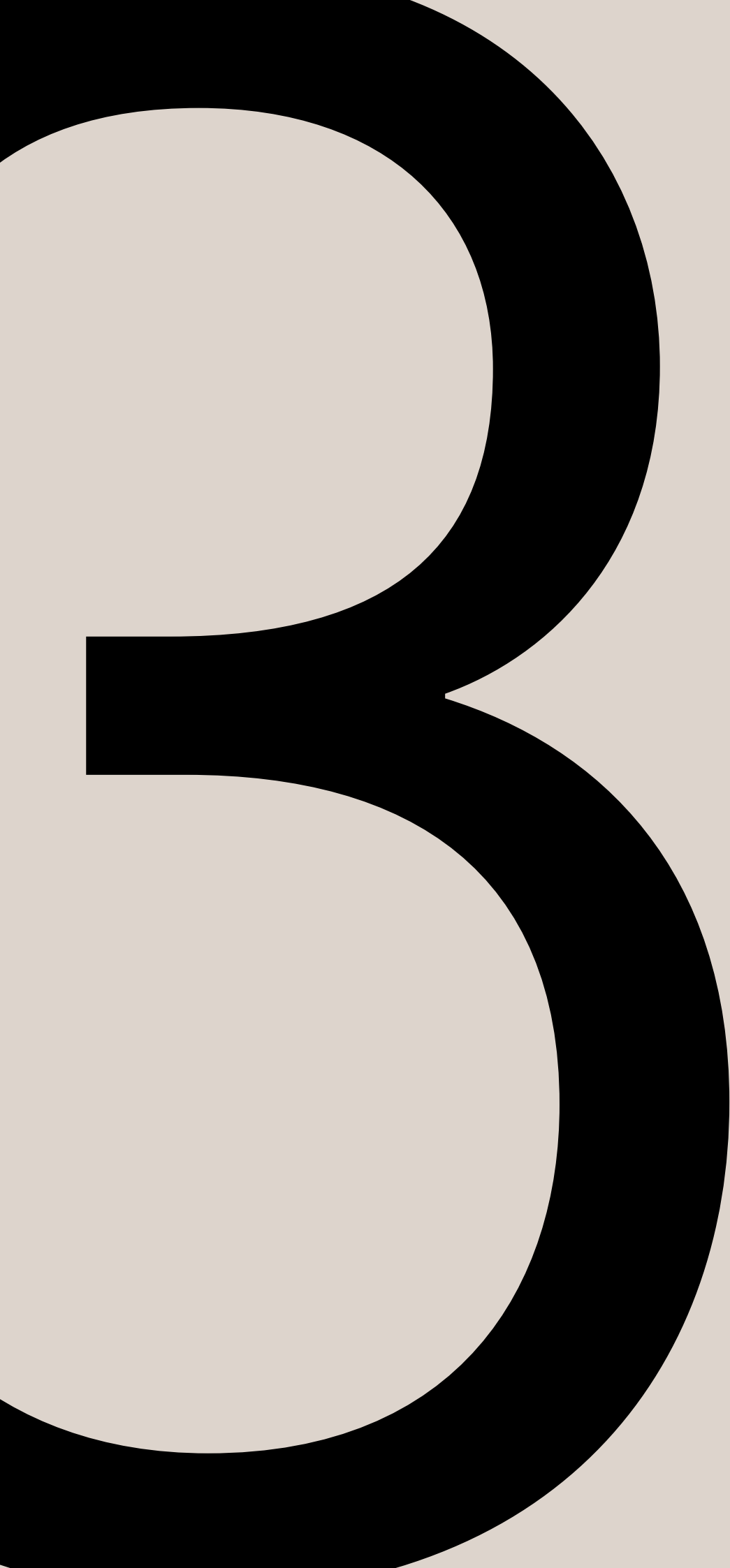
Certification of the financial statements of the Technogym Group pursuant to Article 81 - Ter of Consob Regulation 11971 of 14 May 1999 as amended

1. The undersigned Nerio Alessandri, as Chairman of the Board of Directors and Chief Executive Officer, and Massimiliano Moi as Financial Reporting Officer of Technogym S.p.A., pursuant to Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree 58 of 24 February 1998, hereby certify:
 - › the financial statements are adequate, in relation to the characteristics of the company and
 - › that the administrative and accounting procedures have been effectively applied in the preparation of the consolidated financial statements from 1 January 2021 to 31 December 2021.

No significant findings emerged from our assessment of the system of internal financial reporting controls.

2. We also confirm that the Consolidated Financial Statements:
 - a) have been drawn up in accordance with the international accounting standards recognised in the European Union under Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
 - b) are consistent with the entries in the accounting books and records;
 - c) provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.
3. The Report on Operations includes a reliable operating and financial review of the Company and of the Group, the situation of the issuer and all the companies in the consolidation perimeter, as well as a description of the main risks and uncertainties to which they are exposed.

Cesena, 23 March 2022



**SEPARATE
FINANCIAL
STATEMENTS
31 DECEMBER
2021**

Technogym S.p.A.

Financial statements

Statement of financial position

<i>(in Euro)</i>	As of 31 December				
	Notes	2021	<i>of which from related parties</i>	2020	<i>of which from related parties</i>
Assets					
Non-current assets					
Property, plant and equipment	1	63,304,637	24,629,336	70,803,419	29,044,628
Intangible assets	2	50,342,391		45,968,162	
Deferred tax assets	3	8,699,602		8,358,483	
Equity investments	4	170,752,009		184,150,445	
Non-current financial assets	5	30,749,030	30,549,030	33,905,144	33,705,144
Other non-current assets	5	54,025,667	263,184	50,072,089	
Total non-current assets		377,873,335		393,257,743	
Current assets					
Inventories	6	45,528,273		33,066,178	
Trade receivables	7	92,018,623	48,011,829	62,143,553	30,028,545
Current financial assets	8	58,285,406	4,443,006	2,393,091	2,354,376
Assets for derivative financial instruments	9	126,554		1,525,135	
Other current assets	10	23,560,254	785,739	14,584,795	2,933,225
Cash and cash equivalents	11	145,004,423		161,745,204	
Total current assets		364,523,534		275,457,957	
Total assets		742,396,869		668,715,700	

<i>(in Euro)</i>	As of 31 December				
	Notes	2021	<i>of which from related parties</i>	2020	<i>of which from related parties</i>
Equity and liabilities					
Equity					
Share capital		10,066,375		10,066,375	
Share premium reserve		7,132,311		4,989,750	
Other reserves		80,562,673		77,553,450	
Retained earnings		188,288,038		191,265,140	
Profit/(loss) for the period		66,360,772		46,339,486	
Total equity	12	352,410,170		330,214,201	
Non-current liabilities					
Non-current financial liabilities	13	63,226,831	20,741,127	106,014,355	25,062,803
Employee benefit obligations	14	2,623,578		2,752,696	
Non-current provisions for risks and charges	15	6,795,383		7,105,881	
Other non-current liabilities	16	26,115,493		32,852,895	
Total non-current liabilities		98,761,285		148,725,827	
Current liabilities					
Trade payables	17	131,660,795	27,978,466	91,176,014	13,342,750
Current tax liabilities	18	955,182		59,468	
Current financial liabilities	13	117,424,542	49,883,000	76,597,329	35,808,984
Liabilities for derivative financial instruments	19	40,922		57,749	
Current provisions for risks and charges	15	9,246,468	48,607	5,865,270	20,795
Other current liabilities	20	31,897,506	1,029,673	16,019,843	696,645
Total current liabilities		291,225,414		189,775,672	
Total equity and liabilities		742,396,869		668,715,700	

Income statement

(in Euro)	Year ended 31 December				
	Notes	2021	<i>of which from related parties</i>	2020	<i>of which from related parties</i>
Revenues					
Revenues	21	425,431,140	221,128,323	347,774,856	187,649,000
Other revenues and income	22	13,407,780	12,678,541	10,293,891	9,578,360
Total revenues		438,838,920		358,068,747	
Operating costs					
Purchases and use of raw materials, work in progress and finished goods	23	(228,737,458)	(67,973,285)	(179,097,511)	(51,125,674)
<i>Of which non-recurring expenses:</i>		(13,752)		(39,569)	
Cost of services	24	(71,677,281)	(2,060,849)	(50,684,601)	(1,849,909)
<i>Of which non-recurring expenses:</i>		(90,708)		(161,727)	
Personnel expenses	25	(60,646,226)	(392,183)	(45,157,320)	(57,665)
<i>Of which non-recurring expenses:</i>		(656,475)		(229,980)	
Other operating costs	26	(4,419,119)	(1,752,884)	(9,926,697)	(2,501,837)
<i>Of which non-recurring expenses:</i>		(3,270)		(1,104,166)	
Share of net result from subsidiary		11,958,104		—	
<i>of which non-recurring income:</i>		11,958,104			
Depreciation, amortisation and impairment losses / (write-backs)	27	(28,671,415)	(4,631,555)	(27,238,329)	(4,646,161)
Net provisions	28	(1,129,629)	—	6,690,168	7,590,507
<i>of which non-recurring income/ (expenses):</i>		—	—	7,140,507	7,590,507
Net operating income		55,515,896		52,654,456	
Financial income	29	11,385,196	578,224	12,186,487	693,822
Financial expenses	30	(10,963,916)	(705,186)	(14,684,221)	(861,957)
<i>of which non-recurring expenses:</i>		—		(173,520)	
Net financial expenses		421,279		(2,497,735)	
Income/(expenses) from investments	31	21,906,302	14,063,231	5,063,643	5,063,643
<i>of which non-recurring expenses:</i>		—	—	(9,985,795)	(7,590,507)
Profit before tax		77,843,478		55,220,365	
Income taxes	32	(11,482,705)		(8,880,879)	
Of which non-recurrent income taxes		—		—	
Profit/(loss) for the period		66,360,772		46,339,486	
Earnings per share	33	0.33		0.23	

Statement of comprehensive income

<i>(in Euro)</i>	Notes	Year ended 31 December	
		2021	2020
Profit/(loss) for the year (A)		66,360,772	46,339,486
Actuarial gains/(losses) on post-employment benefit obligations	14	(4,922)	(26,618)
Tax effect - Actuarial gains/(losses) on post-employment benefit obligations		1,181	6,388
Actuarial gains/(losses) for the PNC provision	15	172,352	(131,549)
Tax effect - Actuarial gains/(losses) for the PNC provision		(41,365)	31,572
Total items that will not be reclassified to profit or loss (B1)		127,247	(120,207)
Gains (losses) on cash flow hedges		-	-
Tax effect - Gains (losses) on cash flow hedges		-	-
Gains (losses) on cash flow hedging instruments (IRS)		-	-
Tax effects - Gains (losses) on cash flow hedging instruments (IRS)		-	-
Total items that will be reclassified to profit or loss (B2)		-	-
Total Other comprehensive income, net of tax (B)=(B1)+(B2)		127,247	(120,207)
Total comprehensive income for the year (A)+(B)		66,488,020	46,219,279

Cash flow statement

<i>(In thousands of Euro)</i>	Notes	Year ended 31 December	
		2021	2020
Cash flows from operating activities		66,360,772	46,339,486
<i>Profit/(loss) for the period</i>			
Adjustments for:			
Income taxes		11,482,705	8,880,879
(Income)/expenses from investments		(21,906,302)	(5,063,643)
Financial (income)/expenses		(421,279)	2,497,735
Depreciation, amortisation and impairment		28,671,415	27,238,329
Net provisions		1,129,629	(6,690,168)
Share of net result from joint ventures and impairment		(11,958,104)	0
<i>Cash flows from operations before changes in working capital</i>		73,358,837	73,202,617
Change in inventories		(12,946,158)	(2,034,247)
Change in trade receivables		(28,774,995)	20,491,125
Change in trade payables		40,516,643	(11,604,974)
Change in other assets and liabilities		18,516,368	(4,494,672)
Income taxes paid		(7,622,976)	(10,155,875)
Net cash inflow / (outflow) from operating activities (A)		83,047,720	65,403,974
Cash flows from investing activities			
Investments in property, plant and equipment		(6,469,689)	(6,349,038)
Disposals of property, plant and equipment		14,204	31,795
Investments in intangible assets		(16,992,638)	(15,187,307)
Disposals of intangible assets		6,547	58,348
Dividends from investments		14,063,231	12,820,248
Dividends from investments in Joint Ventures		464,041	951,554
Sale/(Purchase) of subsidiaries, associates and other entities		30,842,035	(9,500)
Net cash inflow (outflow) from investing activities (B)		21,417,913	(7,683,901)

<i>(in Euro)</i>	Notes	Year ended 31 December	
		2021	2020
Cash flows from financing activities			
Reimbursement of leasing costs (IFRS 16)		(5,902,619)	(5,682,767)
Non-current financial liabilities (including the current portion)		0	50,000,000
Repayment of borrowings (including the current portion)		(25,000,001)	(24,500,000)
Net increase (decrease) in current financial liabilities		(41,985,155)	8,253,598
Dividends paid to shareholders		(44,292,050)	0
Payments of net financial expenses		2,440,215	(4,721,213)
Net cash inflow (outflow) from financing activities (C)		(114,739,609)	23,349,618
Net increase (decrease) in cash and cash equivalents (D)=(A)+(B)+(C)			
		(10,273,976)	81,069,692
Cash and cash equivalents at the beginning of the year			
		161,745,204	81,053,560
Increase/(decrease) in cash and cash equivalents from 1 January to 31 December		(16,849,653)	81,069,692
Effects of exchange rate differences on cash and cash equivalents		108,872	(378,049)
Cash and cash equivalents at the end of the period		145,004,423	161,745,204

Statement of change in equity

(in Euro)	Share capital	Share premium reserve	Other reserves									Total equity
			Legal reserve	Extraordinary reserve	Reserve for the adoption of IAS/IFRS	IAS 19 reserve	Stock grant plan reserve	IRS Hedge Account reserve	Unrealised exchange differences reserve	Retained earnings	Profit/(loss) for the period	
At 1 January 2020	10,050,250	4,989,750	2,010,050	17,895,085	51,345,587	(321,503)	2,416,528	(0)	139,300	123,395,242	72,332,475	284,252,764
Profit for the previous year	—	—	—	4,614,133	(12,257)	—	—	—	(139,300)	67,869,898	(72,332,475)	—
Total comprehensive income for the year	—	—	—	—	—	(120,207)	—	—	—	—	46,339,486	46,219,279
Dividends paid	—	—	—	—	—	—	—	—	—	—	(36,180,900)	—
Increase in capital	16,125	—	—	—	—	—	—	—	—	—	—	16,125
Incentive plan (LTIP)	—	—	—	—	—	—	(273,967)	—	—	—	—	(273,967)
As of 31 December 2020	10,066,375	4,989,750	2,010,050	22,509,218	51,333,331	(441,710)	2,142,561	(0)	(0)	191,265,140	46,339,486	330,214,201
Profit for the previous year	—	—	3,225	3,702,555	(12,257)	—	—	—	1,331,014	(2,977,102)	(2,047,436)	—
Total comprehensive income for the year	—	—	—	—	—	127,247	—	—	—	—	66,360,772	66,488,020
Dividends paid	—	—	—	—	—	—	—	—	—	—	(44,292,050)	(44,292,050)
Increase in capital	—	—	—	—	—	—	—	—	—	—	—	—
Incentive plan (LTIP)	—	2,142,561	—	—	—	—	(2,142,561)	—	—	—	—	—
As of 31 December 2021	10,066,375	7,132,311	2,013,275	26,211,773	51,321,074	(314,463)	(0)	(0)	1,331,013	188,288,039	66,360,773	352,410,170

NOTES TO THE FINANCIAL STATEMENTS

1

General information

Technogym S.p.A. (hereinafter "Technogym" or the "Company") is a legal entity established in Italy, with registered office located in Via Calcinaro 2861, Cesena (Forlì-Cesena); it is governed by Italian law.

The Company is among the world's top players in the fitness equipment industry, offering integrated solutions for the personal wellness (consisting mainly in equipment, services, and digital solutions) that can be personalised and adapted to specific needs of end users and professional operators. The Company offers a wide range of wellness, physical exercise and rehabilitation solutions to the major segments of fitness equipment market and to the overall wellness industry, and is characterised by technological innovations and attention to design and finishes. The Company's offer includes equipment that is 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.

On 19 May 2021, an Accelerated Bookbuilding procedure by TGH S.r.l. concluded with the disposal of 12,000,000 Issuer shares at a price of Euro 10.81 per share, for a total value of Euro 129.7 million.

The operation took place by relying on qualified investors in Italy and foreign institutional investors. Following the completion of the transaction, TGH S.r.l. holds a total of 68,000,000 shares in the Company, equal to 33.78% of the share capital (corresponding to 136,000,000 voting rights and equal to 50.5% of the total voting rights). The remaining 66.22% of the Issuer's share capital was free float on Borsa Italiana's MTA (screen-based stock exchange).

Therefore, at the date of publication of this Financial Report, TGH S.r.l. held 33.78% of the Issuer's share capital (representing 50.49% of total voting rights), while the remaining 66.22% of the Issuer's share capital is free float on the MTA market managed by Borsa Italiana S.p.A.

Technogym is not subject to direction and coordination by TGH S.r.l., nor by its direct and indirect parent companies nor third parties. Refer to the "Corporate Governance Report" for more details; the report is based on the model prepared by Borsa Italiana for corporate governance reports and is available in the "Corporate Governance" section of the website, at <http://corporate.technogym.com>, in the section "Governance/Shareholders' meetings" and "Governance/Reports".

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These Financial Statements were approved by the Company's Board of Directors on 23 March 2022 and audited in full by PricewaterhouseCoopers S.p.A.

2 Summary of accounting standards

This section describes the accounting standards adopted for the preparation of these Financial Statements for the year ended 31 December 2021 (hereinafter the “Financial Statements”). These standards have been adopted for all the financial years presented, unless otherwise indicated.

2.1 BASIS OF PREPARATION

(i) Compliance with EU-IFRS

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

The Financial Statements have also been prepared:

- › based on the best knowledge of the EU-IFRS and considering relative legal theory; any future guidance and updates to interpretations will be reflected in subsequent years, according to procedures established as and when necessary by the accounting standards;
- › on a going-concern basis, as the Directors have verified that there are no financial, operational or other indicators that could indicate problems with the Group’s capacity to meet its obligations in the foreseeable future and specifically over the next 12 months, also taking into consideration the effects of Covid-19 on the 2022 financial year and the current economic scenario.

2.2 HISTORICAL COST APPROACH

The Financial Statements have been prepared based on the historical cost approach, with the exception of certain financial assets and liabilities (including financial derivatives) which are measured at fair value.

Some items on the statement of financial position and the income statement have been reclassified by amounts that are not significant, in order to better present these items.

2.3 FORM AND CONTENT

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

The Financial Statements comprise the mandatory statements contemplated in IAS 1, namely the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and related Notes.

The formats adopted are consistent with those indicated in IAS 1 – Presentation of Financial Statements:

- › the statement of financial position was prepared by classifying the assets and liabilities according to the “current and non-current” criterion;
- › the statement of comprehensive income classifies costs and revenues according to their nature and indicates the profit or loss; it is supplemented by items which, as provided for by EU-IFRS, are directly recognised as equity, other than those relating to operations with the shareholders of the Company;
- › the statement of cash flows has been prepared by presenting cash flows from operating activities according to the “indirect method”.

The formats used best represent the financial position, performance and cash flows of the Company.

2.4 **DISTINCTION BETWEEN CURRENT AND NON-CURRENT ASSETS AND LIABILITIES**

The Company classifies an asset as current when:

- › it holds the asset for sale or use, or expects to realise the asset in its normal operating cycle;
- › it holds the asset primarily for the purpose of trading;
- › it expects to realise the asset within twelve months after year-end;
- › the asset is cash or a cash equivalent, unless the asset is restricted or limited in such a way as to prevent its use for at least twelve months after the reporting period.

All other assets that do not meet the above conditions are classified as non-current. The Company classifies a liability as current when:

- › it expects to settle the liability during its normal operating cycle;
- › it holds the asset primarily for the purpose of trading;
- › the liability must be settled within twelve months after the year-end; or
- › it does not have an unconditional right to defer settlement of the asset beyond twelve months.

All other liabilities are classified as non-current.

2.5 **VALUATION CRITERIA**

The accounting standards used in preparing the Financial Statements are the same as those used for preparing the Consolidated Financial Statements (paragraph 2.4) where applicable, except for the measurement of investments in subsidiaries and associates and dividends, as indicated below.

3 Statement of Financial Position

3.1 EQUITY INVESTMENTS

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

Subsidiaries are entities over which the Company holds the right of direct or indirect control, as stated in IFRS 10 – “Consolidated Financial Statements”. Thus, control exists when the company has all three of the following:

- › power over the investee;
- › exposure or rights to variable returns from its involvement with the investee;
- › the ability to use its power over the investee to affect the amount of the investor’s returns.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement, and therefore interests in the jointly controlled company.

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

At each reporting date, the Company reviews the carrying value of investments to determine if there are any indications of a loss of value and, in that case, performs an impairment test.

If there is objective evidence of loss of value, the recoverability is tested by comparing the carrying value of the asset with its recoverable value, represented by the higher value between the fair value (net of disposal costs) and the determined value of use.

The Company writes back the value of investments if the reasons for their write-down no longer apply.

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

4 Estimates and assumptions

The preparation of the Financial Statements according to IFRS requires management to use estimates and assumptions that affect the reported amounts of assets and liabilities in the statement of financial position, and the accompanying disclosures regarding potential assets and liability at the date of publication of the financial statements, as well as revenues and costs for the period.

The estimates are based on experience and other factors considered relevant. The actual results could differ from estimates. Estimates are reviewed periodically and the effects of each change are reflected in profit or loss, in the period when the estimate is reviewed.

Below is a list of cases that require greater subjectivity by management, in producing the estimates:

- › **Measurement of receivables:** the provision for bad debts reflects the estimates of the expected losses for the Company's receivables. Provisions for expected losses on receivables have been made, estimated based on past experience with reference to receivables with a similar credit risk, current and past amounts unpaid, as well as careful monitoring of the quality of receivables and current and estimated conditions of the economy and the reference markets. The estimates and assumptions are reviewed periodically and the effects of each change are recognised in profit or loss as they occur. In 2020, due to the continuation of the pandemic, the Company conducted a sensitivity test on the recoverability of the value of receivables on which there is a buyback obligation. Various sensitivity scenarios were presented, and with a portfolio of approximately EUR 170 million they led to an increase of EUR 3.2 million in the provision set aside during the 2020 financial year. The purpose of the provision made in 2020 was intended to indicate on the financial statements the probable risk of customer defaults, due to the effects of the continued pandemic, such as gym closures and restrictions on entry imposed to maintain social distancing. The final figures for 2021 show that the recorded defaults amounted to EUR 1.2 million, a clear improvement on the forecasts presented in the financial statements during the previous year. Another 4 sensitivity scenarios were presented up to 31 December 2021, considering the current trend in the portfolio. It has been estimated that for the next year, the risk of default will be approximately EUR 3 million on a portfolio of EUR 160 million; based on our analysis this scenario is highly probable.
- › **Measurement of inventories:** obsolete stocks are periodically measured and written down if the net realisable value is lower than the carrying amount. Write-downs are calculated based on management's assumptions and estimates, arising from management's experience and past results achieved.
- › **Measurement of deferred taxes:** deferred taxes are measured based on expectations of taxable income expected in future years. The measurement of expected taxable income depends on factors that could vary in time and have significant effects on the measurement of deferred tax assets.
- › **Income taxes:** the determination of the Group's tax liabilities requires Management to use measurements for transactions whose tax implications are uncertain on the reporting date. The Company recognises liabilities that could arise from future audits by tax authorities based on the estimate of taxes due. If the outcome of the above audits differs

from that estimated by management, significant effects on current and deferred taxes could be possible.

- › **Development costs:** the Group capitalises the costs for the development of new products and processes. Costs are capitalised based on Management's judgement, which confirms the technical, financial and commercial feasibility of development projects. In determining the amounts to capitalise, Management makes certain assumptions about the project's expected future cash flows, the discount rates to be applied, and the expected useful life of the capitalised costs. As of 31 December 2021, the net carrying amount of capitalised development costs was equal to Euro 21,092 thousand (Euro 19,337 thousand at 31 December 2020).
- › **Impairment of assets:** assets are impaired when events or changes in circumstances lead to the assumption that the carrying amount in the financial statements can no longer be recovered. Events that may cause an impairment of an asset include changes in industrial plans, changes in market prices or a reduced use of plants. The decision to write-down an asset and quantify the write-down depends on management's evaluations of complex and highly uncertain factors, including the future trend of prices, the impact of inflation and technological progress on production costs, production profiles and conditions of demand and supply. The write-down is determined by comparing the carrying amount with the relative recoverable value, represented by the higher of the fair value, net of disposal costs, and value in use determined by discounting expected cash flows arising from use of the asset. Expected cash flows are quantified in the light of information available at the time of the estimate based on subjective judgements of the trend of future variables, such as prices, costs, rates of growth in demand, production profiles, and are discounted using a rate that takes into account the implied risk of the asset concerned.
- › **Useful life of tangible and intangible assets with a finite useful life:** depreciation is calculated based on the useful life of the asset. Useful life is determined when the asset is recognised in the financial statements. Valuations of the duration of useful life are based on past experience, market conditions and expectations of future events that could have an effect on the useful life, including technological changes. Consequently, the actual useful life may differ from the estimated useful life.
- › **Employee benefits:** defined-benefit plans are measured based on uncertain events and actuarial assumptions that include discount rates, the expected returns on assets serving plans (if existing), the level of future remuneration, mortality rates, retirement ages and future trends in health expenses. The main assumptions used to quantify defined benefit plans are determined as follows: (i) the discount and inflation rates that represent the rates based on which obligations to employees could actually be carried out, are based on the rates that accrue on high-quality bonds and inflation expectations; (ii) the level of future remuneration is determined based on elements such as inflation expectations, productivity, career progress and seniority; (iii) the future cost of healthcare is determined based on elements such as the present and past trend of healthcare costs, including assumptions concerning the inflation trend of costs, and changes in the health conditions of entitled parties; (iv) demographic assumptions that reflect the best estimate of the trend in variables, such as mortality, turnover and disability, and other variables relative to the entitled population. The differences in the value of net liabilities (assets) of employee benefit plans arising from changes in the actuarial assumptions used and the difference between actuarial assumptions previously adopted and those actually used occur normally and are defined as actuarial gains or losses. Actuarial gains and losses relative to defined benefit plans are recognised in other comprehensive income. The actuarial assumptions are also adopted to determine obligations relative to other long-term benefits; for this purpose, the effects arising from changes to actuarial assumptions or characteristics of the benefit are recognised in full in profit or loss.
- › **Measurement of provisions for risks:** the Company recognises a liability for disputes and lawsuits in progress when it is considered probable that there will be a financial

outflow and when the amount of the resulting loss can be reasonably estimated. In the event a financial outflow is possible but the amount cannot be determined, this fact is disclosed in the notes to the financial statements. The causes may relate to complex legal and tax issues that are subject to different level of uncertainty, against which it is possible that the value of the funds may vary as a result of future developments in the ongoing proceedings. The Company monitors the status of pending litigation and consults with its own legal advisors and experts. Moreover, when selling a product, the Company makes provisions to cover the estimated costs of product warranties. The estimate of this fund is calculated on the basis of historical information on the nature, frequency and average cost of warranty claims.

- › **Fair value of financial instruments:** the fair value of unlisted financial instruments is determined according to commonly used financial valuation techniques that require basic assumptions and estimates. These assumptions might not occur according to expected times and procedures. Therefore Company estimates could deviate from final data.
- › **Share-based payments:** the fair value of share-based payments is estimated by determining the most appropriate measurement model, which depends on the terms and conditions of the plan. This estimate also requires the determination of the most appropriate input for the measurement model, including the expected duration of the option or granted right, the volatility and return on dividends, and the related assumptions.
- › **Estimate of variable considerations relative to returns and discounts on volumes:** the Company estimates the variable prices to include in the transaction price for the sale of products with the right of return. The Company has developed a statistical model for expected returns on sales. This model is based on historical data relative to each product, to obtain the percentages of expected returns. The percentages obtained are applied to determine the expected value of the variable consideration. Any future change compared to past experience will affect the expected return percentages estimated by the Company.
- › **Leasing:** These contracts are recognised in accordance with IFRS 16. When entering into each contract, the company:
 - › determines whether the contract is a lease or contains one; this arises when the contract grants the right to control the use of a specific asset for a period of time in exchange for a price. This assessment is repeated if there are subsequent changes to the contractual terms and conditions.
 - › separates the components of the contract, by distributing the contract price between each leasing or non-leasing component.
 - › determines the duration of the lease as the non-cancellable period of the lease, to which may be added to any period covered by an extension option, or termination of the lease.

On the effective date of each contract for which the Company is the lessee, the assets consisting of the right of use (valued at cost) and the financial liabilities for the lease are recognised on the financial statements; they are equal to the current value of the remaining future payments, discounted according to the implicit interest rate or alternatively, the Group's marginal finance rate. Subsequently, the asset consisting of the right of use is valued by applying the cost model, net of the depreciation and any reductions in accumulated value, adjusted to take into account any new valuations or modifications to the lease. Leasing charges are valued by increasing the book value to take into account the interest, reducing the book value to take into account payments made, and re-determining the book values to take into account any new valuations or modifications to the lease.

The assets are depreciated according to a period represented by the term of the lease contract, unless its duration is less than the useful life of the asset based on the rates applied to tangible assets, and there is the reasonable certainty of the ownership of the leased asset being transferred on the natural contractual expiry date. In such a case the depreciation period will be calculated on the basis of the criteria and rates indicated for tangible assets.

For lease contracts whose duration ends within 12 months from the date of initial application and for which there are no renewal options, and for contracts with low-value underlying assets, the lease charges are recognised on the income statement on a straight line basis throughout the duration of the respective contracts.

As reported in the “Recently issued accounting standards” section, on 31 March 2021 the IASB published an amendment named “Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16)”; which extended the period of application of the 2020 amendment that allowed tenants to recognise Covid-19 related rent concessions without having to consider (by analysing the contracts) whether the IFRS 16 definition of lease modification has been respected.

Despite the change made to leasing contracts during 2020 and 2021, the Group has decided not to recognise those changes using the accounting rule of the amended IFRS16 – Covid-19 related rent concessions, but will apply the existing provisions of IFRS 16.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

1 Property, plant and equipment

The item "Property, plant and equipment" amounted to Euro 63,305 thousand at 31 December 2021 (Euro 70,803 thousand at 31 December 2020).

The following table shows the amounts and movements of "Property, plant and equipment" for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Land	Buildings and leasehold improvements	Plant and machinery	Production and commercial equipment	Other assets	Assets under construction and advances	Total
Historical cost at 1 January 2020	3,105	64,448	18,875	64,521	17,900	1,783	170,631
IFRS 16 investments	—	8,245	—	—	682	—	8,927
Investments	—	—	733	4,767	590	236	6,326
IFRS 16 disposals	—	(977)	—	—	(236)	—	(1,213)
Disposals	—	—	(25)	(49)	(242)	—	(316)
Reclassifications	—	—	1,067	199	—	(1,242)	23
Historical cost at 31 December 2020	3,105	71,716	20,650	69,437	18,694	776	184,378
Accumulated amortisation as of 1 January 2020	—	(23,232)	(10,433)	(50,736)	(13,086)	—	(97,487)
IFRS16 depreciation/ amortisation	—	(4,646)	—	—	(658)	—	(5,305)
Depreciation and amortisation	—	(2,422)	(1,548)	(6,051)	(1,212)	—	(11,233)
IFRS16 disposals	—	—	—	—	165	—	165
Disposals	—	—	14	49	221	—	284
Accumulated depreciation at 31 December 2020	—	(30,301)	(11,967)	(56,738)	(14,570)	—	(113,575)
Net values at 31 December 2020	3,105	41,415	8,684	12,700	4,123	776	70,803
Historical cost at 1 January 2021	3,105	71,716	20,650	69,437	18,694	776	184,378
IFRS 16 investments	—	1,610	—	—	542	—	2,152
Investments	—	183	1,028	3,646	1,447	166	6,470
IFRS 16 disposals	—	—	—	—	(340)	—	(340)
Disposals	—	0	(2)	(1,001)	(2,266)	—	(3,268)
Reclassifications	—	9	575	—	29	(639)	(26)
Historical cost at 31 December 2021	3,105	73,518	22,252	72,083	18,106	304	189,367
Accumulated amortization as of 1 January 2021	—	(30,301)	(11,967)	(56,738)	(14,570)	—	(113,575)

<i>(In thousands of Euro)</i>	Land	Buildings and leasehold improvements	Plant and machinery	Production and commercial equipment	Other assets	Assets under construction and advances	Total
IFRS16 depreciation/amortisation	—	(4,833)	—	—	(663)	—	(5,497)
Depreciation and amortisation	—	(2,210)	(1,652)	(5,638)	(1,036)	—	(10,536)
IFRS16 disposals	—	—	—	—	293	—	293
Disposals	—	(0)	2	997	2,256	—	3,254
Accumulated depreciation at 31 December 2021	—	(37,344)	(13,617)	(61,379)	(13,721)	—	(126,061)
Net values at 31 December 2021	3,105	36,174	8,635	10,704	4,384	304	63,305

The category “Buildings and leasehold improvements” mainly includes buildings used for production and commercial activities and the associated installations also at the complex called “Technogym Village”, used as corporate headquarters. “Plant and machinery” mainly includes production line assembly plants. “Production and commercial equipment” mainly refers to the moulds used for production and equipment used for machine assembly operations. “Assets under construction” mainly relate to investments in production lines at the Company’s production sites that have not yet been placed in service at the end of the year and moulds not yet available for use.

Investments for the year ended 31 December 2021 amounted to a total of Euro 8,622 thousand. Investments in assets under construction (Euro 166 thousand), mainly refer to the renovation of production lines; investments in industrial and commercial equipment (Euro 3,646 thousand) mainly refer to the purchase of moulds for the continual expansion and renovation of production lines; investments in plant and machinery (Euro 1,028 thousand) chiefly concern the implementation of new production lines.

Net disposals of plant, property and equipment at 31 December 2021 were equal to Euro 61 thousand (Euro 1,080 thousand at 31 December 2020).

As of 31 December 2021 and 2020, there was no property or instrumental asset that was subject to any kind of guarantee provided to a third party.

The tables below show the impact of IFRS 16 on the financial position to 31 December 2021 and for the year ended 31 December 2020.

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Rights of use		
Buildings	25,822	29,045
Equipment	513	623
Cars	909	968
Total rights of use	27,244	30,636

The net IFRS 16 effect amounts to Euro 27,244 thousand (Euro 30,635 to 31 December 2020); this relates to property leases with subsidiaries, and to leases for vehicles and fork lift trucks. As of 2021, there is now also a leasing contract for the offices of Technogym S.P.A (Singapore Branch).

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Lease liabilities		
IFRS 16 Financial liabilities - Current	5,498	4,972
IFRS 16 Non-current financial liabilities	22,424	26,100
Total lease liabilities	27,922	31,072

The table below shows the impact of IFRS 16 on the consolidated income statement to 31 December 2021 and 31 December 2020.

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Payment reversals		
Buildings	5,379	5,164
Equipment	170	169
Cars	523	519
Others		
Total payment reversals	5,903	5,683

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Depreciation of rights of use		
Buildings	(4,833)	(4,646)
Equipment	(159)	(158)
Cars	(505)	(500)
Others		
Total depreciation	(5,497)	(5,305)

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Interest		
Interest expense	(672)	(625)
Total interest	(672)	(625)

2 Intangible assets

The item "Intangible assets" amounted to Euro 50,342 thousand at 31 December 2021 (Euro 45,968 thousand at 31 December 2020). The following table shows the amounts and movements of intangible assets for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Development costs	Patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Intangibles under development and advances	Other intangible assets	Total
Historical cost at 1 January 2020	30,595	23,631	1,522	8,174	276	64,198
Investments	6,530	4,794	207	3,442	236	15,209
Disposals	(5,736)	(1,108)	(262)	-	(47)	(7,153)
Impairment losses	-	-	-	(350)	-	(350)
Reclassifications	4,261	97	-	(4,391)	10	(23)
Historical cost at 31 December 2020	35,650	27,414	1,467	6,875	475	71,881
Accumulated amortisation as of 1 January 2020	(16,259)	(5,226)	(1,008)	-	(165)	(22,658)
Depreciation and amortisation	(5,758)	(4,362)	(161)	-	(69)	(10,350)
Disposals	5,704	1,094	262	-	35	7,095
Accumulated depreciation at 31 December 2020	(16,313)	(8,49)	(907)	-	(199)	(25,913)
Net values at 31 December 2020	19,337	18,920	560	6,875	277	45,968
Historical cost at 1 January 2021	35,650	27,414	1,467	6,875	475	71,881
Investments	6,037	5,854	273	4,738	92	16,994
Disposals	(6,330)	(400)	(34)	-	(53)	(6,817)
Impairment losses	-	-	-	(29)	-	(29)
Reclassifications	2,452	25	-	(2,460)	8	26
Historical cost at 31 December 2021	37,810	32,892	1,706	9,124	522	82,054
Accumulated amortization as of 1 January 2021	(16,313)	(8,495)	(907)	-	(199)	(25,914)
Depreciation and amortisation	(6,734)	(5,580)	(199)	-	(96)	(12,609)
Disposals	6,330	400	34	-	47	6,810
Accumulated depreciation at 31 December 2021	(16,717)	(13,674)	(1,072)	-	(248)	(31,712)
Net values at 31 December 2021	21,092	19,218	634	9,124	274	50,342

“Development costs” refer to the costs arising from the innovation activity performed by the Company as part of its core business. “Patents and intellectual property rights” include expenditures related to the acquisition and registration of patents, models and designs. The category “Concessions, licences, trademarks and similar rights” includes trademarks and the associated costs of registration, as well as the costs for software rights and user licences. The item “Intangibles under development and advances” mainly refers to expenses incurred by the Group relative to projects for the development of new products, product lines, software and supporting applications not available for use at year-end. “Other intangible assets” concern the costs incurred relating to the recognition of intangible assets that meet the requirements of IAS 38 for recognition in the financial statements.

Investments for the year ended 31 December 2021 amounted to a total of Euro 16,994 thousand. Investments in intangible assets under development and advances (Euro 4,738 thousand) mainly relate to the development of new products and restyling of existing projects, as well as to software and software applications; investments in patents and intellectual property rights (Euro 5,854 thousand) mainly refer to the upgrade and implementation of the new ERP SAP system, and upgrades to software used by the Group; investments in development costs (Euro 6,037 thousand) mainly refer to the costs incurred in updating and extending the range of products and services.

Net disposals of plant, property and equipment at 31 December 2021 were Euro 7 thousand (Euro 58 thousand at 31 December 2020).

3 Deferred tax assets

The item "Intangible assets" amounted to Euro 8,700 thousand at 31 December 2021 (Euro 8,358 thousand at 31 December 2020).

The following table shows the amounts and movements of intangible assets for the years ended 31 December 2021 and 2020.

Where permitted by the IFRS, "Deferred tax assets" are shown net of the "Deferred tax liabilities", which can be offset in order to show a correct representation.

<i>(In thousands of Euro)</i>	Values at 1 January 2020	Provisions	Utilisations	Reclassifications	Values at 31 December 2020	Provisions	Utilisations	Reclassifications	Values at 31 December 2021
Inventory write-down provision	3,073	649	(40)	-	3,682	274	(207)	0	3,750
Warranties provision	2,192	817	(980)	-	2,029	964	(936)	0	2,056
Net unrealised exchange losses	-	412	-	(134)	278	0	0	(278)	0
PNC fund	376	102	(45)	-	433	105	(62)	0	478
Accumulated amortisation of trademarks	143	118	(14)	-	247	460	(257)	0	451
Other provisions for risks and charges	1,982	645	(1,840)	-	787	1,350	(655)	0	1,481
Provisions for Depreciation of other Receivables	690	858	(30)	-	1,518	78	(300)	0	1,296
Post-employment benefits	87	6	(3)	-	91	0	(21)	0	71
Total deferred tax assets	8,544	3,607	(2,952)	(134)	9,065	3,233	(2,437)	(278)	(9,582)

<i>(In thousands of Euro)</i>	Values at 1 January 2020	Provisions	Utilisations	Reclassifications	Values at 31 December 2020	Provisions	Utilisations	Reclassifications	Values at 31 December 2021
Bad debt provision	(114)	-	114	-	-	0	0	0	0
Net unrealised exchange gains	(134)	-	-	134	(0)	(485)	0	279	(207)
Other liabilities	(622)	(87)	2	-	(707)	(56)	87	0	(676)
Total deferred tax liabilities	(869)	(87)	116	134	(707)	(542)	87	279	(883)
Total	7,675	3,520	(2,835)	-	8,358	2,691	(2,350)	-	8,700

4 Equity investments

The item "Equity" amounted to Euro 170,752 thousand at 31 December 2021 (Euro 184,150 thousand at 31 December 2020). The following table shows the amounts and movements of investments in joint ventures and associates for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Equity investments		
Investments in subsidiaries		
Investments in subsidiaries (gross value)	233,949	256,395
Provision for write-down of investments in subsidiaries	(64,548)	(72,303)
Total investments in subsidiaries	169,401	184,092
Investments in joint ventures and associates (gross value)	1,875	582
Provision for write-down of investments in joint ventures and associates	(524)	(524)
Total investments in <i>joint ventures</i> and subsidiaries	1,351	58
Total investments	170,752	184,150

The following table shows the amounts and movements of the gross value of investments for the years ended 31 December 2021 and 2020:

<i>(In thousands of Euro)</i>	Gross values at 1 January 2020	Investments	Disposals	Gross values at 31 December 2020	Investments	Disposals	Gross values at 31 December 2021
Subsidiaries							
Technogym UK Ltd	28,995	-	-	28,995	-	-	28,995
Technogym Germany GmbH	16,843	-	-	16,843	-	-	16,843
Technogym E.E. SRO	15,024	-	-	15,024	-	-	15,024
Technogym Benelux BV	12,503	-	-	12,503	-	-	12,503
Technogym USA Corp.	38,159	-	-	38,159	-	-	38,159
Technogym Shanghai Int. Trading Co. Ltd.	15,800	-	-	15,800	-	-	15,800
Technogym Australia Pty Ltd	7,621	-	-	7,621	-	-	7,621
Technogym Japan Ltd.	3,069	-	-	3,069	-	-	3,069
Technogym International BV	3,000	-	-	3,000	-	-	3,000
Technogym Trading SA	2,869	-	-	2,869	-	-	2,869
FKB Equipamentos LTDA	35,666	7,589	-	43,255	-	-	43,255
Technogym France Sas	1,267	-	-	1,267	-	-	1,267
Technogym Asia Ltd	1,676	-	-	1,676	-	(515)	1,161
Sidea S.r.l	700	-	-	700	-	-	700
Technogym Portugal Unipessoal Lda	5	-	-	5	-	-	5
TGB Srl	42,354	-	-	42,354	-	-	42,354
Amleto Aps	22,442	-	-	22,442	-	(22,442)	0
Wellness Partner Ltd	804	-	-	804	-	-	804
DWL Srl	-	10	-	10	-	-	10
TG Technogym SA	-	-	-	-	249	-	249
Technogym Saudi LLC	-	-	-	-	260	-	260
MyWellness Inc	-	-	-	-	-	-	-
Total subsidiaries	248,797	7,599	-	256,395	510	22,956	233,949
Joint ventures and associates							
Technogym Emirates LLC	29	-	-	29	-	-	29
Fitstadium S.r.l.	363	-	(363)	-	-	-	0
Wellness Explorers Srl	-	-	-	-	5	-	5
Wellink S.r.l.	30	-	-	30	-	-	30
MPS Movimento per la Salute	123	-	-	123	-	-	123
T4ME Limited	400	-	-	400	-	-	400
Physio AG	-	-	-	-	1,288	-	1,288
Total joint ventures and associates	945	-	(363)	582	1,293	-	1,875

Investments in the category “Subsidiaries” and “Joint ventures and affiliates” to 31 December 2021 are, for the subsidiaries, new investments in the South African company TG Technogym SA, the Saudi Arabian company Technogym Saudi LLC and the US company MyWellness Inc. For the joint ventures and affiliates, these investments relate to the acquisitions of 31.5% in the German company Physio AG and 50% of the Italian company Wellness Explorers Srl.

The reduction in value of the investments in subsidiaries is partially due to the reimbursement of EUR 515 thousand in the share capital of Technogym Asia, and to the completed transfer of the shares in Amleto Aps, of EUR 22,442 thousand.

The sale of Amleto Aps entailed the corresponding deconsolidation of Exerp Aps, Exerp America LLC and Exerp Asia Pacific Pty. After acquiring 100% of the share capital of Exerp APS in April, by exercising the call and drag rights with respect to the non-controlling shareholders for roughly 49.99% of the share capital for a total outlay of around Euro 15 million, on 14 May 2021 Technogym entered into a binding sale agreement with Battery Ventures. The agreement entered into calls for two steps, the first of which is the sale of Exerp America and the second of which is the complete disposal of the shares of Amleto aps. Consistent with Technogym’s strategy concentrated on the development of its open Connected Wellness CRM platform, already present in 18 thousand fitness clubs all over the world, this agreement resulted in the disposal of all shares of Amleto Aps on 25 May 2021.

On the basis of the agreement entered into and the accounting results to date, Technogym recorded a non-recurring capital gain, net of deal costs, of Euro 11,958 thousand and a net cash flow of roughly Euro 30.8 million. In the cash flow statement, the item “Sale/(Purchase) of subsidiaries, associates and other entities” includes a cash outflow of roughly Euro 1.8 million, primarily due to the acquisition of the non-controlling interest in Physio AG for EUR 1,288 thousand, TG Technogym SA for EUR 249 thousand and Technogym Saudi LLC for EUR 260 thousand.

The following table shows the amounts and movements in the investments write-down provision for the years ended 31 December 2021 and 2020:

<i>(In thousands of Euro)</i>	Write-down provision at 1 January 2020	Provisions	Releases	Write-down provision at 31 December 2020	Provisions	Releases	Write-down provision at 31 December 2021
Technogym USA	(20,105)	-	1,256	(18,850)	-	5,115	(13,734)
Technogym Shanghai Int. Trading Co. Ltd.	(7,956)	-	131	(7,825)	-	1,706	(6,119)
Technogym Australia	(2,075)	-	859	(1,216)	-	636	(580)
FKB Equipamentos LTDA	(35,666)	(7,589)	-	(43,255)	-	-	(43,255)
Technogym Asia	(363)	-	9	(354)	-	248	(106)
Wellness Partner Ltd	(803)	-	-	(803)	-	50	(753)
Total subsidiaries	(66,969)	(7,589)	2,255	(72,303)	-	7,755	(64,548)
Joint ventures and associates							
MPS Movimento per la Salute	(123)	-	-	(123)	-	-	(124)
T4ME Limited	(400)	-	-	(400)	-	-	(400)
Total joint ventures and associates	(523)	-	-	(523)	-	-	(525)

The following table lists the investments at 31 December 2021, with detailed information:

Entity name	Registered office	Stake held	Currency	Share capital at 31 December 2021	Equity at 31 December 2020	Profit/(loss) for the year at 31 December 2020 (in local currency)	Equity pro-quota at 31 December 2020 (€)	Net value in the financial statements at 31 December 2020 (€)
Subsidiaries				(in local currency)	(in local currency)			
Technogym E.E. SRO	Slovakia	100.00%	EUR	15,033,195	19,545,090	2,238,996	19,541,181	15,024,000
Technogym Asia Ltd.	China	100.00%	HKD	11,481,935	9,324,576	1,783,661	1,055,616	1,055,616
Technogym Shanghai Int. Trading Co. Ltd.	China	100.00%	CNY	132,107,600	69,651,499	5,671,047	9,680,946	9,680,946
Technogym Australia Pty Ltd	Australia	100.00%	AUD	11,350,000	10,994,611	813,239	7,041,058	7,041,058
Technogym Portugal Unipessoal Lda	Portugal	100.00%	EUR	5,000	253,779	145,469	253,779	5,000
Technogym International B.V.	Netherlands	100.00%	EUR	113,445	3,720,302	4,846,583	3,720,302	3,000,000
FKB Equipamentos LTDA	Brazil	100.00%	BRL	156,064,684	9,016,682	(9,353,416)	1,428,071	—
Wellness Partner Ltd	United Kingdom	75.00%	GBP	386,667	55,861	303	49,859	49,859
Sidea S.r.l	Italy	70.00%	EUR	150,000	5,677,103	665,729	3,973,972	699,500
Technogym Germany GmbH	Germany	100.00%	EUR	1,559,440	3,596,622	1,754,819	3,596,622	16,843,000
Technogym UK Ltd	United Kingdom	100.00%	GBP	100,000	5,109,273	2,204,194	6,080,441	28,995,000
Technogym France Sas	France	100.00%	EUR	500,000	2,082,071	1,027,987	2,082,071	1,267,424
Technogym Benelux BV	Netherlands	100.00%	EUR	2,455,512	5,262,672	1,290,904	5,262,672	12,503,000
Technogym USA Corp.	United States	100.00%	USD	3,500,000	22,612,607	6,289,698	19,965,219	24,424,940
Technogym Trading S.A.	Spain	99.99%	EUR	2,499,130	4,797,304	782,143	4,796,824	2,869,130
Technogym Japan Ltd.	Japan	100.00%	JPY	320,000,000	1,415,992,684	67,010,786	10,860,505	3,068,792
TGB Srl	Italy	100.00%	EUR	96,900	21,830,362	1,152,106	21,830,362	42,354,077
DWL Srl	Italy	100.00%	EUR	10,000	(109,865)	(119,865)	(109,865)	9,500
TG Technogym SA	South Africa	100.00%	ZAR	4,345,000	2,078,104	(2,266,896)	115,051	249,386
MyWellness Inc	United States	100.00%	USD	100	(326,352)	(326,452)	(288,144)	87
Technogym Saudi LLC	Saudi Arabia	100.00%	SAR	1,145,000	694,662	(450,338)	163,554	260,346
Total subsidiaries								169,400,660
Joint ventures and associates								
MPS Movimento per la Salute	Italy	50.00%	EUR	10,000	—	—	—	—
Technogym Emirates LLC	United Arab Emirates	49.00%	AED	300,000	35,753,364	10,902,253	4,211,840	28,188
T4ME Limited	United Kingdom	20.00%	GBP	60,000	—	—	—	—
Wellink S.r.l.	Italy	40.00%	EUR	400,100	407,680	38,165	163,072	30,161
Wellness Explorers	Italy	50.00%	EUR	10,000	4,143	(5,857)	2,072	5,000
Physio AG	Germany	32.00%	EUR	73,000	815,469	(470,031)	256,873	1,288,000
Total joint ventures and associates								1,351,349

Equity investments are impairment-tested when there are indications of specific impairments, mainly where there is a significant loss for the year or when the performance is not in line with the provisions of the plan for those investees whose book value is higher than the share of net equity recognised on the accounts.

For investments with net carrying values exceeding the value of the relative share of equity, no indications of possible impairment were identified. In particular, for the subsidiaries Technogym Germany GmbH, Technogym UK Ltd and Technogym Benelux BV, the 2021 final balance was higher than the Plan forecasts. For TGB S.r.l., the difference between the cost of recognition and the share of equity related to the higher value attributed to Technogym Village.

With regard to the equity investment in the associate Physio AG, although this is a recent acquisition, the Company decided to conduct an impairment test to check whether the findings based on the projections in the plans prepared by local management revealed any impairment indicators.

The updated analysis did not indicate any need to write-down this investment as there are no indications of loss of value.

For the equity investment that recorded a loss during the year, we can report that TG Technogym SA, Technogym Saudi LLC and MyWellness Inc. were not impairment-tested as these are newly-formed companies.

For the sake of completeness we can report that at 31 December 2021, an impairment test was conducted on the subsidiary FKB Equipamentos LTDA, not on the value of the equity investment – which was already eliminated in previous years – but on the value of the trade and financial risk receivables that Technogym has towards the subsidiary, of EUR 853 thousand. The test did not indicate the need for any write-down. The WACC used was 9.90%, with a g value of 0.

In line with IAS 36, impairment testing was carried out by comparing the recoverable value, net of the net financial position (NFP) at 31 December 2021 (“Economic Value”) with the relative carrying amounts of the investments at 31 December 2021.

For the purposes of estimating the recoverable value, the economic value of the investments was determined, using the “Discounted Cash Flow – asset side” method, which considers the operating cash flows expected by the company based on the plans approved by the management and subtracting the net financial position at the reporting date.

The calculation method is reported below:

Equity Value = V-PFN

where:

$$V = \sum_{i=1}^n \frac{FCF_i}{(1 + WACC)^i} + TV$$

NFP = net financial position;

FCF = free cash flow, or cash flow generated by operations;

WACC = weighted average cost of capital;

n = explicit forecast period;

TV = present terminal value, i.e. value deriving from cash flows generated outside the explicit forecast time horizon.

The cash flows for periods after the fifth year were calculated using the following formula (Gordon formula):

where:

$$TV = \frac{FCF_n \times (1 + g)}{WACC - g}$$

FCFn = cash flow sustainable beyond the explicit forecast time horizon;

g = growth rate of the business beyond the hypothesised plan period;

WACC = weighted average cost of capital.

The discount rate used is the Weighted Average Cost of Capital (WACC) relating to the investment. The method applied is the Capital Asset Pricing Model, based on which the rate is determined on a mathematical model given by the sum of the return of a risk-free asset plus a risk premium (market premium risk). The market premium risk, in turn, is given by the product of the average market risk for the specific beta of the sector.

In applying this method, the main assumptions used are the estimate of future increases in sales, the gross margin, operating costs, the growth rate in terminal values, investments, changes in the operating capital and the weighted average cost of capital (discount rate).

The growth rate g used was prudentially equal to zero.

If the Company had carried out impairment testing on Physio AG and FKB Equipamentos LTDA by applying to the analysed cash flow forecasts a higher discounting rate than the one used by Management in the estimate, the results of the test would not have been considerably different compared to the recognised results.

For the investments in Technogym USA Corp., Technogym Shanghai Int. Trading Co. Ltd, Technogym Australia Pty Ltd, FKB Equipamentos LTDA and Wellness Partner Ltd, a partial write-back of Euro 7,755 thousand was made, equal to their result for the year, as the reasons for the write-down no longer applied.

5 Non-current assets

The item "Non-current financial assets" amounted to Euro 30,749 thousand at 31 December 2021 (Euro 33,905 thousand at 31 December 2020). The item "Other non-current assets" amounted to Euro 54,026 thousand at 31 December 2021 (Euro 50,072 thousand at 31 December 2020).

The following table contains a breakdown of the "Non-current financial assets" and "Other non-current assets" at 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Non-current financial assets		
Loans to subsidiaries due after 12 months	30,749	33,905
Total non-current financial assets	30,749	33,905
Other non-current assets		
Transferred trade receivables due after 12 months	28,303	17,414
Provision for transferred trade receivables due after 12 months	(2,018)	(1,669)
Income tax receivables due after 12 months	2,260	1,106
Other receivables	800	814
Investments in other entities	263	237
Security deposits	131	20
Receivables for buy backs - due after 12 months	24,287	32,150
Total other non-current assets	54,026	50,072

"Transferred trade receivables due after 12 months" net of the related provision for bad debts amounted to Euro 26,285 thousand and Euro 15,745 thousand as of 31 December 2021 and 2020; they include the non-current portion of receivables arising from the sale of goods which, although they were transferred to third-party financial institutions, are retained in the financial statements as they do not meet all the conditions required by IFRS 9 for their derecognition from assets. The financial liabilities include the amounts received from financial institutions in the form of advances for these transfers. The bad debts provision, which has a current quota of EUR 1.2 million and a non-current quota of EUR 2 million, was reduced by a total of EUR 1.2 million during the year after it was used to cover losses following the defaults seen in 2021. As explained in the paragraph "Estimates and assumptions", following the analysis of the trend in the receivables book, the Company considers the provision recognised on the financial statements to be enough to cover the risk of loss estimated on the basis of recent data, and thus no additional sums were set aside.

"Income tax receivables due after 12 months" relate to the "patent box" taxation rules as to Euro 1,835, while the remainder relates to a tax credit for investments in new business assets and R&D.

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

“Receivables for buy backs due after 12 months” recognised in accordance with IFRS 15, relate to non-current assets for sales with the right of return, which may be exercised by certain categories of customer when new machinery is bought.

The decrease compared to the previous year is only due to the reclassification of an amount into “Other current assets”, as from next year customers will be able to exercise a buyback option on the machines sold.

The following table shows the details of investments in other entities for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Registered office	% of control	Currency	At 31 December	
<i>Entity name</i>				2021	2020
Sandcroft Avenue Ltd	United Kingdom	11.8%	GBP	—	—
Pubblisole Spa	Italy	2.4%	EUR	100	100
Qicraft Finland OY	Finland	10.0%	EUR	78	78
Crit S.r.l.	Italy	1.2%	EUR	26	26
Other investments	n.a.	n.a.	n.a.	58	33
Total investments in other entities				263	237

In accordance with IFRS 9, these equity instruments are classified as financial assets at fair value and recognised in profit or loss.

The increase in the item “Total investments in other entities” is mainly due to an increase in share capital of Euro 25 thousand in the company Sviluppo Imprese Romagna S.p.A.

6 Inventories

The item "Inventories" amounts to Euro 45,528 thousand at 31 December 2021 (Euro 33,066 thousand at 31 December 2020).

The following table gives a breakdown of this item of 31 December 2021 and 2020:

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Inventories		
Raw materials (gross value)	18,875	12,383
Write-down provision	(2,024)	(2,014)
Total raw materials	16,851	10,369
Work in progress (gross value)	248	345
Write-down provision	(123)	(151)
Total work in progress	125	194
Finished goods (gross value)	39,846	33,450
Write-down provision	(11,294)	(10,947)
Total finished goods	28,552	22,503
Total inventories	45,528	33,066

The increase of EUR 12,462 thousand in the balance of inventories compared to 31 December 2020 is mainly due to the rise in the prices of raw materials, the impact of these price increases on the value of the end product, and to the Group's decision to increase warehouse stocks in order to avoid delays in production due to lack of components. Average storage time increased from 55.70 days for the year ended 31 December 2020 to 57.49 days for the year ended 31 December 2021; the inventory turnover ratio fell from 6.55 to 6.35.

The following table shows the amounts and movements of the inventory write-down provision for the years ended 31 December 2021 and 31 December 2020.

<i>(In thousands of Euro)</i>	Raw materials	Work in progress	Finished goods	Total inventory write-down provision
Values at 31 December 2019	1,432	140	9,443	11,015
Provisions	582	11	1,647	2,240
Utilisations	—	—	(143)	(143)
Reclassifications	—	—	—	—
Values at 31 December 2020	2,014	151	10,947	13,112
Provisions	10	—	760	770
Utilisations	—	(29)	(413)	(441)
Values at 31 December 2021	2,024	122	11,293	13,440

7 Trade receivables

The item "Trade receivables", net of the bad debt provision, amounts to Euro 92,019 thousand as of 31 December 2021 (Euro 62,144 thousand as of 31 December 2020).

The following table contains a breakdown of the trade receivables as of 31 December 2021 and 2020:

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Trade receivables		
Trade receivables (gross value)	77,398	50,586
Bad debt provision	(605)	(711)
Transferred trade receivables	16,395	15,035
Bad debt provision	(1,169)	(2,766)
Total trade receivables	92,019	62,144

The reduction in "Trade receivables" of Euro 29,875 is mainly due to a generic rise in infragroup receivables deriving from supplies for local warehouses towards year-end, aimed at delivering the existing order book during the first quarter of 2022.

The item "bad debt provision" is essentially in line with the figure for the previous year, as it is not directly related to the increase of trade receivables. The activities of the debt collection and credit monitoring team were also important.

Transferred trade receivables net of the relative provision amounted to Euro 15,226 thousand at 31 December 2021, and to Euro 12,269 thousand at 31 December 2020. They refer to the current portion of receivables arising from the sale of goods which, although transferred to financial institutions, have been retained in the financial statements as they do not meet all the conditions required by IFRS 9 for derecognition from assets.

The bad debts provision, which has a current quota of EUR 1.2 million and a non-current quota of EUR 2 million, was reduced by a total of EUR 1.2 million during the year after it was used to cover losses following the defaults seen in 2021. As explained at length in the paragraph "Estimates and assumptions", following the analysis of the trend in the receivables book, the Company considers the provision recognised on the financial statements is sufficient, and thus no additional sums were set aside.

The financial liabilities include the amounts received from financial institutions in the form of advances for these transfers.

The following table contains a breakdown of trade receivables broken down by maturity as of 31 December 2021 and 2020:

<i>(In thousands of Euro)</i>	Not overdue	Up to 30 days past due	Between 31 and 90 days past due	Between 91 and 180 days past due	Between 181 and 360 days past due	More than 360 days past due	Total
As of 31 December 2019	61,163	4,043	1,692	2,194	608	76	69,775
Trade receivables (gross value)	42,863	2,948	1,290	2,255	647	583	50,586
Bad debt provision	-	(5)	(12)	(27)	(156)	(509)	(711)
Transferred trade receivables	15,035	-	-	-	-	-	15,035
Bad debt provision	(2,766)	-	-	-	-	-	(2,766)
As of 31 December 2020	55,132	2,943	1,278	2,228	491	74	62,144
Trade receivables (gross value)	64,761	2,849	1,484	1,719	831	5,753	77,398
Bad debt provision	-	(4)	(12)	(24)	(158)	(408)	(605)
Transferred trade receivables	16,395	-	-	-	-	-	16,395
Bad debt provision	(1,169)	-	-	-	-	-	(1,169)
As of 31 December 2021	79,986	2,846	1,473	1,696	674	5,346	92,019

The following table reports the amounts and changes in the bad debt provision for the years ended 31 December 2021 and 2020:

<i>(In thousands of Euro)</i>	Bad debt provision
Values at 31 December 2019	8,264
Provisions	1,012
Utilisations	(8,565)
Values at 31 December 2020	711
Provisions	690
Utilisations	(796)
Values at 31 December 2021	605

The amounts allocated to the bad debt provision relate to write-downs on doubtful accounts.

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

Main customers

In accordance with IFRS 8 paragraph 34, for the years ended 31 December 2021 and 2020, the Company did not have any clients generating more than 10% of total revenues.

8 Current financial assets

The item "Current financial assets" amounted to Euro 58,285 thousand at 31 December 2021 (Euro 2,293 thousand at 31 December 2020) and mainly relates to restricted bank deposits with a term of 3-12 months. In accordance with IAS 7, as these assets are not readily available they were not included in Cash and cash equivalents.

The following table shows the amounts of current financial liabilities at 31 December 2021 and 2020:

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Current financial assets		
Financial receivables from subsidiaries	4,443	2,354
Financial receivables from associates	—	—
Other financial receivables	3	39
Term bank deposits > 3 < 12 months	53,839	—
Total current financial assets	58,285	2,393

The following table shows the details of financial receivables from subsidiaries at 31 December 2021 and 2020:

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Financial receivables from subsidiaries		
Cash pooling	1,067	1,670
Loans receivable	3,376	684
Total financial receivables from subsidiaries	4,443	2,354

The following table provides details of cash pooling arrangements at 31 December 2021 and 2020:

<i>(In thousands of Euro)</i>	Currency	As of 31 December	
		2021	2020
Cash pooling			
Technogym Australia Pty Ltd	AUD	1,670	—
Technogym Trading SA	EUR	—	1,670
Total cash pooling		1,670	1,670

The following table shows the details of loans granted at 31 December 2021 and 2020:

<i>(In thousands of Euro)</i>	Currency	Interest rate	As of 31 December	
			2021	2020
Loans receivable				
FKB Equipamentos LTDA	EUR	Variable	234	484
Sidea S.r.l	EUR	Variable	1,100	200
MyWellness Inc	EUR	Variable	442	—
DWL Srl	EUR	Variable	600	—
TG Technogym SA	EUR	Variable	1,000	200
Total loans granted			3,376	684

9 Assets for derivative financial instruments

The item "Assets for derivative financial instruments" amounted to Euro 127 thousand at 31 December 2021, while the balance was Euro 1,525 on 31 December 2020.

The following table shows assets for derivative financial instruments broken down by currency at 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
USD	94	1,456
CNY	—	69
JPY	32	—
Total	127	1,525

Assets for derivative financial instruments are related to the positive differences resulting from the fair value of forward contracts used to hedge exposure to currency risk. Forward contracts in place at 31 December 2021 and 2020 are summarised below.

<i>(In thousands of Euro)</i>	As of 31 December 2021				As of 31 December 2020			
	Currency	Currency inflow	Currency	Currency outflow	Currency	Currency inflow	Currency	Currency outflow
Forward 01	EUR	13,446	USD	15,200	EUR	1,349	JPY	171,000
Forward 02	EUR	2,319	JPY	150,000	EUR	2,467	AUD	4,000
Forward 03	EUR	2,834	AUD	4,500	EUR	55,669	USD	66,500
Forward 04	EUR	137	CNY	1,000	EUR	3,544	CNY	28,000
Forward 05	EUR	2,368	GBP	2,000	—	—	—	—

For full details of the currency breakdown of the liabilities for derivative financial instruments at 31 December 2021 and 2020, see para. 19 of this document.

10 Other current assets

The item "Other current assets" amounts to Euro 23,560 thousand at 31 December 2021 (Euro 14,585 thousand at 31 December 2020). The following table contains a breakdown of the other current assets at 31 December 2021 and 2020:

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Other current assets		
VAT receivables	3,873	3,548
Prepaid expenses	4,450	2,822
Advances to suppliers	259	246
Tax receivables	571	3,876
Accrued income	39	188
Other receivables	2,966	3,905
Receivables for buybacks - due within 12 months	11,402	—
Total other current assets	23,560	14,585

"VAT receivables" were offset with the related liabilities in order to present the net amount. "Prepaid expenses" mainly relate to insurance premiums, assistance and maintenance fees, marketing expenses, utilities and rent.

"Advances to suppliers" relate to advances and deposits paid for supplies yet to be received.

Tax receivables of Euro 571 thousand mainly relate to tax credits for investments in business assets, and to research and development. The reduction compared to the previous year essentially relates to the set-off of the ACE credit for the financial years 2016-19. The increase compared to the previous year is only due to the reclassification of part of the "Other current assets" item, as from next year customers will be able to exercise a buyback option on the machines sold.

"Receivables for buy backs due within 12 months", recognised in accordance with IFRS 15, relate to current assets for sales with the right of return, which may be exercised when new machinery is bought.

11 Cash and cash equivalents

The item "Cash and cash equivalents" amounted to Euro 145,004 thousand at 31 December 2021 (Euro 161,745 thousand at 31 December 2020).

The following table shows the amounts of cash and cash equivalents at 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Cash and cash equivalents		
Bank deposits	144,996	113,644
Cheques	—	14
Cash and cash equivalents	8	6
Term bank deposits within 3 months	—	48,081
Total cash and cash equivalents	145,004	161,745

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

"Term bank deposits within 3 months" at 31 December 2021 have now been included in Current financial assets within 12 months.

12 Equity

The item "Equity" amounted to Euro 352,410 thousand at 31 December 2021 (Euro 330,214 thousand at 31 December 2020). The following table reports the details of equity at 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Equity		
Share capital	10,066	10,066
Share premium reserve	7,132	4,990
Other reserves	80,563	77,554
Retained earnings	188,288	191,265
Profit/(loss) for the period	66,361	46,339
Total equity	352,410	330,214

The following table shows the amounts and movements of equity for the years ended 31 December 2021 and 2020.

	Share capital	Share premium reserve	Other reserves							Retained earnings	Profit/(loss) for the period	Total equity
			Legal reserve	Extraordinary reserve	Reserve for the adoption of IAS/ IFRS	IAS 19 reserve	Stock option plan reserve	IRS Hedge Account reserve	Unrealised exchange differences reserve			
At 1 January 2020	10,050,250	4,989,750	2,010,050	17,895,085	51,345,587	(321,503)	2,416,528	(0)	139,300	123,395,242	72,332,475	284,252,764
Profit for the previous year	–	–	–	4,614,133	(12,257)	–	–	–	(139,300)	67,869,898	(72,332,475)	–
Total comprehensive income for the year	–	–	–	–	–	(120,207)	–	–	–	–	46,339,486	46,219,279
Dividends paid	–	–	–	–	–	–	–	–	–	–	–	–
Increase in capital	16,125	–	–	–	–	–	–	–	–	–	–	16,125
Incentive plan (LTIP)	–	–	–	–	–	–	(273,967)	–	–	–	–	(273,967)
As of 31 December 2020	10,066,375	4,989,750	2,010,050	22,509,218	51,333,331	(441,710)	2,142,561	(0)	(0)	191,265,140	46,339,486	330,214,201
Profit for the previous year	–	–	3,225	3,702,555	(12,257)	–	–	–	1,331,014	(2,977,102)	(2,047,436)	–
Total comprehensive income for the year	–	–	–	–	–	127,247	–	–	–	–	66,360,772	66,488,020
Dividends paid	–	–	–	–	–	–	–	–	–	–	(44,292,050)	(44,292,050)
Increase in capital	–	–	–	–	–	–	–	–	–	–	–	–
Incentive plan (LTIP)	–	2,142,561	–	–	–	–	(2,142,561)	–	–	–	–	–
As of 31 December 2021	10,066,375	7,132,311	2,013,275	26,211,773	51,321,074	(314,463)	(0)	(0)	1,331,013	188,288,039	66,360,773	352,410,170

As of 31 December 2021, the "Share capital" of Euro 10,066 thousand, fully subscribed and paid in cash, amounted to 201,327,500 ordinary shares with no nominal value.

The "IAS 19 reserve" refers to the effects arising from the re-measurement of defined benefit plans, as represented in the statement of comprehensive income.

12.1 STOCK GRANT PLAN RESERVE

As of 31 December 2021, two incentive plans were in place for Technogym Management: (i) the 2019-2021 Performance Shares Plan and the 2021-2023 Performance Shares Plan, approved by the Board of Directors on 27 March 2019 and 24 March 2021 respectively.

In compliance with Consob resolution 11971 of 14 May 1999 as amended and Consob communication 11508 of 15 February 2000, information on the relative stock grant plans is given below.

The purpose of the Incentive Plans is to consolidate Technogym's ability to retain key resources and attract staff with the best skills, and align interest in company performance of the Company's key resources with that of shareholders to create sustainable value over time. Incentive plans are based on a three-year horizon, considered as the most suitable timeframe to achieve the plans' objectives. The Incentive Plans are for Technogym Group managers, who are nominated individually by the Board of Directors, based on proposals made by the Chairman of the Board of and after consulting with the Appointments and Remuneration Committee, from among the employees and/or staff of the Company or its subsidiaries who have strategic roles or can make significant contributions to the Company's and/or Group's strategic objectives, including the Company's Key Managers. Pursuant to article 114-bis, paragraph 3 of the TUF and article 84-bis, paragraph 2 of the Consob Regulation on Issuers, incentive plans are considered as "plans of particular significance", as the beneficiaries identified by the Board of Directors may include Key Managers. The incentive plan regulations do not provide for loans or other facilitations to acquire shares, as defined in Article 2358 paragraph 3 of the Civil Code.

The Incentive Plans refer to 2019-2021 and 2021-2023, and are based on awarding the right to receive free shares if certain Company performance objectives are met. These incentive plans have:

- › performance objectives established in advance and identified in the Company's economic/financial performance;
- › adequate periods to accrue rights to obtain assigned shares (three-year vesting period),
- › a restriction preventing the transfer of shares for 6 months after the date of allocation for the 2019-2021 Performance Shares Plan, and for 12 months from the date of allocation for the 2021-2023 Performance Shares Plan.

The shares will be assigned to the beneficiaries, subject to the conditions in the Incentive Plans being met, no later than 60 days following approval of the Group's Consolidated Financial Statements for 31 December 2021 and 31 December 2023.

The beneficiaries will have the right to receive the shares if, on the vesting date:

- › they still have a contract of employment and/or collaboration with Technogym and/or its subsidiaries;
- › there is no pending termination of their contract of employment with the Company or its subsidiaries.

The amount of the reserve, EUR 2,143 thousand, was reclassified in the share premium reserve following the distribution decision for the 2020 financial year.

The following table represents the additional disclosure on equity as required by Article 2427 paragraph 7-bis of the civil code:

<i>(In thousands of Euro)</i>	As of 31 December 2021	Possible use	Quota available
Equity			
Share capital	10,066	B	10,066
Share premium reserve	7,132	A-B-C	7,132
Other reserves:			
- Legal reserve	2,013	B	2,013
- Extraordinary reserve	26,212	B	26,212
- Reserve for the adoption of IAS	51,321	B	51,321
IAS 19 reserve - TFR	(273)	B	0
IAS 19 reserve - PNC	(41)		0
- Exchange Hedge Account reserve	0	----	0
- IRS Hedge Account reserve	0	----	0
- Net exchange gains reserve	1,331	A-B	1,331
- Stock option reserve	0	A-B-C	0
- IFRS15 Adopter reserve	—		0
Retained earnings	188,288	A-B-C	188,288
Profit for the year	66,361	A-B-C	66,361
Total equity	352,410		
Of which non-distributable			94,928
Of which distributable			257,482

Legend:

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

13 Financial liabilities

The items "Non-current financial liabilities" and "Current financial liabilities" amounted to Euro 63,227 thousand and Euro 117,425 thousand at 31 December 2021 (respectively Euro 106,014 thousand and Euro 76,597 thousand at 31 December 2020 respectively). The following table shows the amounts of financial liabilities, current and non-current, at 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Non-current financial liabilities		
Bank loans due after 12 months – non-current portion	12,500	62,500
Non-current liabilities due to other lenders	28,303	17,414
IFRS 16 Non-current financial liabilities	22,424	26,100
Total non-current financial liabilities	63,227	106,014
Current financial liabilities		
Bank loans due after 12 months – current portion	50,101	25,155
Other short-term borrowings	48	11
Current liabilities due to other lenders	16,395	15,035
Financial payables to subsidiaries	45,382	31,424
IFRS 16 Financial liabilities - Current	5,498	4,972
Total current financial liabilities	117,425	76,597

As of 31 December 2021 the Company's financial debt was entirely with variable interest rates.

13.1 MEDIUM/LONG-TERM BANK LOANS

The following table shows the movements of bank loans for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Bank loans due after 12 months - non-current portion	Bank loans due after 12 months - current portion	Total loans
Values at 1 January 2020	24,667	12,408	37,075
Obtainment of loans	41,667	8,333	50,000
Repayments	(16,337)	(8,163)	(24,500)
Reclassification from long-term to short-term	(4,166)	4,166	—
Conversion of hot money into loans	16,669	8,411	25,080
Values at 31 December 2020	62,500	25,155	87,655
Obtainment of loans	—	—	—
Repayments	—	(25,054)	(25,054)
Reclassification from long-term to short-term	(50,000)	50,000	—
Conversion of hot money to loans	—	—	—
Values at 31 December 2021	12,500	50,101	62,601

The following shows the details of medium-long term bank loans at 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Due date	Interest rate	As of 31 December			
			2021	of which current	2020	of which current
Bank loans						
Unicredit S.p.A.	2020-2023	Variable	33,433	50,101	41,781	8,448
Crédit Agricole Italia S.p.A.	2020-2023	Variable	16,667	8,333	25,032	8,366
Banca Nazionale del Lavoro S.p.A	2020-2023	Variable	12,502	8,335	20,841	8,341
Total bank loans			62,601	66,769	87,655	25,155

The following table shows the details of medium/long-term bank loans at 31 December 2021 by maturity date.

<i>(In thousands of Euro)</i>	Residual debt	Current portion	2022	2023
Unicredit S.p.A.	33,433	33,433	33,433	—
Crédit Agricole Italia S.p.A.	16,667	8,333	8,333	8,333
Banca Nazionale del Lavoro S.p.A	12,502	8,335	8,335	4,167
Total	62,601	50,101	50,101	12,500

The medium-long term loan granted by Unicredit S.p.A. on 9 August 2019 for a total of Euro 25,000 thousand, with maturity on 29 July 2022, is repayable in six equal six-monthly instalments of Euro 4,166 thousand each. The loan agreement requires the Company to comply with the following financial covenant: consolidated "Net financial position/EBITDA" ratio of no higher than 3.8, verified annually;

For the year ended 31 December 2021, the covenant was met.

The medium-long term loan granted by Banca Nazionale del Lavoro S.p.A. on 16 May 2019 for a total of Euro 25,000 thousand, with maturity on 16 May 2023, is repayable in six equal six-monthly instalments of Euro 4,166 thousand each. The loan agreement requires the Company to comply with the following financial covenant: consolidated "Net financial position/EBITDA" ratio of no higher than 3.8, verified annually;

For the year ended 31 December 2021, the covenant was met.

During 2021, the Group further strengthened its funding structure by entering into the following finance agreements:

› Intesa Sanpaolo: the medium-long term loan granted by Intesa Sanpaolo S.p.A. on 24 November 2021 for a total of Euro 30,000 thousand provides for a period of 2 years within which the Company can decide whether or not to use the credit facility. It will lapse unless used within that two-year period. The credit facility expires on 24 November 2026 and a repayment plan will apply if it is used. The loan agreement requires the Company to comply with the following financial covenant: consolidated "Net financial position/EBITDA" ratio of no higher than 3.8, verified annually.

For the year ended 31 December 2021, the covenant was met.

› On 24 November 2021, Intesa Sanpaolo S.p.A. also authorised an increase to the revolving finance approved on 17 April 2020, from 35,000 thousand to 50,000 thousand. This loan expires on 24 November 2026 and has the following financial covenant: consolidated "Net financial position/EBITDA" ratio of no higher than 3.8, verified annually.

For the year ended 31 December 2021, the covenant was met.

› BPM: the medium-long term loan granted by BPM on 23 July 2020 was increased by 15,000 thousand on 7 September 2021, for a total 30,000 thousand. This revolving loan expires on 30 June 2024, and has the following financial covenant: consolidated "Net financial position/EBITDA" ratio of no higher than 3.8, verified annually.

The three loans indicated above, on which there are financial covenants to 31 December 2021, have not been used by the Group.

13.2 OTHER SHORT-TERM BORROWINGS

The following table shows the details of other short-term borrowings at 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Currency	As of 31 December	
		2021	2020
Other short-term borrowings			
Other short-term borrowings	EUR	49	11
Total other short-term borrowings		49	11

Other short-term borrowings mainly include stand-by credit lines, short-term loans (generally "hot money") and bank overdrafts.

13.3 FINANCIAL PAYABLES TO SUBSIDIARIES

The following table shows the details of financial payables to subsidiaries at 31 December 2021 and 2020:

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Financial payables to subsidiaries		
Cash pooling	43,882	29,924
Loans payable	1,500	1,500
Total financial payables to subsidiaries	45,382	31,424

The following table provides details of cash pooling arrangements at 31 December 2021 and 2020:

<i>(In thousands of Euro)</i>	Currency	As of 31 December	
		2021	2020
Cash pooling			
Technogym UK Ltd	GBP	8,607	7,945
Technogym Germany Gmbh	EUR	7,507	4,917
Technogym Benelux BV	EUR	6,230	2,322
Technogym Trading S.A.	EUR	524	—
Technogym USA Corp.	USD	12,863	9,553
Technogym France	EUR	6,868	5,187
Technogym Japan	JPY	1,284	—
Total cash pooling		43,882	29,924

The following table shows the details of loans received at 31 December 2021 and 2020:

<i>(In thousands of Euro)</i>	Currency	Rate	As of 31 December	
			2021	2020
Loans payable				
Technogym Benelux BV	EUR	Variable	1,500	1,500
Total loans received			1,500	1,500

13.4 LIABILITIES DUE TO OTHER LENDERS

Current and non-current liabilities to other lenders refers to financing transactions guaranteed by the transfer of receivables arising from the sale of goods that, although transferred to third-party financial institutions, have been retained in the financial statements as they do not meet all the conditions required by IFRS 9 for derecognition from assets. See also note 5 "Other non-current assets" and note 7 "Trade receivables".

14 Employee benefit obligations

The item "Employee benefit obligations" amounts to Euro 2,623 thousand at 31 December 2021 (Euro 2,752 thousand at 31 December 2020).

The following table shows the amounts and movements of employee benefit obligations for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Employee benefit obligations
Values at 01 January 2020	2,866
Provisions	–
Financial expenses	19
Utilisations	(159)
Actuarial (gains)/losses	27
Values at 31 December 2020	2,752
Provisions	–
Financial expenses	9
Utilisations	(143)
Actuarial (gains)/losses	5
Values at 31 December 2021	2,623

Information about the actuarial valuation of provisions for employee benefit obligations is presented in note 15.

15 Provisions for risks and charges

The item "Provisions for risks" at 31 December 2021 amounts to Euro 6,795 thousand for non-current financial liabilities and Euro 9,246 thousand for current financial liabilities (respectively, Euro 7,106 thousand and Euro 5,865 thousand at 31 December 2020). The following table shows the details of provisions for risks and charges, current and non-current, at 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Non-current provisions for risks and charges		
Warranties provision	3,456	3,525
Agents provision	893	838
Non-Competition Agreement provision	1,990	1,997
Rebates provision	456	221
Ongoing lawsuits provision	—	525
Total non-current provisions for risks and charges	6,795	7,106
Current provisions for risks and charges		—
Warranties provision	3,456	3,525
Provision to cover losses in investments	—	87
Other provisions for risks and charges	5,790	2,253
Total current provisions for risks and charges	9,246	5,864

The following table shows the amounts and movements of provisions for risks and charges, current and non-current, for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Warranties provision	Agents provision	Non-Competition Agreement provision	Rebates provision	Ongoing lawsuits provision	Non-current provisions for risks and charges	Warranties provision	Free Product Fund provision	Provision to cover losses in investments	Other provisions for risks and charges	Current provisions for risks and charges
Values at 01 December 2020	3,929	782	1,784	–	0	6,495	3,929	566	87	5,272	9,854
Provisions	1,353	116	175	221	525	2,389	1,353	–	–	1,742	3,095
Reclassifications	–	–	–	–	–	–	–	–	–	–	–
Exchange rate differences	–	–	–	–	–	–	–	–	–	–	–
Financial expenses	–	–	12	–	–	12	–	–	–	–	–
Actuarial (gains)/losses	–	–	132	–	–	132	–	–	–	–	–
Utilisations	(1,757)	(60)	(107)	–	–	(1,924)	(1,757)	(566)	–	(4,761)	(7,084)
Values at 31 December 2020	3,525	838	1,997	221	525	7,106	3,525	0	87	2,253	5,865
Provisions	1,608	79	177	238	–	2,101	1,608	–	–	5,302	6,909
Reclassifications	–	–	–	–	(525)	(525)	–	–	–	525	525
Exchange rate differences	–	–	–	–	–	–	–	–	–	–	–
Financial expenses	–	–	7	–	–	7	–	–	–	–	–
Actuarial (gains)/losses	–	–	(172)	–	–	(172)	–	–	–	–	–
Utilisations	(1,676)	(24)	(19)	(2)	–	(1,722)	(1,676)	–	(87)	(2,290)	(4,053)
Values at 31 December 2021	3,456	893	1,990	456	0	6,795	3,456	0	–	5,789	9,246

The item “Product warranties provision” is reasonably estimated by the Company on the basis of the contractual guarantees issued to customers, and on past experience. It covers the cost of parts and labour that the Company will incur in future years for repairing products under warranty, for which the sales revenues have already been recognised in the income statement of the year or of previous years.

The “Agents’ provision” and “Non-Compete Agreement provision” represent a reasonable estimate of the expenses that the Company would incur in the event of interruption of agency contracts. Those provisions were calculated by independent actuaries and were measured using the actuarial valuation of the unitary projection of the claim, in accordance with IAS 37 and IAS 19.

The “Rebates provision” represents the estimated non-monetary awards that the Company will pay to customers on reaching specific purchasing volumes.

The other provisions for risks and charges mainly refer to employee bonuses, of which the amount has not yet been defined.

The increase in this item compared to 31 December 2020 is mainly attributable to potential liabilities for staff bonuses, of Euro 3,305 thousand.

15.1

ACTUARIAL VALUATION OF EMPLOYEE BENEFIT OBLIGATIONS AND NON-COMPETITION AGREEMENT PROVISION ACCORDING TO IAS 19 AND AGENTS' PROVISION ACCORDING TO IAS 37

The methodology used for the discounting is recognised by the name "method of the years of management on an individual basis and by drawing lots" (MAGIS). This method is based on a stochastic Montecarlo type simulation.

The main demographic assumptions used by the actuary to analyse the employee benefits provisions and the no-competition provision for the years ended December 31 December 2021 and 2020 are as follows: (i) the probability of death is obtained by using tables determined by ISTAT in 2000 and reduced by 25%; (ii) the probabilities of disability/invalidity are those adopted in the INPS model; (iii) the retirement age for the general working population is assumed to be the reaching of the first retirement requirement applicable for Mandatory General Insurance; (iv) the probability of leaving employment for reasons other than death was determined from the probability of turnover in line with the historical trend; in particular, an annual rate of 4.75% was considered for the year 2021 compared to the rate of 3.50% for 2020; (v) with regard to the probability of early retirement, an annual rate of 3% is applied, based on the historic trend, for 80% of the provision accumulated on the date of the request.

As regards the discounting of the Agents provision according to IAS 37, the hypothesis of "closed group" was considered during the time framework.

The valuations were conducted by quantifying future payments through the projection of the agents' provision accrued at the valuation date of the agents working for the Company until the estimated time (unpredictable) of termination of the contract with the company; once again the method used is the MAGIS. Regarding the demographic assumptions, the ISTAT 2011 mortality rates were considered; for disability, the INPS tables by age and gender were used, whereas for the retirement age, the requirement established by ENASARCO was used. The possibility of agents being released due to the termination of their relationship with the Company or for other causes was determined using estimates of annual frequency based on company data. The financial assumptions essentially refer to the discount rate. At 31 December 2021 this was the yield obtainable from the Iboxx Corporate AA index with a duration of 5-7 years, which is consistent with the duration of the collective agreement in question, taken to be 0.30% as its value on 31.12.2020 was 0.00%.

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

	As of 31 December	
	2021	2020
Annual technical discount rate	1.00%	0.35%
Annual inflation rate	1.75%	1.00%
Annual rate of TFR increase	2.81%	2.25%
Annual rate of salary increase	0.00%	0.00%
Annual rate of commissions increase (for the evaluation of N.C.A.)	3.00%	3.00%

As for the annual technical discount rate of 1 %, the Iboxx Corporate AA was selected as the benchmark for the Eurozone, with a duration consistent with the average duration of the collective agreement.

A sensitivity analysis was also performed upon a change in the main actuarial assumptions included in the calculation model in relation to the 0.5% change in the annual technical discount rate. The following results were obtained:

<i>(In thousands of Euro)</i>	As of 31 December					
	2021			2020		
	-0.50% change	Carrying amount	0.50% change	-0.50% change	Carrying amount	0.50% change
Employee benefit obligations	126	2,623	(117)	150	2,752	(141)
Non-Competition Agreement provision	113	1,990	(104)	169	1,997	(109)
Total	239	4,613	(221)	320	4,748	(249)

16 Other non-current liabilities

The item "Other non-current liabilities" amounted to Euro 26,116 thousand on 31 December 2021 (Euro 32,853 thousand at 31 December 2020).

Other non-current liabilities mainly include:

- › medium-long term customer deposits of Euro 5 thousand;
- › liabilities for sales with return rights, equal to Euro 24,287 thousand, identified pursuant to IFRS 15, in order to represent suspended costs associated with these sales;
- › the long-term portion of the obligation to buy-back leased products, of Euro 1,017 thousand;
- › trade payables due after 12 months, of Euro 806 thousand.

17 Trade payables

The item "Trade payables" amounted to Euro 131,661 thousand at 31 December 2021 (Euro 91,176 thousand at 31 December 2020). Trade payables are mainly related to transactions for the purchase of raw materials, components and shipping services, manufacturing and technical assistance. These transactions are part of ordinary procurement management.

18 Current tax liabilities

The item "Current tax liabilities" amounted to Euro 955 thousand at 31 December 2021 (Euro 59 thousand at 31 December 2020). Income tax receivables amounted to Euro 571 thousand at 31 December 2021 (Euro 3,876 thousand at 31 December 2020). For more details see note 10.

19 Liabilities for derivative financial instruments

The item "Liabilities for derivative financial instruments" amounted to Euro 41 thousand at 31 December 2021 (Euro 58 thousand at 31 December 2020).

The following table shows the liabilities for derivative financial instruments by currency at 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Liabilities for derivative financial instruments		
Forward		
GBP	4	—
AUD	37	56
JPY	—	2
Total	41	58

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

The exposure to exchange rate risk is mainly managed using contracts for the forward sale of currency denominated in the sale currency of certain markets in which the Company operates. However, at 31 December 2021, these contracts were not recorded on a hedge accounting basis.

For details of the types of "forward" contracts, see the table in paragraph 9.

20 Other current liabilities

The item "Other current liabilities" amounted to Euro 31,898 at 31 December 2021 (Euro 16,020 thousand at 31 December 2020). The following table shows the amounts of other current liabilities at 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Other current liabilities		
Deferred income	7,458	5,246
Advances from clients	1,156	708
Payables to employees	3,673	2,913
Social security payables	3,308	2,928
Other liabilities	4,392	3,812
Accrued expenses	140	238
Liabilities for leasing buyback obligations	11,770	175
Total other current liabilities	31,898	16,020

"Deferred income" mainly refers to scheduled maintenance contracts. "Advances from customers" concerns advances and deposits received for supplies yet to be delivered. These items were recognised as contractual liabilities in accordance with IFRS 15.

"Payables to employees" mainly refer to salaries for the month of December paid in January, untaken holiday entitlements and staff bonuses.

The "Social security payables" mainly relate to various social insurance contributions payable in the following year on the salaries for the month of December, Christmas bonuses and untaken holiday entitlements.

"Other liabilities" at 31 December 2021 and 2020 mainly relate to income taxes withheld on income from employment and self-employment to be paid in the following year.

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

"Liabilities for buyback obligations within 12 months" includes the short-term portion of payables for sales with the right of return, equal to Euro 11,402 thousand; these are recognised according to IFRS 15, in order to represent the suspended revenues associated with these sales. The rest of this item relates to the obligation to buy back leased products, of Euro 367 thousand.



NOTES TO THE INCOME STATEMENT

21 Revenues

The total revenues of TG S.p.A. came to Euro 438,839 thousand, which is an increase of Euro 80,770 thousand (24.6%) compared to Euro 358,069 thousand in 2020.

The following table contains a breakdown of the revenues for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Revenues		
Revenues from the sale of products, spare parts, hardware and software	425,431	347,775
Revenues from transport and installation, after-sale and rental assistance	13,408	10,294
Total revenues	438,839	358,069

The following table shows the breakdown of revenues by geographical area for the years ended 31 December 2021 and 2020:

<i>(In thousands of Euro and percentage of total revenues)</i>	Year ended 31 December		Changes	
	2021	2020	2021 vs 2020	%
Europe (without Italy)	184,116	155,817	28,299	18.2%
MEIA	67,835	45,655	22,180	48.6%
APAC	82,631	60,910	21,722	35.7%
Italy	63,032	59,789	3,243	5.4%
North America	27,934	27,551	384	1.4%
LATAM	13,290	8,347	4,943	59.2%
Total revenues	438,839	358,069	80,770	24.6%

22 Other revenues and income

The item "Other revenues and income" amounted to Euro 13,408 thousand for the year ended 31 December 2021 (Euro 10,294 thousand for the year ended 31 December 2020). Other income and revenues consist mainly of invoices to Group companies, rental income, and income from suppliers for compensation.

23 Purchases and use of raw materials, work in progress and finished goods

This item amounted to Euro 228,737 thousand for the year ended 31 December 2021 (Euro 179,098 thousand for the year ended 31 December 2020).

The following table reports the amounts of raw materials, semi-finished and finished goods for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Purchases and use of raw materials, work in progress and finished goods		
Purchase and change in inventory of raw material	136,577	109,727
Purchase and change in inventory of finished goods	91,643	72,168
Purchase and use of packaging and costs for custom duties	449	(2,781)
Change in inventory of work in progress	70	(18)
Total raw materials, semi-finished and finished goods	228,737	179,098

24 Cost of services

The item "Cost of services" amounted to Euro 71,677 thousand for the year ended 31 December 2021 (Euro 50,685 thousand for the year ended 31 December 2020).

The following table contains a breakdown of the cost of services for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Cost of services		
Transport of sales, customs duties and installation	17,292	11,296
Technical assistance	2,072	2,107
Advertising	6,117	4,987
Rentals	4,765	4,000
Agents	4,192	4,073
Consulting services	5,778	4,055
Transport of purchases	8,622	3,440
Travel and business expenses	304	219
Outsourcing costs	7,145	2,705
Utilities	2,056	1,710
Maintenance costs	4,347	3,934
Other services	8,991	8,156
Total cost of services	71,677	50,685

The increases are due to the rise in logistics costs and the cost of processes performed by outsourcers. Advertising costs have also risen, reflecting the fact that Technogym is investing in marketing in order to target the BtoC segment more intensively.

"Other services" mainly relate to royalties paid, costs for managing external deposits, insurance and remuneration of external directors, the board of statutory auditors and independent auditors.

The following table shows the details of audit fees to the independent auditors for services provided to the Company for the years ended 31 December 2021 and 2020:

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Audit fees		
Auditing of the accounts	216	279
Other services	39	17
Total audit fees	254	296

25 Personnel expenses

The item "Personnel expenses" amounted to Euro 60,646 thousand for the year ended 31 December 2021 (Euro 45,157 thousand for the year ended 31 December 2020).

The following table shows the amounts of personnel expenses for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Personnel expenses		
Wages and salaries	42,212	30,134
Social security contributions	12,742	10,897
Provisions for employee benefit obligations	2,403	2,278
Other costs	3,289	1,848
Total personnel expenses	60,646	45,157

The following table shows the average number of employees and the exact number of employees at the year-end broken down by category for the years ended 31 December 2021 and 2020.

<i>(in number)</i>	Year ended 31 December			
	2021		2020	
	Average	Year-end	Average	Year-end
Number of employees				
Managers	56	56	49	48
White-collar	506	535	486	472
Blue-collar	270	268	270	268
Total number of employees	831	859	804	788

26 Other operating costs

The item "Other operating costs" amounted to Euro 4,419 thousand for the year ended 31 December 2021 (Euro 9,927 thousand for the year ended 31 December 2020).

The following table reports the amounts of other operating costs for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Other operating costs		
Other taxes and indirect taxes	716	431
Other costs and net provisions on leasing receivables	3,704	9,496
Total other operating costs	4,419	9,927

"Other costs and net provisions on leasing receivables" mainly refer to membership fees, products donated for promotional and advertising purposes, and uses for leasing receivables mainly relating to the losses arising during the year, as anticipated in the previous year's analysis.

In 2021, due to the continuation of the pandemic, the Company conducted a sensitivity test on the recoverability of the value of receivables on which there is a buyback obligation. Various sensitivity scenarios already analysed in December 2020, which led to an increased allocation to the bad debt provision, were re-performed.

As already described in paragraph 5 "Other non-current assets" and 7 "Trade receivables", the Group considers that the amount recognised on the financial statements for 2020 is sufficient and did not make any further provision.

27 Depreciation, amortisation and impairment / (write-backs)

The item "Depreciation, amortisation and impairment losses/(revaluations)" amounted to Euro 28,671 thousand for the year ended 31 December 2021 (Euro 27,238 thousand for the year ended 31 December 2020).

The following table shows the amounts of depreciation, amortisation and impairment losses/(write-backs) for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Depreciation, amortisation and impairment losses / (revaluations)		
Depreciation of property, plant and equipment	16,034	16,537
Amortisation of intangible assets	12,609	10,351
Impairment losses of property, plant and equipment	—	—
Impairment losses of intangible assets	29	350
Total depreciation, amortisation and impairment losses (revaluations)	28,671	27,238

For details regarding the breakdown of and changes in "Property, plant and equipment" and "Intangible assets" for the years ended 31 December 2021 and 2020, see paragraphs 1 and 2 of this document.

28 Net provisions

The item "Net provisions" amounted to Euro 1,130 thousand for the year ended 31 December 2021 (Euro 6,690 thousand of the opposite sign for the year ended 31 December 2020).

The following table shows the amounts of net provisions for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Net provisions		
Net provisions for assets held by third parties	484	507
Bad debt net provisions	292	(7150)
Warranties net provisions	(137)	(808)
Other net provisions for risks and charges	441	237
Ongoing lawsuits net provisions	49	524
Total net provisions	1,130	(6,690)

For details of the breakdown and changes in these items, see paragraphs "7. Trade receivables" and "15 "Provisions for risks and charges" in this document.

29 Financial income

The item "Financial income" amounted to Euro 11,385 thousand for the year ended 31 December 2021 (Euro 12,186 thousand for the year ended 31 December 2020).

The following table shows the amounts of financial income for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Financial income		
Realised exchange gains	10,333	8,545
Unrealised exchange gains	217	2,541
Other financial income	605	891
Bank interest receivable	230	209
Total financial income	11,385	12,186

30 Financial expenses

The item "Financial expenses" amounted to Euro 10,964 thousand for the year ended 31 December 2021 (Euro 14,684 thousand for the year ended 31 December 2020).

The following table shows the amounts of financial expenses for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Financial expenses		
Realised exchange losses	9,270	11,815
Unrealised exchange losses	153	1,262
Bank interest on financial loans	405	400
Bank interest and fees	326	249
Other financial expenses	717	784
Provisions for the write-down of other financial receivables	92	174
Total financial expenses	10,964	14,684

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

The item "Provision for the write-down of financial receivables" of EUR 92 thousand includes the write-down of a loan granted to the unconsolidated entity Sandcroft Avenue Ltd. The value of the equity investment was eliminated last year. As Technogym is a limited liability company it is only liable for the sums invested.

This write-down, and that of the equity investment, is based on the findings of the development plan, which highlighted business continuity issues mainly due to the cashflow forecasts prepared by the management of the unconsolidated entity, which has been adversely affected by the Covid-19 pandemic; it is also due to the fact that there is no up-to-date estimate of the fair value on the closing date.

31 Income/(expenses) from investments

The item "Income/(expenses) from investments" amounted to Euro 21,906 thousand for the year ended 31 December 2021 (Euro 5,064 thousand for the year ended 31 December 2020).

The following table shows the amounts of financial income / (expenses) for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Income/(expenses) from investments		
Other income/(expenses) from investments	14,063	12,820
Revaluations/(impairment losses) investments	7,844	(7,756)
Total income/(expenses) from investments	21,906	5,064

For details of the breakdown and changes in the item "Investments" for the years ended 31 December 2021 and 2020, see note 4.

The following table shows details of dividends from investments for the years ended 31 December 2021 and 2020:

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Dividends from investments		
Technogym International	4,500	—
Technogym France	2,000	—
Technogym UK Ltd	1,522	5,593
Amleto Aps	590	—
Technogym Germany GmbH	1,500	1,250
Technogym Benelux BV	—	—
Technogym USA	1,291	3,386
Technogym Trading	609	—
Technogym E.E. Sro	—	2,591
Technogym Japan	1,318	—
TG - Technogym Portugal, Unipessoal, Lda.	297	—
Technogym Emirates LLC	436	—
Total dividends from investments	14,063	12,820

32 Income taxes

The item "Income taxes" amounts to Euro 11,483 thousand for the year ended 31 December 2021 (Euro 8,881 thousand for the year ended 31 December 2020).

The following table shows the amounts of income taxes for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Income taxes		
Current taxes	12,398	11,438
Deferred taxes	(381)	(646)
Total income taxes for the year	12,016	10,792
Taxes relating to prior years	(534)	(1,911)
Total income taxes	11,483	8,881

Taxes relating to prior years mainly relate to the recalculation of the tax credit for R&D.

The following table shows the reconciliation between the theoretical tax rate and the actual tax rate for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Year ended 31 December			
	2021	%	2020	%
Profit before tax	77,843		55,220	
Income tax calculated with theoretical tax rate	18,682	24.0%	13,253	24.0%
Permanent decrease differences	(10,301)	(13.2%)	(8,141)	(14.7%)
Permanent increase differences	3,272	4.2%	4,832	8.7%
Other income taxes (IRAP)	2,090	2.7%	1,945	3.5%
Taxes relating to prior years	(534)	(0.7%)	(1,911)	(3.5%)
Other taxes	(1,727)	(2.2%)	(1,097)	(2.0%)
Total	11,483	14.8%	8,881	16.1%

33 Earnings per share

The following table shows the calculation of basic earnings per share.

<i>(In thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Earnings per share		
Profit for the period	66,361	46,339
Number of shares	201,328	201,328
Total earnings per share	0.33	0.23

The basic earnings per share coincide with the diluted earnings per share. Technogym does not hold own shares.

34 Indebtedness

The following table shows the details of net indebtedness of the Group at 31 December 2021 and 2020, determined in accordance with Consob communication of 28 July 2006 and in conformity with the recommendations contained in document no. 319 drafted by ESMA in 2013.

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020 Restated
Net indebtedness		
A. Cash	145,004	161,745
B. Cash equivalents	—	—
C. Other current financial assets	58,412	3,919
D. Liquidity (A) + (B) + (C)	203,416	165,664
E. Current bank debt	(67,364)	(51,501)
F. Current portion of non-current debt	(50,101)	(25,155)
G. Current financial indebtedness (E) + (F)	(117,465)	(76,655)
H. Net current financial indebtedness (G) + (D)	85,951	89,008
I. Non-current financial payables (excluding the current part and debt instruments)	(63,227)	(106,014)
J. Debt instruments	—	—
K. Trade payables and other non-current payables	(806)	—
L. Non-current financial indebtedness (I) + (J) + (K)	(64,033)	(106,014)
M. Total financial indebtedness (H) + (L)	21,918	(17,006)

35 Financial risk management

The main financial risks to which the Company is exposed to are:

- › credit risk, arising from commercial transactions or financing activities;
- › risks related to supplier relations;
- › liquidity risk, related to the availability of financial resources and access to the credit market;
- › market risk, in particular:
 - a) Currency risk, related to operations in areas using currencies other than the functional currency;
 - b) Interest rate risk, related to the Company's exposure to financial instruments that accrue interest;
 - c) Price risk, associated with changes in the prices of commodities.

35.1 CREDIT RISK

The operational management of the credit risk is assigned to the Credit Management, which operates on the basis of a credit policy that regulates: (i) customers' merit ratings, which are evaluated by the internally developed risk rating system, used for the management of credit limits and requests for bank or insurance guarantees to support extended payment terms; (ii) the involvement of institutionalised credit committees in operations completed under terms other than those normally applied by the Company; (iii) the use of credit insurance policies; (iv) the monitoring of the balance of outstanding receivables and their ageing, so that the amount of outstanding positions is not significant; (v) the monitoring of the related expected cash flows; (vi) the issuance of reminders; (vii) any recovery actions.

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

35.2 RISKS RELATED TO SUPPLIER RELATIONS

The Company and its Group have always been committed to developing innovative, high-performance quality solutions. To continue this commitment, a close collaboration needs to be maintained with suppliers, particularly those who produce materials and technologies that may be used in the fitness industry, even if they primarily operate in other sectors.

Technogym's supply chain is divided into suppliers who provide "bill of materials" supplies, some of which are particularly strategic to Technogym's success, including those

that contribute directly to product creation, and “indirect” suppliers who provide other services or materials, as well as the equipment used in production.

The company works closely with those suppliers considered key to the success of its products, establishing long-term relationships in order to minimise the risks related to the potential unavailability of raw materials within the required timescales.

Periodic performance checks are made, and controls carried out regarding compliance with current environmental and social regulations aimed at guaranteeing a stable supply chain.

Technogym has also adopted a structured supply chain assessment process involving on-site audits and checks, which ensures continuous monitoring, and requires its suppliers to comply with the REACH and RoHS directives.

35.3 LIQUIDITY RISK

The Company’s liquidity risk is closely monitored by a specific control activity which, in order to minimise the risk, has led to a centralised treasury management with specific procedures intended to optimise the management of financial resources and the needs of the Technogym companies. In particular, a set of policies and processes was adopted aimed at optimising the management of financial resources that reduce liquidity risk: (i) maintenance of an adequate level of available liquidity; (ii) obtaining adequate credit lines; (iii) monitoring future liquidity in relation to the business planning process. For this type of risk, in the net financial indebtedness, the Group tends to finance investments and current commitments using cash flow from operations and also short-term credit lines.

The following table shows the amounts of credit lines available and used at 31 December 2021 and 2020.

Credit lines	Cash credit lines	Self-liquidating credit lines	Financial credit lines	Total
As of 31 December 2021				
Credit lines	7,382	17,641	293,241	318,264
Utilisations	—	—	(62,500)	(62,500)
Credit lines available at 31 December 2021	7,382	17,641	230,741	255,764
As of 31 December 2020				
Credit lines	7,382	17,641	267,911	292,934
Utilisations	—	—	(87,500)	(87,500)
Credit lines available at 31 December 2020	7,382	17,641	180,411	205,434

The table below contains the breakdown and maturity dates of the liability items to 31 December 2021 and 2020:

	Within 1 year	Between 1 and 5 years	Beyond 5 years	Total
Values at 31 December 2021				
Non-current financial liabilities	—	63,227	—	63,227
Other non-current liabilities	6	26,109	—	26,115
Trade payables	131,661	—	—	131,661
Current tax liabilities	955	—	—	955
Current financial liabilities	117,425	—	—	117,425
Liabilities for derivative financial instruments	41	—	—	41
Other current liabilities	31,898	—	—	31,898
Total	281,985	89,336	—	371,321
Values at 31 December 2020				
Non-current financial liabilities	—	106,014	—	106,014
Other non-current liabilities	210	32,643	—	32,853
Trade payables	91,176	—	—	91,176
Current tax liabilities	59	—	—	59
Current financial liabilities	76,597	—	—	76,597
Liabilities for derivative financial instruments	58	—	—	58
Other current liabilities	16,020	—	—	16,020
Total	184,121	138,657	—	322,777

On 31 December 2021, the Company had approximately Euro 230.7 million of undrawn credit lines, liquidity of Euro 228.1 million and trade receivables of 104.5 million, giving a total of Euro 563.3 million.

As a result, there are no concerns about meeting the existing commitments.

35.4 MARKET RISK

Exchange rate risk

The Company operates internationally and is exposed to currency risk in regards to commercial and financial transactions, especially in USD, GBP, JPY and AUD. To limit its exposure to exchange risk, the Group usually enters into spot or volume forward contracts, covering on average 70% and 80% of its transactions in these currencies. In the year ending 31 December 2021, no exchange rate hedging derivative contract was recognised using the hedge accounting method.

Investments in foreign subsidiaries are not covered, as the currency positions are considered long-term.

The following table shows the amounts and movements of investments in joint ventures and associates for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	EUR	GBP	USD	CNY	AUD	JPY	Other currencies	Total
Other non-current assets								
As of 31 December 2021	52,874	—	—	—	—	—	1,152	54,026
As of 31 December 2020	46,520	3,338	204	—	—	—	10	50,072
Non-current financial assets								—
As of 31 December 2021	30,749	—	—	—	—	—	—	30,749
As of 31 December 2020	33,855	—	—	—	—	—	50	33,905
Trade receivables								—
As of 31 December 2021	53,027	5,443	18,027	8,667	4,562	1,703	590	92,019
As of 31 December 2020	36,251	5,112	10,325	6,800	2,651	517	489	62,144
Current financial assets								—
As of 31 December 2021	32,937	0	24,281	—	1,067	—	—	58,285
As of 31 December 2020	2,356	7	21	—	0	—	9	2,393
Cash and cash equivalents								—
As of 31 December 2021	126,162	8,956	5,003	69	2,121	2,357	337	145,004
As of 31 December 2020	81,492	11,598	63,481	1,860	1,984	1,253	76	161,745
Other current assets								—
As of 31 December 2021	35,339	6	413	—	0	7	(12,204)	23,560
As of 31 December 2020	13,786	32	13	—	—	—	754	14,585
Non-current financial liabilities								—
As of 31 December 2021	62,387	—	—	—	—	—	840	63,227
As of 31 December 2020	106,014	—	—	—	—	—	—	106,014
Current financial liabilities								—
As of 31 December 2021	94,327	8,587	12,863	—	—	1,284	364	117,425
As of 31 December 2020	59,095	7,940	9,553	—	—	—	9	76,597
Trade payables								—
As of 31 December 2021	118,294	181	11,080	1,856	96	50	103	131,661
As of 31 December 2020	82,102	480	6,487	1,473	199	54	380	91,176
Other current liabilities								—
As of 31 December 2021	29,793	270	1,178	6	639	0	12	31,898
As of 31 December 2020	15,222	0	187	0	601	0	9	16,020

For the purposes of the sensitivity analysis on the exchange rate, items in the financial position (assets and liabilities) denominated in foreign currency were identified. For the purposes of the analysis, two scenarios were considered that reflect an increase and a decrease respectively of 5% in the exchange rate between the currency of the balance sheet item and the Euro.

The following table shows the results of the analysis for the years ended 31 December 2021 and 2020.

<i>(In thousands of Euro)</i>	Carrying amount	of which subject to exchange risk	2021 - Exchange risk	
			+ 5%	- 5%
Description			Gains / (losses)	Gains / (losses)
Financial assets				
Non-current financial assets	30,749	—	—	4
Cash and cash equivalents	145,004	18,843	(897)	1,444
Trade receivables	92,019	38,990	(1,857)	1,596
Current financial assets	58,285	25,348	(1,207)	1,334
Assets for derivative financial instruments	127	127	(6)	7
Tax effect	—	—	1,107	(1,223)
			(2,860)	3,157
Financial liabilities				
Non-current financial liabilities	63,227	840	40	(44)
Current financial liabilities	117,425	23,097	1,100	(1,216)
Trade payables	131,661	13,367	636	(703)
Liabilities for derivative financial instruments	41	41	2	(2)
Tax effect	—	—	(496)	548
			1,282	(1,417)
Total increases (decreases)			(1,578)	1,740

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

Interest rate risk

Interest rate risk is related to the use of short and medium/long-term credit lines. Loans at variable rates expose the Company to the risk of fluctuations of cash flows due to interest.

For the purposes of the sensitivity analysis on changes in interest rate, items in the financial position (assets and liabilities) subject to fluctuations in interest rates were identified. For the purposes of the analysis, two scenarios were considered which reflect an increase and a decrease respectively of 20 basis points in the interest rate.

The following table shows the results of the analysis for the years ended 31 December 2021 and 2020.

(In thousands of Euro)

Description	Carrying amount	of which subject to exchange risk	2021 - Interest Rate Risk			
			Gains / (losses)	+ 20 bp	Gains / (losses)	- 20 bp
				Other movements in RFV		Other movements in RFV
Financial assets						
Cash and cash equivalents	145,004	145,004	290	—	(290)	—
Trade receivables	92,019	—	—	—	—	—
Current financial assets	58,285	4,446	9	—	(9)	—
Assets for derivative financial instruments	127	—	—	—	—	—
Tax effect	—	—	(83)	—	83	—
			216	—	(216)	—
Financial liabilities						
Non-current loans payable	63,227	63,227	(126)	—	126	—
Current loans payable	117,425	117,445	(235)	—	235	—
Trade payables	131,661	—	—	—	—	—
Other current liabilities	41	41	—	—	—	—
Tax effect	—	—	101	—	(101)	—
			(260)	—	260	—
Total increases (decreases)			(44)		44	

Description	Carrying amount	of which subject to exchange risk	2020 - Interest Rate Risk			
			Gains / (losses)	+ 20 bp	Gains / (losses)	- 20 bp
				Other movements in RFV		Other movements in RFV
Financial assets						
Cash and cash equivalents	161,745	113,664	227	—	(227)	—
Trade receivables	62,144	—	—	—	—	—
Current financial assets	2,393	2,393	5	—	(5)	—
Assets for derivative financial instruments	1,525	—	—	—	—	—
Tax effect	—	—	(65)	—	65	—
			167	—	(167)	—
Financial liabilities						
Non-current financial liabilities	106,014	79,914	(160)	—	160	—
Current financial liabilities	76,597	71,625	(143)	—	143	—
Trade payables	91,176	—	—	—	—	—
Liabilities for derivative financial instruments	58	—	—	—	—	—
Tax effect	—	—	85	—	(85)	—
			(218)	—	218	—
Total increases (decreases)			(51)		51	

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

Price risk

The Company supplies worldwide, and is therefore exposed to the normal risk of changes in commodity prices, though not to a significant extent.

Capital risk management

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

<i>(In thousands of Euro)</i>	As of 31 December	
	2021	2020
Net financial indebtedness (A)	-21,918	17,006
Equity (B)	352,410	330,214
Total capital (C)=(A)+(B)	330,492	347,220
Gearing ratio (A)/(C)	-6.60%	4.90%

36 Financial instruments by category

As of 31 December 2021 and 2020, the carrying amount 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 recognised 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 year, there were no transfers between the three levels of fair value indicated in IFRS 7.

The following tables show the financial assets and liabilities by category of financial instrument, in accordance with IFRS 7 and the fair value hierarchy level at 31 December 2021 and 2020.

2021 (In thousands of Euro)	Amortised cost	FV vs OCI	FV vs P&L	Total	Level 1	Level 2	Level 3	Total
Other non-current assets	53,762	—	263	54,026	—	—	263	263
Non-current financial assets	30,749	—	—	30,749	—	—	—	—
Non-current financial assets	84,512	—	263	84,775	—	—	263	263
Trade receivables	92,019	—	—	92,019	—	—	—	—
Cash and cash equivalents	145,004	—	—	145,004	—	—	—	—
Current financial assets	58,285	—	—	58,285	—	—	—	—
Assets for derivative financial instruments	—	—	127	127	—	127	—	127
Other current assets	23,560	—	—	23,560	—	—	—	—
Current financial assets	318,869	—	127	318,995	—	127	—	127

2020 (In thousands of Euro)	Amortised cost	FV vs OCI	FV vs P&L	Total	Level 1	Level 2	Level 3	Total
Other non-current assets	49,835	—	237	50,072	—	—	237	237
Non-current financial assets	33,905	—	—	33,905	—	—	—	—
Non-current financial assets	83,740	—	237	83,977	—	—	237	237
Trade receivables	62,144	—	—	62,144	—	—	—	—
Cash and cash equivalents	161,745	—	—	161,745	—	—	—	—
Current financial assets	2,393	—	—	2,393	—	—	—	—
Assets for derivative financial instruments	—	—	1,525	1,525	—	1,525	—	1,525
Other current assets	14,585	—	—	14,585	—	—	—	—
Current financial assets	240,867	—	1,525	242,392	—	1,525	—	1,525

2021 (In thousands of Euro)	Amortised cost	FV vs OCI	FV vs P&L	Total	Level 1	Level 2	Level 3	Total
Non-current financial liabilities	63,227	—		63,227	—	—	—	—
Other non-current liabilities	26,115			26,115				
Non-current financial liabilities	89,342	—	—	89,342	—	—	—	—
Current financial liabilities	117,425			117,425	—	—	—	—
Trade payables	131,661			131,661	—	—	—	—
Liabilities for derivative financial instruments		—	41	41	—	41	—	41
Other current liabilities	31,898			31,898				
Current financial liabilities	280,983	—	41	281,024	—	41	—	41

2020 (In thousands of Euro)	Amortised cost	FV vs OCI	FV vs P&L	Total	Level 1	Level 2	Level 3	Total
Non-current financial liabilities	106,013	—		106,013	—	—	—	—
Other non-current liabilities	32,853			32,853				
Non-current financial liabilities	138,867	—	—	138,867	—	—	—	—
Current financial liabilities	76,597			76,597	—	—	—	—
Trade payables	91,176			91,176	—	—	—	—
Liabilities for derivative financial instruments		—	58	58	—	58	—	58
Other current liabilities	16,020			16,020				
Current financial liabilities	183,794	—	58	183,852	—	58	—	58

Non-financial risks

INTERNAL RISKS - EFFECTIVENESS OF PROCESSES

The processes that characterise 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.

Management is also continuously monitoring the developments in the conflict in Ukraine and the resulting embargos on the Russian market. It should be noted that the Group's Ukrainian operations are all through a local distributor, and the volumes are low. On the Russian market, Technogym operates directly through its subsidiary Technogym ZAO, whose revenues can be quantified at approximately 2% of the Group's total revenues. The retail stores have already been closed. Technogym has also stopped exporting to Russia. We can report that Technogym does not have a significant financial, foreign currency or commercial exposure on the Russian market.

RISKS RELATED TO CYBER ATTACKS

The pace of the digital transformation was accelerated, within the Company itself and also on the market as a result of the public health emergency, and this exposes the Group to potential cyberattacks (cyber risks). The Group has adopted a governance structure and cyber risk management model based on international standards, in order to put in place the best technological solutions and choose the best partners to defend its corporate assets. It has also taken out appropriate insurance cover.

38 Related-party transactions

The Company's transactions with related parties, identified based on criteria defined by IAS 24 – Related party disclosures – are carried out under normal market conditions.

38.1 SUBSIDIARIES

The following table provides details of the transactions between the Company and its subsidiaries for the years ended 31 December 2021 and 2020, and the impact on the related item in the financial statements.

<i>(in thousands of Euro)</i>	Property, plant and equipment		Non-current financial assets		Other non-current assets		Trade receivables		Current financial assets		Other current assets		Non-current financial liabilities		Trade payables		Current financial liabilities		Current provisions for risks and charges		Other current liabilities			
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020		
Values at 31 December																								
Technogym Spain	–	–	–	–	–	–	2,199	1,702	–	1,670	–	–	–	–	38	44	524	–	–	–	–	35,722	15	
Technogym France	–	–	–	–	–	–	2,940	1,668	–	–	–	0	–	–	42	72	6,868	5,187	4	–	–	-0,555	0	
Technogym China	–	–	–	–	–	–	8,667	6,800	–	–	–	–	–	–	3,939	3,124	–	–	–	–	–	–	5,893	1
Technogym Japan	–	–	–	–	–	–	1,703	517	–	–	–	–	–	–	66	54	1,284	–	–	–	–	–	0,454	0
Technogym Asia	–	–	–	–	–	–	2,079	492	–	–	–	–	–	–	26	33	–	–	–	9	–	–	2,527	0
Technogym Australia	–	–	–	–	–	–	4,563	2,650	1,067	–	–	–	–	–	66	154	–	–	–	–	–	–	638,590	607
Technogym Portugal	–	–	–	–	–	–	852	1,405	–	–	–	–	–	–	2	10	–	–	–	–	–	–	5,264	1
Technogym Russia	–	–	–	–	–	–	2,266	351	–	–	–	–	–	–	–	20	–	–	–	–	–	–	–	–
My Wellness Inc	–	–	–	–	–	–	26	–	441	–	73	–	–	–	–	–	–	–	–	–	–	–	–	–
Technogym Manno	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	9	–	–	–	–	–	–	–	–
Technogym U.K.	–	–	–	–	–	–	5,107	4,812	–	–	–	–	–	–	111	339	8,607	7,945	21	21	266,685	50	–	
Technogym Germany	–	–	–	–	–	–	5,958	1,517	–	–	–	–	–	–	238	33	7,507	4,917	–	–	–	–	29,298	4
Technogym Benelux	–	–	–	–	–	–	4,182	1,824	–	–	–	–	–	–	96	59	7,730	3,822	–	–	–	–	24,697	1
Technogym Usa	–	–	–	–	–	–	3,698	3,341	–	–	–	–	–	–	530	298	12,863	9,553	–	–	–	–	32,734	15
Technogym E.E.	–	–	–	–	–	–	780	861	–	–	–	2,591	–	–	21,533	8,422	–	–	–	–	–	–	6,200	–
FKB EQUIPAMENTOS LTDA	–	–	–	–	–	–	652	553	234	484	6	–	–	–	7	3	–	-0	–	–	–	–	–	1
Sidea S.r.l	–	–	–	100	–	–	–	29	1,100	200	–	–	–	–	–	411	224	-3	-3	–	–	–	–	–
TGB	19,595	23,218	30,549	33,705	–	–	282	283	–	–	231	-125	16,339	19,893	319	266	3,736	3,624	–	–	–	–	–	–
Technogym South Africa	–	–	–	–	–	–	14	–	1,000	–	–	–	–	–	–	–	-1	–	–	–	–	–	0,000	–
DWL S.R.L.	–	–	–	–	–	–	91	–	600	–	–	–	–	–	–	–	-1	–	–	–	–	–	-2,015	–
Technogym Saudi LLC	–	–	–	–	–	–	2	–	–	–	1	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	19,595	23,218	30,549	33,705	–	–	46,060	28,805	4,443	2,354	311	2,467	16,339	19,893	27,422	13,164	49,114	35,046	33	21	1,045	696	–	
Total Financial Statements	63,304	70,803	30,749	33,905	54,025	50,072	92,018	62,144	58,285	2,393	23,560	14,585	63,227	106,014	131,661	91,176	117,425	76,597	9,246	5,865	31,898	16,020	–	
% on financial statements item	31%	33%	99%	99%	0%	0%	50%	46%	8%	98%	1%	17%	26%	19%	21%	14%	42%	46%	0%	0%	3%	4%	–	

(in thousands of Euro)	Revenues		Other revenues and income		Purchases and use of raw materials, work in progress and finished goods		Cost of services		Personnel expenses		Other operating costs		Depreciation and amortisation		Provisions		Financial income		Financial expenses		Income/(expenses) from investments		
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
Values at 31 December																							
Technogym Spain	14,691	13,819	376	312	(456)	(341)	(0)	(0)	–	–	–	–	–	–	–	–	8	38	(0)	–	609	–	
Technogym France	19,645	24,860	1,125	449	(263)	(355)	(5)	(26)	(48)	–	–	–	–	–	–	–	0	1	(1)	(0)	2,000	–	
Technogym China	24,039	11,346	288	1,443	(191)	(91)	(34)	(301)	(234)	(158)	–	–	–	–	–	–	0	–	–	–	–	131	
Technogym Japan	14,270	15,172	331	289	(255)	(328)	(1)	–	–	–	(1,573)	(1,036)	–	–	–	–	–	–	(0)	–	1,318	–	
Technogym Asia	2,926	1,339	189	94	(6)	(16)	(10)	–	(103)	(19)	–	–	–	–	–	–	0	–	(0)	–	–	9	
Technogym Australia	17,496	12,417	196	197	(90)	(154)	(124)	(109)	–	22	(115)	(2)	–	–	–	–	4	–	(0)	–	–	859	
Technogym Portugal	2,229	2,340	49	365	(36)	(72)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	297	
Technogym Russia	7,824	7,181	1,287	96	(35)	(15)	0	–	266	232	(16)	–	–	–	–	–	(0)	(0)	–	–	–	–	
Technogym U.K.	33,481	21,945	2,363	3,453	(1,049)	(1,088)	(10)	(16)	(170)	(204)	–	–	–	–	–	–	–	–	(0)	(11)	1,522	5,593	
Technogym Germany	25,811	22,614	2,704	541	(1,208)	(625)	(14)	(2)	(97)	–	–	(1,444)	–	–	–	–	0	(1)	(0)	1,500	1,250	–	
Technogym Benelux	18,739	14,744	1,878	420	(376)	(394)	–	(20)	–	(118)	–	–	–	–	–	–	1	(11)	(14)	–	–	–	
Technogym Usa	27,297	26,406	841	918	(842)	(504)	(123)	(39)	–	–	–	(2)	–	–	–	–	0	(1)	(82)	1,291	4,641	–	
Technogym E.E.	986	776	539	517	(61,661)	(46,097)	(3)	(1)	140	189	–	(2)	–	–	–	–	–	–	–	–	–	2,591	
Fkb Equipamentos Ltda	249	1,276	155	161	(4)	(12)	(0)	(0)	–	–	–	–	–	–	–	7,591	14	63	–	–	–	(7,589)	
Sidea S.r.l	–	13	153	153	(1,429)	(931)	(44)	(16)	–	–	(1)	(1)	–	–	–	–	5	7	–	–	–	–	
My Wellness Inc	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1	–	–	–	–	–	
TGB	–	–	–	–	–	–	(296)	(296)	–	–	(36)	6	(3,816)	(3,825)	–	–	522	578	(471)	(461)	–	–	
AMLETO APS	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	7	–	–	–	–	590	
Technogym International	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	4,500	
DWL S.R.L.	76	–	–	–	(5)	–	(64)	–	–	–	–	–	–	–	–	–	1	–	–	–	–	–	
Technogym South Africa	15	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1	–	–	–	–	–	
Technogym Saudi LLC	0	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Total	209,776	176,246	12,472	9,408	(67,905)	(51,023)	(731)	(825)	(245)	(58)	(1,741)	(2,480)	(3,816)	(3,825)	–	7,591	563	689	(484)	(569)	13,627	7,486	
Total Financial Statements	425,431	347,775	13,408	10,294	(228,737)	(179,098)	(71,677)	(50,685)	(60,646)	(45,157)	(4,419)	(9,927)	(28,671)	(27,238)	(1,130)	6,690	11,385	12,186	(10,964)	(14,684)	21,906	5,064	
% on financial statements item	49%	51%	93%	91%	30%	28%	1%	2%	0%	0%	39%	25%	13%	14%	0%	113%	5%	6%	4%	4%	62%	148%	

38.2

JOINT VENTURES AND ASSOCIATES

The following table provides details of the transactions between the Company and its joint ventures and associates for the years ended 31 December 2021 and 2020, and of the impact on the related item in the financial statements.

<i>(in thousands of Euro)</i>	Property, plant and equipment		Non-current financial assets		Other non-current assets		Trade receivables		Current financial assets		Other current assets		Non-current financial liabilities		Trade payables		Current financial liabilities		Current provisions for risks and charges		Other current liabilities	
Values at 31 December	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Technogym Emirates Llc	–	–	–	–	–	–	1,947	1,041	–	–	447	446	–	–	98	18	–	–	16	–	0	0
Exerp Aps	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Wellink Srl	–	–	–	–	–	–	–	–	–	–	–	–	–	–	67	53	–	–	–	–	–	–
Wellness Explorers	–	–	–	–	–	–	–	–	–	–	–	–	–	–	101	–	–	–	–	–	–	–
Physio Ag	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	–	–	–	–	–	–	1,947	1,041	–	–	447	446	–	–	266	70	–	–	16	–	0	0
Total Financial Statements	63,304	70,803	30,749	33,905	54,025	50,072	92,018	62,144	58,285	2,393	23,560	14,585	63,227	106,014	131,661	91,176	117,425	76,597	9,246	5,865	31,898	16,020
% on financial statements item	0%	0%	0%	0%	0%	0%	2%	2%	0%	0%	2%	3%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

<i>(in thousands of Euro)</i>	Revenues		Other revenues and income		Purchases and use of raw materials, work in progress and finished goods		Cost of services		Personnel expenses		Other operating costs		Depreciation and amortisation		Provisions		Financial income		Financial expenses		Income/ (expenses) from investments		
Values at 31 December	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
Technogym Emirates Llc	11,190	10,182	206	168	(63)	(99)	(101)	(5)	(147)	–	–	–	–	–	–	–	–	–	–	–	(0)	436	–
Exerp Aps	–	–	–	–	–	–	(6)	(56)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Wellink Srl	–	–	–	–	–	–	(187)	(170)	–	–	(0)	(0)	–	–	–	–	–	–	–	–	–	–	–
Wellness Explorers	–	–	–	–	–	–	(136)	–	–	–	(0)	–	–	–	–	–	–	–	–	–	–	–	–
Physio Ag	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Financial Statements	11,190	10,182	206	168	(63)	(99)	(430)	(232)	(147)	–	(0)	(0)	–	–	–	–	–	–	–	–	(0)	436	–
Total Financial Statements	425,431	347,775	13,408	10,294	(228,737)	(179,098)	(71,677)	(50,685)	(60,646)	(45,157)	(4,419)	(9,927)	(28,671)	(27,238)	(1,130)	6,690	11,385	12,186	(10,964)	(14,684)	21,906	5,064	
% on financial statements item	3%	3%	2%	2%	0%	0%	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	2%	0%

38.3 OTHER RELATED PARTIES

The following table provides details of the transactions between the Company and “Other related parties” for the years ended 31 December 2021 and 2020, and the impact on the related item in the financial statements:

<i>(in thousands of Euro)</i>	Property, plant and equipment		Non-current financial assets		Other non-current assets		Trade receivables		Current financial assets		Other current assets		Non-current financial liabilities		Trade payables		Current financial liabilities		Current provisions for risks and charges		Other current liabilities		
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	
Values at 31 December																							
Pubblisole Spa	–	–	–	–	100	–	–	–	–	–	–	–	–	–	–	2	–	–	–	–	–	(19)	–
Qicraft Finland OY	–	–	–	–	79	–	4	175	–	–	–	–	–	–	–	2	–	–	–	–	–	0	–
Crit S.r.l.	–	–	–	–	26	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Consorzio Romagna Iniziative	–	–	–	–	8	–	–	–	–	–	28	20	–	–	15	–	–	–	–	–	–	–	–
Sviluppo Impresa Romagna	–	–	–	–	50	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Asso.milano Durini Design	–	–	–	–	–	–	–	–	–	–	–	–	–	–	1	–	–	–	–	–	–	–	–
Sandcroft Avenue Limited	–	–	(0)	–	–	–	–	–	–	–	–	–	–	–	–	–	(20)	(5)	–	–	–	–	–
Fitkey South Africa Pty Ltd	–	–	–	(0)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Alfin Srl	–	–	–	–	–	–	1	2	–	–	–	–	–	–	125	79	–	–	–	–	–	–	–
Via Durini 1 Srl	5,035	5,827	–	–	–	–	–	–	–	–	–	–	4,402	5,170	(75)	(49)	789	768	–	–	–	–	–
Starpool Srl	–	–	–	–	–	–	–	1	–	–	–	–	–	–	5	5	–	–	–	–	–	–	–
One On One Srl	–	–	–	–	–	–	–	5	–	–	–	–	–	–	101	1	–	–	–	–	–	3	–
Aedes S.s.	–	–	–	–	–	–	–	–	–	–	–	–	–	–	8	–	–	–	–	–	–	–	–
Alne Soc. Agr. S.r.l.	–	–	–	–	–	–	–	–	–	–	–	–	–	–	2	–	–	–	–	–	–	–	–
Wellness Foundation	–	–	–	–	–	–	–	–	–	–	–	–	–	–	55	–	–	–	–	–	–	–	–
Wf Srl	–	–	–	–	–	–	–	–	–	–	–	–	–	–	61	61	–	–	–	–	–	–	–
Total	5,035	5,827	(0)	(0)	263	–	4	182	–	–	28	20	4,402	5,170	290	109	769	763	–	–	(16)	–	
Total Financial Statements	63,304	70,803	30,749	33,905	54,025	50,072	92,018	62,144	58,285	2,393	23,560	14,585	63,227	106,014	131,661	91,176	117,425	76,597	9,246	5,865	31,898	16,020	
% on financial statements item	8%	8%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	7%	5%	0%	0%	1%	1%	0%	0%	0%	0%	

(in thousands of Euro)	Revenues		Other revenues and income		Purchases and use of raw materials, work in progress and finished goods		Cost of services		Personnel expenses		Other operating costs		Depreciation and amortisation		Provisions		Financial income		Financial expenses		Income/ (expenses) from investments	
Values at 31 December	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Pubblisole Spa	—	—	—	—	—	—	38	(2)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Qicraft Finland OY	149	1,200	—	—	(5)	(3)	(13)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(27)
Crit S.r.l.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Consorzio Romagna Iniziative	—	—	—	—	—	—	(8)	(16)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sviluppo Impresa Romagna	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Asso.milano Durini Design	—	—	—	—	—	—	—	—	—	—	(2)	(2)	—	—	—	—	—	—	—	—	—	—
Sandcroft Avenue Limited	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	15	5	(92)	(174)	—	(2,395)
Fitkey South Africa Pty Ltd	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	0	7	—	—
Alfin Srl	—	—	—	—	—	—	(250)	(190)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Via Durini 1 Srl	—	9	—	—	—	—	(162)	(145)	—	—	(10)	(9)	(816)	(822)	—	—	—	—	—	(130)	(126)	—
Starpool Srl	1	1	0	1	—	—	(1)	(1)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
One On One Srl	12	12	—	2	—	(1)	(256)	(207)	—	—	(0)	(0)	—	—	—	—	—	—	—	(0)	—	—
Aedes S.s.	—	—	—	—	—	—	—	(30)	—	—	—	(1)	—	—	—	—	—	—	—	—	—	—
Alne Soc. Agr. S.r.l.	—	—	—	—	—	—	(2)	—	—	—	—	(11)	—	—	—	—	—	—	—	—	—	—
Wellness Foundation	—	—	—	—	—	—	(45)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Wf Srl	—	—	—	—	—	—	(200)	(200)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total	162	1,222	0	3	(5)	(4)	(900)	(792)	—	—	(12)	(22)	(816)	(822)	—	—	15	5	(221)	(293)	—	(2,423)
Total Financial Statements	425,431	347,775	13,408	10,294	(228,737)	(179,098)	(71,677)	(50,685)	(60,646)	(45,157)	(4,419)	(9,927)	(28,671)	(27,238)	(1,130)	6,690	11,385	12,186	(10,964)	(14,684)	21,906	5,064
% on financial statements item	0%	0%	0%	0%	0%	0%	1%	2%	0%	0%	0%	0%	3%	3%	0%	0%	0%	0%	2%	2%	0%	-48%

The relationship with Via Durini 1 S.r.l. is related to a lease agreement signed by the Company on 31 March 2010, for the lease of a building located in Via Durini 1, Milan, the venue of the Company's showroom. On 29 February 2016, the Company signed a new lease agreement relating to the expansion of the showroom area. These contracts are recognised in accordance with IFRS 16.

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

38.4 REMUNERATION OF DIRECTORS AND KEY MANAGEMENT

The total amount of compensation and the related costs of the Board of Directors of the Company amounted to Euro 2,412 thousand for the year ended 31 December 2021 (Euro 2,369 thousand for the year ended 31 December 2020).

The total amount of compensation paid to key management amounted to Euro 1,757 thousand for the year ended 31 December 2021 (Euro 1,928 thousand for the year ended 31 December 2020). The following table shows the amounts of revenues for the years ended 31 December 2021 and 2020.

<i>(in thousands of Euro)</i>	Year ended 31 December	
	2021	2020
Fees for office	1,229	1,407
Non-monetary benefits	25	23
Bonuses and other incentives	90	167
Other fees	414	331
Total	1,757	1,928

39 **Contingent liabilities**

As of 31 December 2021, there were no ongoing legal or tax proceedings against the Company and therefore, no particular provisions for risks and charges were recognised.

40 Commitments and guarantees

As of 31 December 2021, the Company issued guarantees to credit institutions on behalf of subsidiaries for Euro 19,994 thousand (Euro 2,722 thousand at 31 December 2020) and on behalf of related parties for Euro 3,617 thousand (Euro 3,339 thousand at 31 December 2020). The guarantees issued by the Company in favour of public institutions and other third parties amounts to Euro 2,150 thousand (Euro 2,379 thousand at 31 December 2020).

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

Non-recurring events and transactions

During the 2021 financial year, the Company and its Group carried out a series of operations aimed at mitigating the adverse impact of the Covid-19 pandemic, primarily to safeguard Group employees, as they are essential in order to achieve the intended results over the next few years. In particular, the Company has invested heavily in PPE, in order to ensure that the working environment is as safe as possible.

Non-recurring income of Euro 11,958 thousand was recognised. This is related to the capital gain posted following the sale of the Amleto APS holding, net of the ancillary costs of the operation. The transaction took place on 13 May 2021 with a closing date of 25 May 2021, as described in the section "Investments in subsidiaries".

The remainder of the non-recurring costs is mainly linked to staff redundancies (Euro 656 thousand).

Significant events after the reporting period

Following the 2021 European success of Technogym App, which offers daily personalised training programmes with or without equipment thanks to an extensive library of on-demand training videos, the app was also launched in the USA in February 2022. In response to the strong rise in the popularity of cycling, February also saw the presentation of Technogym Ride, a new indoor bike designed for pro and amateur cyclists. It has a 22" screen, connects to all the apps preferred by riders, and also has a wide range of programmes and training content to improve athletic performance.

During the "Health and Wellness Week" at Expo Dubai, Wellness Valley was presented as a model for a local health and lifestyle ecosystem at the convention "Personalised medicine: new ways in prevention, diagnosis and treatment", which was held on 28-29 January 2022 at the Italy Pavilion. The event was organised by the University of Modena and Reggio Emilia in partnership with the regional government of Emilia Romagna, ART-ER, Alma Mater Studiorum University of Bologna, and the universities of Ferrara and Parma.

Management is also continuously monitoring the developments in the conflict in Ukraine and the resulting embargos on the Russian market. It should be noted that the Group's Ukrainian operations are all through a local distributor, and the volumes are low. On the Russian market, Technogym operates directly through its subsidiary Technogym ZAO, whose revenues can be quantified at approximately 2% of the Group's total revenues. The retail stores have already been closed. Technogym has also stopped exporting to Russia. We can report that Technogym does not have a significant financial, foreign currency or commercial exposure on the Russian market.

Proposal for approval of the financial statements and allocation of profit for the 2021 financial year

Dear Shareholders,

the Financial Statements at 31 December 2021 closed with a net profit of Euro 66,360,772.46.

As regards the profits for 2021, the Board of Directors proposes the distribution of a unit dividend of Euro 0.16 per share, including the statutory tax withholdings. As the Company's shares currently amount to 201,327,500, the total amount to distribute would be equal to Euro 32,212,400.00. Considering the 2022 calendar, approved by Borsa Italiana S.p.A., we propose authorising a payment of the dividend on 25 May 2022, with record date 24 May 2022 and coupon no. 5 detachment date 23 May 2022.

With regard to the first point, we thus propose allocating the net profit for 2021, of Euro 66,360,772.46, as follows:

- (i) to each ordinary share with the right to payment on the record date, a gross dividend of EUR 0.16 which based on the ordinary shares currently in circulation amounts to EUR 32,212,400.00;
- (ii) EUR 3,990,409.40 to the extraordinary reserve;
- (iii) as to the remainder, currently EUR 30,157,963.06, to the retained earnings reserve;

With regard to the second point, considering the accounting effects during the year and in order to maintain a specific connection between the equity items and the allocation of the reserves, we propose:

- (i) releasing Euro 12,240.87 from the reserve for the adoption of IAS;
 - (ii) releasing Euro 307,733.48 from the reserve for exchange gains;
- allocating a total of Euro 319,974.35 to the retained earnings reserve.

For further information see the Annual Report, comprising the Financial Statements and Consolidated Financial Statements to 31 December 2021 approved by the Board of Directors on 23 March 2022, the Report on Operations, and the certification required by Article 154-bis, paragraph 5 of Italian Legislative Decree no. 58 of 24 February 1998, which will be filed and made available according to law, along with the Report of the Board of Statutory Auditors and Report of the Independent Auditors.

In view of the above, we therefore propose the following motion:

"The Shareholders' Meeting of Technogym S.p.A.,

- > having reviewed the Report on Operations;
- > the Reports of the Board of Statutory Auditors and Independent Auditors PricewaterhouseCoopers S.p.A.;
- > the draft Financial Statements to 31 December 2021 presented by the Board of Directors, which show a net profit of Euro 66,360,772.46;
- > having reviewed the Report of the Board of Directors,

resolved

- (i) to allocate the annual net profit of Technogym S.p.A., of Euro 66,360,772.46 as follows:
 - (i) to each ordinary share with the right to payment on the record date, a gross dividend of EUR 0.16 which based on the ordinary shares currently in circulation amounts to EUR 32,212,400.00;
 - (ii) EUR 3,990,409.40 to the extraordinary reserve;
 - (iii) as to the remainder, currently EUR 30,157,963.06, to the retained earnings reserve;
- (ii) moreover, considering the accounting effects during the year and in order to maintain a specific connection between the equity items and the allocation of reserves, we propose:
 - (i) releasing Euro 12,240.87 from the reserve for the adoption of IAS;
 - (ii) releasing Euro 307,733.48 from the reserve for exchange gains;
- (iii) that the dividend be paid on 25 May 2022, with record date 24 May 2022 and coupon no. 5 detachment date 23 May 2022."

On behalf of the Board of Directors,
Chairman

Nerio Alessandri

**BOARD OF STATUTORY AUDITORS' REPORT
ON THE FINANCIAL STATEMENTS AT 31 DECEMBER 2021
OF TECHNOGYM SPA,
PREPARED PURSUANT TO ART. 153 OF ITALIAN LEGISLATIVE DECREE 58/1998 AND ART.
2429 OF THE ITALIAN CIVIL CODE**

Dear Shareholders,

During the year ended 31 December 2021, the Board of Statutory Auditors of Technogym S.p.A. (hereinafter also only "Technogym" or "the Company") performed its supervisory activities, taking into account the Consob communications and recommendations on the subject of corporate controls and activities of Boards of Statutory Auditors, the principles of conduct of Boards of Statutory Auditors of listed companies recommended by the Italian association of certified auditors and accounting professionals (CNDCEC), as well as the guidance contained in the Corporate Governance Code of companies listed on the stock exchange.

With this Report, prepared pursuant to Art. 153 of Italian Legislative Decree 58/1998 and Art. 2429, paragraph 2 of the Italian Civil Code, this Board of Statutory Auditors provides an account of the activities performed and their results.

First of all, the Board of Statutory Auditors was appointed by the Shareholders' Meeting held on 8 May 2019 and will remain in office until the financial statements at 31 December 2021 are approved. In view of the election of the new Board of Statutory Auditors, part of the next Shareholders' Meeting on 04 May 2022, the outgoing Board of Statutory Auditors, in place on the date of this report, presented its guidance to shareholders on the composition of the Board of Statutory Auditors itself.

The Board of Directors of the Company, in its current composition, consists of 11 members and was appointed by the Ordinary Shareholders' Meeting of 05 May 2021 for a three-year period. (i.e. until the date of the Shareholders' Meeting for approval of the financial statements at 31 December 2023).

Following the appointment of the new Board of Directors on 05 May 2021, on 07 May 2021, the Board itself formally established the Control, Risks and Sustainability Committee ("CRSC"), the Appointments and Remuneration Committee ("ARC") and the Related Party Transactions Committee ("RPTC"), electing the members.

The year ended 31 December 2021 showed a profit for the year of Euro 66,360,772, compared with the profit of the previous year of Euro 46,339,486.

The Board of Directors of the company approved the financial statements on 23 March 2022, along with the consolidated financial statements of the Technogym Group and the consolidated non-financial statement.

As pointed out by the Directors in the annual Corporate Governance Report for 2021, prepared pursuant to Art. 123-*bis* of Italian Legislative Decree 58/1998 and approved by the Board on 23 March 2022, in 2021, the Board of Directors met 10 times, the Control, Risks and Sustainability Committee met 7 times, the Remuneration Committee met 3 times, the Related Party Transactions Committee met 2 times, and the independent directors met once, in the absence of the other directors.

First of all, the Board of Statutory Auditors also noted that, as of the date of this Report, the health emergency caused by Covid-19 (so-called "coronavirus") is still ongoing.

In this regard, in 2021, the Board of Statutory Auditors continued to monitor the development of the relevant regulatory framework and measures issued by the competent authorities to deal with the ongoing epidemiological

emergency, with regard to the supervisory activities for which it is responsible with reference to Technogym. The Board of Statutory Auditors received constant updates from the Company on the actions put in place to protect the health of employees in compliance with the emergency regulations in force at the time. In relation to this matter, there are no items of concern to be submitted to the Company Shareholders' Meeting.

However, as the Covid-19 emergency has had an impact on the business, considered a trigger event, the Group updated the sensitivity analysis first performed in 2020, on all the financial statement items, in order to identify any impairment losses. This analysis did not lead to the recognition of any impairment losses related to Covid-19.

During 2021, the Board of Statutory Auditors met 17 times. The Board of Statutory Auditors also attended:

- the only Shareholders' Meeting,
- all Board of Directors' meetings, with the presence of at least one member of the Board of Statutory Auditors;
- all meetings of the Control, Risks and Sustainability Committee, with the presence of at least one member of the Board of Statutory Auditors;
- all meetings of the Appointments and Remuneration Committee, with the presence of at least one member of the Board of Statutory Auditors;
- all meetings of the Related Party Transactions Committee, with the presence of at least one member of the Board of Statutory Auditors.

The Board of Statutory Auditors also met periodically with the members of the Supervisory Body ("SB"), formed according to the provisions of Italian Legislative Decree 231/2001. In this regard, it should be noted that the Organisation Model pursuant to Italian Legislative Decree 231/2001 was most recently updated by the Board of Directors on 25 February 2021.

In most cases, the Board of Statutory Auditors held its meetings on the same day as those of the Control, Risks and Sustainability Committee and of the Supervisory Body, scheduling a section on topics to be discussed jointly in order to facilitate the exchange and consistency of information between those with significant internal control responsibilities and to make the best use of the corporate resources involved. Pursuant to Art. 19 of Italian Legislative Decree 39/2010, the Board of Statutory Auditors also performs the function of Internal Control and Audit Committee. As far as the statutory audit tasks are concerned, they are presently carried out by the company PricewaterhouseCoopers S.p.A. (the "Independent Auditors" or "PWC"), appointed by a shareholders' meeting resolution on 16 February 2016, which took effect from commencement of negotiations for the nine-year period 2016-2024.

Most of the Technogym Group companies are subject to statutory auditing, of differing scope depending on their importance, by independent auditors belonging to the PWC network.

In the role of parent company, Technogym S.p.A. also prepares the consolidated financial statements.

At 31 December 2021, the Company was a subsidiary of the company TGH S.r.l. (formerly Wellness Holding S.r.l.), which held 33.78% of the share capital with 50.05% of the voting rights (which in turn is 75%-owned by the company Oiren S.r.l. and 25%-owned by Path S.r.l.); the remaining 66.22% of the capital was free float on Borsa Italiana's MTA (screen-based stock exchange).

The Company is not subject to management and coordination pursuant to Articles 2497 et seq. of the Italian Civil Code by TGH, as confirmed by the Board of Directors on 25 February 2021 and, following the year end,

again on 07 March 2022, and as stated in the Corporate Governance Report, in which the non-existence of the activities in which management and coordination is typically exercised is certified.

As regards the activities performed during the year - also in observance of the aforementioned Consob Communication DEM/1025564 of 6 April 2001, as amended - we report the following:

1. Based on the information received and on the specific analyses conducted, we have ascertained compliance with the law, with the articles of association and with the principles of correct administration of the transactions having greater impact on the financial position of the Company.

We verified that said transactions were not manifestly imprudent or risky, in potential conflict of interest, conflicting with the resolutions passed by the Shareholders' Meeting or such as to jeopardise the integrity of the assets of the Company.

The main operating events of the year are described by the Directors in the Report on Operations, to which reference should be made.

Specifically, during the financial year, the Group made total investments in tangible and intangible assets amounting to about Euro 29.5 million, as broken down in the Report on Operations and in the Notes to the financial statements. These were mainly aimed at the continuous updating and expansion of the Group's range of products and services, at adapting the production infrastructure, at optimising the main production processes, and the creation of new showrooms and updating of the existing ones.

Furthermore, May 2021 saw the disposal of the Exerp Group, resulting in the deconsolidation of the holding company Amleto APS, a Danish company 100%-owned by Technogym Spa, and of Exerp APS, Exerp America LLC and Exerp Asia Pacific Pty. This transaction led to a gain of Euro 13,961 thousand.

During the 2021 financial year, the Company and its Group continued to implement a series of measures aimed at mitigating the adverse impact of the Covid-19 pandemic, primarily to safeguard the health of its employees. In particular, the Company invested heavily in PPE, in order to ensure that the working environment is as safe as possible.

In addition, in the Report on Operations, the Directors highlight the actions undertaken by the Group during the global economic situation related to Covid-19 in order to contain the negative effects of the ongoing pandemic, including by way of example:

- digitalisation: in addition to the mywellness® cloud platform, Technogym released the Technogym App, a smartphone application that makes it possible to access personalised training with on-demand videos to work out in the gym or at home or outdoors thanks to a "smart coach", a trainer based on artificial intelligence;
- Home-Consumers: in 2021, there was a further increase in demand from end consumers for training solutions that could also be used in their homes. The home and digital training experience continues to be complementary to the experience in clubs;
- the sales network: where permitted, the sales network resumed ordinary activities in the market and continued to support the growth in the Home & Consumer segment;
- personnel: the Group adopted procedures and protocols in line with the legal provisions of the various countries in order to minimise the risks and to protect the health and safety of all employees in relation to the ongoing health emergency.

During the year ending 31 December 2021, the following changes to the scope of consolidation occurred: (i) the acquisition of 50% of the Italian company Wellness Explorers Srl, consolidated with the equity method; (ii) the acquisition of a share in the German company Physio AG, with 31.5% ownership and also

consolidated with the equity method; (iii) the deconsolidation of the Danish company Amleto Aps., following a sale that also saw the deconsolidation of Exerp Aps (Denmark), Exerp America LLC (USA) and Exerp Asia Pacific Pty (Australia); (iv) in March 2021, Technogym International BV acquired the remaining 10% of TG Holding BV for Euro 600 thousand, therefore holding 100% of TG Holding BV and thus of the subsidiary Technogym ZAO; (v) the establishment of a South African company ,Technogym SA, 100% consolidated on a line-by-line basis; (vi) the establishment of a Saudi Arabian company, Technogym Saudi LLC, 100% consolidated on a line-by-line basis; and (vii) the establishment of a US company, Mywellness Inc, 100% consolidated on a line-by-line basis.

2. The Board of Statutory Auditors found no atypical or unusual transactions carried out with third parties or related parties (including Group companies) during 2021 and after the year end, pursuant to the indications provided by Consob with its Communication no. DEM/6064293 of 28 July 2006 (“Corporate reporting of listed issuers and issuers having financial instruments distributed amongst the public pursuant to Art. 116 of the TUF - Requirements pursuant to Art. 114, paragraph 5 of Italian Legislative Decree 58/98”).
3. The ordinary transactions initiated with Group companies and with related parties, described by the Directors in the Report on Operations and in the Notes, to which reference should be made for details, are appropriate and in accordance with the Company’s interests.

In this regard, the Board of Statutory Auditors points out that, in compliance with the provisions of Article 2391-*bis* of the Italian Civil Code and the Related Party Regulation, the Board of Directors approved the Related Party Transactions Procedure, most recently amended on 30 June 2021 to reflect the changes to Regulation No. 17221 of 12 March 2010 with Consob Resolution no. 21624 of 10 December 2020 for the purposes of implementing Directive (EU) 2017/828 (Shareholder Rights Directive II) and appointed - most recently on 07 May 2021, following the appointment of the new Board of Directors by the Shareholders’ Meeting held on 05 May 2021 - a special Related Party Transactions Committee within the Board itself.

Specifically, this Procedure regulates the performance of transactions implemented directly by the Company, or through subsidiaries, with counterparties that fall within the definition of “related party” referred to in the international accounting standards adopted according to the procedure set out in Article 6 of EC Regulation no. 1606/2002; it also establishes the criteria for the distinction between transactions of greater importance, lesser importance, ordinary transactions or transactions involving small amounts, indicating the criteria and the methods for the relative regulation of the procedure.

As stated in the Corporate Governance Report, in 2021, the Related Party Transactions Committee met 2 times to provide its unbinding opinion on the amendments to the Related Party Transactions Procedure adopted by the Company, approved by the Board of Directors on 30 June 2021, as well as on a transaction of lesser importance, later approved by the Board of Directors on 15 December 2021.

With reference to the related party transactions, the Board considers the information provided by the Directors in the Report on Operations and in the Notes to be adequate.

4. The Board of Statutory Auditors notes that, with reference to the equity investment impairment test, the latter is implemented according to an established and structured process, coordinated by the Chief Financial Officer. The impairment procedure is reviewed annually and the method of performing the impairment test is subject to preliminary analysis and discussion in special meetings involving the Control, Risks and Sustainability Committee and the Board of Statutory Auditors, prior to the Board of Directors’ approval of the financial statements in which the impairment test is performed.

The Board of Statutory Auditors verified that the impairment test process for the 2021 financial statements was carried out in a manner consistent with the procedure most recently approved by the Board of Directors

on 07 March 2022 and with the applicable IFRS principles, and structured with several benchmarks to verify the final results.

5. The Independent Auditors today issued, pursuant to Art. 14 of Italian Legislative Decree 39/2010 and Art. 10 of EU Reg. 537/2014, the reports for which it is responsible on the statutory financial statements and on the consolidated financial statements at 31 December 2021 of Technogym S.p.A., in which it states that the statutory and consolidated financial statements of the Group provide a truthful and correct representation of the state of affairs at 31 December 2021, of the profit and loss and of the cash flows for the year ended on that date, in conformity with the International Financial Reporting Standards adopted by the European Union and with the measures issued to implement Art. 9 of Italian Legislative Decree no. 38/05, and that the Report on Operations and some specific information contained in the Corporate Governance Report indicated in Art. 123-bis, paragraph 4 of Italian Legislative Decree 58/1998 are consistent with the statutory financial statements of Technogym S.p.A. and with the consolidated financial statements of the Group and are prepared in compliance with the rules of law.

The opinion on the statutory and consolidated financial statements provided in the aforesaid Reports is in line with what is indicated in the Additional Report prepared by PWC and addressed to the Board of Statutory Auditors pursuant to Art. 11 of EU Reg. 537/2014.

There are no findings or information requests, or statements issued pursuant to Art. 14, paragraph 2, letters d) and e) of Italian Legislative Decree 39/2010 in the aforesaid Reports of the Independent Auditors.

Also on today's date the Independent Auditors:

- sent to the Board of Statutory Auditors, in its capacity of Internal Control and Audit Committee, the aforementioned Additional Report required by Art. 11 of EU Reg. 537/2014;
- issued, pursuant to Art. 3, paragraph 10 of Italian Legislative Decree 254/2016 and Art. 5 of Consob Reg. 20267/2018, the certification of conformity, in all significant aspects, of the Consolidated Non-Financial Statement prepared by the Company based on the requirements of the above-mentioned decree and on the standards and methodologies under the GRI Standards selected by the Company in the technical form of limited audit. In this Report, the Independent Auditors stated that *“Based on the work undertaken, no elements have come to our attention leading us to assume that the Technogym Group NFS regarding the year ending 31 December 2021 was not prepared, in all of its significant aspects, in compliance with the requirements set forth in Articles 3 and 4 of the Decree and in the GRI Standards.*

Our conclusions on the Technogym Group NFS do not extend to the information contained in the “Taxonomy” section of the statement, required under Article 8 of European Regulation 2020/852.”

In compliance with the provisions of Art. 19 of Italian Legislative Decree 39/2010 and Art. 150 of the TUF, the Board of Statutory Auditors periodically met with the Independent Auditors, initiating a productive exchange of information. In particular, the audit plan for the statutory and consolidated financial statements, the methodology, the audit approach used for the different significant areas, and the application of the accounting standards were analysed. The Board of Statutory Auditors informed the Independent Auditors of its activities and reported on the relevant facts that came to its attention.

The Board of Statutory Auditors received regular updates on the performance of the preliminary activities for the preparation of the NFS and oversaw compliance with the provisions of the aforementioned Decree within the scope of the functions assigned to it by the regulations and, in particular, on the adequacy of the procedures, processes and structures that oversee the production, reporting, measurement and representation of results and information of this nature.

Within the context of its supervisory duties on compliance with the law and articles of association, the Board of Statutory Auditors found that the Company, in its NFS, has complied with the provisions of EU Regulation 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investment.

This Regulation states that, starting from 1 January 2022, (NFS for FY2021), information must be provided in relation to climate change mitigation and adaptation.

As a whole, no anomalies, critical issues or omissions and reprehensible actions found in performing the statutory audit activities on the statutory and consolidated financial statements emerged from the exchange of information with the Independent Auditors.

The Board of Statutory Auditors checked and monitored the independence of the Independent Auditors and received confirmation in writing that, during the period from 1 January 2021 at the time the statement was issued, it had not found situations that might jeopardise its independence from Technogym pursuant to Art. 6, paragraph 2), letter a) of EU Reg. 537/2014.

The Independent Auditors indicated in the Additional Report that during the audit of the statutory and consolidated financial statements of the Group for the year ending 31 December 2021, no significant gaps in the internal control system for the financial reporting and/or in the accounting system were identified. Some areas for improvement in the internal control system, to date partially resolved by the Company, in relation to certain functions of the SAP information system referring to the active cycle and some orders relating to the passive cycle, and to access of some users to information systems were identified. These were discussed with company management and do not constitute significant shortcomings.

The Independent Auditors also specified in the Additional Report that they did not find any difficulties in gathering the required information for the purposes of the audit activities and did not identify any significant uncertainties regarding the ability of the Company and the Group to continue as a going concern.

The Independent Auditors reported the audit services and the services other than auditing provided to the Company either directly or through entities belonging to its network, indicating the relevant remuneration and specifying that it had not provided any service prohibited to the auditor by the legislation in force.

The fees for auditing services for the year paid by Technogym to the Independent Auditors PricewaterhouseCoopers S.p.A., which amounted to a total of Euro 814,000 before Consob contributions and expenses, are provided in the Notes by the Directors.

Also taking into account:

- the independence declaration issued by PricewaterhouseCoopers S.p.A. on 08 April 2022 pursuant to Art. 6, paragraph 2), letter a) of European Regulation 537/2014 and pursuant to paragraph 17 of ISA Italia 260,
- the appointments granted previously by Technogym and by the Group companies,

the Board does not find that there are aspects to be highlighted concerning the independence of PWC.

6. The Board did not receive any claims or complaints in 2021, or afterwards from the beginning of 2021 and up until today's date.
7. Over the course of the year and then at its end, the Board of Statutory Auditors issued favourable opinions on (i) the work plan proposed by Internal Audit, (ii) the assessment by the Control, Risks and Sustainability Committee on the correct use of accounting standards and on their uniformity for the purpose of preparing

the consolidated financial statements and on the impairment testing methodology adopted by the company in compliance with the requirements of international accounting standards, (iii) the awarding of four assistance assignments in connection with professional services other than auditing to the Independent Auditors, and (iv) the appointment of the Financial Reporting Officer pursuant to Art. 154 *bis* of the TUF.

With reference to foregoing point (iii), it should be noted that in 2017, Technogym implemented an internal procedure to approve services to be awarded to the Independent Auditors and their network; the Board of Statutory Auditors issued, where necessary, its prior authorisation for the activities performed in order to protect the independence requirement of the auditor.

8. The Board of Statutory Auditors examined and oversaw, within its area of responsibility, compliance with the principles of correct administration and the adequacy of the organisational structure of the Company and its operation through direct observations, attending meetings of the board and of the board committees, collection of information from the corporate function managers, meetings with the Internal Audit manager and with the Control, Risks and Sustainability Committee, and with the managers of the Independent Auditors as well as with the Supervisory Body pursuant to Italian Legislative Decree 231/2001.

During the board meetings, the obligations to periodically report to the Board of Directors and to the Board of Statutory Auditors provided for by Art. 2381 of the Italian Civil Code and Art. 150 of Italian Legislative Decree 58/1998 were met.

9. With particular regard to the organisational and procedural controls implemented pursuant to Italian Legislative Decree 231/2001, also based on the content of the Corporate Governance Report prepared by the Directors, the Board of Statutory Auditors reports that the Supervisory Body pursuant to Italian Legislative Decree 231/2001 has been established since 28 May 2013. The Supervisory Body, in its current collective composition, was renewed by the Board of Directors on 07 May 2021 until approval of the statutory financial statements at 31 December 2023. The aforesaid Supervisory Body guaranteed adequate reporting on the activities carried out in 2021 without reporting events or situations that must be highlighted in this Report. The Organisation Model was most recently updated and approved by the Board of Directors on 25 February 2021.
10. The Board of Statutory Auditors supervised, also in its capacity as the Internal Control and Audit Committee, pursuant to Art. 19, paragraph 1, letter b) of Italian Legislative Decree 39/2010, the adequacy and effectiveness of the internal control and audit system. The supervisory activity was conducted through (i) the information received during periodic meetings held with the Internal Audit Manager; (ii) the flows of information from the Control, Risks and Sustainability Committee (specifically, through the examination of the Report on the activities carried out and on the adequacy of the internal control and risk management system); (iii) the information provided by the Supervisory Body established pursuant to Italian Legislative Decree 231/2001, with particular regard to that provided in the relevant periodic disclosure documents; and (iv) the examination of the corporate documents and of the results of the work performed by the Independent Auditors.
11. The Board of Statutory Auditors reports that the Company (i) operates in compliance with the provisions introduced by Italian Law 262/2005, having appointed the Financial Reporting Officer and having adopted the relevant operating guidelines; (ii) has established the Internal Audit function, without ties of dependency on the operational functions, which is engaged in identifying any critical problems of the internal control system, promptly reporting them to the CRSC.

In 2021, the Company continued its activities relating to the definition and implementation of the integrated risk governance system known as Enterprise Risk Management (ERM), approved by the Board of Directors in 2017. In particular, in 2021, the Company completed implementation of the governance and internal

organization structure in order to integrate the current risk management system into the daily operating activities of the individual company areas.

In the Corporate Governance Report, the Directors report on the risk assessment activities carried out in FY2021.

The above-mentioned risk profile analyses are conducted with the assistance of Internal Audit. In its report, Internal Audit confirms, within the context of the controls referred to in Italian Legislative Decree 262, that the areas for improvement reported in the past should be considered mitigated by the relative corrective actions that guarantee their control, with some improvements, above all at an IT level, which are to be monitored. In its report, the Control, Risks and Sustainability Committee acknowledged that the areas for improvement identified previously have been addressed and as a whole assessed the organisational, administrative and accounting system as adequate, considering the system to be appropriately structured and monitored, while noting the need for certain processes and organisational aspects to be reviewed with a view to the continuous improvement of risk management, also in view of business developments.

The Board of Statutory Auditors acknowledged and agreed with the facts and recommendations highlighted by PWC and the CRSC in their respective reports in relation to certain areas for optimisation and improved definition in the internal control system, considering, however, that these elements do not raise doubts concerning the adequacy and effectiveness of the internal control system as a whole.

12. The Board of Statutory Auditors assessed and supervised the adequacy of the administrative-accounting system and the relative reliability in correctly representing the operational transactions through (i) the information acquired during meetings held with the Financial Reporting Officer and examination of the certificates he issued on 23 March 2022 pursuant to Art. 154-*bis*, paragraph 5 of Italian Legislative Decree 58/1998 and Art. 81-*ter* of Consob Regulation no. 11971 of 14 May 1999 as amended (“Regulation for enacting Italian Legislative Decree no. 58 of 24 February 1998 concerning the rules and regulations of issuers”, also called the “Issuers’ Regulation”); (ii) the receipt of information from the managers of the competent corporate functions; (iii) the examination of the corporate documents and results of the work performed by the Independent Auditors.

The Board of Statutory Auditors, together with the Control, Risks and Sustainability Committee, continued to monitor the implementation of the new information system, and the controls and corrective actions put in place within the context of the areas for improvement identified and resolved.

In light of the supervisory activities carried out, the Board of Statutory Auditors deems, to the extent of its responsibility, that the administrative-accounting system is essentially adequate and reliable for the purpose of correctly representing the operational transactions, including in view of the ongoing health emergency relating to Covid-19.

13. With particular reference to the supervisory activities concerning the financial reporting process pursuant to Art. 19, paragraph 1, letter a) of Italian Legislative Decree 39/2010, the Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee, acknowledges that when exchanging information the Independent Auditors notified the Board that the checks performed on the internal control system regarding the aforesaid process did not highlight any significant gaps worthy of mention in the Report pursuant to Art. 19, paragraph 3 of Italian Legislative Decree 39/2010.
14. The Board of Statutory Auditors supervised the adequacy of the instructions given by the Company to its subsidiaries pursuant to Art. 114, paragraph 2 of Italian Legislative Decree 58/1998, considering them suitable for meeting the reporting obligations established by law.

15. As previously reported, the Company complies with the Corporate Governance Code prepared by the Corporate Governance of Listed Companies Committee and promoted by Borsa Italiana.
16. The corporate governance system adopted by the Company is described in detail in the 2021 Corporate Governance Report.

The Board of Statutory Auditors also reports that the Company Directors performed the annual verification of independence requirements, also in the presence of the Board of Statutory Auditors, during the Board of Directors meeting held on 07 March 2022. The results are provided in the Corporate Governance Report, to which reference is therefore made. The members of the Board of Statutory Auditors respected the limit placed on the accumulation of appointments laid down by Art. 144-*terdecies* of Consob Regulation no. 11971 of 14 May 1999 as amended.

The Board of Statutory Auditors considers it appropriate to emphasise that it conducted its self-assessment process for the 2021 financial year, at the end of which a summary document was produced, which provides favourable evidence of the results of the assessment as concerns the independence requirements of the members of the Control Body, the methods of performing the activities for which it is responsible and the scope of the supervisory activities.

The Board of Statutory Auditors reports that, as stated in the Corporate Governance Report, the Company has adopted the organisational procedure on the subject of Internal Dealing (Delegated Regulation 522 and Delegated Regulation 523 of the European Commission) and the code of conduct that regulates the organisational procedure aimed at identifying the relevant parties, at determining the method of communicating with them on their identification and at regulating the associated disclosure obligations to the Company and the market.

Together with the Chairman of the Board of Directors, the Board of Statutory Auditors received the Recommendations issued by the Chairman of the Corporate Governance Committee of Borsa Italiana in a letter dated 03 December 2021. The Board of Directors was informed of this at its meeting of 07 March 2022, highlighting the fact that, with reference to the recommendations, the Company has already adopted policies in line with the identified issues or is in the process of adopting them. The Directors provided information on this in the Corporate Governance Report.

Lastly, it is acknowledged that the Board of Statutory Auditors performed compliance audits *pertaining to the preparation of the draft statutory financial statements and Group consolidated financial statements at 31 December 2021*, of the respective Notes and of the Report on Operations accompanying them, directly and with the assistance of function managers and through the information obtained from the Independent Auditors. Specifically, the Board of Statutory Auditors, on the basis of the controls exercised and the information provided by the Company, within the limits of its responsibility according to Art. 149 of Italian Legislative Decree 59/98 and it being understood that the statutory audit is performed by the Independent Auditors, acknowledges that, to the extent of its responsibility, the statutory financial statements and the consolidated financial statements of Technogym at 31 December 2021 were prepared in compliance with the provisions of law regulating their preparation and layout and with the International Financial Reporting Standards adopted by the European Union.

The statutory and consolidated financial statements are accompanied by the required declarations of conformity signed by the Chief Executive Officer and the Financial Reporting Officer.

The Board of Statutory Auditors also verified that the Company had met the obligations set forth in Italian Legislative Decree 254/2016 and that it had drawn up the Consolidated Non-Financial Statement as required by Arts. 3 and 4 of the same decree. On this point, the Board of Statutory Auditors reports that the Company made use of the exemption from the obligation to prepare the Individual Non-Financial Statement provided for in Art.

6, paragraph 1 of Italian Legislative Decree 254/2016, since it had prepared the Consolidated Non-Financial Statement as required by Art. 4.

No significant events worthy of mention in this Report arose from the supervisory and control activity performed by the Board of Statutory Auditors.

The Board of Statutory Auditors, in consideration of the Public Statement issued by ESMA on the impacts of the Russian-Ukrainian crisis on EU financial markets, also the subject of Consob Warning Notice 18-03-2022, verified that the Directors provided adequate information in the Report on Operations, to which reference should be made, in relation to the monitoring of developments in the ongoing conflict in Ukraine and the resulting sanctions on the Russian market. Specifically, the Company has already closed its retail outlets and suspended exports to Russia. In any case, the Company does not have a significant financial, foreign currency or commercial exposure on the Russian market.

With regard to the above, having acknowledged the draft financial statements at 31 December 2021, which ended with a profit for the year amounting to Euro 66,360,772, and the results of the work carried out by the Independent Auditors, considering everything contained in this Report, the Board of Statutory Auditors has no objections to make concerning approval of the draft financial statements and the resolution proposals submitted by the Board of Directors, including the proposal to distribute a unit dividend of Euro 0.16 per ordinary share before statutory deductions from net profit for the 2021 financial year and the allocation of the residual profit for the year to reserves.

Rome, 8 April 2022

Board of Statutory Auditors

Prof. Francesca di Donato

Ciro Cornelli

Claudia Costanza



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of
Technogym SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Technogym SpA (the "Company"), which comprise the statement of financial position as of 31 December 2021, the income statement, the statement of comprehensive income, the statement of change in equity and the statement of cash flows for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Technogym SpA as of 31 December 2021 and of the result of its operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No.38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

PricewaterhouseCoopers SpA

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Key Audit Matters

Revenue recognition

See notes to the financial statements, paragraph "Accounting policies" and note 21 – Revenues

Revenues of Technogym SpA for the year ended as at 31 December 2021 amounted to Euro 425.4 million.

Such financial statements item includes revenues from the sales of wellness equipments, accessories, services and digital solutions made by Technogym SpA in several distribution channels and geographical areas.

General terms of sale drawn up by Technogym SpA are negotiated with the counterparty and may be amended and/or supplemented by specific clauses based on the type of customer. Moreover, sales contracts, especially those with leading international customers, are often long-term.

As part of our audit of the financial statements as of 31 December 2021, we focused our attention on this financial statements area not only because of the magnitude of the amount, but because it is particularly complex and requires an in-depth analysis to ascertain the correct application of the revenues cut-off principle. This is due to the fact that a single contract may include components of a different nature (for instance, the sale of a product and the provision of the maintenance service), with the consequent need to allocate to the single contractual obligations the total price inferable from the contract/sale order, and due to the existence, in contracts with specific international customers, of buy back clauses (i.e. sales with the obligation to buy back second-hand goods against the sale of a new machine), with the need to estimate, on a historical/statistic basis, the probability of their implementation by the customers.

Auditing procedures performed in response to key audit matters

With reference to the Revenue line item, our audit approach preliminarily provided for the update of our understanding and evaluation of the internal control system of the Company in relation to the sale process, as well as the validation of its adequacy through tests on a sample basis on the effectiveness of the key controls implemented by the Company.

We also updated our understanding and analysed the general terms of sale and the main contractual clauses used and negotiated with customers, considering the related effects for the purpose of the appropriate revenue recognition through analysis of the documentation and discussion with management of the Company.

In order to verify the existence of the revenues from sales as well as the correct application of the cut-off principle considering what emerged from the activities summarised above, we selected a sample of contracts/sale orders concluded during the year, we analysed the contractual clauses relevant in the circumstances and we verified the correct recognition and measurement of revenue from sales related to the selected transactions. Furthermore, we selected a sample of transactions recognised as revenues during the year and near the end of the reporting period, we obtained the supporting documentation (contracts/orders, transports documents, invoices) and we verified the correct revenue recognition and measurement. In particular, we focused our audit activity on the type of contracts that envisage, in addition to the sale of a product, also the provision of a service, in order to verify the appropriate method for the allocation of the total price under the contract to each performance obligation agreed with the customer.

We also performed the external confirmation procedures on a sample basis in order to acquire



evidence supporting trade revenues and receivables recognised in the financial statements in relation to the sale of products or the provision of services.

In addition, we analysed the reasonableness of the estimate of the year-end monetary awards recognised to distributors as well as that of the non-monetary awards (i.e. free products) that the Company recognises to customers as a result of the achievement of specific sale volumes.

Furthermore, we verified on a sample basis the invoices to be issued and the credit notes to be issued allocated in the financial statements, as well as the credit notes issued at the beginning of 2022, in order to ascertain that the sums allocated as increases in and adjustments to the revenues earned by the Company at year-end were correctly recognised within the cut-off date.

Moreover, we reviewed the assumptions underlying the estimate prepared by the Company to determine the probability to implement the buy back clauses by customers, testing the correctness of the calculation and the accurate adjustment to the revenue from sale in order to consider the buy back obligation undertaken by the Company.

Finally, we verified the accuracy and completeness of the information reported in the notes to the financial statements as of 31 December 2021.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No.38/2005 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and



significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 16 February 2016, the shareholders of Technogym SpA in general meeting engaged us to perform the statutory audit of the Company's separate and consolidated financial statements for the years ending 31 December 2016 to 31 December 2024. We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Technogym SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the financial statements, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Commission Delegated Regulation

In our opinion, the financial statements have been prepared in XHTML format in compliance with the provisions of the Commission Delegated Regulation.



Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

The directors of the Company are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Technogym SpA as of 31 December 2021, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998, with the financial statements of Technogym SpA as of 31 December 2021 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Technogym SpA as of 31 December 2021 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Bologna, 8 April 2022

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.

Certification of the Technogym S.p.A. Financial Statements Pursuant to article 81-TER of Consob. of regulation 11971 of 14 May 1999 as amended

The undersigned Nerio Alessandri, in his capacity as Chief Executive Officer of Technogym S.p.A. and Massimiliano Moi as Financial Reporting Officer of Technogym S.p.A., pursuant to Article 154-bis, paragraphs 3 and 4 of Italian Legislative Decree 58 of 24 February 1998, hereby certify: that the administrative and accounting procedures used in the formation of the individual and consolidated financial statements during the period 1 January 2021 to 31 December 2021 are adequate, and that they were properly applied.

We also confirm that the Individual Financial Statements:

- › have been drawn up in accordance with the international accounting standards recognised in the European Union under Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- › correspond to the amounts shown in the Company's accounts, books and records;
- › provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

The Report on Operations includes a reliable analysis of the business performance and results, and of the situation of the issuer, as well as a description of its main risks and uncertainties.

Cesena, 23 March 2022

Financial Reporting Officer

Massimiliano Moi

Chairman and CEO

Nerio Alessandri

Corporate data

REGISTERED OFFICE

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

LEGAL DETAILS

Authorised and subscribed share capital Euro 10,066,375
VAT number, Tax Code and
CCIAA (Chamber of Commerce, Industry, Craft Trade and Agriculture) no.: 06250230965
Forlì Cesena R.E.A. registration no. 315187

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Milan, Via Durini 1
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Los Angeles, 131 N Robertson Blvd
Moscow, Piazza Rossa 3, GUM, 3rd floor/3rd line
Moscow, Vremena Goda, Kutuzovsky Ave, 48
Saint Petersburg, Bolshoy prospekt P.S. 49/18
London, c/o Harrods, Brompton Road 87-135
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**ONLY
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The dream lives on

**A love of fencing, a talent and an Olympic dream:
Bebe Vio, World and European Paralympic individual foil
champion, tells her story.**

"I fell in love with fencing completely by accident. I got the gyms mixed up, literally. I started off with artistic gymnastics, but the idea of an end-of-year recital just didn't sit well with me. I thought: what's the point in performing for my parents if I can't win anything? So they took me to try a team sport, volleyball. When I arrived, there was a corridor with two different gyms on each side, and I opened the wrong door. I had never seen or heard of fencing, and I was mesmerised watching these beautiful, white Zorro-like figures. And then there was the sound of the swords hitting and crashing against each other, while people were screaming. It was so awesome."

Bebe Vio needs no introduction. She's an icon and symbol of her sport, who owes her love affair with fencing to chance, and of course to a family that has always encouraged her to play sports.

From the outset, the piste proved to be the ideal place to bring out her competitive spirit and intense passion: "I discovered that sport can be a real whirlwind of emotions. First you can start crying, then you laugh or get angry or scream, in an endless cycle that never stops. It's pure energy. And it stays with you. When they see you have potential in fencing, they immediately start training you seriously with the idea that there could be something big on the horizon, maybe even the Olympics. Because sports have always played a fundamental role in my family, I also train with this kind of mentality. We operate more like a team than a family: Dad's the coach, Mum's the absolute boss, and we three siblings are down there ready to fight to achieve our goals. So, I was ready. I've never experienced a single workout as a sacrifice. Never!"

In Italy, fencing means absolute excellence, it means history. And when a talent emerges, the path to greatness is quickly mapped out. Vio's path has encountered many crossroads, more than most, but she has always come out more

powerful, more mature, more Bebe: "My dream has always been the Olympics, but I could never have imagined myself competing in the Paralympics. But in the end it's the same, whether standing or in a wheelchair, if that's the dream, the only thing that counts is getting there. And now that I've succeeded, the thing that makes me most proud is seeing the next generation looking up to me as a role model, saying "I can do this, because she did it too!" It's so strange! But it's also the best feeling of all."

The young Italian champion was able to experience Olympic greatness first-hand at Rio 2016, writing her name in the history books: "When I made it to the Paralympics, it was like a dream come true. I lived it all as if it was the most amazing thing I had ever seen. Perhaps because it was my first, and it seemed so huge, so magnificent. Our event was one of the last, so as I made friends with the other athletes in the village, I saw them leaving, while I still had to wait. But the wait was well worth it because the best thing about it was hugging my teammates when we won the team bronze medal!"

It's a privilege to talk to Bebe Vio, because hidden behind her dynamic power and gentle nature there is always some rare gem that can be taken straight from sports jargon and applied to everyday life: "Isn't it odd when all your life you try not to lose to be able to win, and when you finally win, you realize how important it was to lose." ●





**SPORT
IS PURE ENERGY.
AND IT STAYS
WITH YOU.**

Bebe Vio





I HAVE NEVER ONCE EXPERIENCED A SINGLE WORKOUT AS A SACRIFICE. NEVER.

Bebe Vio

At just 24, Bebe Vio has already made a name for herself in the world of fencing and sport, winning Paralympic world titles and European championships in the individual foil. But don't be misled by Bebe's trademark vivacity and carefree attitude: behind the many victories are hours and hours of commitment, effort, dedication and hard work. As she herself points out, you'll never get to the top unless you train every day with the utmost attention to detail. For her athletic training, Bebe Vio chooses Technogym Bench.

Technogym Bench is the versatile bench with a sleek design containing all the tools you need for your strength and functional training, designed to combine the maximum variety of training exercises with the minimum footprint, enabling users to perform the widest range of exercises in a limited space.

Both practical and functional, Technogym Bench has everything you need to get the results you're looking for: weighted knuckles to work your core; resistance bands to vary the intensity of exercises with different levels of resistance; hex dumbbells to work on strength; and a training mat for maximum comfort and stability when working out. Fencing requires all-round strength and functional training which focuses on both the upper and lower limbs, and Technogym Bench offers over 200 simple and effective total body exercises.

If you are looking to work out like Bebe Vio, you can choose from the available video training programmes: the all-in-one station also gives you access to an extensive library of 20- to 30-minute training videos led by expert Technogym trainers, suitable for any goal and level for strength, endurance and core training.

JAN NIK SIN NER



The future of tennis

His love of tennis started as a bit of fun when he was a kid. Now it's his passion. Jannik Sinner has a graceful game and extraordinary potential; a young Italian tennis star who nurtures his talent every day with meticulous physical training.

"My first memory of sport is when I went skiing with my family; then, when I was about 4, I picked up a tennis racket for the first time. I was really small and didn't have the strength to lift up and swing the racket, which seemed so heavy. But I loved it anyway. Shortly after that, I started playing tennis. I still wasn't training very much, a couple of times a week, just for fun. It was when I turned 13 that things started to get more serious: I left home, went to Bordighera, and from that point on I started practising every day. Tennis and athletics, step by step, and that's how my passion started to grow into what it is today." And nowadays, Jannik Sinner's passion has also become the passion of millions of his fellow Italians, who see extraordinary potential in him and his graceful game, capable of propelling the Italian flag to the top of the world rankings.

Born in San Candido, Italy, in 2001, what stands out on the court when he plays is the incredible ease with which he plays, transforming the racket and ball into an extension of his mind and arm, in one fluid movement.

The aura of someone who is destined for greatness has followed him from an early age, like a shadow, setting high expectations for him, as can be seen by the fact that he is youngest ever Italian player ever to have won an ATP Challenger Tour title during the Open era. A rise that, although only in its early stages, already points to a remarkable trajectory: "Dreaming is important. Simple as it may seem, it's a key driver. And the biggest dream is, of course to become world number one, even though I know how much work and how much dedication you need to truly succeed. The road to the top is long and complicated; it's not just a cliché, it's the plain and simple truth. But if you can build a path, day by day, where you really do your best every day, no goal is off limits."

In addition to his sparkling talent and meticulous work ethic, the light-heartedness of

his twenty years also makes an appearance, which emerges with remarkable ease when talking to Sinner. A young man in love with his sport, who lives everything in his life with great enthusiasm and passion, including his expectations. To the point of always being able to relate the sporting experience to the most natural aspect of all: "Winning helps you win. Because when you lose, the next day, rather than having the thrill of a new match, you have to get back on court or in the gym to train, which is not as much fun. And I love playing tennis."

The future belongs to Jannik, leader of a new generation of Italians worthy of a seventeenth-century Renaissance thanks to the beauty of his form and the purity of his style. A future that in tennis is always a tournament away. ●

**DREAMING
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SIMPLE
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IT'S A KEY
DRIVER.**

Jannik Sinner



**IF YOU CAN
BUILD
A PATH,
NO
GOAL
IS OFF LIMITS.**

Jannik Sinner

WINNING HELPS YOU WIN.

Jannik Sinner



Young and talented, Jannik Sinner nurtures his passion for tennis every day through meticulous hard work. The foundation of his sporting career is continuous physical training, the key to being prepared on court and to beating his opponent. A sport like tennis requires work on strength, endurance, stability and mobility: in other words, all-round training which Jannik Sinner achieves using Kinesis.

Kinesis is the stylish equipment that allows you to do more than 200 different exercises in one square metre of space with complete freedom. Its patented FullGravity technology allows three-dimensional movement that activates all the body's kinetic chains thanks to the innovative sliding cable system with 360° rotation offering resistance to movement in any direction.

Kinesis is an excellent training solution as it not only allows you to improve strength, coordination and flexibility, as well as control posture and breathing, but also to replicate the technical movements of a sport like tennis, allowing a load to be applied throughout the entire range of movement, thus enabling the technique to be refined.

What's more, for balance training exercises such as those performed by Sinner, Kinesis can be supplemented with the Wellness Ball Active Sitting: stable and safe, this fitball helps tone up all your muscles and improve balance and flexibility.



NEEDLER

OLIVER



Gentle power

Oliver Zeidler's story is a family one. The European rowing champion who dreams about the Olympics to carry on a family tradition in a sport made of sacrifices, passion and sheer determination.

“My first ever Olympic memory is of leafing through books from past editions of the Games, trying to find photos of my grandfather. Then, he would sit around the fire and tell us about those magical summers, the hard work and the medals.”

Oliver Zeidler’s voice is deep and rich, almost as if it were coming directly from another time and carrying with it the knowledge passed down from generation to generation.

And maybe that’s really the case if you think about the incredible genetic makeup of this young German rower, whose grandfather, Hans-Johann Färber, was the author of a magnificent Olympics story, culminating in a gold medal won at home, in Munich, in 1972, in the edition that also went down in history as Black September.

And so Oliver, born in 1996, has a great respect for tradition and a genuine passion for Olympic history: fundamental aspects of his character that events at home have created in him and that today make him, to all intents and purposes, a true dreamer.

Zeidler’s first love when he was little, even though he has never really been little, was for swimming, still connected to water, and swimming seemed a way to open the doors to the great Olympic adventure. A freestyle specialist, Oliver reached the very threshold of greatness, becoming German junior champion, and coming close to competing at Rio 2016, but in the end he didn’t make it.

However, this young talent wouldn’t take no for an answer, and after restoring his inner balance, he found fresh motivation in the folds of the family tradition, rowing, which he decided to dedicate himself to body and soul, starting over from scratch. “I felt there was more for me; I knew I had other things to contribute to the world of sport, that something was left in the tank.”

Changing discipline isn’t easy, and the later

you make the transition the greater the difficulties you encounter along the way. Muscles have memory, and reprogramming them to a new set of movements requires effort and a great deal of determination.

Determination is a good start, of course, but it isn’t enough on its own, and it was pure and simple work, hard work, a cornerstone of the Zeidler family’s favourite sport, that enabled him to really reach the top: “Sometimes you feel the pain in your muscles. You feel the hard work suddenly hit you. But then in the end, almost by magic, when you have earned your place in a major final, it all comes together. Everything makes sense and you can finally show what you can do and what you’re worth.”

In just a short time, Oliver became the man to beat, both in Europe, where he won two consecutive European championships, in Lucerne and Varese, and in the rest of the world, thanks to the gold medal he won at the Ottensheim 2019 World Championships. The German’s meteoric rise upset the world rankings and raised his hopes for Olympic glory.

And it’s safe to believe that if he really succeeds, the next time around the fire, after his grandfather’s stories, the baton will pass directly to him. ●

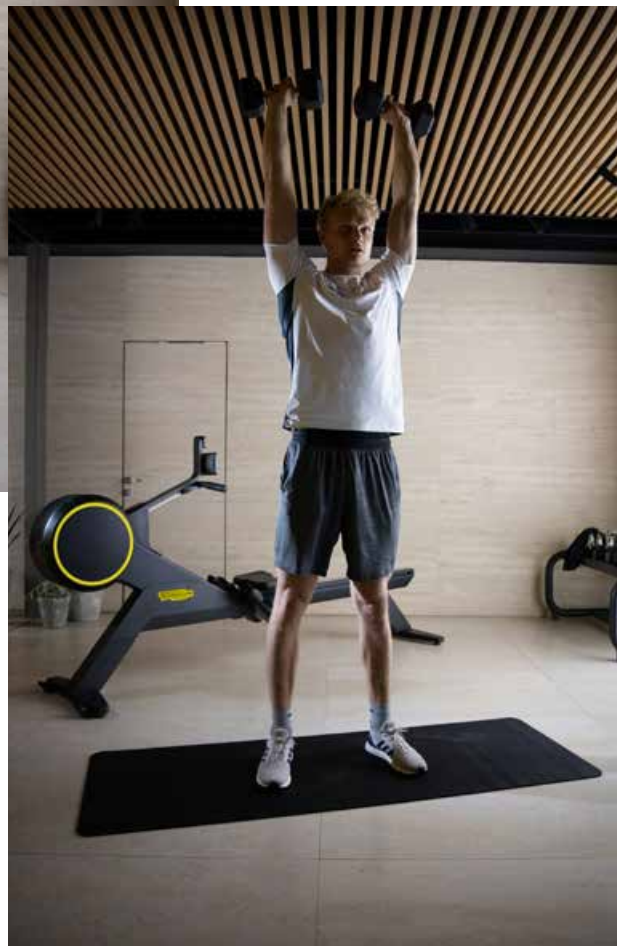
**SOMETIMES YOU FEEL THE PAIN
IN YOUR MUSCLES. YOU FEEL
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**BUT THEN IN THE END,
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EVERYTHING MAKES SENSE.**

Oliver Zeidler







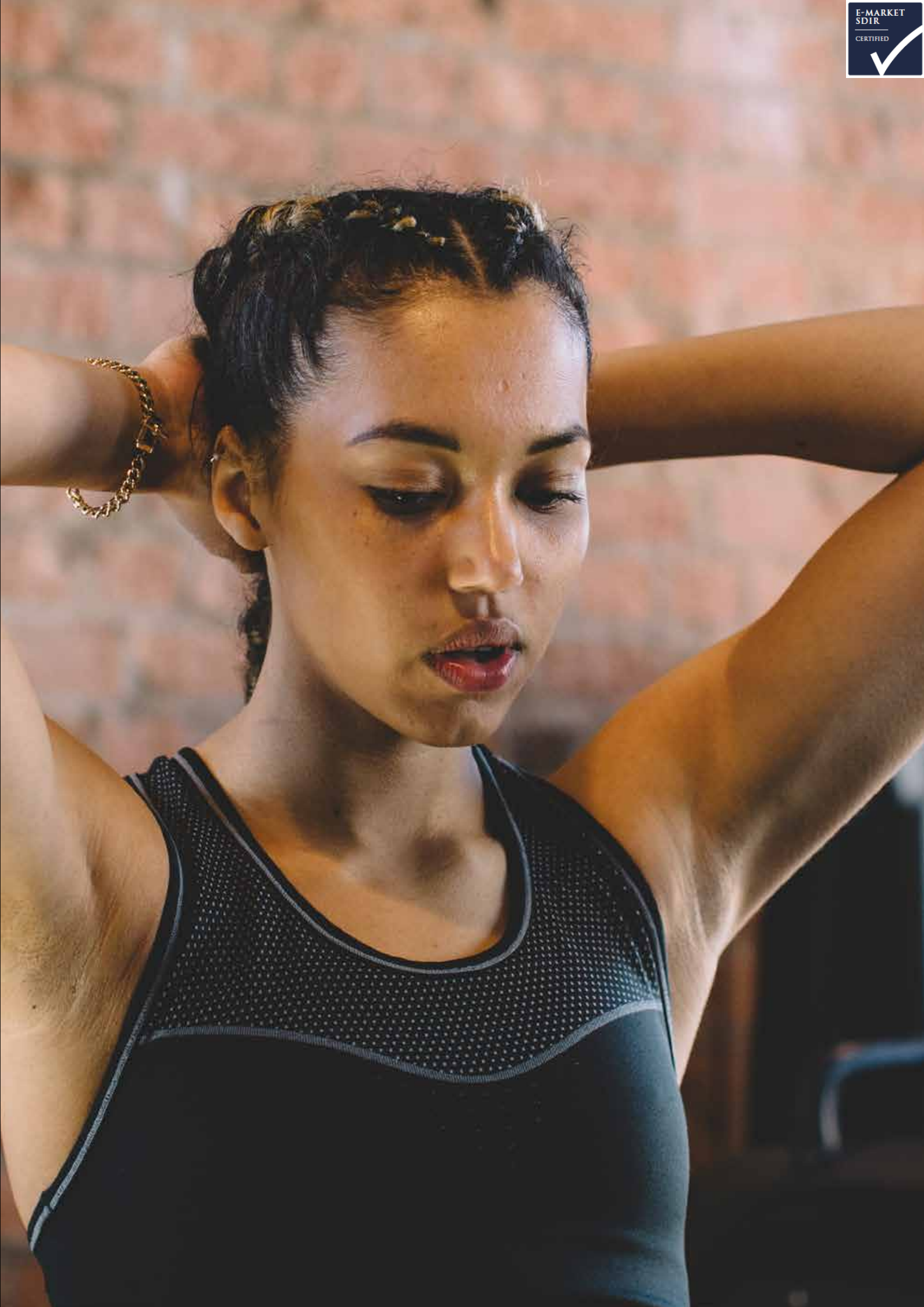
Underlying Oliver Zeidler's successes are hours and hours of training, a decisive factor in achieving effective performance. The European rowing champion, whose trump cards in competition are physical strength and speed, chooses to train with Skillrow, the indoor rowing equipment able to improve anaerobic power, aerobic capacity, and neuromuscular functions in a single solution.

Designed together with athletes, with Skillrow you can improve both cardiovascular endurance and strength through a variety of total body workouts. You can do cardiovascular training in Rowing mode, or use the Power dial to do strength exercises or simulate the rowing action with an extra load thanks to additional resistance.

Skillrow is a rowing machine with unique features: experience the unique sensation of rowing on water thanks to Aquafeel™, which allows you to follow the natural curve of the stroke in the water. The resistance gradually increases to ensure a smooth and safe movement, avoiding muscle pulls in the lower back. Connect and row: on the Skillrow app you'll find everything you need to train like a true champion. Choose a challenge, train with the best and track your performance data in real time, monitoring your progress through the detailed post-training summary with all your results.

**MOR
GAN**

**LA
KE**



Born to jump

Morgan's story has all the makings of a fairytale: the British high jumper and European champion takes us on a journey to discover her path as a young woman and athlete.

“Ever since I was a child, I always knew that I would become an athlete. Without a shadow of a doubt. I know it might seem strange to say but when my mother was expecting me, my parents would fantasize saying: - Oh yes, Morgan will most certainly become an athlete when she grows up! - So, it’s definitely in my DNA. Not surprisingly, my earliest memories ever were when my brother and I would play outside in the sun. And we tried every sport possible: netball, hockey, tennis, athletics. Every single one.” Morgan Lake’s Berkshire accent softens her words, which roll off the tongue with a unique blend of gentleness and determination. Everything in her story has the makings of a fairytale, which began even before she was born and in which sport plays a leading part.

The high jumper, born in 1994, is one of the rising stars of British athletics and in just a few simple words she always manages to talk you through her amazing journey as a young woman and top athlete: “Growing up, it’s all about finding the right balance, and the relationship between curating the athlete and the person in me is something I have started to work on in recent years. I’m trying hard to find that right mindset to make them cooperate better and live life to its fullest. For example, if you end up having a bad performance, it’s so important to know that it doesn’t need to ruin or consume your private life. It is essential to step back and realize that there needs to be boundaries both on and off the track.”

And when you achieve excellence, the sport begins to demand more and more, because the desire to reach the top always requires moments of blood, sweat and tears. This old saying is something Morgan knows all too well, down to the finest details: “Training every day is undoubtedly the most difficult part of being an athlete. But, at the same time, it embodies the very meaning of the sport, because the harder you push yourself,

the simpler and more successful your competitions will be. It’s a direct, clear relationship. For example, when I start a cardio workout, I know that from the start it’s going to be a tough session. But it’s in that precise moment that I have to give it everything I’ve got, right down to the last drop of energy I can muster.”

However, the goal, or the crossbar in her case, is sufficient motivation to keep up a constant level of commitment and dedication, which in turn can take new inspiration from the most amazing endeavours, those that inspire and define the way we look at the world: “My very first Olympic memory is linked to the 2004 Athens games. I was seven years old, but I remember being so excited to watch my compatriot Kelly Holmes win two historic gold medals for Britain in the 800- and 1500-metre competitions. And I remember those exact moments during the races when she crossed the finish line: her fatigue mixed with happiness. In a flash, I saw years of determination and physical training that had gone into one single moment.”

I ALWAYS KNEW THAT I WOULD BECOME AN ATHLETE.

Morgan Lake

Aiming high, you sometimes create an unexpected and wonderful trajectory for yourself. And using the example of Holmes, the young British high jumper has built herself a unique journey, taking her to the Olympics stage in Rio for the first time, and then Tokyo, with more maturity: "Rio 2016 was my first Olympics, and they were just so amazing. Just 19, I was really young and to be honest wasn't even expected to qualify for the games. So just participating and landing in the final was mind blowing. Being surrounded by so many inspirational leaders both related to my sport and beyond was a once in a lifetime experience." ●

**TRAINING
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THE MOST
DIFFICULT PART
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Morgan Lake



**THE HARDER
YOU PUSH
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SUCCESSFUL
YOUR RACES
WILL BE.
IT'S A DIRECT,
CLEAR
RELATIONSHIP.**

Morgan Lake



Morgan Lake, the young European high jump champion, has clear goals: she has managed to reach the top through hard work and determination.

In her words, training is the most difficult but at the same time most important part of her job; the only way to win competitions and achieve success.

Morgan Lake's training sessions are a winning mix of effort and energy using Technogym fitness equipment, in particular Skillrun.

Skillrun is the new standard in performance running: it is the first running equipment designed to cater for elite athletes, high intensity enthusiasts and running fans thanks to its unique and cutting-edge features.

Forget monotony. Get ready to experience the best run ever: thanks to the exclusive Multidrive Technology™, Skillrun offers cardio and strength training on one piece of equipment, while also developing speed, endurance and coordination, setting the pace to follow and simplifying your training.

Increase your energy and acceleration: to work on strength, the central element in Morgan Lake's athletic training, Skillrun, comes with a Sled Training mode, which reproduces the feeling of pushing a sled on grass, including the inertia. It starts with increased resistance on the Slat Belt surface, which decreases at a steady rate as you increase speed.



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Physical and mental performance

The 2004 Athens Olympics opened the world's eyes to the triathlon, a strenuous discipline requiring mental and physical strength. We're talking with Vincent Luis, the French athlete and number one in the world ranking, who talks about his childhood, competition and his passion for the sport.

"I think the moment I fell in love with the triathlon was when I was watching the 2004 Athens Olympic Games on TV. At that time, I was a swimmer but to be honest, I had started to get a little bored. When I saw these amazing athletes running in their triathlete gear, I thought they were really cool, beautiful to watch, and I decided I wanted to become one too. Maybe that's the real reason I started: I wanted to be cool like them." Sport has always been written in the stars of Vincent Luis, French, born in 1989 and number one in the world ranking. Right from the start, there were many sources of inspiration in his family, as both parents were marathon runners and his sister a swimmer. Vincent's competitive spirit emerged at a very young age, when, at just six years old, he challenged the rest of the family to breath-holding competitions during his first dives into the pool. Then, thanks to the Greek edition of the Games, which brought the torch back to within the shadow of Mount Olympus in 2004, the attention of the young talent from Vesoul shifted to the triathlon, one of the most exciting new sports in the Olympic programme for the new millennium. Triathlon is a strenuous and complex discipline, which requires extraordinary mental strength and great balance, created in the interaction between pure performance and attention to detail. Three different sports come together to form one new one, which takes the challenges of each and multiplies them by the accumulated effort, kilometre after kilometre. "I was a big fan of Japanese manga and comics, especially as a kid. And I remember that most of the time the main characters always reached their limit, risked dying or not succeeding, only to come back, always coming back. And stronger than ever. That's what I like about it. Every time I'm suffering during a training session and on the verge of giving up, I repeat to myself: it's the right thing to do, because I'll feel the benefits from this suffering

later on." Before the Tokyo 2020 Olympic Games, the two-time World Champion had clear ideas and a goal in mind: to add his name to the list of champions in a discipline in which France has repeatedly come close to the podium but has never reached the target. "The Olympics are huge. The triathlon has only been an Olympic discipline for a few editions, and that's why there still aren't many names on the list of champions. France has never taken home an Olympic medal in triathlon and I give it my all every day just to reach that goal." In Tokyo, Vincent Luis won a place on the podium in the Mixed Relay, taking home an important result, achieved through training and dedication. Vincent Luis's tone of voice reveals all his passion and confidence in his own abilities, conveyed vividly by his words, spoken by a champion at the height of his powers. This is the winning mentality that the Frenchman aspires to, and which is built on the absolute conviction that to get to the top, where no one has gone before, you need to follow a simple and indisputable rule: "In the end you just have to do your best, and you'll never be disappointed." ●

THE OLYMPICS ARE A HUGE THING.

Vincent Luis

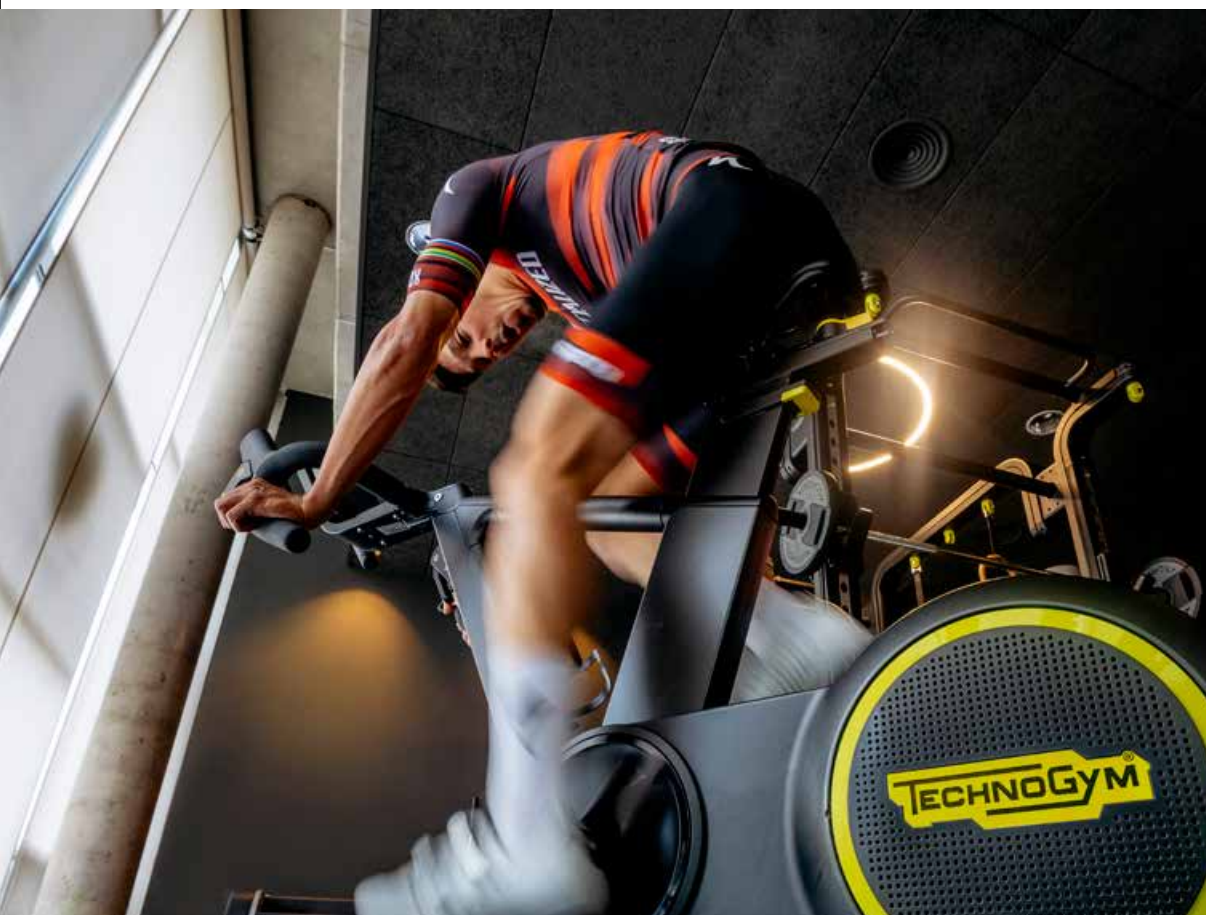
**IN THE END YOU JUST
HAVE TO DO YOUR
BEST, AND YOU'LL
NEVER BE
DISAPPOINTED.**

Vincent Luis









The athletic training of a triathlete is crucial: training for each of the three disciplines in a specific and coordinated way is the key to achieving the right balance and winning performances. To carry out targeted training like that of Vincent Luis, Technogym created Skillbike, the only stationary cycle with a real gear shift that lets you experience the thrill and challenges of outdoor cycling.

Skillbike comes with some exclusive features designed for athletic training and improved performance. Thanks to the Real Gear Shift, you can switch from power-based training to uphill simulations, increasing strength and endurance and maximising your efficiency in a new and engaging way: a real natural ally that helps you tackle even the toughest climbs. Reaching new heights: whether you want to train for a specific distance or elevation, or simply want to ride a new route, jump in the saddle and ride Skillbike. You can choose from preset routes or import your favourites from Strava. And all with data at your fingertips: the integrated LCD colour console allows you to view all the data you need to monitor your cycling in real time. Skillbike gives you the freedom to choose targeted exercises and training that matches your goals. You can choose personalised training to improve the athletic skills required in cycling.

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Interview by TECHNOGYM

Dexterity and style

Body and mind: that's the winning combination of the Japanese fencer Kazuyasu Minobe, who tells us about his journey from the Japanese mountains to the Olympic piste.

"Fencing is a unique sport. It's so different from all the others. Translating training into an attack, into a competition, is difficult and requires great attention to detail. During every single session I want to focus on the sensations in my body: I want to listen to my body and be fully aware of it. I want to hear my body's voice. It's my body that speaks to me and defines the trajectory of my every move. The dialogue with my body is the foundation of my mindset." Kazuyasu Minobe's zen-like calm settles into the room, silencing it and drawing everyone present into a parallel, ancient world where the body has a voice and the conscience breathes. Born in 1987 in Japan, Kazuyasu has the natural ability to share his vision of things with the stature of someone who can see far ahead and the agility of someone moving on tiptoe.

His story began with him running in the Japanese mountains to release the intense energy he felt beating inside him and which, thanks to his father's intuition, took him from the tatami mat to the piste: "When I was a kid, I started with karate. I remember at primary school they were handing out these flyers to sign up and they didn't need to ask me twice. I was always moving, never sitting still. I grew up in Echizen, a city in Fukui Prefecture, and the whole region is surrounded by greenery and mountains: I spent my days running up and down the trails. Then, one day, my father encouraged me to try fencing, and I fell instantly in love with it. From that point on, I haven't been able to think of anything else."

A constant thought, an integral part of his life and soul, Minobe has embraced fencing as an expression of his own self, in a seamless relationship between mind and body that makes him at one with the sport: "Fencing is a journey, an expedition. The person and the athlete that live within me are perfectly in sync. They are the same thing. They share the same path. But the results, whether it's a

victory or defeat, don't define me; but, the sport is a form of expression, and helps me bring out what I feel on the inside. The more I can master fencing, the more I can master Kazuyasu Minobe the person."

He is accompanied by great vision, celebrating the bond with his country, his team and an edition of the Games that had a special meaning for the Japanese people. After Japan was first awarded the Games, cancelled due to World War II and eventually taking place in 1964, the Tokyo Olympics had to face the difficulties of the pandemic, giving Kazuyasu another reason to think big: "My biggest dream is to become the best fencer in history, and when I think about the 2020 Tokyo Olympic Games, as soon as I close my eyes, I see me and my team on the highest step of the podium. I know it's a lot to ask, but I really believe I can reach the top." And he did it, winning gold at his home Olympics with his team, together on the highest step of the podium. "Hosting the Olympics gave an even greater significance to this event, and the expression of the team representing a nation is a strong message. These are the most important events of all, and they are so important in our culture that it makes no difference whether you experience them as an athlete or as a spectator. It's the top nonetheless. Winning them is a necessary step on the road to greatness. And since we also had to deal with the pandemic, there was a desire to do something special to re-energise the world."



**IT'S MY BODY THAT
SPEAKS TO ME
AND DEFINES THE
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MY EVERY MOVE.**

Kazuyasu Minobe







The goal of Kazuyasu Minobe, the Japanese fencer and winner of two Men's Épée titles at the World Fencing Championships, is to turn his daily training into a real attack that allows him to beat his opponent during competitions. He achieves all this through athletic training that has been studied down to the smallest detail, helping him to focus on the sensations of his body and control every movement. For his daily training, Kazuyasu Minobe chooses Kinesis One.

Kinesis One offers all the benefits of the Kinesis line in an affordable single free-standing unit, with a reduced footprint and hidden weight stacks. Thanks to the resistance provided across the three planes of movement, it is also the ideal solution for functional rehabilitation and personal training. It creates a truly engaging functional space: this space-saving piece of equipment can be optimally positioned in any workout area. Kinesis One allows you to freely explore a wide range of natural movements to improve functional abilities in everyday life.

Thanks to the double weight stack, each cable controls an individual and independent resistance level. This allows you to effectively perform all movements, including alternating and reciprocal movements, according to the appropriate load for each side and training goal.

Kinesis One is the perfect solution that allows you to experience maximum freedom of movement across 360° and to train your stability, flexibility and posture at the same time, simulating the technical movements of a sport like fencing, which involves particularly powerful and precise movements.



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Attention to detail

A love of animals and sport: that is the combination that led Kent Farrington, the US rider, to choose equestrianism as his sport. A passion that has taken him from Chicago to the Olympic “hurdles”

"Born in Chicago, my very first memory in sports was watching Michael Jordan play. It was the Bulls golden era and he was an inspiration to everyone, with his unique and dynamic mentality. While my oldest Olympic memory was the American 1996 Atlanta Games. My eyes were glued to that TV screen and continual coverage, watching them non-stop, 24/7"

If you are native to Chicago, basketball is a rite of passage, and even Kent Farrington, who later found his path in a completely different sport, couldn't escape the ribbed ball and the presence of world class players within the city boundaries.

The rider, born in 1980, and helped along by the 1996 Olympic Games in Atlanta, fell in love with a different sport, the only one that could bring together his two childhood passions: "I was drawn to horse riding because it combined my love for animals and sports, all in one single event. The absolute perfect mix of my greatest passions. And part of its beauty lies in the attention to detail. In our sport, the smallest details make the difference between finishing first or finishing last."

A sport of details, a sport of excellence, where attention to detail is of such importance that it can make the difference between first and last, between glory and failure. Kent's desire is to stand out, to excel, and few things consume mental energy as much as the desire to reach the top. Off-days are par for the course for the world's greatest athletes, and it is the ability to make that extra push that determine who will rise above the others: "I want to be the best of all. Always. It's a dream but also a very real goal, and getting to the top is a very complex process. It requires complete dedication, and absolute precision towards details. And it's not always a straight line to the top. I believe that all great athletes have doubts now and again during their journey. They have to be faced. But it's those doubts that push you to work even harder and not

accept failure as an option." Losing is never an option.

The American's mindset is clear, linear, and with no room for grey areas. A belief in his own abilities that has made him one of the world's leading athletes, with an Olympic exclamation mark. The silver at Rio 2016 is the high point of his career so far, but we're sure that his natural ambition will take him even further: "The Olympics are a long-standing dream of mine. I think they mean so much because they are huge. The Games are bigger than me and my sport. They are bigger than any one sport, and the fact that they attract the best in the world make them special from any point of view. At Tokyo 2020 he won a silver medal, showing once again the commitment and passion he puts into his sport every day. Winning an Olympic medal and holding it in your hand is an almost indescribable mixed feeling of satisfaction, relief and pride in knowing all that hard work you dedicated has paid off." ●





**I WANT
TO BE
THE BEST
OF ALL.
ALWAYS.**

Kent Farrington





THE SMALLEST DETAILS MAKE THE DIFFERENCE.

Kent Farrington

Kent Farrington is renowned as one of the best equestrian show jumpers in the world, and his silver medal at the Rio de Janeiro Olympic Games and Tokyo 2020 confirm this. His great successes are the result of determination and hard work, which drive him to pay attention to every detail of his athletic training, transforming fatigue into energy and determination. Kent Farrington trains every day with Kinesis Personal.

Kinesis Personal is the complete, functional gym for your home, allowing you to perform more than 200 exercises without adjustments, to train strength, flexibility, coordination and balance.

This innovative piece of furnishing design offers a whole range of ways to work out: the FullGravity™ Technology system allows you to train both specific muscles and entire muscle groups with composite movements that activate the kinetic chains across three planes of motion.

Compact and comfortable: each arm has three rotating pulleys that ensure the cable runs smoothly during the exercise. The convenient magnetic handle can be attached to the arm pulleys.

What's more, you can easily adjust the resistance level from 0 to 20 by rotating the digital dial. Choosing the workload has never been so stylish.

Created to impress: the beauty of Kinesis Personal stands out in the most stylish surroundings. All the materials used, from the handles to the soft touch digital display, are designed to be extremely pleasant to the touch.

In equestrian sports, the training of core muscles is essential for stability, giving better control of the horse. For this reason, Kinesis Personal is the ideal solution that allows you to perform three-dimensional movements, like in real life, in a natural and comfortable way.

RAFA EL NAD AL



Passion and dedication

A champion of world renown, many successes in his field and an extraordinary passion for his sport: Rafael Nadal is part of tennis history. A career built on determination, tenacity and above all dedication to always do better.

"A desire to constantly improve. Always pushing one step further: this has been key to my success. Every day I try to do something better than the previous day with a clear goal in mind: this has been my mentality from day one." Talking to Rafael Nadal always means plunging into a parallel universe in which, thanks to dedication, talent and a clear vision of the future, anything seems possible.

His English, spoken with a charming Spanish accent, takes the listener on a journey that is a mix of personal memories and future goals, where greatness becomes a journey, always pursued with passion.

Nadal's career is beyond reproach, and the extraordinary nature of his tennis, which will go down in history as one of the most outstanding examples of tenacity and drive, is evidenced not only by a prize-winning record that would make you giddy, but also and above all by the unconditional love of more than a generation of fans all over the world.

Composed, always balanced in his responses and demeanour, Rafa's style off the court contrasts with his energetic, electric and muscular style on the court, with his natural habitat on clay, as testified by his nine wins at the Italian Open, his twelve victories at the Barcelona Open, the eleven wins at the Monte-Carlo Masters, and above all his incredible record of thirteen titles at Roland Garros, and his recent success at the Australian Open, making him the first male tennis player of all time to have won 21 Grand Slam singles titles.

Two of the most important successes of all have to be added to the Majorcan's legacy, those of his Olympic medals, which Nadal won on the hardcourt at the Beijing 2008 and Rio 2016 editions, the first in the singles and the second in the doubles.

And it was precisely the subject of the value of the Olympics experience that prompted him to

talk about his feelings in view of Tokyo 2020 in Japan, where his first thoughts were about all those making their Olympic debut: "For many of the younger athletes the Tokyo Games was their first Olympics. Everyone was coming from different backgrounds, but in the end, they all united in the moment, even if they were from different nations and cultures, to speak the universal language of hard work in pursuit of a dream."

It's always striking to note the Spaniard's ability to perfectly combine the enormous expectations placed on him with the right messages to share with the next generation of tennis greats who grew up idolising Rafa on the court and are now ready to challenge him for the most prestigious titles.

But if there is one thing that defines Nadal's uniqueness more than anything else; it is his dedication, which has allowed him to raise the bar ever higher since his first major win in 2005, thanks to consistent improvement year on year.

Sooner or later, history will close the chapter of the left-hander from Manacor, giving us a complete picture of his sporting, human and cultural legacy. But until that day, you can bet the King of Clay's main focus will be on the court and the important goals he still wants to achieve.

He is obviously sincere when he advises younger colleagues to: "Live the Olympics with the right spirit. Enjoying them is important as it's a once in a lifetime experience." ●

**EVERY DAY
I TRY TO DO
SOMETHING
BETTER
THAN
THE
PREVIOUS DAY.**

Rafael Nadal







The tennis star Rafa Nadal reveals that the key to his success is the desire to improve.

On the court, when training, and in everyday life: the secret is to try and always do better, working with consistency and focusing on new goals.

Tennis is a sport that requires speed, strength and endurance, and Rafael Nadal chooses Kinesis for his daily workouts.

Kinesis is the Technogym solution that lets you perform hundreds of exercises to work on strength, flexibility, coordination and balance. Thanks to the resistance provided across the three planes of movement, it is also the ideal solution for functional rehabilitation and personal training. Complete freedom of movement: with Kinesis, you can simulate the technical movements of a sport such as tennis, which involves particularly intense movements, experiencing maximum freedom of movement across 360°.

What's more, the innovative FullGravity Technology allows all movements, especially pushing movements, to be performed without any interference between the cable and the arm, as traditionally happens with cable machines.

Simplicity and immediacy: when training with Kinesis, you can immediately start the exercise because the ergonomic handgrip is always ready to use and does not require prior setting or adjustment. All you have to do is grab it and it will adjust to your height.



Technogym S.p.A.

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