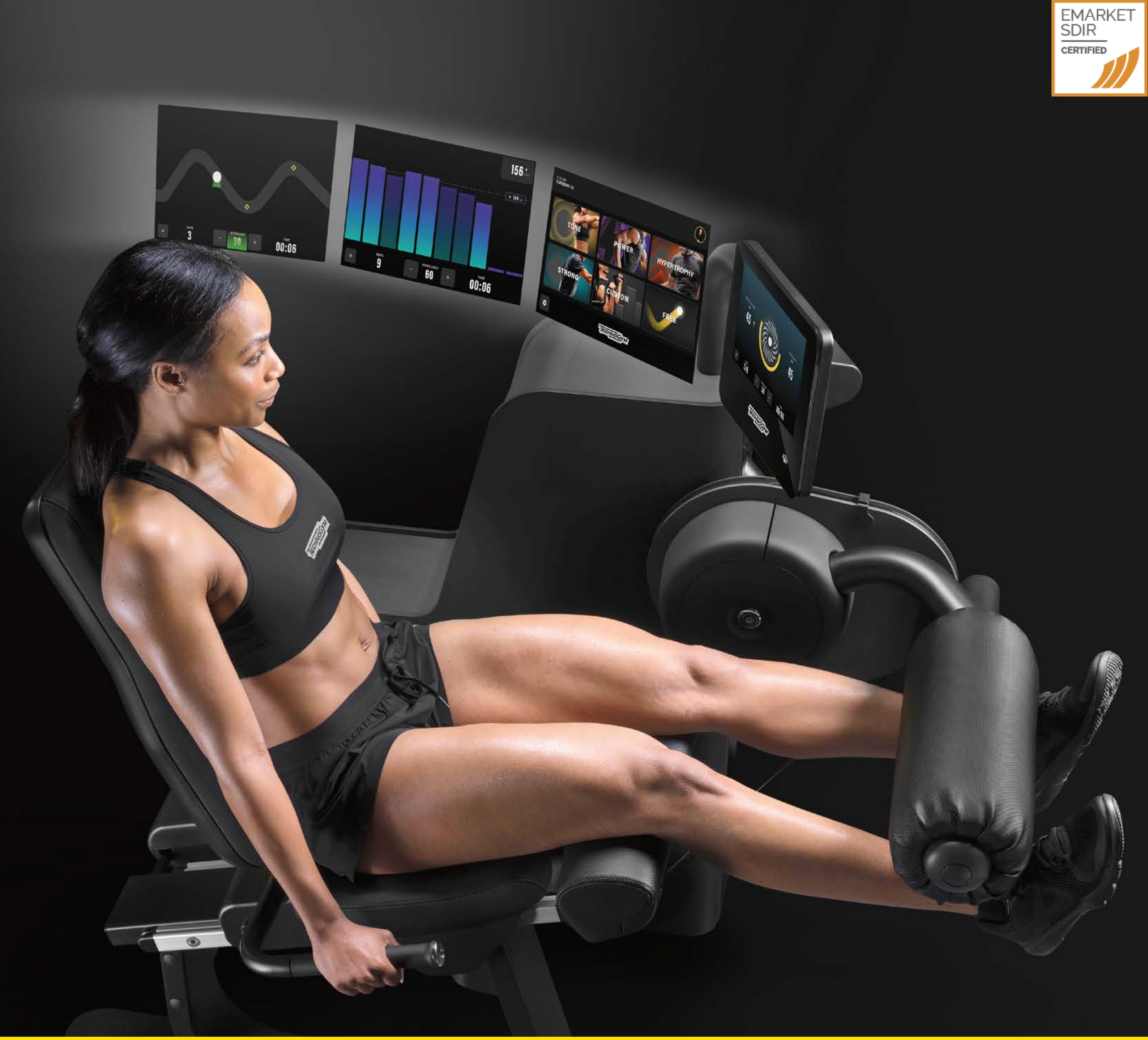

Annual Report
2022

TECHNOGYM®

ANNUAL REPORT AS OF 31 DECEMBER 2022

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1

BOARD OF DIRECTORS' REPORT

FIRST SECTION

Letter to the Shareholders

Dear Shareholders,

Despite the political and economic uncertainties in the global scenario, 2022 was a highly satisfactory year for us at Technogym: it was a year in which we recorded unprecedented results, for which we would like to thank all our employees and partners around the world.

Our revenue record clearly shows the strength of our brand, an icon of wellness, built up over 40 years of research and ongoing investment in product innovation, as well as our experiences with the Technogym Ecosystem, which has been further enhanced using artificial intelligence.

Our 'wellness on the go' strategy, launched in 2012, is proving to be more and more topical every day. In an increasingly 'hybrid' world, the consumer is at the centre: they are the ones who choose us in their favourite club, in their company fitness centre, in the best hotels, in the most beautiful locations in the world, and at home, while they are having fun, challenging themselves or looking after themselves. The place where they work out is changing but the possibility of accessing a precision training experience customised to their needs and to their fitness, sport or health goals is not changing.

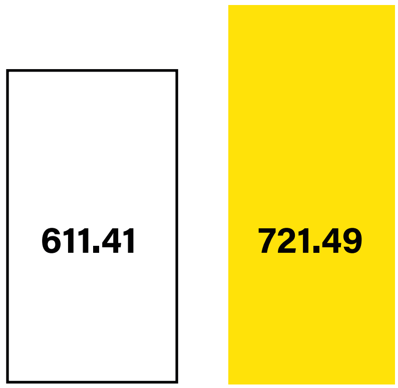
Medical studies throughout the world have shown that physical exercise is a powerful drug that fosters healthy longevity.
Against this backdrop, and in line with its long-standing commitment to ESG issues, Technogym is positioned in the life sciences sector as enabler of the wellness lifestyle, which it has achieved by developing customised solutions that can improve health and quality of life.

We will continue to grow and to create value for shareholders, and for all our stakeholders, in order to become increasingly relevant in the education of wellness and healthy lifestyles, in line with our mission "Let's Move for a Better World".

Nerio Alessandri

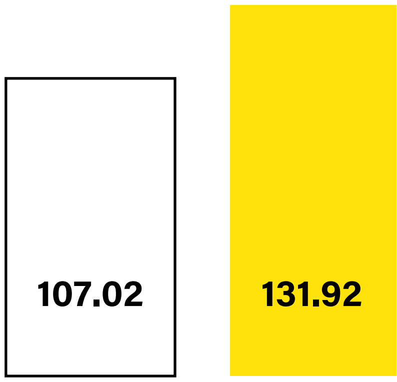
Financial Highlights

Revenues



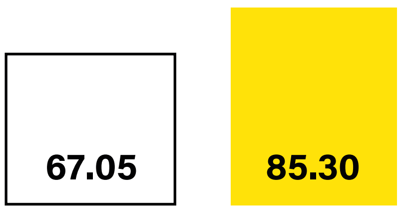
+18%

Adj EBITDA[1]



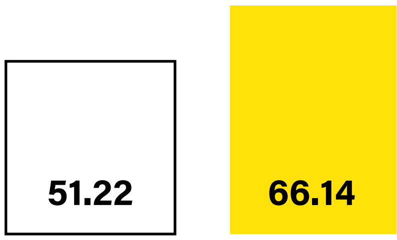
+23%

Adj EBIT



+27%

Adj Profit



+29%

1. The Group defines: adjusted EBITDA as the net operating income, adjusted for the following income statement items: (i) net provisions; (ii) depreciation, amortisation and impairment losses (write-backs) and (iii) non-recurring income/(expenses); the adjusted EBITDA margin as the ratio between adjusted EBITDA and total revenues; EBITDA as the net operating income, adjusted by the following income statement items: (i) net provisions; (ii) depreciation, amortization and impairment losses; and the margin EBITDA as the ratio between EBITDA and total revenues.
2. The Group defines the adjusted net operating income as the net operating income adjusted for non-recurring income/(expenses).
3. The Group defines Adjusted group Net Income as group profit adjusted for non-recurring income/(expenses) and non-recurring taxes.

2021 2022

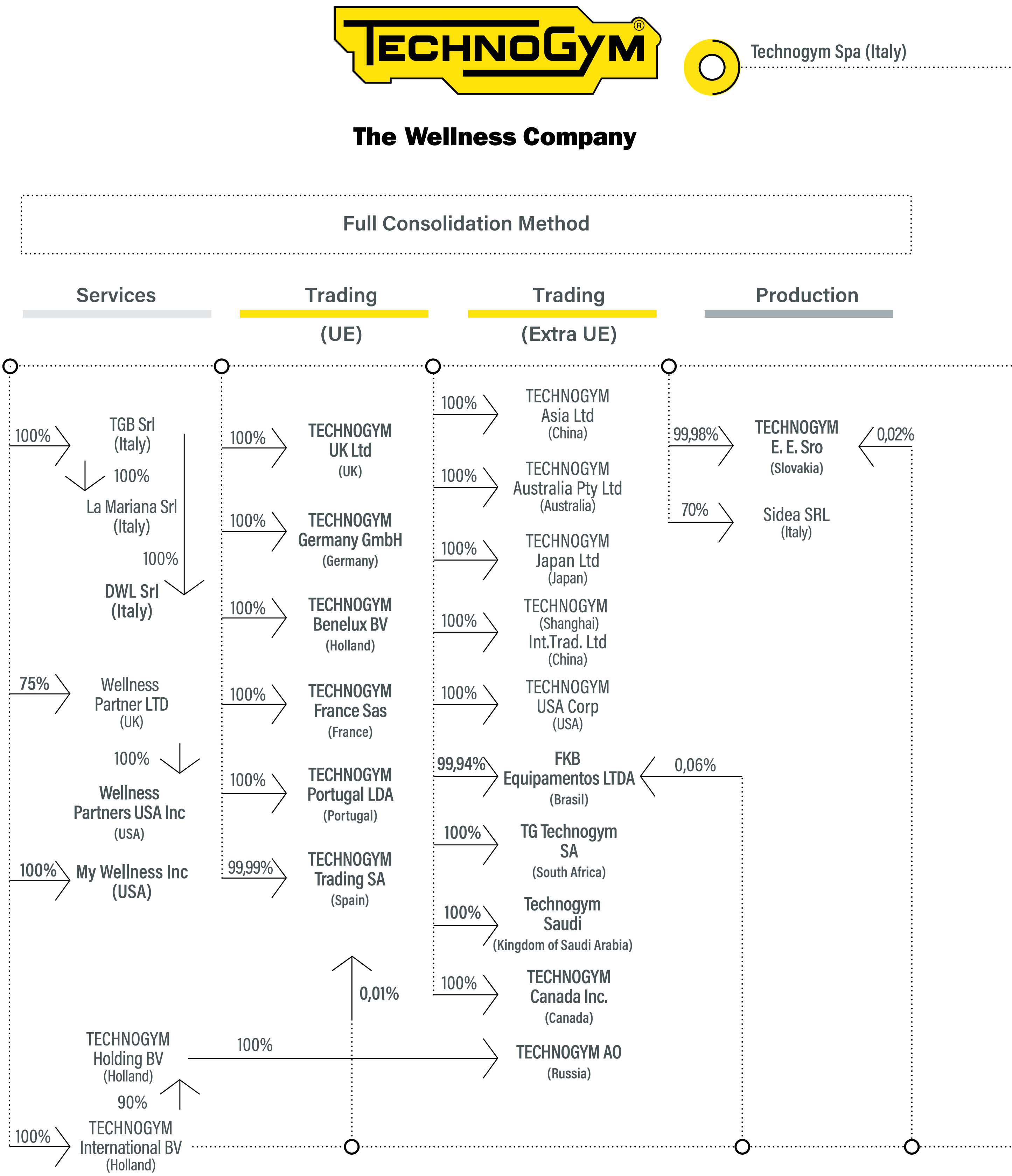
[in millions of Euro and ratios]

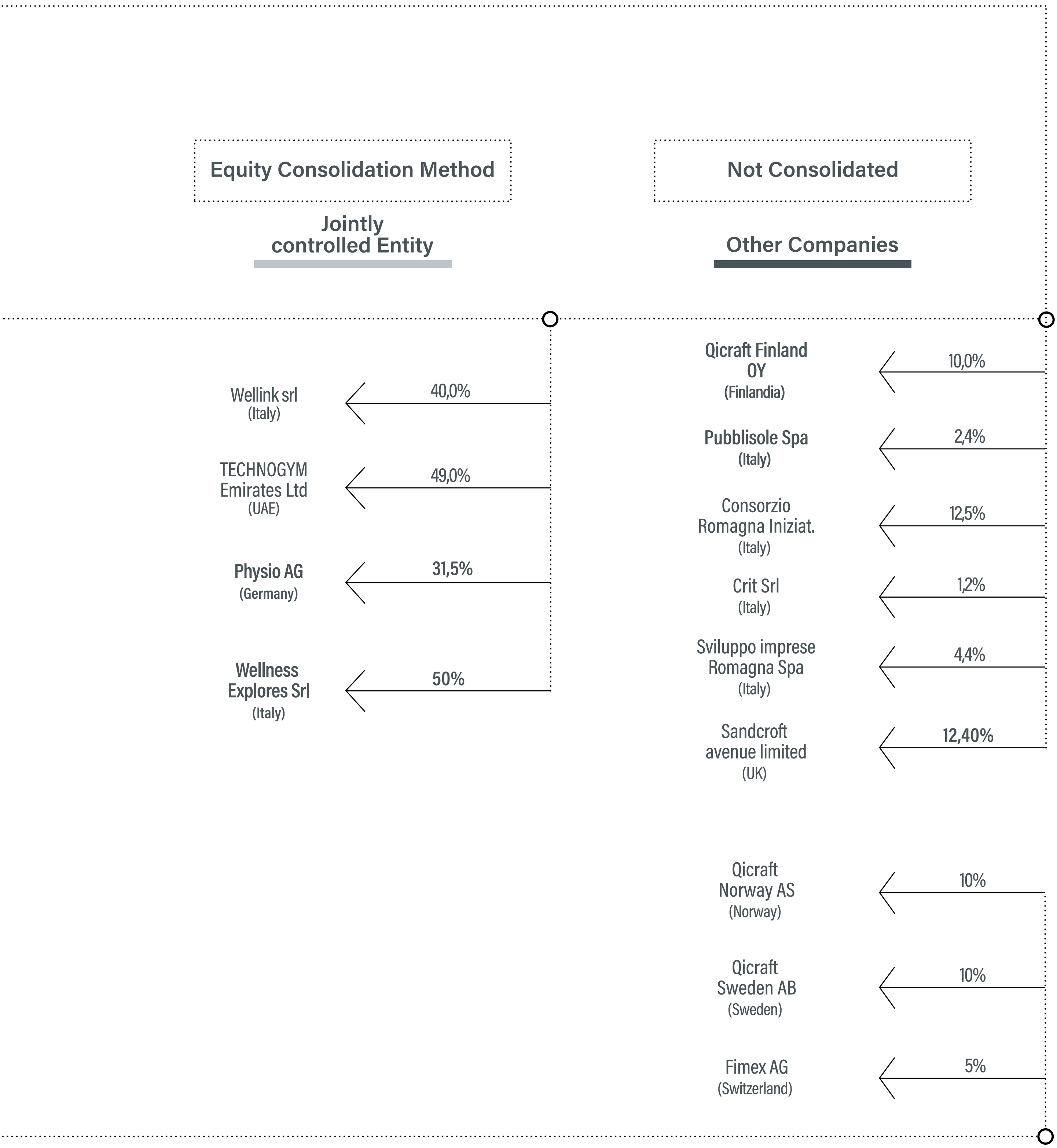
Corporate bodies

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	Pier Paolo Caruso Fabio Oneglia
Alternate Auditors	Laura Acquadro Stefano Sarubbi
Supervisory Body	
Chairperson	Andrea Ciani
Members	Giuliano Boccanegra Riccardo Pinza
Financial Reporting Officer	William Marabini
Independent Auditors	PricewaterhouseCoopers S.p.A.

(1) Independent Director.
(2) Director Responsible for the Internal Audit and Risk Management System.
(3) Member of the Control, Risks and Sustainability Committee.
(4) Member of the Appointments and Remuneration Committee.
(5) Member of the Related Party Transactions Committee.
(6) Lead Independent Director.

Group organisational chart as of 31.12.2022




Equity Consolidation Method
Jointly controlled Entity
Not Consolidated
Other Companies
Wellink srl (Italy)
40,0%
TECHNOGYM Emirates Ltd (UAE)
49,0%
Physio AG (Germany)
31,5%
Wellness Explores Srl (Italy)
50%
Qicraft Finland OY (Finlandia)
10,0%
Pubblisole Spa (Italy)
2,4%
Consorzio Romagna Iniziat. (Italy)
12,5%
Crit Srl (Italy)
1,2%
Sviluppo imprese Romagna Spa (Italy)
4,4%
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 2022, 33.78% of the Issuer's share capital was held by TGH S.r.l. – a limited liability company 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 EXM (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 the 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 http://corporate.technogym.com, in the section "Governance/ Shareholders' meetings" and "Governance/Reports".

1 Technogym

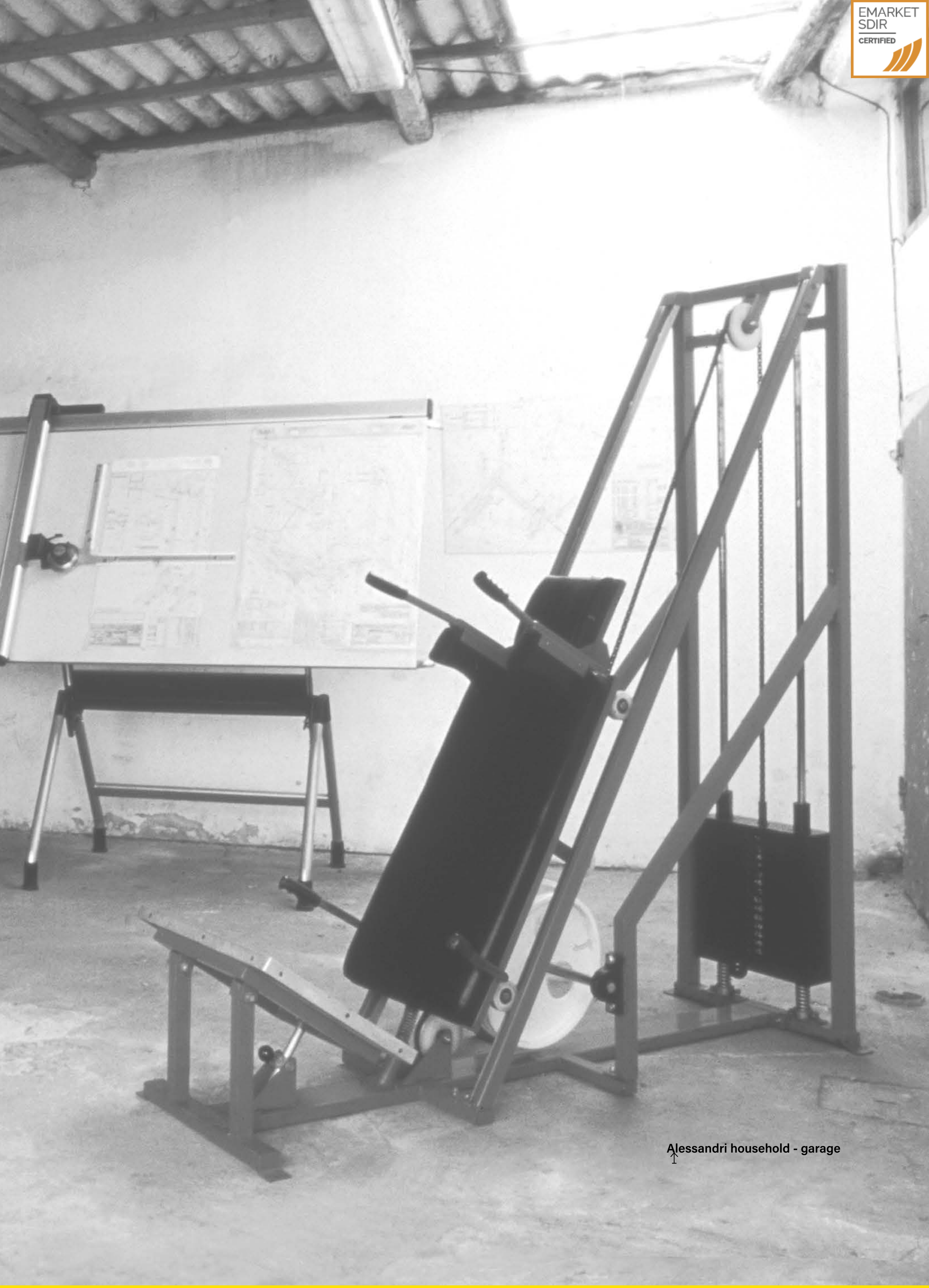
1.1 THE TECHNOGYM BRAND

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, nearly 40 years on, Technogym is recognised worldwide as a leader in the supply of technologies, services and design products for the fitness, wellness and sports sector, thanks to its comprehensive range of cardio, strength and functional training equipment, apps and services (after sales, training and consultancy, interior design, marketing support and finance). All Technogym products are integrated into the Technogym Ecosystem, the digital ecosystem that allows users to connect to their personal Wellness experience wherever they are, through 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.

1984

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

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.

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).

1990

Technogym invents the **CPR (Constant Pulse Rate) system**. For the first time, training intensity is automatically regulated by the user's heart rate.

1992

Technogym introduces the first rehabilitation equipment in its product range, opening a new market segment.

1996

Launch of the **Wellness System**, the world's first training management software. Users can now automatically activate Technogym machines using the portable **TGS Key**, and keep track of their training programme and data.
The TGS Key can be considered the world's first wearable device, well before the mobile revolution.

2000

For the first time, Technogym is chosen as **Official Supplier of the Olympics**.
In Sydney, more than 10,000 athletes train on Technogym equipment.

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.

2007

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

Milestones in Technogym's history

DISTRIBUTION
Segments

2010

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

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.

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.

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 a allows visitors to turn movemer into meals donated to countries affected by malnutrition.

2016

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**.

2017

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

2019

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.

2021

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.

2018

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

2020

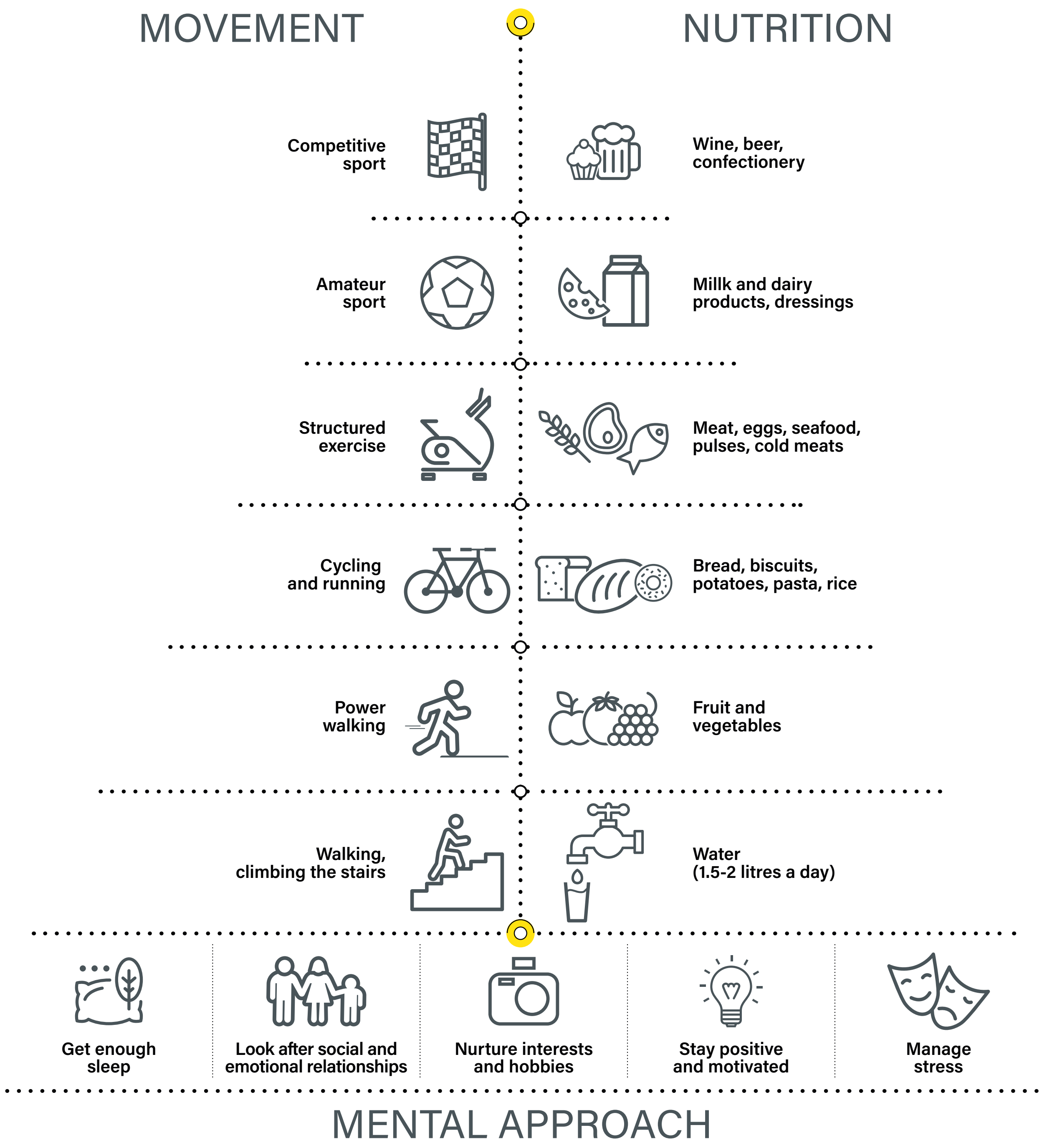
Technogym introduces the new **Excite line: the revolutionary range of fully-connected cardio training equipment with the innovative Technogym Live interface**, offering users a completely new training experience customised to their passions and targets.

2022

Technogym launches **Technogym Ride**, the indoor training bike designed together with cycling champions which, with just one log-in, allows users to connect to the most popular apps among cyclists.

Technogym presents **Biostrength**, the new Technogym strength training line that adapts to the user thanks to a patented technology that leverages artificial intelligence and scientific research.

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 90s, while the stereotypical muscle-bound image of fitness personified by Jane Fonda and Sylvester Stallone was all the rage in the USA, in Emilia-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" (healthy mind, healthy body). 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 is to help people live better through regular physical exercise and the promotion of the Wellness Lifestyle. Wellness as a lifestyle is a social opportunity for all stakeholders: for governments, which can reduce health spending by promoting prevention, for companies, which can increase productivity by investing in wellness programmes, and for the general public, who can improve their health and the quality of their everyday lives.

Technogym's Vision is to be the world's leading Wellness Solutions Provider. Technogym strives to be recognised as a benchmark in its industry, promoting an authentic lifestyle by creating customised solutions for private customers and fitness professionals: not just equipment, but also services, content, devices and networking solutions.

1.3 STRATEGY

Technogym's objective is to help people to access their own customised Wellness experience, 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 50 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 340 patents, 450 designs and 424 national and international trademarks, which include 29 patents, 72 designs and 20 trademarks registered in 2022.

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.

2022 saw the continuation of the Technogym Ecosystem rollout 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 March, at an event organised in collaboration with Giro d'Italia at Technogym Milan, Technogym Ride was launched, the innovative bike for indoor training designed together with cycling champions for cycling enthusiasts. With its 22" screen, users can have an immersive indoor experience and, with just one log-in and no installation or configuration difficulties, it provides easy access to your favourite cycling apps and exclusive training content.

In May, Technogym launched Biostrength on the market, the new strength training line that adapts to the user: by simply logging in, the seat automatically adjusts to the position most suited to the user's height, and the workload is set according to the training programme. Thanks to a patented technology that leverages artificial intelligence and scientific research, it guarantees a result roughly 30% better than that achieved through classic training with equipment or free weights, without increasing training time. Indeed, Biostrength allows users to train with the most suitable weight for their individual needs, with the right range of motion, the correct posture and speed of execution, and specifies the number of sets, repetitions and optimal recovery time.

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.

In the new 'Technogym Lab', located at the headquarters in Cesena and equipped with the most advanced technologies, both elite athletes and Technogym products under development are tested.

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 Centre, Seattle (USA) for the study of biocircuit machines
- The Oncology Institute of Romagna for the study of the effects of physical exercise on various types of cancer
- Cleveland Clinic in the USA for the implementation of exercise therapy programmes for chronic illnesses

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.


TECHNOGYM
TECHNOGYM


SITVS TERRÆ CANAAN, SIVE TERRÆ PROMISSIONIS HODIE PALÆSTINÆ SS. BIBLIORVM
TECHNOGYM

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. Users each have 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 Technogym product consoles, 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.

Following the success in Europe of the Technogym App – the app that offers consumers customised training programmes every day – the app was launched in the USA in February 2022.

In order to enrich and customise the Technogym App training experience, new content related to mindfulness and nutrition was added in 2022. In addition to the daily training proposed by the Technogym Coach, users have access to meditation content and customised nutritional advice based on their goals, to achieve a balance between body and mind.

Starting from November 2022, users can seamlessly access their favourite Apple Music playlists through the Technogym App directly from workouts in the app thanks to the integration with Apple Music. Furthermore, users with Technogym home fitness equipment can access their Apple Music playlists through the app on Technogym Live, directly from the iPad.

Design and Innovation awards

Italian style and design have always been distinctive characteristics of Technogym worldwide. For over 12 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.

The current list of Technogym prizes includes 2 Compasso d'Oro, 10 ADI awards, 12 Red Dot Design Awards, 3 International Design Excellence Awards, 5 iF awards, 1 Monocle Design Award and 1 German Design Award, 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 2022

Technogym Ride

Technogym Ride is the first Bike with a 22" screen, enabling users to enjoy an immersive indoor experience which, with just one log-in and no installation or configuration difficulties, provides easy access to your favourite training apps and content.

For the first time, Technogym Ride users can connect to the most popular apps used by cyclists directly from the integrated console – including Zwift, Strava, ROUVY, TrainingPeaks, Kinomap and Bkool – as well as numerous entertainment apps – including Netflix and Eurosport – and a comprehensive range of training programmes and experiences designed to improve outdoor (or on-road) performance.

Technogym Ride was developed from Technogym's passion for cycling, designed together with cycling champions to offer a unique training experience to professionals and amateurs alike. The company has worked with cycling champions for over 30 years, starting from the MG-Technogym team of Gianni Bugno in the 1990s to collaborations with today's champions: from Elia Viviani to Martina Fidanza. The Bike has been designed to simulate an outdoor cycling experience and replicate real routes and inclines, with training sessions designed around the user's physiological parameters to allow training in the right power zones, and dozens of virtual routes that reproduce the climbs of the world's most legendary ascents.

Biostrength

Biostrength, the new Technogym strength training line, adapts to the user thanks to a patented technology that leverages artificial intelligence and scientific research. It guarantees a result roughly 30% better than that achieved through classic training with equipment or free weights, without increasing training time. Indeed, Biostrength allows users to train with the most suitable weight for their individual needs, with the right range of motion, the correct posture and speed of execution, and specifies the number of sets, repetitions and optimal recovery time.

The patented Biodrive system, based on aerospace technology, offers 6 types of resistance, able to improve the effectiveness of the exercise according to the goal to be reached. Users are guided through every aspect of the training to achieve the best results in a safe and fun way.

Biostrength is a digital experience connected to an unprecedented variety of training programmes and content. By simply logging in to the Technogym Ecosystem, the Biostrength equipment allows users to select the most suitable training experience for the results they want to achieve: from goal-based programmes to custom programmes and free training.


TECHNOGYM


GRADIENT
0.0
DURATION
41:26
PAUSE
STOP
SPEED
28.2
GEAR
35-15
208
SPEED
12.0
DURATION
01:26
PAUSE
STOP
GEAR
35-15
GRADIENT
1.0
IRONMAN


TECHNOGYM


SMALL
15 LB
10 LB
7.5 LB
5 LB

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

Skilline is a collection of products equipped with the exclusive Multidrive Technology™ developed by Technogym in collaboration with professional athletes and designed for anyone that wants to improve their athletic performance or loves high-intensity training. The line includes **Skillmill**, the first non-motorised product which combines strength, speed, resistance and agility training; **Skillrow**, the first indoor rowing product that increases the potential of the rowing exercise to improve anaerobic power and aerobic capacity; **Skillrun**, the unique treadmill that guarantees maximum training efficiency, not just cardio training but also strength, thanks to the option to follow running and resistance training sessions; and the new **Skillbike**, the only indoor bike with a real mechanical gearbox that allows you to simulate uphill training for a truly realistic experience.

Personal Line

Technogym's **Personal** Line is a collection of iconic products dedicated to Wellness at home, which combines innovation, technology and design. Developed from a 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

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

Products for cardiovascular exercise from the Excite Med line are sophisticated pieces of equipment dedicated to stress testing, patient assessment and rehabilitation. In terms of strength, Selection Med 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, to meet both rehabilitation and muscle strengthening needs. Finally, Technogym has designed a time-based circuit training solution, which is completely customisable according to specific patient needs: **Biocircuit Med**. Thanks to the patented Biodrive technology, the circuit machines are able to replicate different types of resistance in a precise and smart way. 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 a 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 attractive 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 the 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
› Health, Corporate & Performance
› Home & Consumer

Fitness and Wellness Clubs

Fitness and Wellness Clubs continue to be one of the most significant market segments for Technogym. The growing awareness of consumers about the importance of health and the benefits of regular physical exercise combined with the return to social activities following the pandemic led to a solid recovery of the global fitness club business in 2022. Large international groups are confirming plans for expansion and the opening of new locations, and several new players have entered the market by opening even just one club to benefit from the expected growth of the sector.

Furthermore, the process of digitalisation of clubs is continuing at a rapid pace, with the aim of offering members a completely customised and connected training experience, involving them more and offering services not just at the club, but also at home and outdoors.

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 in the USA.

In 2022, Technogym entered into an important agreement with the Fitness Park chain for their clubs in France and Spain, and with the Go Health Group in the Netherlands for the opening of studios focused on Biocircuit training in view of their international expansion plan.

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 2022 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's digital products and solutions were selected by many leading hotels around the world. This year, the most prestigious hotels include: the Four Seasons Chiang Mai in Thailand, the Aman Hotel in Porto Heli, Greece, the Raffles in the Katara Towers, the Waldorf Astoria West Bay in Doha, Six Senses in Rome, the Cheval Blanc Randheli resort in the Seychelles, the Bulgari Hotel in Tokyo, the historic Old War Office Raffles in London and the prestigious Peninsula in Istanbul. In the spa sector, the Blue Lagoon project in Iceland is the only one of its kind in the world.

Among the most iconic references of the year in the world of leisure clubs are the Dallas Country Club, the American Club Central in Hong Kong, Cittadela Clud di Merida in Mexico, the Phoenix Country Club and the Core Club in New York.

Some of the most prestigious residential projects to open in 2022 include: the St. Regis residences in Boston, the Ritz Carlton luxury residences in Paradise Valley Arizona, the Magnificent Mile luxury residences in Chicago, the Armani Casa residences in Miami and the Old War Office Residences by Raffles in London.

Some of the best cruise ships in the world have chosen Technogym for their on-board training centres. Technogym was awarded contracts for the MSC Escape and World Class ships, the Disney Cruise Dream and Fantasy ships, and the Viking Saturn and Neptune ships.

Health, Corporate & Performance

More and more companies all over the world – aware of the benefits in terms of both welfare and productivity – are launching their own corporate wellness programmes. For them, Technogym is the perfect partner, able not only to equip company gyms, but also to create a comprehensive programme for the health and wellbeing of employees, offering facility management services, among other things.

The more than 10,000 global companies that use Technogym for their corporate wellness projects include Facebook, Google and Apple in Silicon Valley.

In 2022, the company initiated numerous new collaborations: Giorgio Armani, Allianz, Campari, Adidas and many more in Italy. On an international level, corporate wellness projects were implemented at Hong Kong airport, the offices of Deliveroo and Warner

Brothers Company in the UK, at the L'Oreal headquarters in France, the Under Armour European headquarters in Amsterdam and the Cisco and Morgan Stanley headquarters in the USA.

In the Education sector, the best universities and business schools relied on Technogym for the promotion of the right lifestyles to young talent. In 2022, projects were created in the UK for the University of Cambridge, Queen's College and London South Bank University, as well as at the Chinese University of Hong Kong.

In the Sport Performance sector, in the first few months of the year, Technogym fitted out many athletic training centres around the world, including for the Chicago White Sox baseball team, the French Federation of Judo facility and the Hong Kong Rugby Union facility, as well as the training centres of Ferrari, Luna Rossa and those of the football clubs Real Madrid and Chelsea FC.

In the medical sector, Technogym was selected by the Memorial Sloan Kettering Cancer Center and Manhattan State Hospital of New York, Humansa in Hong Kong, Shimada Hospital and Nakamura Cardiovascular Clinic in Japan, as well as by many NHS facilities in the UK, the Fisioclinic in Portugal and by the Yan Chai Hospital in Hong Kong.

Home & Consumer

Regarding the home consumer segment, Technogym is now present in more than 400,000 private homes. The main focus for the development of the segment is still concentrated in certain European countries, although there were notable performances compared with the previous year in many geographical areas, demonstrating the significant growth potential of this segment.

Despite the natural decline in the segment compared with 2021, influenced in part by international macroeconomic trends, the performance in 2022 remains positive and much higher than 2019 levels.

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, and vertical solutions for enthusiasts of specific sports such as Technogym Ride.

In 2022, two new retail spaces were opened in Munich and Dubai.

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, involving third-party distributors who operate in markets where we have no direct representatives.

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 2022, around 90% of company sales occurred outside Italy and roughly 45% outside Europe.

The group results in 2022 grew in all geographical areas. In particular, it is worth noting the excellent performance in North America, driven by significant growth in the USA, as well as in the MEIA region.

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.

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 2022, Technogym took part in numerous trade fairs and industry events on an international level, which were held in person following the pandemic. At the same time, the company organised a number of digital events and seminars as well as in-person events, with the aim of continuing its cultural and scientific outreach activities and maintaining contact with its customers and stakeholders.

The events covered the most important topics of the fitness and wellness sector, divided into 4 main 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 2022, the company organised the Technogym INNOVATION OUTLOOK event at Technogym Village, with attendees coming from all over the world. Among the many innovations presented at this event, were Biostrength, the strength training line that is fully integrated with the Technogym Ecosystem, and Technogym Ride, the indoor cycling training solution for use at home and at the gym. The Technogym INNOVATION OUTLOOK concept was replicated in the main markets, including the USA at Lake Nona, the UK at Loughborough University, Australia at NextGen in Melbourne and Benelux at the Feyenoord Training Center.


TECHNOGYM
TECHNOGYM

With the strategy of bringing the industry and consumers closer to the Technogym Experience, a number of TECHNOGYM CLINICS were organised in 2022. There were three main themes: functional training to present the SKILLX format, strength training with the new Biostrength line, and connected, digital training experiences aimed at promoting the Technogym Ecosystem open platform. The events were held on an international level in several countries, the most important including the UK, Italy, Spain and Taiwan.

In terms of the design and luxury segment, in 2022 Technogym had a dedicated space at Waterfront Costa Smeralda to offer exclusive training experiences to holidaymakers in the picturesque setting of Porto Cervo Marina. On an international level, Technogym played a leading role in London at an event in collaboration with the design brand B&B Italia aimed at the community of architects and interior designers in the UK capital.

In 2022, many Technogym Design Conversation events were held all over the world dedicated to the promotion of wellness design, with the involvement of several internationally renowned architects such as Kristina Zanic, Miriam Alia, m2atelier, Zaha Hadid, Patricia Urquiola and many more.

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 outside Italy, in 2022 the company confirmed its collaboration with top international clubs such as Real Madrid and Chelsea FC, as well as the Uruguayan and Brazilian national teams. In basketball, Technogym also continued its collaboration with Olimpia Milano and Virtus Bologna in 2022.

Thanks to its wide range of products, which are perfect for athletic training in all sports disciplines, Technogym collaborates with top sportspeople and highly successful teams such as Ferrari and McLaren in Formula 1. In sailing, Technogym was chosen by Luna Rossa and the Italian Sailing Federation (FIV), 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 2022, Technogym was present at some of the most important tournaments, including the ATP Finals in Turin, the Davis Cup in Bologna, the Italian Open in Rome, and the ATP Next Gen Finals in Milan. In the world of cycling, since 2021 Technogym has been the Official Training Partner of the Giro d'Italia, the Gran Fondo Strade Bianche and Gran Fondo Lombardia.

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.

In 2022, Technogym Village celebrated 10 years since its inauguration, and over these years it has become a reference point for the local community, which it is fully engaged with thanks to the Wellness Valley project. Starting from an idea from Nerio Alessandri, the project aims to make Romagna the first Wellness region in the world through numerous practical initiatives and projects involving local businesses, tourist operators, schools, universities, local government and the health care system.

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 2022, TECHNOGYM employed on average 2,146 staff (2,089 for the year ended 31 December 2021), which comprised 646 blue-collar workers, 1,431 white-collar workers and 69 managers.

(in number)	Year ended 31 December			
	2022		2021	
	Average	Year-end	Average	Year-end
Number of employees				
Managers	69	71	68	69
White-collar	1,431	1,456	1,362	1,405
Blue-collar	646	616	659	681
Total number of employees	**2,146**	**2,143**	**2,089**	**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 in-house trainers on the key company processes, as well as transversal training programmes based on developing soft skills or new expertise, mainly through external trainers, 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 2022, in-person training activities were definitively resumed, while e-learning was continued as part of a blended approach.

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.

The training plan focused in particular on the development of interpersonal and sales skills, on time and project management, and on special projects linked to digital.

For the first time, the Sales Camp was organised, an intensive experiential training project held at Technogym Village involving the best Technogym salespeople from around the world.

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 2022, 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 to the full in all its aspects.

Working for Wellness is the only corporate wellness programme that is aimed at all aspects of mental and physical wellbeing, with services dedicated to movement, nutrition and mental approach according to the Wellness Lifestyle Pyramid developed by the Technogym Wellness Science Center.

Corporate Wellness is an example of a core service of the programme, which gives all staff in the branches around the world the chance to train at the Wellness Center at the company headquarters or to use a specific Welfare Credit for an annual subscription to an affiliated Wellness Club.

Moreover, the W4W programme also undertakes to enhance the different aspects of the personal life of employees by offering and providing various services, including: special agreements with stores, tax advice, supplementary healthcare policy, a summer camp and even the opportunity to access a dedicated web platform - T-Welfare - with additional online services (shopping, tickets, travel, experiences, leisure, prevention, social security and reimbursements).

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.

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".

The T-Take Home service was also set up, which gives all Technogym SpA staff the chance to 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 a social opportunity for governments, businesses and the general public. The company also implemented a number of corporate social responsibility initiatives in 2022, developed locally, nationally and internationally.

↦ For more information, refer to the 2022 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 highlights the uniqueness of our business model 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 SDGs 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 risks;
› **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.

Technogym ESG commitments by 2025

SDGs
more relevant for the value chain

Commitment 1 ··· **WELLNESS LIFESTYLE FOR ALL**

Commitment 2 ··· **RESPONSIBLE INNOVATION AND DESIGN**

Commitment 3 ··· **WELLNESS FOR THE COMMUNITY**

WELLNESS LIFESTYLE FOR ALL

Commitment 1

For over 20 years, Technogym has been promoting wellness as a social opportunity for all stakeholders: governments, businesses and the general public. 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

Commitment 2

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

Commitment 3

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 to achieving the UN's "Sustainable cities and communities" goal.

In addition, in 2022 Technogym took forward its commitment, in line with the path initiated in 2021, to improve the level of disclosure on issues related to climate change, diversity and inclusion, as well as responsible business practices. A sustainability plan was also defined, which reflects the Policy commitments, with the aim of having a tool that makes it possible to communicate the company's strategic vision of sustainability, promote organisational synergies and foster a culture of sustainability for increasingly joined-up thinking. The Plan was shared and discussed with the Control, Risks 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.). At a supranational level, Technogym has for many years been a reference partner of the European professional organisation EuropeActive and the IHRSA, the professional association of fitness clubs based in the USA and operating on a global scale. Moreover, the company makes its own contribution to international economic events, such as the World Economic Forum in Davos. In this context, Chairperson Nerio Alessandri is one of the promoters of the working group dedicated to issues of health and quality of life.
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 general 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 2022 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 EuropeActive, 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 2022 publication "Operational Excellence and Transformative Leadership" was aimed at helping industry operators seize the recovery opportunities in the sector following the pandemic.

Wellness Valley

The "Wellness Valley" initiative, promoted by the Wellness Foundation and supported by Technogym, came about 20 years ago from an idea of Nerio Alessandri: to create the first district in the world for wellness and quality of life in Romagna, building on the economic, intellectual and cultural capital of the region, which is already naturally predisposed to healthy living. It is a non-profit social project with the dual aim of improving health and the quality of life of the population and of creating economic development opportunities linked to Wellness supply chains. 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.

Through its multi-stakeholder approach, the Wellness Foundation 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.

At an international level, the Wellness Valley experience is considered a case study and a concrete example for the creation of systems promoting health with individual and collective benefits.

In 2016, the World Economic Forum in Davos presented a study of the Wellness Valley as an international benchmark of a system that promotes long-term prevention and sustainability thanks to its focus on the prevention and treatment of chronic diseases.

In 2017, the Wellness Foundation actively contributed to the implementation of the World Health Organization's Global Action Plan on Physical Activity 2018-2030, presenting the best practices of Wellness Valley at civil society hearings in Geneva and New York.

Wellness Valley was presented at Expo 2020 Dubai during the Health & Wellness week, with the aim of inspiring the creation of districts dedicated to the promotion of healthy lifestyles.

Wellness Valley activities in 2022

New Memorandum of Understanding

In April, Nerio Alessandri, President of the Wellness Foundation, Stefano Bonaccini, President of the Emilia-Romagna Region, and Giovanni Molari, Rector of the University of Bologna, signed a new Memorandum of Understanding for the promotion of healthy lifestyles in the region.

In addition, working groups were initiated as part of the Centre for the study and analysis of the Wellness Valley, an independent body whose objective is to measure and report on the effects of the projects undertaken. Established in 2018, the Centre comprises multi-disciplinary skills: health economics, epidemiology, events and tourism economics, statistics, sociology, sports management and technological development. The group has prepared the fourth edition of the Wellness Valley Report, which will be presented at the start of February 2023.

Wellness Week

2022 saw the return of "Wellness Week – the week of movement and healthy lifestyles", an event promoted by the Wellness Foundation and Emilia-Romagna Region, with the support of the University of Bologna, and implemented in collaboration with the private and public stakeholders involved in the Wellness Valley project, with a rich calendar of more than 200 free events dedicated to sports, fitness and the culture of movement.

Research Project at the PRIME Center in Cesena

From a Research point of view, of particular note is the project initiated at the PRIME Center in Cesena, the first centre in Italy to bring together prevention, rehabilitation and integrated medicine. A first-class facility set up by the Oncology Institute of Romagna (IOR) in 2021 and an expression of the quality of life culture in the region where the Wellness Valley is located. The aim is to create new treatment pathways for cancer patients based on physical exercise, not just as a preventive tool, but also as valuable support to treatment, with scientifically validated protocols. The partners include the Wellness Foundation and Technogym, which contributed with the donation of its equipment and digital technologies, enabling patients to perform precise and customised training programmes. There are currently 70 cancer patients involved and over 500 services provided thanks to a team of professionals specialising in physical exercise.

Medical Association Training

Numerous training events were organised thanks to the scientific collaboration between the Wellness Foundation and the Region, which started in 2014, making Emilia-Romagna the first region in Italy to prescribe physical exercise for the prevention and treatment of the most common chronic diseases. Since 2016, thanks to an agreement between the Wellness Foundation, the Romagna Local Health Authority and the Medical Association, general practitioners in Romagna can receive training on the methods of prescribing physical exercise for the most common chronic diseases such as diabetes, high blood pressure, cardiovascular diseases and diseases of the skeletal system.

Alma Gym inauguration

To encourage physical activity in university settings, in 2022 the Wellness Valley Multicampus opened two new gyms, Alma Gym Cesena and Alma Gym Forlì, with a third planned in Rimini. The Alma Gyms represent a unique combination of functionality, innovation and expertise, a space open to the university community and locals where students on the Degree Course in Exercise and Sports Sciences will also be able to practise.

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

The financial markets in 2022 were significantly affected by the macroeconomic consequences of the Russian invasion of Ukraine. In fact, this event, including as a result of the sanctions adopted by many countries against Russia, led to the accelerated adoption of restrictive monetary policies by central banks aimed at containing the strong inflationary pressure. The consequences of years of accommodative monetary policies and/or so-called helicopter money were in fact combined with a strong increase in energy commodity prices, especially in Europe, where inflation reached double digits in the last quarter of 2022. The central banks, which continued their ultra-expansionary monetary policies in 2021 despite the clear return of inflation, were forced to accelerate the rate of monetary tightening, combining the reduction of their balance sheets with an increase in reference rates, which returned to levels not seen for many years (2.5% in Europe and 4.5% in the USA).

After registering an almost uninterrupted +110% rally from the lows of March 2020 and reaching new all-time highs at 4,800 points, the S&P 500 index, the main US index, registered a significantly negative performance in 2022, -19.5%, the worst fall since the major financial crisis of 2008. Continuing with the US stock market, the even more negative performance of the Nasdaq index, down more than 33%, is worth noting. This trend is related to the historical exposure of the US technology index to "growth" companies, i.e. those characterised by high expected growth rates in economic performance and particularly high market multiples, which were most affected by the increase in rates and the resulting rise in the cost of capital / worsening economic outlooks. The stronger resilience of value stocks in this context, i.e.

those characterised by lower valuations and less pronounced growth trajectories of the expected results, contributed to the better performance of the S&P 500 and even more so of the Dow Jones (-9%). Turning to the European stock market, this also experienced a downturn, with all the major indexes in negative territory with the exception of the UK, which was largely stable. In this generally negative context, however, it should be noted that the FTSE MIB registered a performance essentially in line with what was seen for the other major indexes (-9.4% compared with the -12.3% of the German DAX and the -6.7% of the French CAC), reflecting the different climate of confidence towards Italy compared to what was seen during the 2008 and 2011 crises. The performance of emerging countries was more negative which, with a contraction of more than 15% in euro terms, more than wiped out the gains registered in the last two years. Finally, at a sector level, the only sector with a significantly positive performance is energy, up +55.2% over the year, driven by the growth in energy commodity prices following the outbreak of the war in Ukraine.

The bond segment was also affected by the restrictive monetary policies adopted by central banks to counter rising inflation, leading to a rapid increase in the yields offered by government bonds. Indeed, in 2022 there was a 4.2% increase in the yield offered by the ten-year BTP (from 1.2% at the start of the year) compared with a 2.3% increase for the Bund (-0.2% at the start of the year), with a contained increase in spread of around 50 basis points. By comparison, the 10-year US Treasury offered a year-end yield of 3.6%, compared with 1.5% at the start of the year. Analysing the performance of the fixed income asset class as a whole, including government and corporate bonds, 2022 closed with a particularly negative performance for all investment-grade bonds that underperformed high-yield bonds (-17.2% compared with -11.1% according to the Bloomberg indexes).

Financial market trends

Market Index	QTD	YTD
Bonds		
Government Italy	-1.2%	-16.0%
Government EMU	-0.8%	-4.7%
Government Global (in Local Currency)	4.5%	-14.5%
Shares		
S&P 500 TR (USD)	7.6%	-13.6%
MSCI Europe TR Local Currency	9.6%	-6.5%
MSCI World TR Local Currency	0.8%	-9.2%
Nikkei TR LC	0.8%	-1.2%
MSCI Emerging Markets TR (USD)	9.7%	-18.5%
Currencies (vs Euro)		
USD	9.2%	-4.7%
JPY	-1.0%	8.6%
GBP	0.9%	6.0%
Commodity		
Bloomberg Commodity Index TR (in USD)	1.2%	4.6%
Gold ($/OZ)	9.8%	1.5%
Crude Oil, WTI (future)	1.0%	-9.0%

Source: Bloomberg, data as of 30 December 2022.

(*): average rate and no percentage change

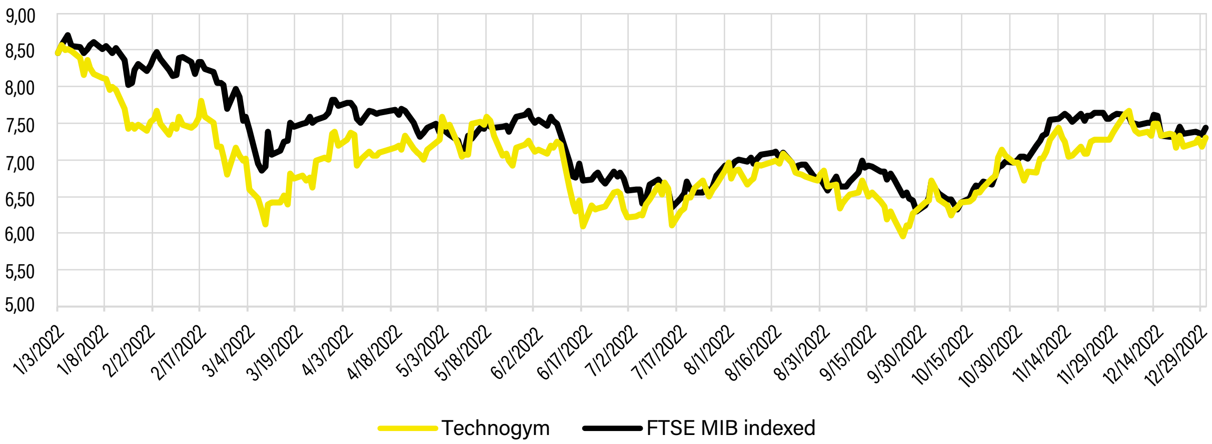
Information on shares and share performance

In this context, some statistics concerning the performance of Technogym stock in 2022 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 table below summarises the performance of the Technogym share price:

Main stock market indicators (Euro)	
Shares listing	
Official price as of 3 January 2022	8.46
Official price as of 31 December 2022	7.31
Minimum closing price (January - December)	5.96
Minimum price in absolute terms	5.85
Maximum closing price (January - December)	8.57
Maximum price in absolute terms	8.67
Stock market capitalisation	
Stock market capitalisation as of 2 January 2022	1,702,224,013
Stock market capitalisation as of 31 December 2022	1,470,697,388
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 2022:

Main shareholders	Number of shares	Share	Voting rights
TGH S.r.l.*	68,000,000	33.78%	50.51%

*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 2022 amounted to Euro 10,066,375, divided into 201,327,500 ordinary shares with no par value.

As of 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 EXM market managed by Borsa Italiana S.p.A.

2023 Financial Calendar

Date	Corporate events
29 March 2023	Board of Directors' meeting for approval of the 2022 Draft Financial Statements (*)
05 May 2023	Shareholders' meeting for approval of the 2022 Financial Statements
11 May 2023	Board of Directors' meeting for disclosure not subject to auditing on the performance of consolidated revenues in the first quarter of the 2023 financial year (*)
02 August 2023	Board of Directors' meeting for approval of the half-yearly financial report as of 30 June 2023
30 October 2023	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 2023 financial year (*)

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

Option not to 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 MACROECONOMIC SCENARIO

"The global cyclical scenario worsened again in the fourth quarter. According to available indicators, activities in advanced countries – still influenced by the repercussions of the war in Ukraine and high inflation – slowed down. Activities in China were also weakened by the measures imposed in October and November to contain the Covid-19 pandemic. International trade slowed down markedly. The slowing of global demand contributed to controlling oil prices; in Europe, natural gas prices fell sharply, although they remained at historically high levels. International institutions forecast a weakening of world growth this year, above all due to the still high energy prices, the weakness in the disposable income of households and less favourable financial conditions." This comes from the latest Economic Bulletin published by the Bank of Italy, immediately focusing on the main trends that characterised the evolution of 2022, from an initial continuation of supply chain pressures – mainly related to the Asia Pacific region and China as a result of the Zero-Covid policy adopted by the government – to the start of the normalisation of monetary policies by central banks, to the tragic return of war in Europe with the invasion of Ukraine by Russia and the significant consequences of this on the global economy and, in particular, on the European economy in view of the numerous sanctions against Russia approved by many countries. These sanctions hit companies in many product sectors over the year, reducing the turnover generated by them in Russia quite significantly, but the overwhelming impact was on the energy industry. In fact, there was a sudden increase in the price of natural gas, an essential commodity for electricity generation in Europe, in particular in countries such as Germany and Italy, which reached a peak of 339 €/MWh in August for the Title Transfer Facility exchanged on the Dutch market, with around a 10-fold increase compared to the average values registered in previous years.

This unexpected jump in prices led to a general rethinking of the European gas supply chain, with greater weight being attributed to countries such as Algeria and a widespread desire to shift towards the purchase of Liquefied Natural Gas from producers such as the USA and Qatar. However, the need to wait several years to break away from the current dependence on Russian gas as well as fears of a harsh winter led to a sustained increase in energy prices and as a result the costs of many goods and services, generating significant inflationary pressure (9.2% in Europe y/y in December with a double-digit peak in the previous months). The dramatic return of inflation prompted central banks to accelerate the normalisation of monetary policies, initiating restrictive policies that led to a general decrease in the confidence of consumers and businesses.

This negative trend can also be seen in the analysis of some macro-indicators such as the Manufacturing PMI, which registered values below 50 points (an early indicator of a possible economic slowdown) in almost all advanced economies from the beginning of the second half of 2022. In the USA, the expected weakening of business activities was partially offset by stable retail sales and the further expansion of employment. In the UK, the fall in PMI values was accompanied by signs of further reductions in household consumption. In Europe, the decrease followed a drop in confidence in the industrial sector, while the services sector saw a more contained contraction.

General expectations of a slowdown in the economic cycle led to a downturn in global demand – partial data available from customs sources seem to show a net slowdown in global trade starting from the autumn, potentially extending into 2023, with an expected growth of 1.7% compared to the +5.6% of 2022 – and, in October, to a fall in oil prices to below 85 USD/boe, the level seen at the start of 2022. This price level remained broadly unchanged following the entry into force of the embargo on Russian oil by EU countries in December 2022. Furthermore, from mid-October, the price of gas reduced considerably, reaching 70 €/MWh by mid-January 2023 due to favourable weather conditions in the autumn and to the fall in industrial demand in Europe, which made it possible to maintain gas stocks at higher levels than originally planned.

In this context, the central banks played a leading role, significantly changing their monetary policies to be more restrictive following years of expansion in order to contain the growth in inflation as much as possible. At its November and December meetings, the Federal Reserve decided on further increases in the reference interest rate, by 75 and 50 basis points respectively, bringing rates to 4.5%. The Bank of England also increased the official rate once again at its last two meetings to the same extent, reaching 3.5%, and initiated a programme to reduce its balance sheet in November. In addition, the European Central Bank, at its October and December meetings, increased the official rates by 75 and 50 basis points respectively, taking the rates to 2.5%. It also indicated that the rates will still have to increase significantly and at a steady pace to support a swift return of inflation to the medium-term target of 2%. The Governing Council also decided to make the conditions applied to Targeted Longer-Term Refinancing Operations (TLTRO3) less favourable, and in December announced the criteria according to which it will normalise the Eurosystem's bond holdings for monetary policy purposes. The Asset Purchase Programme (APP) portfolio will be reduced at a moderate and predictable pace, equal on average to €15 billion per month from the start of March until the end of the second quarter of 2023. The reinvestment of maturing securities as part of the Pandemic Emergency Purchase Programme (PEPP) will, on the other hand, continue until at least the end of 2024 and will be conducted in a flexible way.

Finally, the trend in economic activities in the third quarter varied between the major economies. Growth was registered in the USA and the Euro Area, at +3.2% and +1.3% y/y respectively, while there was a contraction in Japan (-0.8%) and the UK (-1.2%). Whereas, there was a growth in GDP in all the main emerging countries. Despite the decrease in inflation in the USA and UK in the fourth quarter (to 7.1% from 8.3% and to 10.5% from 11.1%, respectively) pointing to a gradual easing of restrictive monetary policies by the central banks of these countries, the outlook for the global economy is for a marked slowdown in 2023. According to estimates published by the OECD, the growth in global GDP in 2023 should fall to 2.2% (from the expected 3.1% for 2022), with the UK being the only advanced economy to see a contraction of -0.4%. The expected performance in the Eurozone is positive, albeit only slightly, where the upcoming decisions of the ECB are pending, which at the moment seems the most reluctant to slow down the monetary tightening cycle. The expected performance in the US is also slightly positive at +0.5%. Among the main emerging countries, only Russia is expected to see a contraction (-4.5%).

Currency Market

The expected decrease in interest rate differentials in the USA and other countries influenced the trend in the exchange rate between the dollar and other major currencies. From mid-October, the euro-dollar exchange rate increased by about 11%, exceeding parity, and the nominal effective exchange rate of the euro also strengthened again. This trend continued in January, leading to a level of 1.09, which had not been seen since April 2022. Although the long positions in euro increased among non-commercial traders during the final weeks of December/beginning of January 2023, the projections of the major international investment banks do not show a clear direction in the future development of the exchange rate.

The euro-British pound exchange rate saw a gradual improvement in the final weeks of the same period, returning to around 0.88/0.89, a level not seen since September, reflecting in part the fears of a slowdown in the British economy highlighted previously.

In Japan, at the end of October, the central bank continued its measures on the foreign exchange market to counter the depreciation of the yen against the dollar. The Japanese yen, initially helped by these measures, would have benefited from the drop in oil prices and the reopening of tourism, which interrupted the deterioration of the current account.

Finally, the renminbi appreciated against the dollar, partly as a result of the announcements in December about an easing of the Zero-Covid Policy, as a result of which the substantial capital outflows that had been taking place since the beginning of 2022 were substantially reduced.

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 BtoB 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 important 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 BtoC (business to client) and BtoB (business to business) segments. With the rapid resumption of BtoB activities, whether Clubs, Hotels or Corporates, the company was able to consolidate its role as a key player in the industry, the only one with an integrated equipment, software and content solution. At the same time, the company is in a unique position to support the continuing interest of users in Prestige home fitness solutions.

1.2 COMMENTS ON THE GROUP'S ECONOMIC AND FINANCIAL RESULTS

The Group uses some of the following definitions as "Alternative Performance Measures" (APMs) as set out in the European Securities Markets Authority (ESMA) guidelines (ESMA/2015/1415) and implemented by CONSOB communication no. 0092543 of 3 December 2015.

The content and meaning of the main measures used by the Group in its presentation of the economic and financial results for the year ended 31 December 2022 are shown below, compared with those of the previous year:

(In thousands of Euro, with ratios)	**Year ended 31 December**		**Changes**	
	2022	**2021**	**2022 vs 2021**	**%**
Revenues	721,490	611,412	110,078	18.0%
Adjusted EBITDA (1)	131,927	107,023	24,905	23.3%
Adjusted EBITDA margin (1)	18.3%	17.5%	0.8%	4.5%
Adjusted net operating income (2)	85,306	67,059	18,248	27.2%
Adjusted Group Net Income (3)	66,141	51,221	14,920	29.1%

(1) The Group defines:
- adjusted EBITDA as the net operating income, adjusted by the following income statement items: (i) net provisions; (ii) depreciation, amortisation and impairment losses (write-backs); (iii) non-recurring income/(expenses) and;
- 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 Net Income as group profit adjusted for non-recurring income/(expenses) and non-recurring taxes.

(In ratios)	**Year ended 31 December**	
	2022	**2021**
ROS (4)	11%	13%
Adjusted ROS(5)	12%	11%
ROE (6)	18%	20%
ROI (7)	37%	37%
Adjusted ROI (8)	38%	31%
Adjusted EBITDA/financial expenses ratio (9)	158.72	123.45
Net Indebtedness/adjusted EBITDA ratio	n.a.	n.a.

The Group defines:
(4) ROS as the ratio of Net Operating Income to Total Revenues
(5) Adjusted ROS as the ratio of Adjusted Net Operating Income to Total Revenues
(6) ROE as the ratio of Group Profit (Loss) to Equity
(7) ROI as the ratio of Net Operating Income to Net Invested Capital
(8) Adjusted ROI as the ratio of Adjusted Net Operating Income to Net Invested Capital
(9) Financial Expenses refer exclusively to: (i) Bank interest on loans and (ii) Bank interest and fees.

Total revenues amounted to Euro 721,490 thousand, up by Euro 110,078 thousand (18%) compared to Euro 611,412 thousand in 2021. The increase for the financial year is due to a strong recovery in the Commercial business, driven by the Club segment, as well as by the "Hospitality & Residential" and "Health Corporate and Performance" segments, which achieved record results. The results were mainly due to increased BtoB volumes, to the increase in list prices and to a better product mix, as well as to the positive effect of the conversion of foreign currency items, which offset a reduction in sales volumes in the BtoC segment. With constant exchange rates, total revenues would be Euro 702,299 thousand (+14.9% compared with 2021).

Adjusted EBITDA amounted to Euro 131,927 thousand, up by Euro 24,905 thousand (23.3%) compared to Euro 107,023 thousand in 2021. This performance is attributable to the increase in BtoB volumes and the rise in list prices applied by the group to offset the increase in operating costs, above all related to raw materials and logistics. Furthermore, the business has returned to its normal seasonal trend, characterised by higher marketing costs for trade fairs and events in the first half of the year, as well as an increase in after-sale support activities with respect to last year, due to the re-opening of clubs under ordinary operating conditions. In this scenario, Technogym registered an **Adjusted EBITDA Margin** of 18.3%, up compared with the 17.5% of the previous year.

Adjusted net operating income amounted to Euro 85,306 thousand, up by Euro 18,248 thousand (27.2%) compared to Euro 67,059 thousand in 2021, also influenced by the trends mentioned above. Net operating income was also affected by the amortisation and depreciation in the period, standing at Euro 40,464 thousand and up Euro 3,933 thousand compared with the previous financial year, relating to continuous investments made to digitalise the offer, both with reference to new technologies employed and with regard to the content development. Furthermore, Technogym continues to invest, pursuing its plan to expand and upgrade its boutique stores and offices at the sales branches. **Adjusted ROS margin** of 12% for the financial year ended 31 December 2022 is up compared with the 11% of the financial year ended 31 December 2021.

Adjusted Group Net Income for the period amounted to Euro 66,141 thousand, up by Euro 14,920 thousand (29.1%) compared to Euro 51,221 thousand in 2021. 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 870 thousand (negative Euro 1,432 thousand in 2021). The Adjusted Group Net Income for the period represents 9.2% of Group revenues (8.4% in 2021).

In the year ended 31 December 2022, **non-recurring expenses** of Euro 2,554 thousand was recognised, linked primarily to staff severance payments, as well as other costs of extraordinary services not associated with ordinary operations. As of 31 December 2021, non-recurring income of Euro 11,838 thousand was recognised in respect of the capital gain obtained on the sale of shares held in Amleto APS (Exerp Group) for Euro 13,961 thousand, net of non-recurring costs of Euro 2,123 thousand.

The **ratio of Net Indebtedness to Adjusted EBITDA** is considered insignificant given that the Group, both as of 31 December 2022 and during the previous financial year, had a positive Net Financial Position.

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 2022 and as of 31 December 2021:

(In thousands of Euro)	As of 31 December		
	2022	**2021**	**% Variations**
Loans			
Net Fixed Capital [10]	270,887	244,755	10.7%
Net Operating Capital [11]	(46,542)	(29,176)	59.5%
Net Invested Capital	**224,345**	**215,579**	**4.1%**
Sources			
Equity	345,927	311,560	11.0%
Net financial position [12]	(121,582)	(95,981)	26.7%
Total sources of financing	**224,345**	**215,579**	**4.1%**

(10) 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.

(11) Net operating capital is composed of: (i) Inventories; (ii) Trade Receivables; (iii) Other current assets; (iv) Trade payables; (v) Income tax liabilities; (vi) Current provisions for risks and charges and (vii) Other current liabilities.

(12) 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 amounted to Euro 270,887 thousand, up by Euro 26,132 thousand compared to Euro 244,755 thousand for the year ended 31 December 2021. This increase is mainly attributable to the net effect of (i) higher tangible and intangible fixed assets due to the normal investment activities of the Group in the development of new digital solutions and products, as well as plans to expand and upgrade the boutique stores and offices at the sales branches; (ii) an increase in transferred trade receivables due after 12 months (see the “Other Non-Current Assets” section for details on the nature of the item); and (iii) an increase in deferred tax assets.

Net operating capital amounted to negative Euro 46,542 thousand, down by Euro 17,366 thousand compared to the negative balance of Euro 29,176 thousand as of 31 December 2021. 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 balance of the “Trade receivables” item of Euro 6,582 thousand, mainly due to an increase in turnover; (ii) an increase in the “Trade payables” item of Euro 14,309 thousand and (iii) a decrease in the balance of the “Inventories” item of Euro 7,877 thousand, the latter being related to the notable sales achieved in the last part of the financial year and to the efficiency measures on production components implemented by the production sites, which lowered the inventory value despite the increase in purchase prices of raw materials and components. It should also be noted that: (i) the average number of days in inventory went from 92 for the year ended 31 December 2021 to 77 for the year ended 31 December 2022 (the inventory turnover ratio went from 3.9 to 4.7); (ii) the average days of collection of trade receivables went from 50 for the year ended 31 December 2021 to 45 for the year ended 31 December 2022 (the trade receivables turnover ratio went from 7.1 to 8.1); and (iii) the DPO went from 146 for the year ended 31 December 2021 to 133 for the year ended 31 December 2022 (the trade payables turnover ratio went from 2.5 to 2.7).

The **Net financial position** as of 31 December 2022, which includes the effects of the application of the IFRS 16 accounting standard, is positive by Euro 121,582 thousand, up by Euro 25,601 thousand compared to the balance of Euro 95,981 thousand for the year ended 31 December 2021.

The increase is mainly attributable to a cash generation of Euro 100.2 million before taxes (with a conversion rate of 78%), despite an acceleration in investments (Euro 34.3 million compared to Euro 27.7 million in 2021) aimed at supporting the development of innovative training solutions and experiences based on content and artificial intelligence. At year-end, the company further improved its net cash position to Euro 121.6 million, compared to Euro 96.0 million in 2021 (including the application of the IFRS 16 accounting standard, whose impact amounts to Euro 28 million).

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

(In thousands of Euro)	**Cash credit lines**	**Self-liquidating credit lines**	**Financial credit lines**	**Total**
As of 31 December 2022				
Credit lines	7,382	17,641	240,441	265,464
Utilisations	—	—	(11,747)	(11,747)
Credit lines available as of 31 December 2022	**7,382**	**17,641**	**228,694**	**253,717**

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 345,927 thousand, up by Euro 34,366 thousand compared to Euro 311,560 thousand in the year ended 31 December 2021. This increase is mainly due to the recognition of profit for the period of Euro 63,587 thousand, offset by the recognition of Euro 32,212 thousand in dividends. For more details see section 6.12 "Equity" of this document.

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 the management when making operational decisions.

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

However, for the purposes of operational and sales analysis, Management considers customer-related aspects, geographical areas and distribution channels to be important, 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:

(In thousands of Euro and percentage of total revenues)	**Year ended 31 December**		**Changes**	
	2022	**2021**	**2022 vs 2021**	**%**
B2C	165,382	181,706	(16,324)	(9.0%)
B2B	556,107	429,705	126,401	29.4%
Total revenues	**721,489**	**611,412**	**110,077**	**18.0%**

Revenues as of 31 December show a net recovery in the BtoB segments (+29.4%) driven by the Club segment, which is rapidly returning to 2019 turnover levels, as well as the "Hospitality & Residential" and "Health Corporate and Performance" segments, which achieved record results.

The BtoC segment registered a natural slowdown compared to the previous year, but remains at a significantly higher level (+83%) than that seen in 2019, reflecting the ongoing interest of end users in hybrid training solutions, which include training at home, and the greater resilience of the Prestige segment in which the company has historically operated.

(In thousands of Euro and percentage of total revenues)	**Year ended 31 December**		**Changes**	
	2022	**2021**	**2022 vs 2021**	**%**
Europe (without Italy)	333,171	291,122	42,049	14.4%
APAC	122,336	110,782	11,554	10.4%
North America	101,103	69,042	32,061	46.4%
Italy	63,659	63,032	627	1.0%
MEIA	83,737	62,333	21,404	34.3%
LATAM	17,483	15,101	2,382	15.8%
Total revenues	**721,489**	**611,412**	**110,077**	**18.0%**

The Group registered growth in all geographical areas of the world. The performance in North America was particularly strong (+46.4%), driven by very significant growth in the USA, as well as in Europe where, despite the more complex macroeconomic context, the company managed to grow in all the most important countries, taking advantage of the unique nature of its digital solution as well as the growing interest in high-added-value training solutions by Premium customers.

(In thousands of Euro and percentage of total revenues)	Year ended 31 December		Changes	
	2022	2021	2022 vs 2021	%
Field sales	465,768	374,290	91,478	24.4%
Wholesale	176,817	145,322	31,495	21.7%
Inside sales	66,280	79,490	(13,210)	(16.6%)
Retail	12,624	12,300	324	2.6%
Total revenues	**721,489**	**611,412**	**110,077**	**18.0%**

As far as turnover by sales channel is concerned, the excellent performance of the Field Sales channel is worth mentioning, linked to the growing productivity of the direct sales network, and of the Wholesale channel, which recorded very significant growth in both the MEIA region (significant performance in Saudi Arabia and South Africa) and the APAC region (it is worth highlighting the growth in Thailand and Vietnam and the consolidation of performance in strategic areas such as Korea, Singapore and Malaysia).

The channels most relevant to home fitness, Inside Sales and Retail, faced a 2021 still partially impacted by the difficult health situation in some countries. Despite this, the Retail channel consolidated the results of the previous year, while Inside Sales was affected by the international trends in the Home segment, despite the positive performance in specific markets such as the USA, Australia and the Emirates.

In accordance with IFRS 8, paragraph 34, for the years ended 31 December 2022 and 31 December 2021, the Group did not have any clients generating more than 10% of total revenues.

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

The **total revenues of TG S.p.A.** amounted to Euro 504,333 thousand, which is an increase of Euro 65,494 thousand (+14.9%) compared to Euro 438,839 thousand in 2021. The increase for the financial year is due to a strong recovery in the BtoB business, driven by both the Club segment and the "Hospitality & Residential" and "Health Corporate and Performance" segments, which achieved record results. The results were mainly due to the increased BtoB volumes, to the increase in list prices and to a better product mix, as well as to the positive effect of the conversion of foreign currency items, which offset a reduction in sales volumes in the BtoC segment.

Adjusted profit for the period of Technogym S.p.A. amounted to Euro 69,888 thousand, up by Euro 14,721 thousand compared to Euro 55,167 thousand. This increase is in line with the trends in the Net operating income mentioned above.

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 2022 and as of 31 December 2021:

(In thousands of Euro)	**As of 31 December**			
	2022	**2021**	**Changes**	**Changes %**
Loans				
Net Fixed Capital[(1)]	366,600	342,339	24,262	7%
Net Operating Capital[(2)]	(34,366)	(11,846)	(22,520)	190%
Net Invested Capital	**332,235**	**330,493**	**1,742**	**1%**
Sources				
Equity	390,151	352,410	37,741	11%
Net financial indebtedness[(3)]	(57,917)	(21,918)	(35,998)	164%
Total sources of financing	**332,235**	**330,493**	**1,743**	**1%**

(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) Inventories; (ii) Trade Receivables; (iii) Other current assets; (iv) Trade payables; (v) Income 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. amounted to Euro 366,600 thousand, up by Euro 24,262 thousand compared to Euro 342,339 thousand for the year ended 31 December 2021. This increase is mainly attributable to the net effect of (i) higher tangible and intangible fixed assets due to the normal investment activities of the company in the development of new products; (ii) an increase in transferred trade receivables due after 12 months. See “Other Non-Current Assets” section for details on the nature of the item; and (iii) an increase in deferred tax assets.

Net operating capital of TG S.p.A. amounted to negative Euro 34,366 thousand, down by Euro 22,520 thousand compared to the negative balance of Euro 11,846 thousand as of 31 December 2021. 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 8,885 thousand, mainly due to an increase in turnover; (ii) an increase in the “Trade payables” item of Euro 17,095 thousand and (iii) a decrease in the “Inventories” item of Euro 7,534 thousand, the latter being related to the notable sales achieved in the last part of the financial year and to the efficiency measures on production components implemented by the production sites, which lowered the inventory value despite the increase in purchase prices of raw materials and components. It should also be noted that: (i) the average days of collection of trade receivables went from 57 for the year ended 31 December 2021 to 54 for the year ended 31 December 2022 (the trade receivables turnover ratio went from 6.3 to 6.7); (ii) the DPO went from 147 for the year ended 31 December 2021 to 140 for the year ended 31 December 2022 (the trade payables turnover ratio went from 2.7 to 2.45); and (iii) the average number of days in inventory went from 57.49 for the year ended 31 December 2021 to 46.72 for the year ended 31 December 2022 (the inventory turnover ratio went from 6.35 to 7.81).

Net financial indebtedness of TG S.p.A. was positive and amounted to 57,917 thousand, up by Euro 35,998 thousand compared to the negative Euro 21,918 thousand in the year ended 31 December 2021. The increase is mainly due to an operating cash flow of Euro 79,272 thousand and to an overall positive effect of the trade working capital of Euro 13,623 thousand. The effect is offset by investments of Euro 20,237 thousand in tangible and intangible fixed assets, by the payment of Euro 12,890 thousand in taxes, of Euro 32,172 thousand in dividends and by the payment of Euro 6,930 thousand for leased assets according to the IFRS 16 accounting standard. The net financial indebtedness before the application of the standard would be positive by Euro 85,469 thousand, up by Euro 35,629 thousand compared to 31 December 2021, when the value was Euro 49,840 thousand.

Equity of TG S.p.A. amounted to Euro 390,151 thousand, up by Euro 37,741 thousand (11%) compared to Euro 352,410 thousand for the year ended 31 December 2021. This increase in mainly due to the recognition of profit for the period of Euro 68,976 thousand, offset by the recognition of Euro 32,212 thousand in dividends. For more details see section 12 "Equity" of this document.

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 the management when making operational decisions.

The approach to the market follows a unique business model that offers an integrated range of "Total Wellness solutions" and also pursues higher levels of operational efficiency.

A breakdown of revenues by geographical area is provided below:

(In thousands of Euro and percentage of total revenues)	**Year ended 31 December**		**Changes**	
	2022	**2021**	**2022 vs 2021**	**%**
Europe (without Italy)	214,423	184,116	30,307	16.46%
MEIA	88,460	67,835	20,625	30.40%
APAC	77,194	82,631	-5,437	-6.58%
Italy	63,659	63,032	627	0.99%
North America	42,736	27,934	14,802	52.99%
LATAM	17,860	13,290	4,570	34.39%
Total revenues	**504,333**	**438,838**	**65,495**	**14.90%**

1.4 RISK FACTORS

Financial risks

Financial markets continued to be volatile in 2022. 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 2022, sensitivity analyses was conducted on the recoverability of the value of receivables on which there is a buyback obligation. Given that defaults of approximately Euro 1.5 million were recorded during the financial year, generating a loss on resales of 48%, as a result of these analyses, the Group estimated a default risk for the subsequent financial years of approximately Euro 3 million on a portfolio of Euro 160 million. Therefore, the balance of the bad debt provision for these receivables remained unchanged compared with 2021, given that the default of some customers with positions of probable risk has not yet occurred.

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 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.

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 also continuously monitoring the developments in the conflict in Ukraine and the resulting embargoes on the Russian market. In relation to the Russian market, Technogym operates directly through the Technogym AO subsidiary, whose revenues are less then 2% of the Group total and were generated in the first part of the year when the restrictive export measures were not yet in place. Negotiations are also underway to sell the business, held indirectly by the parent Technogym S.p.A. through Technogym International, at a price of Euro 2.9 million, which will allow the write-back of the value of the investment on the statutory accounts, and the recovery on the consolidated accounts of the contribution made by the subsidiary, principally the cash assets of Euro 8.3 million.

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.

In particular, a Security Operation Center (SOC) system is in place, operating 24 hours, which has the task of preventing cyber attacks using advanced technology solutions and a variety of approaches. The SOC analyses the activity on networks, databases, applications, websites and other systems to discover any anomalous behaviour that could indicate a security threat or system compromise.

1.5 INVESTMENTS AND ACQUISITIONS

In the 2022 financial year, the Group made investments in property, plant and equipment and intangible assets totalling Euro 36,402 thousand, up on the figure for 2021, where the value was Euro 27,691 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 2022 and in the year ended 31 December 2021 are shown below, broken down by type:

(In thousands of Euro)	**Year ended 31 December 2022**	**Year ended 31 December 2021**
Property, plant and equipment	14,748	11,095
Intangible assets	20,216	16,596
Total investments	**34,964**	**27,691**

The table below shows the investments made by the Group in the year ended 31 December 2022 and in the year ended 31 December 2021, relating to the 'Property, plant and equipment' item, broken down by category:

(In thousands of Euro)	**Year ended 31 December 2022**	**Year ended 31 December 2021**
Land	405	—
Buildings and leasehold improvements	2,641	1,416
Plant and machinery	746	1,038
Production and commercial equipment	5,369	5,672
Other assets	2,185	2,580
Assets under construction and advances	3,402	2,168
Total investments in property, plant and equipment	**14,748**	**11,095**

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 2022 and in the year ended 31 December 2021, relating to the 'Intangible assets' item, broken down by category:

(In thousands of Euro)	**Year ended 31 December 2022**	**Year ended 31 December 2021**
Development costs	4,173	6,036
Patents and intellectual property rights	6,495	5,442
Concessions, licences, trademarks and similar rights	506	288
Intangibles under development and advances	6,821	4,738
Other intangible assets	2,220	91
Total investments in intangible assets	**20,216**	**16,596**

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 2022 financial year, the Group did not make any significant purchases of stocks or shares in companies.

1.6 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 the financial year 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 2022.

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 2022.

1.7 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In January, Technogym took part in the World Economic Forum in Davos, during which Erica Alessandri, member of the Technogym Board of Directors, participated in various projects/conferences on the role and impacts of regular physical exercise in terms of global health. In particular, Technogym was one of the founding members of the new WEF initiative to tackle obesity around the world.

In February, Technogym took part in the Arco Madrid art fair – the flagship event for contemporary art in Spain and Latin America – with an installation by the celebrated designer Patricia Urquiola focusing on the message "Let's Move for a Better World", referring to physical exercise as an opportunity to build a better world, starting with people's health.

On 8 March, International Women's Day, Technogym promoted a campaign on women's sport on social media and at its boutique outlets, starting from the fact that women's sport accounts for only 4% of sports-related media coverage.

In 2023, an agreement was signed with the shareholder that holds 51% of the capital in Technogym Emirates LLC, a joint venture set up in the UAE, involving the redefinition of the corporate governance and enabling the Group to gain substantial control of the subsidiary. Therefore, starting from the signing of this agreement, the Group will fully consolidate the subsidiary, which is currently accounted for using the equity method.

1.8 OUTLOOK

Several studies confirm that 2022 was characterised by a significant recovery in all sectors of the BtoB segment in which the company has historically operated. The number of visits to fitness centres is continuing to rise, as is the willingness of end users to spend on Wellness, with an expected increasing interest in the customisation of their training. These aspects will allow Technogym to take full advantage of its unique digital ecosystem, which today has more than 22 million members, filling it with customised training protocols and programmes developed in partnership with leading trainers, and harnessing the artificial intelligence now present on various pieces of equipment and the Technogym App.

International growth, with a specific focus on North America 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 high-single-digit increase in turnover and improved profitability, while continuing to invest in innovation, which has always been the cornerstone of the Technogym offer, and which will be at the centre of the launch of innovative training products and solutions that will be announced over the coming months.

2

CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2022

Technogym Group Consolidated Financial Statements

Consolidated statement of financial position

(In thousands of Euro)	**Notes**	**As of 31 December**			
		2022	***of which from related parties***	**2021**	***of which from related parties***
Assets					
Non-current assets					
Property, plant and equipment	4.1	164,122	*9,094*	153,563	*8,498*
Intangible assets	4.2	55,688		50,697	
Deferred tax assets	4.3	24,043		20,280	
Investments in joint ventures and associates	4.4	4,058		4,438	
Non-current financial assets		201		200	
Other non-current assets	4.5	73,544	*13*	62,871	—
Total non-current assets		**321,656**		**292,049**	
Current assets					
Inventories	4.6	100,671		108,548	
Trade receivables	4.7	110,824	*(6)*	104,242	*1,963*
Current financial assets	4.8	19,883		53,837	
Assets for derivative financial instruments	4.9	637		127	
Other current assets	4.10	27,178	*1,292*	29,984	*475*
Cash and cash equivalents	4.11	205,358		174,306	
Total current assets		**464,551**		**471,044**	
Total assets		**786,207**		**763,092**	

(In thousands of Euro)	Notes	As of 31 December			
		2022	*of which from related parties*	2021	*of which from related parties*
Equity and liabilities					
Equity					
Share capital		10,066		10,066	
Share premium reserve		7,132		7,132	
Other reserves		37,698		31,321	
Retained earnings		225,438		198,256	
Profit (loss) attributable to owners of the parent		63,587		63,065	
Equity attributable to owners of the parent	4.12	**343,922**		**309,841**	
Capital and reserves attributable to non-controlling interests		1,716		1,519	
Profit (loss) attributable to non-controlling interests		288		200	
Equity attributable to non-controlling interests		**2,005**		**1,720**	
Total equity		**345,927**		**311,560**	
Non-current liabilities					
Non-current financial liabilities	4.13	66,431	*8,540*	57,671	*7,974*
Deferred tax liabilities	4.14	168		301	
Employee benefit obligations	4.15	2,600		3,091	
Non-current provisions for risks and charges	4.16	9,586		8,952	
Other non-current liabilities	4.17	38,415		34,950	
Total non-current liabilities		**117,201**		**104,964**	
Current liabilities					
Trade payables	4.18	173,559	*1,002*	159,769	*640*
Current tax liabilities	4.19	9,169		5,951	
Current financial liabilities	4.13	37,501	*3,457*	73,771	*2,737*
Liabilities for derivative financial instruments	4.20	77		41	
Current provisions for risks and charges	4.16	14,222		11,734	
Other current liabilities	4.21	88,552		95,302	
Total current liabilities		**323,080**		**346,567**	
Total equity and liabilities		**786,207**		**763,092**	

Consolidated income statement

(In thousands of Euro)	Notes	Year ended 31 December			
		2022	*of which from related parties*	2021	*of which from related parties*
Revenues					
Revenues	5.1	719,025	*15,147*	609,742	*11,302*
Other revenues and income	5.2	2,465	*292*	1,670	*206*
Total revenues		**721,490**		**611,412**	
Operating costs					
Purchases and use of raw materials, work in progress and finished goods	5.3	(248,077)	*(123)*	(209,425)	*(63)*
of which non-recurring expenses:		*(18)*		*(46)*	
Cost of services	5.4	(189,192)	*(2,368)*	(158,228)	*(882)*
of which non-recurring expenses:		*(725)*		*(495)*	
Personnel expenses	5.5	(151,330)	*(311)*	(133,307)	*(147)*
of which non-recurring expenses:		*(1,442)*		*(1,421)*	
Other operating costs	5.6	(5,277)	*(14)*	(6,933)	*(12)*
of which non-recurring expenses:		*(360)*		*(153)*	
Share of net result from joint ventures	5.7	1,768		15,352	
of which non-recurring income		-		*13,961*	
Depreciation, amortisation and impairment / (write-backs)	5.8	(40,386)	*(1,600)*	(36,435)	*(1,508)*
Net provisions	5.9	(6,242)		(3,533)	
of which non-recurring expenses:		*(8)*		*(3)*	
Net operating income		**82,753**		**78,902**	
Financial income	5.10	27,436	*19*	11,998	*15*
Financial expenses	5.11	(27,177)	*(109)*	(11,596)	*(221)*
Net financial expenses		**259**		**402**	
Income/(expenses) from investments	5.12	298		427	
Profit before tax		**83,309**		**79,731**	
Income taxes	5.13	(19,434)		(16,466)	
Profit/(loss) for the period		**63,875**		**63,265**	
Profit/(loss) attributable to non-controlling interests		(288)		(200)	
Profit (loss) attributable to owners of the parent		**63,587**		**63,065**	
Earnings per share (in Euro)	5.14	**0.32**		**0.31**	

Consolidated statement of comprehensive income

(In thousands of Euro)	Notes	Year ended 31 December	
		2022	**2021**
Profit (loss) for the period (A)		**63,875**	**63,265**
Actuarial gains/(losses) on post-employment benefit obligations and Non-Compete Agreements	4.16	602	122
Tax effect on actuarial gains/(losses) on post-employment benefit obligations and Non-Compete Agreements		(151)	(40)
Total items that will not be reclassified to profit or loss (B1)		**451**	**82**
Exchange rate differences on the translation of foreign operations		1,425	2,414
Exchange rate differences for valuation of entities accounted for using the equity method	4.4	330	280
Gains (losses) on cash flow hedging instruments (IRS)	4.20	(3)	—
Tax effect - Gains (losses) on cash flow hedging instruments (IRS)		1	—
Total items that will be reclassified to profit or loss (B2)		**1,752**	**2,694**
Total Other comprehensive income, net of tax (B)=(B1)+(B2)		**2,203**	**2,775**
Total comprehensive income for the period (A)+(B)		**66,079**	**66,040**
of which attributable to owners of the parent		*65,790*	*65,840*
of which attributable to non-controlling interests		*288*	*200*

Consolidated cash flow statement

(In thousands of Euro)	Notes	Year ended 31 December	
		2022	2021
Cash flows from operating activities			
Consolidated Profit (loss) for the period	4.12	63,875	63,265
Adjustments for:			
Income taxes	5.13	19,434	16,466
Income/(expenses) from investments	5.12	(298)	(427)
Financial income/(expenses)	5.10 - 5.11	(259)	(402)
Depreciation, amortisation and impairment	5.8	40,386	36,435
Net provisions	5.9	8,435	3,533
Share of net result from joint ventures	**5.7**	**(1,768)**	(15,352)
Other non-monetary changes		**500**	—
Cash flows from operations before changes in working capital		**130,307**	**103,518**
Change in inventories	4.6	4,040	(26,489)
Change in trade receivables	4.7	(5,617)	(24,121)
Change in trade payables	4.18	13,857	46,038
Change in other assets and liabilities	4.10 4.15 4.16 4.17 4.21	(8,063)	8,591
Income taxes paid	4.3 4.14 4.18 5.13	(22,280)	(14,330)
Net cash inflow/(outflow) from operations (A)		**112,243**	**93,207**
of which from related parties		*11,015*	*10,894*
Cash flows from investing activities			
Investments in property, plant and equipment	4.1	(14,747)	(11,095)
Disposals of property, plant and equipment	4.1	327	694
Investments in intangible assets	4.2	(20,216)	(16,596)
Disposals of intangible assets	4.2	348	**14**
Dividends received from other entities	5.12	566	
Dividends from investments in Joint Ventures	4.4	1,611	464
Sale/(Purchase) of subsidiaries, associates and other entities	4.4	—	30,842
Net cash inflow/(outflow) from investing activities (B)		**(32,112)**	**4,323**
of which from related parties		*1,611*	*464*
Cash flows from financing activities			

(In thousands of Euro)	**Notes**	**Year ended 31 December**	
		2022	**2021**
Reimbursement of leasing costs (IFRS 16)		(9,181)	(7,251)
Raising of loans	4.13	4,006	—
Repayment of loans	4.13	(54,848)	(25,000)
Net increase (decrease) in financial liabilities	4.8-4.13	41,753	(52,495)
Dividends paid to shareholders		(32,173)	(44,292)
Net financial income/(expenses)	4.9-4.20-5.10 5.11	(352)	1,772
Net cash inflow/(outflow) from financing activities (C)		**(50,795)**	**(127,266)**
of which from related parties		*(1,709)*	*(1,729)*
Net increase (decrease) in cash and cash equivalents (D)=(A)+(B)+(C)		**29,337**	**(29,736)**
Cash and cash equivalents at the beginning of the year		**174,306**	**202,065**
Increase/(decrease) in cash and cash equivalents from 1 January to 31 December		29,337	(29,736)
Effects of exchange rate differences on cash and cash equivalents		1,715	1,977
Cash and cash equivalents at the end of the period		**205,358**	**174,306**

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							
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)	—	—
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)**
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)**	**—**	**30,091**	**198,256**	**63,065**	**309,841**	**1,519**	**200**	**1,719**	**311,560**
Profit for the previous year	—	—	—	(12)	—	—	3,683	59,394	(63,065)	—	200	(200)	—	—
Total comprehensive income for the year	—	—	1,758	—	451	—	(3)	—	63,587	**65,794**	(3)	288	**285**	**66,079**
Dividends paid	—	—	—	—	—	—	—	(32,212)	—	**(32,212)**	—	—	—	**(32,212)**
Other movements	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Incentive plan (LTIP)	—	—	—	—	—	500	—	—	—	**500**	—	—	—	**500**
As of 31 December 2022	**10,066**	**7,132**	**2,150**	**942**	**336**	**500**	**33,771**	**225,437**	**63,588**	**343,923**	**1,716**	**288**	**2,004**	**345,927**

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 in general. Its products are technologically innovative with meticulous 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 the laws of the Republic of Italy.

As of 31 December 2022, 33.78% of the Issuer's share capital was held by TGH S.r.l. - a limited liability company 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 EXM (screen-based stock exchange).

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.

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These Consolidated Financial Statements were approved by the Company's Board of Directors on 29 March 2023 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 2022 (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 with the Company's shareholders;
› 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 ended 31 December 2022 have undergone minor reclassifications in order to give a better presentation of these items.

Technogym Germany GmbH will adopt the exemption provided for in Article 264 (3) of the German Civil Code (HGB), which provides for an exemption from the requirement to prepare financial statements for the year ended 31 December 2022.

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 the reporting period; or
› 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 asset must be settled within twelve months after the reporting period; 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 2022 and 2021.

Entity name	Year ended 31 December 2022				
	Registered office	% of control Dec 2022	% of control Dec 2021	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 AO	Russia	100%	100%	RUB	10,800,000
TG Holding BV	Netherlands	100%	100%	EUR	300,000
Wellness Partners Ltd	United Kingdom	75%	75%	EUR	463,382
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%	100%	SAR	1,145,000
MyWellness Inc	United States	100%	100%	USD	100
Technogym Canada Inc.	Canada	100%	0%	CAD	—
Associates - Jointly controlled entities, consolidated using the equity method					
Wellink Srl	Italy	40%	40%	EUR	60,000
Movimento per la Salute Srl	Italy	0%	50%	EUR	10,000

Entity name	Year ended 31 December 2022				
	Registered office	**% of control Dec 2022**	**% of control Dec 2021**	**Currency**	**Share capital**
Technogym Emirates LLC	United Arab Emirates	49%	49%	AED	300,000
T4ME Limited	United Kingdom	0%	20%	GBP	—
Wellness Explorers Srl	Italy	50%	50%	EUR	10,000
Physio Ag	Germany	32%	32%	EUR	73,000

During the year ending 31 December 2022, the following changes occurred within the perimeter: (i) incorporation of the Canadian company Technogym Canada Inc., with a view to consolidating the presence on the Canadian market, consolidated line-by-line; (ii) deconsolidation of the UK company T4ME Limited, consolidated with the equity method, after it was struck off from the UK business register "Companies House"; (iii) closure of the company Movimento per la Salute S.r.l., an Italian company also consolidated with the equity method.

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 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 income of the transaction that resulted in 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 income statement 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, 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 at the date 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 income statement, 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 the measurement is completed, temporary values are adjusted retrospectively. Any ancillary transaction costs are recognised in consolidated income statement 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 the subsequent changes in fair value are recognised in consolidated income statement 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 income statement. When control is acquired, any amounts previously recognised in other comprehensive income are recognised in profit of 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:

Currency	As of 31 December	
	2022	**2021**
USD	1.067	1.133
GBP	0.887	0.840
JPY	140.660	130.380
CHF	0.985	1.033
AUD	1.569	1.562
AED	3.917	4.160
CNY	7.358	7.195
RUB*	75.655	85.300
HKD	8.316	8.833
BRL	5.639	6.310
ZAR	18.099	18.063
SGD	1.430	1.528
CAD	1.444	1.460
DKK	7.437	7.436
SAR	**4.000**	**4.247**

Currency	Average for the year ended as of 31 December	
	2022	**2021**
USD	1.053	1.183
GBP	0.853	0.860
JPY	138.027	129.877
CHF	1.005	1.081
AUD	1.517	1.575
AED	3.867	4.344
CNY	7.079	7.628
RUB	72.476	87.153
HKD	8.245	9.193
BRL	5.440	6.378
ZAR	17.209	17.477
SGD	1.451	1.589
CAD	1.370	1.486
DKK	7.440	7.437
SAR	3.949	4.4353

*Please note that all exchange rates were obtained from the Bank of Italy's "exchange rate portal" website in continuity with previous years. As regards the rouble, since the exchange rate has been unavailable since the start of the Russia - Ukraine conflict, the figure provided by the Central Bank of the Russian Federation (CBR) was used, which is no different from the rate available from Bloomberg. The impact of the conversion of the reporting of Technogym AO, the Russian subsidiary, using the Bloomberg exchange rate in any event would not be significant.

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, comprehensive of personnel expenses and costs for services and consumables, that are 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 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. In the case of an asset that does not generate cash flows that are largely independent, the recoverable value 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.
- The components of the contract are separated, by distributing the contract price between each leasing or non-leasing component.
- The duration of the lease is determined as the non-cancellable period, to which any periods covered by an extension option, or termination of the lease may be added.

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. If the leasing contract transfers the ownership of the leased asset at the end of the lease term, or if the cost of the asset consisting of the right of use reflects the exercise of the option to buy, the amortisation period will be calculated on the basis of the criteria and rates used for tangible assets in accordance with IAS 16.

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 share interests, that cannot qualify as control, and joint control, 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. Subsequently 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 included in this category, not listed on an active market, the cost criterion is used as the fair value estimate only on a residual basis and regarding limited circumstances, i.e. when the most recent information to measure the fair value is insufficient, or 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. At subsequent 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 difficulty granted the borrower a concession that would not otherwise be considered;

d) it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

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

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 contracts obligations and are measured initially at fair value, net of 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 Law 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 settled with the allocation of shares, is determined based on the fair value of the related rights, measured at the date of allocation. 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.

Financial instruments are classified based on a hierarchy of levels 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.

At the date of contract stipulation, financial derivative instruments are initially recognised at fair value, as financial assets measured at fair value and 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 the criteria for classification 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 each instrument is initially 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 changes in the fair value of assets and liabilities recognised in the financial statements, the changes in the fair value of the hedging instrument and the hedging changes 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 "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) hedging of a net investment in a foreign operation (*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 IFRS interpretations applicable from 1 January 2022

The Company has adopted the following standards and amendments, in force as of 1 January 2022.

The Company has adopted the changes to IFRS 3 - Business combinations, which contains an update to a reference in IFRS 3 to the Conceptual Framework for Financial reporting; this did not lead to any changes in the accounting criteria for business combinations. The application of this amendment has had no significant effects.

The Company has adopted the changes to IAS 37, which clarify the nature of the costs related directly to the contract, consisting of the incremental costs of fulfilling the contract and the other costs directly connected to fulfilment. The application of this amendment has had no significant effects.

The Company has adopted the changes to IAS 16, which prohibit the entity from deducting from the cost of a PP&E element any income received from the sale of items produced while the company is preparing the asset for the intended use. These changes have not had any impact on the Company's year-end financial statements as there have been no sales of such assets produced from PP&E made available for use at the start or after the start of the first reporting period.

In May 2020, the IASB published the Annual Amendments to IFRS for 2018-2020. The improvements have amended four standards: i) IFRS 1 — First-time Adoption of International Financial Reporting Standards, relative to the possibility for a subsidiary to measure cumulative translation differences using the amount reported by the parent; ii) IFRS 9 — Financial Instruments, relative to which fees a company includes when applying the 10% test to eliminate financial liabilities, iii) IAS 41 — Agriculture, removing the requirement to exclude cash flows from taxation when measuring the fair value of biological assets; iv) IFRS 16 — Leasing, relative to an illustrative example of reimbursement regarding lease incentives. The application of this amendment has had no significant effects.

Accounting standards, amendments and EU-approved interpretations which are not yet mandatory and not adopted in advance by the Group as of 31 December 2022

At the end of the reporting period, the competent bodies of the European Union had approved the adoption of the following accounting standards and amendments, which have not yet been adopted by the Company:

› Amendments to IFRS 17 - Insurance Contracts: in December 2021, the IASB issued amendments to IFRS 17 - Insurance policies: First application of IFRS 17 and IFRS 9 - Comparative information, which provides for a transitional option pertaining to the comparative information on financial assets presented on the date of first-time application of IFRS 17. The purpose of the amendments is to avoid temporary mismatches between financial assets and liabilities from insurance contracts, and thus to improve the utility of information for the reader. These amendments take effect from 1 January 2023.
› Amendments to IAS 12 Income Taxes: in May 2021, the IASB issued amendments to IAS 12 - Income taxes: Deferred taxes relative to assets and liabilities deriving from a single transaction, to specify how companies should treat deferred taxes on transactions such as leasing and decommissioning obligations, operations for which companies recognise both an asset and a liability. In particular, the amendment has clarified that the exemption does not apply and that companies are required to report the deferred taxes on these operations. These amendments took effect on 1 January 2023. Early application is permitted.
› IFRS 17 - Insurance Contracts: in May 2017, the IASB issued IFRS 17 - Insurance contracts, which establishes the principles for the recognition, measurement, presentation and information about insurance contracts issued, and also contains a guide on reinsurance contracts held and investment contracts with discretionary participation. In June 2020, the IASB issued amendments to IFRS 17, in order to assist companies in implementing IFRS 17 and to make it easier for them to explain their financial performance. The new standard and its amendments took effect on 1 January 2023.
› Amendments to IFRS 3 — Business combinations: in May 2020, the IASB issued amendments to IFRS 3 - Business combinations, in order to update to a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting criteria for business combinations. These amendments took effect on 1 January 2022.
› Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: in February 2021, the IASB issued amendments to IAS 1 - Presentation of financial statements and IFRS Practice Statement 2: Making Materiality Judgements, which requires companies to indicate information about their material accounting standards rather than the significant accounting standards and provides a guide on how to apply the materiality concept to information about accounting standards. These amendments take effect from 1 January 2023.

- Amendments to IAS 8 - Accounting policies, changes in accounting estimates and errors: in February 2021, the IASB issued amendments to IAS 8 - Accounting policies, changes in accounting estimates and errors: definition of accounting estimates which clarifies how companies should distinguish changes in accounting standards from changes in accounting estimates. These amendments take effect from 1 January 2023.
- Amendments to IFRS 16 — Leases: Liability in a Sale and Leaseback: in September 2022, the IASB issued amendments to IFRS 16 - Leasing: Liability in a Sale and Leaseback, in order to improve the requirements for a sale and leaseback operation and specify the measurement of liabilities from such an operation in order to ensure that the seller-lessee does not recognise any amount of the profit or loss related to the maintained right of use. These amendments will take effect from 1 January 2024.

The Company does not expect any significant financial impact from the provisions deriving from the entry into force of these standards.

In any case, the Company has not made any early adoption of the accounting standards and amendments taking effect in future years.

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:

- In January 2020, the IASB issued amendments to IAS 1 - Presentation of financial statements: classification of liabilities as current or non-current to clarify how to classify payables and other liabilities as current or non-current, and in particular, how to classify liabilities with uncertain date and liabilities settled by conversion to net equity. These amendments take effect from 1 January 2023.

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

- In September 2022, the IASB issued amendments to IFRS 16 with reference to sale and leaseback operations, clarifying the criteria to be used by the seller-lessee to measure leasing liabilities. These amendments will take effect retrospectively from 1 January 2024.

The Company will evaluate any potential impact on the financial statements, when these new standards are approved by the European Union.

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 income statement, 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 periodically reviewed and the effects of any changes are reflected in the income statement for the relevant year. Regarding the payables with a buyback obligation, in 2022 there were defaults of approximately Euro 1.5 million, generating a loss of 48% on resales. After a careful analysis of the portfolio to 31 December 2022, the Group's estimate for the next year was a risk of default of approximately Euro 3 million, on a total portfolio of Euro 160 million. This estimated provision will absorb the total receivables whose risk of default is considered 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 processes. 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 2022, the net carrying amount of capitalised development costs was equal to Euro 22,370 thousand (Euro 21,087 thousand at 31 December 2021).

- **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 the value in use determined by discounting the 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 the 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 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 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 pass trend of healthcare costs, including assumptions concerning the inflation trend of costs, and changes in the health conditions of entitled parties; (iv) demographic assumptions the 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 as 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 a product, the Group 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 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.
- **Estimates of variable amounts for returns and volume discounts:** the Group estimates the variables to include in the transaction price for the sale of returnable products. 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 Notes to the statement of financial position

4.1 PROPERTY, PLANT AND EQUIPMENT

The item "Property, plant and equipment" amounted to Euro 164,122 thousand at 31 December 2022 (Euro 153,563 thousand at 31 December 2021).

The following table shows the amounts and movements of "Property, plant and equipment for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	**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 2021	**13,077**	**164,332**	**28,188**	**82,087**	**32,939**	**1,809**	**322,432**
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	—	—	—	—	(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**
Historical cost at 1 January 2022	**13,077**	**171,151**	**29,657**	**85,836**	**33,351**	**1,559**	**334,631**
IFRS16 investments	—	22,381	—	—	1,954	—	24,336
Investments	405	2,641	746	5,369	2,185	3,402	14,748

(In thousands of Euro)	Land	Buildings and leasehold improvements	Plant and machinery	Production and commercial equipment	Other assets	Assets under construction and advances	Total
IFRS16 disposals	—	(2,786)	—	—	3	—	(2,783)
Disposals	—	(448)	(24)	(169)	(935)	—	(1,576)
Impairment losses	—	—	—	—	—	—	—
Reclassifications	—	83	14	77	1,486	(1,652)	7
Exchange rate differences	—	276	—	(11)	(14)	—	252
Historical cost at 31 December 2022	**13,483**	**193,299**	**30,393**	**91,102**	**38,030**	**3,309**	**369,615**
Accumulated amortization as of 1 January 2022	**—**	**(66,317)**	**(20,673)**	**(70,556)**	**(23,523)**	**—**	**(181,068)**
IFRS16 depreciation/amortisation	—	(6,768)	—	—	(2,785)	—	(9,553)
Depreciation and amortisation	—	(5,763)	(1,902)	(6,249)	(3,123)	—	(17,037)
IFRS16 disposals	—	843	—	—	311	—	1,154
Disposals	—	365	26	31	826	—	1,248
Impairment losses	—	—	—	—	—	—	—
Reclassifications	—	—	—	—	—	—	—
Exchange rate differences	—	(274)	—	20	19	—	(236)
Accumulated depreciation at 31 December 2022	**—**	**(77,913)**	**(22,549)**	**(76,754)**	**(28,276)**	**—**	**(205,492)**
Net values at 31 December 2022	**13,483**	**115,385**	**7,844**	**14,349**	**9,753**	**3,309**	**164,122**

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 increments relative to IFRS 16 relate to the right of use of boutique stores and offices at the commercial branches, mainly Technogym Benelux, China and Asia, for the new offices in Rotterdam, Shanghai and Hong Kong, in the USA and in Germany, for the opening of new boutiques in New York and Munich.

"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. The item "other assets" mainly refers to stands, office machines and electronic machines. "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 2022 amounted to Euro 16,186 thousand, excluding the effects of IFRS 16, which refer to property leases, vehicle and forklift truck leasing contracts. Investments in assets under construction (Euro 3,402 thousand), mainly refer to the renovation of production lines; investments in industrial and commercial equipment (Euro 5,369 thousand) mainly refer to the purchase of moulds for the continual expansion and renovation of production lines; investments in plant and machinery (Euro 746 thousand) chiefly concern the implementation of new production lines.

Net disposals of property, plant and equipment for the year ended 31 December 2022 amount to Euro 1,765 thousand, compared to Euro 694 thousand as of 31 December 2021. As of 31 December 2022 and 2021, 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 statement of financial position to 31 December 2022 and for the year ended 31 December 2021.

(In thousands of Euro)	As of 31 December	
	2022	**2021**
Rights of use		
Buildings	32,209	18,562
Equipment	778	1,142
Cars	3,157	3,315
Total rights of use	**36,144**	**23,019**
Lease liabilities		
IFRS 16 Financial liabilities - Current	8,602	7,165
IFRS 16 Non-current financial liabilities	29,173	16,868
Total lease liabilities	**37,775**	**24,033**

The table below shows the impact of IFRS 16 on the consolidated income statement to 31 December 2022 and 31 December 2021.

(In thousands of Euro)	As of 31 December	
	2022	**2021**
Payment reversals		
Buildings	7,264	5,574
Equipment	249	166
Cars	2,217	1,511
Total payment reversals	**9,731**	**7,251**
Depreciation of rights of use		
Buildings	(6,768)	(4,799)
Equipment	(400)	(387)
Cars	(2,385)	(1,661)
Total depreciation	**(9,553)**	**(6,848)**
Interest		
Interest expense	(618)	(506)
Total interest	**(618)**	**(506)**

4.2 INTANGIBLE ASSETS

The item "Intangible assets" amounted to Euro 55,689 thousand at 31 December 2022 (Euro 50,697 thousand at 31 December 2021). The following table shows the amounts and movements of intangible assets for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	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 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	—	—	—	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
Impairment losses	—	—	—	—	—	—
Reclassifications	—	5	—	—	—	5
Exchange rate differences	—	(182)	—	—	—	(183)
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**
Historical cost at 1 January 2022	**38,061**	**39,447**	**1,797**	**9,124**	**1,120**	**88,999**
Investments	4,173	6,495	506	6,821	2,220	20,216
Disposals	(6,972)	(5,428)	(158)	—	(152)	(12,711)
Impairment losses	—	—	—	(23)	—	(23)
Reclassifications	4,533	332	—	(5,135)	263	(7)
Exchange rate differences	**—**	**117**	**—**	**—**	**—**	**117**
Historical cost at 31 December 2022	**39,796**	**40,963**	**2,144**	**10,789**	**3,451**	**97,143**
Accumulated amortisation as of 1 January 2022	**(16,969)**	**(19,923)**	**(1,116)**	**—**	**(843)**	**(38,303)**
Depreciation and amortisation	(7,139)	(7,249)	(238)	—	(222)	(14,847)
Disposals	6,688	5,427	106	—	143	12,363
Exchange rate differences	—	(117)	—	—	—	(118)
Impairment losses			**—**	**—**	**—**	**—**
Reclassifications	—	—	—	—	—	—
Accumulated depreciation at 31 December 2022	**(17,420)**	**(21,862)**	**(1,249)**	**—**	**(922)**	**(41,454)**
Net values at 31 December 2022	**22,375**	**19,101**	**895**	**10,789**	**2,529**	**55,689**

"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 2022 amounted to a total of Euro 20,216 thousand. Investments in intangible assets under development and advances (Euro 6,821 thousand) mainly relate to the development of new products and product lines, software and support applications; investments in patents and IP (Euro 6,495 thousand) largely refer to the SAP migration at Technogym USA, and the rollout of ERP SAP at Group level in order to implement more consumer-oriented tools. The remainder of this item relates to other upgrades of software used by the Group; investments in development costs (Euro 4,173 thousand) mainly relate to the costs of updating and expanding the range of products and services.

Net disposals of intangible assets for the years ended 31 December 2022 and 2021 are not significant.

4.3 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

"Deferred tax assets" amounted to Euro 24,044 thousand at 31 December 2022 (Euro 20,280 thousand at 31 December 2021), while the item "Deferred tax liabilities" amounted to Euro 168 at 31 December 2022 (Euro 302 thousand at 31 December 2021).

The following table shows the amounts and movements of deferred tax assets and liabilities for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	Values at 1 January 2021	Provisions	Utilisations	Reclassifications	Values at 1 January 2022	Provisions	Utilisations	Reclassifications	Values at 31 December 2022
Deferred tax assets									
Inventory write-down provision	4,339	492	(207)	—	4,624	708	(280)	—	5,052
Warranties provision	1,988	975	(936)	—	2,027	1,407	(1,095)	—	2,340
Accumulated amortisation of trademarks	247	460	(257)	—	451	40	(36)	—	455
Other provisions for risks	1,052	1,574	(915)	—	1,711	1,966	(1,462)	—	2,216
Bad debt provision	1,516	133	(300)	—	1,349	774	(26)	—	2,097
Accruals provision	—	—	—	—	—	—	—	—	—
Unrealised exchange losses	376	—	—	(279)	97	10	—	—	107
Post-employment benefits	229	94	(21)	—	302	7	(186)	—	123
Other	22	769	(147)	—	644	1,051	(245)	—	1,450
PNC fund	444	105	(62)	—	487	48	(138)	—	397
Provision for consolidated adjustments	949	906	(29)	—	1,826	1,515	(29)	—	3,312
Intercompany stock profit provision	7,371	—	(611)	—	6,760	—	(323)	—	6,437
Total deferred tax assets	**18,532**	**5,510**	**(3,483)**	**(279)**	**20,280**	**7,585**	**(3,819)**	**—**	**24,044**
Deferred tax liabilities									
Provision for consolidated adjustments	(64)	(52)	4	—	(112)	(8)	18	—	(102)
Unrealised exchange gains	(175)	—	398	(279)	(55)	(149)	200	—	(5)
Others	(104)	(87)	56	—	(134)	(49)	121	—	(62)
Total deferred tax liabilities	**(343)**	**(139)**	**458**	**(279)**	**(302)**	**(206)**	**339**	**—**	**(168)**
Total	**18,188**	**5,370**	**(3,025)**	**(557)**	**19,978**	**7,378**	**(3,480)**	**—**	**23,876**

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 16,221 thousand, not recognised in deferred tax assets at 31 December 2022. Total deferred tax assets were approximately Euro 2.4 million, which the Group has not made any provision for as they are not considered recoverable.

4.4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The item "Investments in joint ventures and associates" amounted to Euro 4,058 thousand at 31 December 2022 (Euro 4,438 thousand at 31 December 2021).

The following table shows the amounts and movements of investments in joint ventures and associates for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	Joint ventures	Associates	Total
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**
Investments	—	—	**—**
Disinvestments	**—**	**—**	**—**
Impairment losses	—	—	**—**
Dividends	(2,478)	—	**(2,478)**
Net result	1,919	(151)	**1,768**
Exchange rate differences	330	—	**330**
Values at 31 December 2022	**2,788**	**1,270**	**4,058**

Details of movements relating to joint ventures are provided below.

(In thousands of Euro)	Values as of 31 December 2021	Exchange rate differences	Investments	Disinvestments	Dividends	Net result	Values as of 31 December 2022
Technogym Emirates LLC	3,015	330	—	**—**	(2,478)	1,899	2,766
Wellness Explorers Srl	2	—	—	**—**	—	20	22
Total	**3,017**	**330**	**—**	**—**	**(2,478)**	**1,919**	**2,788**

As of 31 December 2022 and 2021, 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.

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

(In thousands of Euro)	Technogym Emirates LLC		Wellness Explorers Srl	
	As of 31 December		As of 31 December	
	2022	2021	2022	2021
Equity	8,371	8,596	44	4
Total revenues	30,673	22,783	858	540
Profit/(loss) for the period	4,159	2,510	40	(6)

Details of movements relating to associates are provided below.

(In thousands of Euro)	Values at 31 December 2021	Exchange rate differences	Investments	Disinvestments	Dividends	Net result	Values at 31 December 2022
Wellink srl	**223**	—	—	—	—	**(15)**	**209**
Physio AG	1,197	—	—	—	—	(137)	1,060
Total	**1,421**	—	**—**	—	—	**(151)**	**1,270**

As of 31 December 2022, 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.

(In thousands of Euro)	Wellink srl		Physio AG	
	As of 31 December		As of 31 December	
	2022	2021	2022	2021
Equity	372,302	407,680	381,208	815,469
Total revenues	637,814	609,628	1,300,576	913,013
Profit/(loss) for the period	(35,378)	38,165	(434,262)	(470,031)

4.5 OTHER NON-CURRENT ASSETS

The item "Other non-current assets" amounts to Euro 73,544 thousand at 31 December 2022 (Euro 62,871 thousand on 31 December 2021).

The following table provides details of "Other non-current assets" on 31 December 2022 and 2021.

(In thousands of Euro)	As of 31 December	
	2022	**2021**
Other non-current assets		
Transferred trade receivables due after 12 months	34,634	28,303
Provisions for transferred receivables - due after 12 months	(2,018)	(2,018)
Income tax receivables due after 12 months	4,191	2,730
Security deposits	2,403	2,429
Other receivables	61	800
Investments in other entities	597	977
Receivables for buy backs - due after 12 months	33,676	29,651
Total other non-current assets	**73,544**	**62,871**

"Transferred trade receivables due after 12 months" net of the relative bad debt provision, equal to Euro 32,616 thousand and Euro 26,285 thousand at 31 December 2022 and 2021 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 total provision for write-downs on transferred receivables is Euro 1.2 million for the current portion and Euro 2 million for the non-current portion. 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 portfolio to 31 December 2022, 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 2,403 thousand as of 31 December 2022 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 total balance on this item, current and non-current quota, for the buyback activity, like the respective liability, has increased compared to the previous year. This is mainly due to the effect of the Covid-19 pandemic, which extended the equipment renewal periods, mainly for the key accounts, which resulted in a redefinition of the estimate made in previous years for the buyback of sold machines. For more details about the recognition criteria for this item, see paragraph 2.4 of this document "Valuation criteria" in the section "Recognition of revenues".

The following table shows the details of "investments in other entities" for the years ended 31 December 2022 and 31 December 2021.

(In thousands of Euro)	Registered office	% of control	Currency	As of 31 December	
				2022	**2021**
Entity name					
Qicraft Sweden AB	Sweden	10%	SEK	50	81
Qicraft Norway AS	Norway	10%	NOK	10	343
Qicraft Finland OY	Finland	10%	EUR	62	79
Pubblisole Spa	Italy	2%	EUR	100	100
Crit S.r.l.	Italy	1%	EUR	26	26
Fimex	Switzerland	5%	CHF	291	290
Other investments	n.a.	n.a.	n.a.	59	58
Total investments in other entities				**597**	**977**

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

4.6 INVENTORIES

The item "Inventories" amounts to Euro 100,671 thousand as of 31 December 2022 (Euro 108,548 thousand as of 31 December 2021). The following table gives a breakdown of this item of 31 December 2022 and 2021.

(In thousands of Euro)	As of 31 December	
	2022	**2021**
Inventories		
Raw materials (gross value)	22,139	25,217
Write-down provision	(2,562)	(2,049)
Total raw materials	**19,577**	**23,168**
Work in progress (gross value)	1,434	1,356
Write-down provision	(104)	(136)
Total work in progress	**1,330**	**1,220**
Finished goods (gross value)	102,336	104,029
Write-down provision	(22,572)	(19,870)
Total finished goods	**79,764**	**84,160**
Total inventories	**100,671**	**108,548**

The decrease in the balance of this item at 31 December 2022 compared to the previous year is mainly due to the considerable volume of sales achieved in the last part of the year, and to the measures taken by the factories to improve efficiency on parts. This has reduced the inventory value despite the continuing increase in the cost of buying in parts and materials. However, stock levels are still below 2021, the year in which the Group chose to increase stock levels in order to avoid delaying production due to lack of parts. Average inventory time fell from 92 days for the year ended 31 December 2021, to 77 days for the year ended 31 December 2022; the stock turnover ratio rose from 3.9 to 4.7.

The following table shows the amounts and movements of the inventory write-down provision for the years ended 31 December 2022 and 31 December 2021.

(In thousands of Euro)	Raw materials	Work in progress	Finished goods	**Total inventory write-down provision**
Values at 01 January 2021	**2,048**	**151**	**17,752**	**19,951**
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**
Provisions	514	—	4,297	4,811
Utilisations	—	(31)	(1,661)	(1,692)
Reclassifications	—	—	—	—
Exchange rate differences	—	—	66	66
Values at 31 December 2022	**2,562**	**104**	**22,572**	**25,238**

4.7 TRADE RECEIVABLES

The item "Trade receivables" amounted to Euro 110,824 thousand on 31 December 2022 (Euro 104,242 thousand on 31 December 2021) net of the bad debt provision.

The following table contains a breakdown of the trade receivables as of 31 December 2022 and 2021:

(In thousands of Euro)	**As of 31 December**	
	2022	**2021**
Trade receivables		
Trade receivables (gross value)	99,366	94,979
Bad debt provision	(6,834)	(5,963)
Transferred trade receivables	19,461	16,395
Provision for write-downs on transferred receivables	(1,169)	(1,169)
Total trade receivables	**110,824**	**104,242**

The increase of Euro 6,852 thousand in "Trade receivables" during the year is mainly due to a generic increase in turnover, obtained from the higher BtoB volumes, the increase in list prices and a better product mix. Average days to collect outstanding trade receivables fell from 50 for the year ended in 2021, to 45 for the year ended in 2022; the turnover ratio rose from 7.1 to 8.1.

Transferred trade receivables net of the relative provision, equal to Euro 18,292 thousand at 31 December 2022 and Euro 15,226 thousand at 31 December 2021, 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 provision for write-downs on transferred receivables, which has a current quota of Euro 1.2 million and a non-current quota of Euro 2 million, has not changed compared to 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 2022 and 2021:

(In thousands of Euro)	**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**
At 1 January 2021	**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
Provision for write-downs on transferred receivables	(1,169)	—	—	—	—	—	(1,169)
As of 31 December 2021	**81,708**	**15,712**	**5,233**	**1,020**	**445**	**123**	**104,242**
Trade receivables (gross value)	76,791	7,410	5,316	3,158	2,288	4,403	99,366
Bad debt provision	—	(494)	(429)	(346)	(1,520)	(4,045)	(6,834)
Transferred trade receivables	19,461	—	—	—	—	—	19,461
Provision for write-downs on transferred receivables	(1,169)	—	—	—	—	—	(1,169)
As of 31 December 2022	**95,083**	**6,916**	**4,887**	**2,812**	**768**	**358**	**110,824**

The following table reports the amounts and changes in the bad debt provision for the years ended 31 December 2022 and 2021:

(In thousands of Euro)	**Bad debt provision**
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**
Net provisions	1,877
Utilisations	(1,020)
Exchange rate differences	13
Values at 31 December 2022	**8,003**

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 2022 and 2021, the Company did not have any clients generating more than 10% of total revenues.

4.8 CURRENT FINANCIAL ASSETS

The item "Current financial assets" amounted to Euro 19,883 thousand at 31 December 2022 (Euro 53,837 thousand at 31 December 2021) 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.

4.9 ASSETS FOR DERIVATIVE FINANCIAL INSTRUMENTS

The item "Assets for derivative financial instruments" amounted to Euro 637 thousand at 31 December 2022 (Euro 127 thousand at 31 December 2021).

The following table shows assets for derivative financial instruments broken down by currency at 31 December 2022 and 2021.

(In thousands of Euro)	**As of 31 December**	
	2022	**2021**
USD	552	94
GBP	85	—
JPY	—	32
Total	**637**	**127**

Assets for derivative financial instruments are related to positive differences resulting from the fair value of "forward" contracts in place as of 31 December 2022 and 2021. They are listed in the table below:

(In thousands of Euro)	**As of 31 December 2022**			
	Currency	**Currency inflow**	**Currency**	**Currency outflow**
Forward	EUR	15,416	USD	16,000
Forward	EUR	777	JPY	550,000
Forward	EUR	3,169	AUD	5,000
Forward	EUR	5,421	CNY	40,000
Forward	EUR	10,197	GBP	9,000

(In thousands of Euro)	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
Forward	EUR	2,368	GBP	2,000

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 2022, these contracts were not recorded on a hedge accounting basis.

As of 31 December 2022, no hedge accounting transactions for currency risk were in place.

4.10 OTHER CURRENT ASSETS

The item "Other current assets" amounts to Euro 27,178 thousand at 31 December 2022 (Euro 29,984 thousand At 31 December 2021). The following table contains a breakdown of the other current assets at 31 December 2022 and 2021:

(In thousands of Euro)	As of 31 December	
	2022	**2021**
Other current assets		
VAT receivables	4,876	4,398
Prepaid expenses	5,832	5,783
Advances to suppliers	2,443	4,316
Tax credits	3,545	2,839
Accrued income	321	222
Receivables from employees	124	78
Other receivables	2,384	3,145
Receivables for buy backs - within 12 months	7,654	9,203
Total other current assets	**27,178**	**29,984**

"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 total balance on this item, current and non-current quota, for the buyback activity, like the respective liability, has increased compared to the previous year. This is mainly due to the effect of the Covid-19 pandemic, which extended the equipment renewal periods, mainly for the key accounts, which resulted in a redefinition of the estimate made in previous years for the buyback of sold machines. For more details about the recognition criteria for this item, see paragraph 2.4 of this document "Valuation criteria" in the section "Recognition of revenues".

4.11 CASH AND CASH EQUIVALENTS

The item "Cash and cash equivalents" amounted to Euro 205,358 thousand at 31 December 2022 (Euro 174,306 thousand at 31 December 2021).

The following table shows the amounts of cash and cash equivalents at 31 December 2022 and 2021.

(In thousands of Euro)	**As of 31 December**	
	2022	**2021**
Cash and cash equivalents		
Bank deposits	189,777	168,416
Cheques	128	320
Cash and cash equivalents	310	384
Term bank deposits <3 months	15,143	5,186
Total cash and cash equivalents	**205,358**	**174,306**

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

"Term bank deposits within 3 months" at 31 December 2022 represent temporary uses of surplus cash.

The following table shows the breakdown by currency of the item "Cash and cash equivalents" at 31 December 2022 and 2021.

(In thousands of Euro)	**As of 31 December**	
	2022	**2021**
AUD	4,929	2,742
BRL	59	93
CHF	355	180
CNY	8,934	8,752
EUR	121,240	132,134
GBP	10,443	9,185
HKD	529	649
JPY	4,798	4,613
MXN	9	13

(In thousands of Euro)	As of 31 December	
	2022	**2021**
RUB	5,722	5,289
SGD	78	324
USD	46,827	8,654
SAR	279	237
ZAR	215	1,234
OTH	942	206
Total	**205,358**	**174,306**

As of 31 December 2022 and 2021 there were no restrictions or limitations on the use of the Group's bank deposits, cheques and cash and cash equivalents on hand.

4.12 EQUITY

The item "Equity" amounted to Euro 347,927 thousand at 31 December 2022 (Euro 311,560 thousand at 31 December 2021). The following table reports the details of equity at 31 December 2022 and 2021:

(In thousands of Euro)	As of 31 December	
	2022	**2021**
Equity		
Share capital	10,066	10,066
Share premium reserve	7,132	7,132
Other reserves	37,698	31,321
Retained earnings	225,438	198,256
Profit (loss) attributable to owners of the parent	63,587	63,065
Equity attributable to owners of the parent	**343,922**	**309,841**
Capital and reserves attributable to non-controlling interests	1,716	1,519
Profit (loss) attributable to non-controlling interests	288	200
Equity attributable to non-controlling interests	**2,005**	**1,720**
Total equity	**345,927**	**311,560**

The following table shows the amounts and movements of equity for the years ended 31 December 2022 and 2021:

(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 of Group and non-controlling interests**
			Translation reserve	Reserve for the adoption of IAS/ IFRS	IAS 19 reserve	Stock grant plan reserve	Other							
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)	**–**	**–**
Total comprehensive income for the year	–	–	2,694	–	82	–	–	–	63,065	**65,841**	–	200	**200**	**66,041**
Dividends paid	–	–	–	–	–	–	–	(44,292)	–	**(44,292)**	–	–	**–**	**(44,292)**
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)**	**–**	**30,091**	**198,256**	**63,065**	**309,841**	**1,519**	**200**	**1,719**	**311,560**
Profit for the previous year	–	–	–	(12)	–	–	3,683	59,394	(63,065)	**–**	200	(200)	**–**	**–**
Total comprehensive income for the year	–	–	1,758	–	451	–	(3)	–	63,587	**65,794**	(3)	288	**285**	**66,079**
Dividends paid	–	–	–	–	–	–	–	(32,212)	–	**(32,212)**	–	–	**–**	**(32,212)**
Other movements	–	–	–	–	–	–	–	–	–	**–**	–	–	**–**	**–**
Incentive plan (LTIP)	–	–	–	–	–	500	**–**	–	–	**500**	**–**	–	**–**	**500**
As of 31 December 2022	**10,066**	**7,132**	**2,150**	**942**	**336**	**500**	**33,771**	**225,437**	**63,588**	**343,923**	**1,716**	**288**	**2,004**	**345,927**

As of 31 December 2022, 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 the financial statements of foreign subsidiaries with a functional currency other than Euro. The main differences compared to the previous year are due to fluctuations in the US dollar, the rouble and the Japanese yen.

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.

As of 31 December 2022, the cash flow hedge reserve refers essentially to the effective component of active interest rate risk hedges. For 2022, and only for the interest rate swap, the hedge accounting method was adopted. The negative fair value at 31 December 2022 amounted to Euro 3 thousand, as reported in the table below (Euro 2.7 thousand net of the tax effect).

(In thousands of Euro)	CFH reserve
Balance at 31 December 2020	**—**
Hedging instruments / Cash flow hedges	—
Tax effect – Hedging instruments / Cash flow hedges	—
Balance at 31 December 2021	**—**
Hedging instruments / Cash flow hedges	3
Tax effect – Hedging instruments / Cash flow hedges	(1)
Balance at 31 December 2022	**3**

Stock grant plan reserve

At 31 December 2022, two incentive plans were in place for Technogym Management: the 2021-2023 Performance Shares Plan and the 2022-2024 Performance Shares Plan, approved by the Board of Directors on 24 March 2021 and 23 March 2022 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 2021-2023 and 2022-2024 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);
› constraints on the transfer of shares, equal to 12 months from the date when they are assigned.

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 2023 and 31 December 2024.

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.

For more information about these Incentive Plans, see the respective prospectuses on the Company's website, at https://corporate.technogym.com/en/governance/shareholders-meetings.

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:

(In thousands of Euro)	2022		2021	
	Equity	**Profit**	**Equity**	**Profit**
Equity and result as reported in the Parent company's financial statements	**390,151**	**68,976**	**352,410**	**66,361**
Effect of consolidation of subsidiaries	125,007	30,912	109,769	25,679
Alignment of accounting policies of consolidated companies	31,903	2,232	28,229	245
Effect of elimination of values of investments	(193,310)	(17,867)	(173,502)	(7,755)
Elimination of intercompany dividends	(7,823)	(20,378)	(5,345)	(21,265)
Equity pertaining to minority interests	(2,005)	(288)	(1,720)	(200)
Group equity and results	**343,922**	**63,587**	**309,841**	**63,065**

4.13 FINANCIAL LIABILITIES

The items "Non-current financial liabilities" and "Current financial liabilities amounted to Euro 66,431 thousand and Euro 37,501 thousand at 31 December 2022 (respectively Euro 57,671 thousand and Euro 73,771 thousand at 31 December 2021 respectively). The following table shows the amounts of financial liabilities, current and non-current, at 31 December 2022 and 2021.

(In thousands of Euro)	As of 31 December	
	2022	**2021**
Non-current financial liabilities		
Bank loans due after 12 months – non-current portion	2,625	12,500
Other non-current financial liabilities	34,634	28,303
IFRS 16 Non-current financial liabilities	29,173	16,868
Total non-current financial liabilities	**66,431**	**57,671**
Current financial liabilities		
Bank loans due after 12 months – current portion	9,137	50,103
Other short-term borrowings	222	99
Current liabilities due to other lenders	19,461	16,395
Other current financial liabilities	79	9
IFRS 16 Financial liabilities - Current	8,602	7,165
Total current financial liabilities	**37,501**	**73,771**

As of 31 December 2022, the Group's financial debt was expressed at both variable and fixed interest rates (respectively 72.4% and 27.6%).

Medium/long-term bank loans

The following table shows the movements of bank loans for the years ended 31 December 2022 and 2021:

(In thousands of Euro)	**Bank loans due after 12 months – non-current portion**	**Bank loans due after 12 months – current portion**	**Total loans**
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	—
Values at 31 December 2021	**12,500**	**50,103**	**62,603**
Obtainment of loans	3,217	803	4,021
Repayments	—	(54,862)	(54,862)
Reclassification from long-term to short-term	(13,093)	13,093	—
Values at 31 December 2022	**2,625**	**9,137**	**11,762**

The following shows the details of medium-long term bank loans at 31 December 2022 and 2021.

(In thousands of Euro)	**Due date**	**Interest rate**	**As of 31 December**			
			2022	**of which current**	**2021**	**of which current**
Bank loans						
Unicredit S.p.A.	2020-2023	Variable	-	-	33,433	33,433
Crédit Agricole Italia S.p.A.	2020-2023	Variable	8,333	8,333	16,667	8,333
Banca Nazionale del Lavoro S.p.A	2023	Variable	-	-	12,504	8,335
Deutsche Bank	2022-2027	Fixed	3,428	803	-	-
Total bank loans			**11,762**	**9,137**	**62,603**	**50,101**

The following table shows the details of medium/long-term bank loans at 31 December 2022 by maturity date.

(In thousands of Euro)	**Residual debt**	**Current portion**	**2023**	**2024**	**2025**	**2026**	**2027**
Unicredit S.p.A.	–	–	–	–	–	–	–
Crédit Agricole Italia S.p.A.	8,333	8,333	8,333	–	–	–	–
Banca Nazionale del Lavoro S.p.A	–	–	–	–	–	–	–
Deutsche Bank	3,428	803	803	811	811	811	193
Total	**11,762**	**9,137**	**9,137**	**811**	**811**	**811**	**193**

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 2022, 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. This loan was repaid early in November 2022 and thus had been discharged by 31 December 2022.

During 2022, the Group further strengthened its funding structure by entering into the following finance agreements:

Medium-long term loan granted by Deutsche Bank S.p.A. on 28 February 2022 for a total of Euro 4,000 thousand. The credit facility expires on 28 February 2027 and includes a repayment plan. 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 2022, the covenant was met.

Other short-term borrowings

The following table reports the details of other short-term borrowings as of 31 December 2022 and 31 December 2021:

(In thousands of Euro)	**As of 31 December**		
	Currency	**2022**	**2021**
Other short-term borrowings			
BPER Luxembourg	**EUR**	85	–
Other short-term borrowings	**EUR**	136	99
Total other short-term borrowings		**222**	**99**

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 from other lenders refers to financing transactions guaranteed by the transfer of receivables arising from the sale of goods that, although they are transferred to third financial institutions, they are retained in the financial statements as they do not meet all the conditions required by IFRS 9 for their derecognition from assets. See also note 4.5 "Other non-current assets" and note 4.7 "Trade receivables".

4.14 DEFERRED TAX LIABILITIES

For comments relating to the item "Deferred tax liabilities" please see paragraph 4.3.

4.15 EMPLOYEE BENEFIT OBLIGATIONS

The item "Employee benefit obligations" amounts to Euro 2,600 thousand at 31 December 2022 (Euro 3,091 thousand at 31 December 2021).

The following table shows the amounts and movements of employee benefit obligations for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	**Employee benefit obligations**
Values at 1 January 2021	**2,955**
Provisions	401
Financial expenses	9
Actuarial (gains)/losses	5
Reclassifications	226
Utilisations	(505)
Values at 31 December 2021	**3,091**
Provisions	16
Financial expenses	25
Actuarial (gains)/losses	(274)
Reclassifications	—
Utilisations	(258)
Values at 31 December 2022	**2,600**

Information about the actuarial valuation of provisions for employee benefit obligations is presented in note 4.16.

4.16 PROVISIONS FOR RISKS AND CHARGES

The item "Provisions" at 31 December 2022 amounts to Euro 9,586 thousand for non-current financial liabilities and Euro 14,222 thousand for current financial liabilities (respectively, Euro 8,952 thousand and Euro 11,734 thousand at 31 December 2021). The following table shows the details of provisions for risks and charges, current and non-current, at 31 December 2022 and 2021.

(In thousands of Euro)	**As of 31 December**	
	2022	**2021**
Non-current provisions for risks and charges		
Warranties provision	5,754	4,772
Agents provision	894	1,087
Non-Competition Agreement provision	1,614	1,990
Rebates provision	568	456
Other provisions for risks and charges	611	604
Ongoing lawsuits provision	145	43
Total non-current provisions for risks and charges	**9,586**	**8,952**
Current provisions for risks and charges		
Warranties provision	5,861	4,955
Free Product Fund provision	866	199
Other provisions for risks and charges	7,495	6,580
Total current provisions for risks and charges	**14,222**	**11,734**

The following table shows the amounts and movements of provisions for risks and charges, current and non-current, for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	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	Short-term FOC provision	**Current provisions for risks and charges**
Values at 31 December 2020	**4,500**	**1,030**	**1,997**	**221**	**1,347**	**568**	**9,663**	**4,962**	**132**	**3,527**	**616**	**8,621**
Provisions	2,070	81	177	238	25	—	2,591	2,112	80	5,344	10	7,536
Reclassifications	—	—	—	—	(226)	(526)	(751)	—	—	526	—	526
Exchange rate differences	41	—	—	—	12	—	53	56	9	2	—	67
Financial expenses	—	—	7	—	—	—	7	—	—	—	—	—
Actuarial (gains)/ losses	—	—	(172)	—	—	—	(172)	—	—	—	—	—
Utilisations	(1,840)	(24)	(19)	(3)	(554)	—	(2,439)	(2,175)	(22)	(2,818)	(144)	(5,015)
Values at 31 December 2021	**4,772**	**1,087**	**1,990**	**456**	**604**	**43**	**8,952**	**4,955**	**199**	**6,580**	**482**	**11,734**
Values at 31 December 2021	**4,772**	**1,087**	**1,990**	**456**	**604**	**43**	**8,952**	**4,955**	**199**	**6,580**	**117**	**11,734**
Provisions	3,746	123	128	236	152	102	4,243	1,731	725	6,517	41	8,973
Reclassifications	—	—	—	—	—	(1)	(1)	—	—	—	—	—
Exchange rate differences	10	—	—	—	(17)	—	(7)	(5)	(2)	22	—	15
Financial expenses	—	—	19	—	—	—	19	—	—	—	—	—
Actuarial (gains)/ losses	—	(243)	(356)	—	—	—	(356)	—	—	—	—	—
Utilisations	(2,775)	(72)	(166)	(124)	(129)	—	(3,266)	(821)	(55)	(5,625)	(148)	(6,501)
Values at 31 December 2022	**5,754**	**894**	**1,614**	**568**	**610**	**145**	**9,586**	**5,860**	**868**	**7,492**	**10**	**14,220**

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" and "Free Product Fund" represent the estimated non-monetary awards that the Company will grant to customers on reaching specific purchasing targets.

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

The increase in this item compared to 31 December 2021 mainly refers to the potential liabilities for staff bonuses, of Euro 674 thousand; an overall increase in the product warranties provision (both current and non-current) totalling Euro 1,887 thousand and the Rebates provision of Euro 112 thousand, mainly linked to the increase in turnover.

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 2022 and 2021 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 6% was considered for the year 2022 compared to the rate of 4.75% for 2021; (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 2022 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 31.12.2021 was 0.30%.

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

	As of 31 December	
	2022	**2021**
Annual technical discount rate	3.60%	1.00%
Annual inflation rate	2.50%	1.75%
Annual rate of TFR increase	3.31%	2.81%
Annual rate of commissions increase (for the evaluation of agents' NCA)	3.00%	3.00%

As for the annual technical discount rate of 3.6%, 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:

(In thousands of Euro)	As of 31 December					
	2022			2021		
	-0.50% change	**Carrying amount**	**0.50% change**	**-0.50% change**	**Carrying amount**	**0.50% change**
Employee benefit obligations	81	2,600	(78)	126	3,091	(117)
Non-Competition Agreement provision	78	1,614	(72)	113	1,990	(104)
Total	**159**	**4,214**	**(150)**	**239**	**5,081**	**(221)**

4.17 OTHER NON-CURRENT LIABILITIES

The item "Other non-current liabilities" amounted to Euro 38,415 thousand on 31 December 2022 (Euro 34,950 thousand at 31 December 2021).

Other non-current liabilities mainly include:

- deferred income, amounting to Euro 2,603 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 33,676 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 1,771 thousand;
- trade payables due after 12 months, of Euro 287 thousand.

4.18 TRADE PAYABLES

The item "Trade payables" amounted to Euro 173,559 thousand at 31 December 2022 (Euro 159,769 thousand at 31 December 2021). 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.

4.19 CURRENT TAX LIABILITIES

The item "Current tax liabilities" amounted to Euro 9,169 thousand at 31 December 2022 (Euro 5,951 thousand at 31 December 2021). The item income tax receivables amounted to Euro 3,545 thousand at 31 December 2022 (Euro 2,839 thousand at 31 December 2021) (see note 4.10).

4.20 LIABILITIES FOR DERIVATIVE FINANCIAL INSTRUMENTS

The item "Liabilities for derivative financial instruments" amounted to Euro 77 thousand at 31 December 2022 (Euro 41 thousand at 31 December 2021).

The following table shows the liabilities for derivative financial instruments by currency at 31 December 2022 and 2021.

(In thousands of Euro)	As of 31 December	
	2022	**2021**
Forward		
GBP	—	4
AUD	4	37
CNY	22	—
JPY	48	—
IRS	3	—
Total	**77**	**41**

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 *4.9. Assets for financial derivative instruments*.

For 2022, and only for the interest rate swap, the hedge accounting method was adopted. The negative fair value at 31 December 2022 amounted to Euro 3 thousand as reported in the table below (Euro 2.5 thousand net of the tax effect).

(In thousands of Euro)	As of 31 December			
	2022 assets	**2021 assets**	**2022 liabilities**	**2021 liabilities**
Exchange rate hedging				
Exchange rate hedges (current) – cash flow hedge	—	—	—	—
Tax effect – Exchange rate hedges (current) – cash flow hedge	—	—	—	—
Interest rate hedges				
Interest rate hedges (current) – cash flow hedge	—	—	3.3	—
Tax effect - Interest rate hedges (current) – cash flow hedge	—	—	(0.8)	—
Total	**—**	**—**	**2.5**	**—**

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4.21 OTHER CURRENT LIABILITIES

The item "Other current liabilities" amounted to Euro 88,552 at 31 December 2022 (Euro 95,302 thousand at 31 December 2021). The following table shows the amounts of other current liabilities at 31 December 2022 and 2021.

(In thousands of Euro)	As of 31 December	
	2022	**2021**
Other current liabilities		
Deferred income	27,294	26,239
Advances from clients	21,661	28,201
Payables to employees	11,984	10,497
VAT payables	9,391	8,873
Social security payables	4,053	5,215
Other liabilities	5,651	5,300
Accrued expenses	628	1,571
Payables for buy backs - due within 12 months	7,890	9,405
Total other current liabilities	**88,552**	**95,302**

"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" relates to 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 2022 and 2021 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.

The item "Payables for buy backs - due within 12 months" includes Euro 268 thousand relative to a short-term buyback obligation for leased products. The remainder of the item, of Euro 7,654 thousand, refers to liabilities for sales with return rights, identified pursuant to IFRS 15, in order to represent the suspended revenues associated with these sales. The total balance on this item, current and non-current quota, like the respective asset, has increased compared to the previous year. This is mainly due to the effect of the Covid-19 pandemic, which extended the equipment renewal periods, mainly for the key accounts, which resulted in a redefinition of the estimate made in previous years for the buyback of sold machines. For more details about the recognition criteria for this item, see paragraph 2.4 of this document "Valuation criteria" in the section "Recognition of revenues".

5 Notes to the income statement

5.1 REVENUES

The item "Revenues" amounts to Euro 719,025 thousand for the year ended 31 December 2022, an increase of Euro 109,283 thousand (18%) compared to Euro 609,742 thousand for the year ended 31 December 2021. This increase is due to the higher sales volumes in the BtoB segment, an improved product mix and the increase in list prices, to partially cover the increase in the costs of materials and logistics incurred during the year.

The following table contains a breakdown of the revenues for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	**Year ended 31 December**	
	2022	**2021**
Revenues		
Revenues from the sale of products, spare parts, hardware and software	587,811	511,983
Revenues from transport and installation, after-sale and rental assistance	131,214	97,759
Total revenues	**719,025**	**609,742**

The breakdown of revenues by customer, distribution channel and geographical area is shown in the "Segment Reporting" in the management report.

5.2 OTHER REVENUES AND INCOME

The item "Other revenues and income" amounted to Euro 2,465 thousand for the year ended 31 December 2022 (Euro 1,670 thousand for the year ended 31 December 2021). Other income and revenues consist mainly of rental income, and income from suppliers for compensation.

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

This item amounted to Euro 248,077 thousand for the year ended 31 December 2022 (Euro 209,425 thousand for the year ended 31 December 2021).

The following table contains details of the purchases and changes in raw materials, work in progress and finished goods for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	Year ended 31 December	
	2022	**2021**
Purchases and changes in raw materials, work in progress and finished goods		
Purchases and changes in raw materials	155,745	147,218
Purchases and changes in finished goods	86,701	59,587
Purchases and changes in packaging and cost of custom duties	5,740	2,763
Change in inventory of work in progress	(109)	(142)
Total purchases and changes in raw materials, work in progress and finished goods	**248,077**	**209,425**

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.

5.4 COST OF SERVICES

The item "Cost of services" amounted to Euro 189,192 thousand for the year ended 31 December 2022 (Euro 158,228 thousand for the year ended 31 December 2021).

The following table shows the amounts of cost of services for the years ended 31 December 2022 and 2021 restated.

(In thousands of Euro)	Year ended 31 December	
	2022	**2021**
Cost of services		
Transport of sales, customs duties and installation	65,159	53,771
Technical assistance	21,154	14,041
Advertising	18,223	17,409
Rentals	7,811	6,099
Agents	8,477	8,799
Consulting services	10,493	9,842
Transport of purchases	12,449	13,842
Travel and business expenses	3,488	1,263
Outsourcing costs	7,937	6,756
Utilities	4,706	3,618
Maintenance costs	6,035	5,036
Other services	23,259	17,752
Total cost of services	**189,192**	**158,228**

The higher increases compared to 31 December 2021 essentially refer to the strong recovery in the business and the higher volumes from the BtoB segment, which entailed an increase in transportation costs (mainly on the international level) as well as more after-sales support. Advertising costs have also risen, reflecting the ongoing investments made in marketing activities in order to continue with the profitable, sustainable growth across all segments and geographical areas.

"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 2022 and 2021:

(In thousands of Euro)	**Year ended 31 December**	
	2022	**2021**
Audit fees		
Auditing of the accounts	994	814
Other services	43	200
Total audit fees	**1,037**	**1,014**

5.5 PERSONNEL EXPENSES

The item "Personnel expenses" amounted to Euro 151,330 thousand for the year ended 31 December 2022 (Euro 133,307 thousand for the year ended 31 December 2021).

The following table shows the amounts of personnel expenses for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	**Year ended 31 December**	
	2022	**2021**
Personnel expenses		
Wages and salaries	109,600	96,509
Social security contributions	25,561	24,898
Provisions for employee benefit obligations	3,103	3,026
Other costs	13,066	8,875
Total personnel expenses	**151,330**	**133,307**

The increase in this item compared to the previous year is mainly correlated to the increase in average workforce compared to the same period in the previous year, particularly the higher number of office staff compared to manual workers, as well as the inflationary effect that has also impacted personnel cost. Please also note that this item includes non-recurring expenses referring to personnel expenses not linked to normal operations for Euro 1,442 thousand.

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 2022 and 2021.

(in number)	Year ended 31 December			
	2022		2021	
Number of employees	**Average**	**Year-end**	**Average**	**Year-end**
Managers	69	71	68	69
White-collar	1,431	1,456	1,362	1,405
Blue-collar	646	616	659	681
Total number of employees	**2,146**	**2,143**	**2,089**	**2,155**

5.6 OTHER OPERATING COSTS

The item "Other operating costs" amounted to Euro 5,277 thousand for the year ended 31 December 2022 (Euro 6,933 thousand for the year ended 31 December 2021).

The following table reports the amounts of other operating costs for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	Year ended 31 December	
	2022	**2021**
Other operating costs		
Other taxes and indirect taxes	2,180	2,659
Other costs and net provisions on leasing receivables	3,097	4,274
Total other operating costs	**5,277**	**6,933**

The item "Other costs and net provisions on leasing receivables" mainly refers to membership fees, certification costs, promotional and advertising product giveaways, 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. Regarding this last item, after carefully analysing the portfolio, the Group has estimated a default risk for the next financial year of approximately Euro 3 million, out of a total portfolio of Euro 160 million, as the default of certain customers with probable risk has not yet occurred. The decision was thus taken to maintain the same balance on the bad debt provision as last year, for these receivables.

5.7 SHARE OF NET RESULT FROM JOINT VENTURES

The item "Share of net result from joint ventures" amounted to Euro 1,768 thousand for the year ended 31 December 2022 (Euro 15,352 thousand for the year ended 31 December 2021). The difference compared to the previous year is due to the fact that in 2021, a gain had been posted from the sale of the Exerp Group, totalling Euro 13,961 thousand. This was included in the non-recurring income for the year, whereas the remainder pertains to the portion of net result due to the Group, earned by the affiliates and/or subsidiaries jointly (see note 4.4).

5.8 DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES/(WRITE-BACKS)

The item "Depreciation, amortisation and impairment losses/(write-backs)" amounted to Euro 40,386 for the year ended 31 December 2022 (Euro 36,435 thousand for the year ended 31 December 2021).

The following table shows the amounts of depreciation, amortisation and impairment losses/(write-backs) for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	Year ended 31 December	
	2022	**2021**
Depreciation, amortisation and impairment losses / (revaluations)		
Depreciation of property, plant and equipment	25,510	23,185
Amortisation of intangible assets	14,854	13,221
Impairment losses of property, plant and equipment	—	—
Impairment losses of intangible assets	23	29
Total depreciation, amortisation and impairment losses (revaluations)	**40,386**	**36,435**

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 4.1 and 4.2.

5.9 NET PROVISIONS

The item "Net provisions" amounted to Euro 6,242 thousand for the year ended 31 December 2022 (Euro 3,533 thousand for the year ended 31 December 2021).

The following table shows the amounts of net provisions for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	Year ended 31 December	
	2022	**2021**
Net provisions		
Inventory write-down net provisions	1,645	555
Net allocations to bad debt provisions	2,167	2,575
Warranties net provisions	1,881	167
Other net provisions for risks and charges	572	186
Ongoing lawsuits net provisions	(23)	50
Total net provisions	**6,242**	**3,533**

The item "Net allocations to bad debt provisions" includes the write-down of non-trade receivables totalling Euro 127 thousand.

For details of the breakdown and changes in these items, see paragraphs "4.7. Trade receivables" and "4.16. Provisions for risks and charges" in this document.

5.10 FINANCIAL INCOME

The item "Financial income" amounted to Euro 27,436 thousand for the year ended 31 December 2022 (Euro 11,998 thousand for the year ended 31 December 2021).

The following table shows the amounts of financial income for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	Year ended 31 December	
	2022	**2021**
Financial income		
Realised exchange gains	23,684	10,748
Unrealised exchange gains	2,483	668
Other financial income	184	93
Bank interest receivable	1,085	488
Total financial income	**27,436**	**11,998**

5.11 FINANCIAL EXPENSES

The item "Financial expenses" amounted to Euro 27,177 thousand for the year ended 31 December 2022 (Euro 11,596 thousand for the year ended 31 December 2021).

The following table shows the amounts of financial expenses for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	Year ended 31 December	
	2022	**2021**
Financial expenses		
Realised exchange losses	23,426	9,500
Unrealised exchange losses	1,872	485
Bank interest on financial loans	279	405
Provision for the write-down of financial receivables	-	92
Bank interest and fees	552	462
Other financial expenses	1,048	652
Total financial expenses	**27,177**	**11,596**

"Other financial expenses" mainly include the financial cost of applying the IFRS 16 accounting standard.

The item "Provision for the write-down of financial receivables" did not change during the 2022 financial year. The amount at 31 December 2021 refers to the write-down of a loan granted to the unconsolidated entity Sandcroft Avenue Ltd, which was fully written off in the 2021 financial year. It should be noted that the value of the equity investment has been zeroed and as this is a limited liability company, Technogym is only liable for the sums invested.

5.12 INCOME/(EXPENSES) FROM INVESTMENTS

The item "Income/(expenses) from investments" amounted to Euro 298 thousand for the year ended 31 December 2022 (Euro 427 thousand for the year ended 31 December 2021).

(In thousands of Euro)	Year ended 31 December	
	2022	**2021**
Income/(expenses) from investments		
Revaluations/(impairment losses) investments	298	427
Total income/(expenses) from investments	**298**	**427**

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.

5.13 INCOME TAXES

The item "Income taxes" amounts to Euro 19,434 thousand for the year ended 31 December 2022 (Euro 16,466 thousand for the year ended 31 December 2021).

The following table shows the amounts of income taxes for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	Year ended 31 December	
	2022	**2021**
Income taxes		
Current taxes	23,555	17,254
Deferred taxes	(4,015)	(701)
Total income taxes for the year	**19,541**	**16,553**
Taxes relating to prior years	(107)	(87)
Total income taxes	**19,434**	**16,466**

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 2022 and 2021.

(In thousands of Euro)	Year ended 31 December			
	2022	**%**	**2021**	**%**
Profit before tax	**83,309**		**79,731**	
Income tax calculated with theoretical tax rate	**19,994**	**24.0%**	**19,135**	**24.0%**
Effect of difference between local tax rate and theoretical tax rate	(373)	(0.4%)	(3,379)	(4.2%)
Fiscal effect of non-deductible expenses/revenues	5,816	7.0%	6,801	8.5%
Tax losses carried forward that are not recognised in deferred tax assets.	(855)	(1.0%)	(1,163)	(1.5%)
Other income taxes (IRAP)	1,149	1.4%	716	0.9%
Fiscal effect of tax relief	(964)	(1.2%)	(911)	(1.1%)
Gain from disposal of investments	-	0.0%	(3,183)	(4.0%)
Deferred taxes TG Shanghai	(1,703)	(2.0%)	-	0.0%
Other minor effects	**(3,555)**	(4.3%)	**(1,465)**	(1.8%)
Income taxes of previous years	(76)	(0.1%)	(87)	(0.1%)
Total	**19,434**	**23.3%**	**16,466**	**20.7%**

5.14 EARNINGS PER SHARE

The following table shows the calculation of basic earnings per share.

(In thousands of Euro)	Year ended 31 December	
	2022	**2021**
Earnings per share		
Profit for the period	63,587	63,065
Number of shares (in thousands of euro)	201,328	201,328
Total earnings per share	**0.32**	**0.31**

6 Net financial position

The following table is a restatement of the Group's net indebtedness as of 31 December 2022 and 31 December 2021, 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).

(In thousands of Euro)	As of 31 December	
	2022	**2021**
Net financial position		
A. Cash	190,215	169,120
B. Cash equivalents	15,143	5,186
C. Other current financial assets	20,520	53,964
D. Liquidity (A) + (B) + (C)	**225,878**	**228,270**
E. Current financial payables (including debt instruments, but excluding the current part of non-current financial payables)	(28,441)	(23,709)
F. Current part of non-current financial payables	(9,137)	(50,103)
G. Current financial indebtedness (E) + (F)	**(37,578)**	**(73,812)**
H. Net current financial indebtedness (G) + (D)	**188,300**	**154,458**
I. Non-current financial payables (excluding the current part and debt instruments)	(66,431)	(57,671)
J. Debt instruments	—	—
K. Trade payables and other non-current payables	(287)	(806)
L. Non-current financial indebtedness (I) + (J) + (K)	**(66,718)**	**(58,477)**
M. Total financial indebtedness (H) + (L)	**121,582**	**95,981**

The net financial position at 31 December 2022, which includes the effects of adopting IFRS 16, was positive by Euro 121,582 thousand, an increase of Euro 25,601 thousand compared to the balance of Euro 95,981 thousand for the year ended 31 December 2021.

This increase is mainly due to the cash generation of Euro 100.2 million, pre-tax (with a conversion rate of 78%), despite the acceleration in investment (Euro 34.3 million compared to Euro 27.7 million in 2021), aimed at supporting the growth of innovative AI-based user experiences and training solutions. By year-end, the company had improved further on its net cash position which is Euro 121.6 million, compared to Euro 96.0 million in 2021 (including the application of IFRS 16 whose impact can be quantified at Euro 28 million).

At 31 December 2022 there were no restrictions or limitations on the use of Group liquid assets, except for minor amounts relating to specific circumstances closely linked to the commercial operations of certain Group entities. It should also be noted that there are cash asset and cash equivalents at the Russian subsidiary, totalling approximately Euro 8.3 million, primarily resulting from earnings from previous years. The Group is taking all the steps necessary for the return of these sums, which must be approved by the local authorities prior to their transfer to the parent company.

7 Financial risk management

The main financial risks to which the Group is subject 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:
  - 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.

7.1 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 scoring system, which is used to manage 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 amount of trade receivables represents the maximum theoretical exposure to credit risk of the Group 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.

7.2 LIQUIDITY RISK

The Group's liquidity risk is closely monitored through specific controls 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 with both cash flow generated by operation and short time credit lines.

The following table shows the amounts of credit lines available and used at 31 December 2022 and 2021.

(in thousands of Euro)	**Cash credit lines**	**Self-liquidating credit lines**	**Financial credit lines**	**Total**
As of 31 December 2022				
Credit lines	7,382	17,641	240,441	**265,464**
Utilisations	—	—	(11,747)	**(11,747)**
Credit lines available at 31 December 2022	**7,382**	**17,641**	**228,694**	**253,717**
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**

The following table reports the breakdown and maturity of liability items at 31 December 2022 and 2021.

(In thousands of Euro)	Within 1 year	Between 1 and 5 years	Beyond 5 years	Total
Values at 31 December 2022				
Non-current financial liabilities	—	63,166	3,266	**66,431**
Other non-current liabilities	—	38,415	—	**38,415**
Trade payables	173,559	—	—	**173,559**
Current tax liabilities	9,169	—	—	**9,169**
Current financial liabilities	37,501	—	—	**37,501**
Liabilities for derivative financial instruments	77	—	—	**77**
Other current liabilities	88,552	—	—	**88,552**
Total	**308,858**	**101,580**	**3,266**	**413,704**
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	—	(0)	**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**	**(0)**	**427,453**

On 31 December 2022, the Technogym Group had approximately Euro 228.6 million of undrawn credit lines, liquidity amounting to Euro 205.4 million and trade receivables of 110.8 million, giving a total of Euro 544.8 million, against payables and current commitments totalling Euro 308.9 million.

7.3 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 2022, 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 2022 and 2021.

(In thousands of Euro)	EUR	GBP	USD	CNY	AUD	JPY	Other currencies	Total
Other non-current assets								
As of 31 December 2022	58,973	9,339	377	207	1,754	265	2,629	**73,544**
As of 31 December 2021	48,248	8,364	2,384	87	1,325	287	2,176	**62,871**
Non-current financial assets								
As of 31 December 2022	201	—	—	—	—	—	—	**201**
As of 31 December 2021	200	—	—	—	—	—	—	**200**
Trade receivables								
As of 31 December 2022	66,462	9,666	23,598	1,028	3,028	1,891	5,152	**110,824**
As of 31 December 2021	54,291	12,128	26,224	2,174	3,636	3,534	2,256	**104,242**
Cash and cash equivalents								
As of 31 December 2022	122,085	10,445	46,622	8,972	4,929	4,798	7,508	**205,358**
As of 31 December 2021	128,686	12,797	8,623	8,752	2,714	4,613	8,120	**174,306**
Current financial liabilities								
As of 31 December 2022	33,434	252	826	369	260	340	2,020	**37,501**
As of 31 December 2021	70,716	341	1,122	162	229	302	899	**73,771**
Trade payables								
As of 31 December 2022	146,858	8,020	12,000	1,317	2,385	1,333	1,645	**173,559**
As of 31 December 2021	132,474	7,642	14,801	412	2,073	1,385	982	**159,769**

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 2022 and 2021.

(In thousands of Euro)			**2022 - Exchange risk**			
			+5%		**—5%**	
	Carrying amount	**of which subject to exchange 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	205,358	83,453	(3,974)	—	4,392	—
Trade receivables	110,824	41,861	(1,993)	—	2,203	—
Non-current financial assets	201	—	—	—	—	—
Current financial assets	19,883	9,806	(467)	—	516	—
Assets for derivative financial instruments	637	637	(30)	—	34	—
Tax effect	—	—	1,804	—	(1,993)	—

(In thousands of Euro)			2022 - Exchange risk			
			+5%		–5%	
	Carrying amount	**of which subject to exchange risk**	**Gains / (losses)**	**Other movements in sales invoice ledger (RFV)**	**Gains / (losses)**	**Other movements in sales invoice ledger (RFV)**
			(4,661)	**—**	**5,151**	**—**
Financial liabilities						
Non-current financial liabilities	66,431	10,326	492	—	(543)	—
Current financial liabilities	37,501	725	35	—	(38)	—
Trade payables	173,559	23,740	1,130	—	(1,249)	—
Liabilities for derivative financial instruments	77	74	4	—	(4)	—
Tax effect			(463)	—	512	—
			1,197	—	(1,323)	—
Total increases (decreases) 2022			**(3,464)**		**3,828**	

(In thousands of Euro)			2021 - Exchange risk			
			+5%		–5%	
	Carrying amount	**of which subject to exchange 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	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)	—
			(4,031)	**—**	**4,455**	**—**
Financial liabilities						
Non-current financial liabilities	57,671	1,051	50	—	(55)	—
Current financial liabilities	73,771	730	35	—	(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**	

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 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 2022 and 2021.

(In thousands of Euro)	2022 - 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	205,358	185,284	371	—	(371)	—
Trade receivables	110,824	—	—	—	—	—
Tax effect			(116)	—	116	—
			255	—	(255)	—
Financial liabilities			**—**	**—**	**—**	**—**
Non-current financial liabilities	66,431	31,519	(63)	—	63	—
Current financial liabilities	37,501	1,137	(2)	—	2	—
Trade payables	173,559	—	—	—	—	—
Tax effect			20	—	(20)	—
			(45)	—	45	—
Total increases (decreases) 2022			**210**	**—**	**(210)**	**—**

(In thousands of Euro)	2021 - 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	174,306	156,925	314	—	(314)	—
Trade receivables	104,242	—	—	—	—	—
Tax effect			(99)	—	99	—
			215	—	(215)	—

(In thousands of Euro)	2021 - 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 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**	**—**

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.

(In thousands of Euro)	As of 31 December	
	2022	**2021 Restated**
Net financial indebtedness (A)	(121,582)	(95,981)
Total equity (B)	345,927	311,560
Total capital (C)=(A)+(B)	**224,345**	**215,579**
Gearing ratio (A)/(C)	**(54.2%)**	**(44.5%)**

7.4 FINANCIAL RISK MANAGEMENT

As of 31 December 2021 and 2022, 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.

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 2022 and 2021.

2022 *(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	72,947	—	597	73,544	—	—	597	597
Non-current financial assets	201	—	—	201	—	—	—	—
Non-current financial assets	**73,148**	**—**	**597**	**73,745**	**—**	**—**	**597**	**597**
Trade receivables	110,824	—	—	110,824	—	—	—	—
Cash and cash equivalents	205,358	—	—	205,358	—	—	—	—
Assets for derivative financial instruments	—	—	637	637	—	637	—	637
Current financial assets	19,883	—	—	19,883	—	—	—	—
Other current assets	27,178	—	—	27,178	—	—	—	—
Current financial assets	**363,243**	**—**	**637**	**363,880**	**—**	**637**	**—**	**637**

2021 *(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	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	—	—	—	—
Assets for derivative financial instruments	—	—	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**

2022 *(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	66,431	—	—	66,431	—	—	—	—
Other non-current liabilities	38,415	—	—	38,415	—	—	—	—
Non-current financial liabilities	**104,846**	**—**	**—**	**104,846**	**—**	**—**	**—**	**—**
Current financial liabilities	37,501	—	—	37,501	—	—	—	—
Trade payables	173,559	—	—	173,559	—	—	—	—
Liabilities for derivative financial instruments	—	3	74	77	—	77	—	77
Other current liabilities	88,552	—	—	88,552	—	—	—	—
Current financial liabilities	**299,612**	**3**	**74**	**299,689**	**—**	**77**	**—**	**77**

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	—	—	41	41	—	41	—	41
Other current liabilities	95,302	—	—	95,302	—	—	—	—
Current financial liabilities	**328,842**	**—**	**41**	**328,900**	**—**	**41**	**—**	**41**

8 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 - 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 embargoes on the Russian market. In relation to the Russian market, Technogym operates directly through the Technogym AO subsidiary, whose revenues are less then 2% of the Group total and were generated in the first part of the year when the restrictive export measures were not yet in place.

Negotiations are also underway to sell the business, held indirectly by the parent Technogym S.p.A. through Technogym International, at a price of Euro 2.9 million, which will allow the write-back of the value of the investment on the statutory accounts, and the recovery on the consolidated accounts of the contribution made by the subsidiary, principally the cash assets of Euro 8.3 million.

RISKS RELATED TO CYBER ATTACKS

The stepping-up of the digital transformation - both within the Company itself and towards the market - has been driven by the public health emergency, and this exposes the Group to potential cyber attacks (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.

In particular, a 24H Security Operation Center (SOC) system is in place, tasked with preventing, detecting and responding to cyber attacks using advanced technology solutions and a variety of approaches. The SOC monitors and analyses the activity on networks, databases, apps, websites and other systems to discover any anomalous behaviours that could indicate a security threat or compromising of the system.

9 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 2022 and 2021 and the incidence on the related item in the financial statement.

(In thousands of Euro)	Property, plant and equipment		Other non-current assets		Trade receivables		Other current assets		Non-current financial liabilities		Trade payables		Current financial liabilities	
Values at 31 December	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**
Technogym Emirates Llc	-	-	-	13	1,962	(22)	447	1,266	-	-	298	312	-	-
Consorzio Romagna Iniziative	-	-	-	-	-	-	28	26	-	-	15	16	-	-
Asso.milano Durini Design	-	-	-	-	-	-	-	-	-	-	1	-	-	-
Sandcroft Avenue Limited	-	-	-	-	-	-	-	-	-	-	-	-	(20)	(39)
Wellink Srl	-	-	-	-	-	-	-	-	-	-	67	50	-	-
Alfin Srl	-	-	-	-	1	3	-	-	-	-	125	126	-	-
Via Durini 1 Srl	5,035	5,615	-	-	-	-	-	-	4,402	4,915	(75)	3	789	860
Starpool Srl	-	-	-	-	-	-	-	-	-	-	5	4	-	-
One On One Srl	-	-	-	-	-	9	-	-	-	-	101	232	-	-
Alne Soc. Agr. S.r.l.	-	-	-	-	-	-	-	-	-	-	2	-	-	-
Wellness Venture Srl	-	-	-	-	-	3	-	-	-	-	101	-	-	-
Aedes S.s.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Physio Ag	-	-	-	-	-	1	-	-	-	-	-	113	-	-
Sobeat S.r.o.	3,463	3,479	-	-	-	-	-	-	3,571	3,625	-	145	1,968	2,636
Total	**8,498**	**9,094**	**-**	**13**	**1,963**	**(6)**	**475**	**1,292**	**7,974**	**8,540**	**640**	**1,002**	**2,737**	**3,457**
Total Financial Statements	**153,563**	**164,122**	**62,871**	**73,544**	**104,242**	**110,824**	**29,984**	**27,178**	**57,671**	**66,431**	**159,769**	**173,559**	**73,771**	**37,501**
% on financial statements item	**5.5%**	**5.5%**	**0.3%**	**0.3%**	**1.9%**	**0.0%**	**1.6%**	**4.8%**	**13.8%**	**12.9%**	**0.4%**	**0.6%**	**3.7%**	**9.2%**

(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**	
	2021 Dec	**2022 Dec**	**2021 Dec**	**2022 Dec**	**2021 Dec**	**2022 Dec**	**2021 Dec**	**2022 Dec**	**2021 Dec**	**2022 Dec**	**2021 Dec**	**2022 Dec**	**2021 Dec**	**2022 Dec**	**2021 Dec**	**2022 Dec**	**2021 Dec**	**2022 Dec**
Technogym Emirates Llc	11,290	15,036	206	274	(63)	(122)	(101)	(328)	(147)	(273)	–	(3)	–	–	–	–	–	–
Pubblisole Spa	–	–	–	–	–	–	38	19	–	–	–	–	–	–	–	–	–	–
Consorzio Romagna Iniziative	–	–	–	–	–	–	(8)	(19)	–	–	–	–	–	–	–	–	–	–
Asso.Milano Durini Design	–	–	–	–	–	–	–	–	–	–	(2)	(2)	–	–	–	–	–	–
Sandcroft Avenue Limited	–	–	–	–	–	–	–	–	–	–	–	–	–	–	15	19	(92)	14
Wellink Srl	–	–	–	–	–	–	(187)	(190)	–	–	(0)	(0)	–	–	–	–	–	–
Alfin Srl	–	2	–	–	–	–	(250)	(256)	–	(39)	–	(0)	–	–	–	–	–	–
Via Durini 1 Srl	–	–	–	–	–	–	(162)	(124)	–	–	(10)	(9)	(816)	(895)	–	–	(130)	(123)
Starpool Srl	1	–	0	–	–	–	(1)	(4)	–	–	–	–	–	–	–	–	–	–
One On One Srl	12	21	–	–	–	–	(256)	(657)	–	–	(0)	(0)	–	–	–	–	(0)	–
Enervit Spa	–	–	–	–	–	–	–	(3)	–	–	–	–	–	–	–	–	–	–
Alne Soc. Agr. S.r.l.	–	–	–	–	–	–	(2)	(2)	–	–	–	–	–	–	–	–	–	–
Wellness Explorers Srl	–	–	–	18	–	–	(136)	(325)	–	–	–	0	–	–	–	–	–	–
Physio Ag	–	88	–	–	–	–	–	(652)	–	–	–	–	–	–	–	–	–	–
Sobeat S.r.o.	–	–	–	–	–	–	184	171	–	–	–	–	(692)	(705)	–	–	–	–
Total	**11,302**	**15,147**	**206**	**292**	**(63)**	**(123)**	**(882)**	**(2,368)**	**(147)**	**(311)**	**(12)**	**(14)**	**(1,508)**	**(1,600)**	**15**	**19**	**(221)**	**(109)**
Total Financial Statements	**609,742**	**719,025**	**1,670**	**2,465**	**(209,425)**	**(248,077)**	**(158,228)**	**(189,192)**	**(133,307)**	**(151,330)**	**(6,933)**	**(5,277)**	**(36,435)**	**(40,386)**	**11,998**	**27,436**	**(11,596)**	**(27,177)**
% on financial statements item	**1.9%**	**2.1%**	**12.4%**	**11.9%**	**0.0%**	**0.0%**	**0.5%**	**1.3%**	**0.1%**	**0.2%**	**0.2%**	**0.3%**	**4.1%**	**4.0%**	**0.1%**	**0.1%**	**1.9%**	**0.4%**

The relationship between the Group and related parties as of and for the years ended 31 December 2022 and 2021 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 2,457 thousand for the year ended 31 December 2022 (Euro 2,413 thousand for the year ended 31 December 2021).

The total amount of compensation paid to key management amounted to Euro 1,959 thousand for the year ended 31 December 2022 (Euro 1,757 thousand for the year ended 31 December 2021). The following table shows the amounts of revenues for the years ended 31 December 2022 and 2021.

(in thousands of Euro)	**Year ended 31 December**	
	2022	**2021**
Fees for office	1,200	1,229
Non-monetary benefits	31	25
Bonuses and other incentives	678	90
Other fees	50	414
Total	**1,959**	**1,757**

10 Contingent liabilities

As of 31 December 2021, there are no significant ongoing legal or tax proceedings against any Group company, and therefore, no particular provisions for risks and charges have been recognised, with the exception of the following.
An assessment notice for approximately Euro 10 million was received in the first half of 2017, relating to the company FBK Equipamentos ltda, due to alleged formal irregularities in customs import declarations relating to years prior to 2015, also in the name of Technogym Fabricacao de Equipamento de Ginástica ltda, now incorporated into FBK 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.

11 Commitments and guarantees

As of 31 December 2022 the Group issued guarantees to credit institutions on behalf of subsidiaries for Euro 21,521 thousand (Euro 21,344 thousand at 31 December 2021) and on behalf of related parties for Euro 3,840 thousand (Euro 3,617 thousand at 31 December 2021). The guarantees issued by the Group in favour of public institutions and other third parties amounted to Euro 2,030 thousand (Euro 2,150 thousand at 31 December 2021).

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

12 Non-recurring events and transactions

In the year ended 31 December 2022, non-recurring expense of Euro 2,554 thousand was recognised, linked primarily to staff severance payments, as well as other costs of extraordinary services not associated with ordinary operations. As of 31 December 2021, non-recurring income of Euro 11,838 thousand was recognised in respect of the capital gain obtained on the sale of shares held in Amleto APS (Exerp Group) for Euro 13,961 thousand, net of non-recurring costs of Euro 2,123 thousand.

13 Significant events after the reporting period

In January, Technogym took part in the World Economic Forum in Davos, during which Erica Alessandri, a member of the Technogym Board of Directors, participated in various projects/conferences on the role and impacts of regular physical exercise in terms of global health. In particular, Technogym was one of the founding members of the new WEF initiative to tackle obesity around the world.

In February, Technogym took part in the Arco Madrid art fair – the flagship event for contemporary art in Spain and Latin America – with an installation by the celebrated designer Patricia Urquiola focusing on the message "Let's Move for a Better World", referring to physical exercise as an opportunity to build a better world, starting with people's health.

On 8 March, International Women's Day, Technogym promoted a campaign on women's sport on social media and at its boutique outlets, starting from the fact that women's sport accounts for only 4% of sports-related media coverage.

In 2023 an agreement was signed with the shareholder that owns 51% of Technogym Emirates LLC, a joint venture formed in the Arab Emirates. The terms of the agreement provide for the restructuring of the company's governance and will give the Group substantial control of the subsidiary. From the date of signing, the Group will fully consolidate this subsidiary, which is currently valued with the equity method.

With regard to the Russian subsidiary Technogym AO, negotiations are underway to sell the business held indirectly by the parent Technogym S.p.A. through Technogym International, at a price of Euro 2.9 million, which will allow the write-back of the value of the investment on the statutory accounts, and the recovery on the consolidated accounts of the contribution made by the subsidiary, principally the cash assets of Euro 8.3 million.

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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 2022, 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 2022 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 5.1 – Revenues* Revenues of Technogym Group for the year ended as at 31 December 2022 amounted to Euro 719 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 2022, 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 IFRS 15 - *Revenue from contracts with customers,* with particular reference of the revenues cut-off principle. This analysis is necessary as consequence of 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	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

historical/statistic basis, the probability of their implementation by the customers.	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 2023, 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 2022.

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;

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- 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 2022, 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 2022 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 2022 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, 11 April 2023

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 No. 11971 of 14 May 1999 as amended

1. The undersigned Nerio Alessandri, as Chairman of the Board of Directors and Chief Executive Officer, and William Marabini 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
   - the administrative and accounting procedures have been effectively applied in the preparation of the consolidated financial statements from 1 January 2022 to 31 December 2022.

   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) were prepared in accordance with the IAS 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 an accurate and fair view of the assets and liabilities, profits and losses and financial position of the issuer and the group of companies included in the consolidation.

3. 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, 29 March 2023

Financial Reporting Officer	Chairman of the Board of Directors and Chief Executive Officer
William Marabini	Nerio Alessandri

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SEPARATE FINANCIAL STATEMENTS 31 DECEMBER 2022

Technogym S.p.A.
Financial statements

Statement of financial position

(in Euro)					
	As of 31 December				
	Notes	2022	*of which from related parties*	2021	*of which from related parties*
ASSETS					
Non-current assets					
Property, plant and equipment	1	58,634,809	*22,209,696*	63,304,637	*24,629,336*
Intangible assets	2	54,072,786		50,342,391	
Deferred tax assets	3	9,539,351		8,699,602	
Equity investments	4	189,088,399		170,752,009	
Non-current financial assets	5	29,919,399	*29,719,399*	30,749,030	*30,549,030*
Other non-current assets	5	58,705,709	*361,212*	54,025,667	*263,184*
TOTAL NON-CURRENT ASSETS		**399,960,452**		**377,873,335**	
Current assets					
Inventories	6	37,994,447		45,528,273	
Trade receivables	7	100,903,660	*49,146,394*	92,018,623	*48,011,829*
Current financial assets	8	24,009,898	*4,284,183*	58,285,406	*4,443,006*
Assets for derivative financial instruments	9	637,024		126,554	
Other current assets	10	18,213,255	*1,444,816*	23,560,254	*785,739*
Cash and cash equivalents	11	182,148,366		145,004,423	
TOTAL CURRENT ASSETS		**363,906,650**		**364,523,534**	
TOTAL ASSETS		**763,867,102**		**742,396,869**	

(in Euro)		As of 31 December			
	Notes	**2022**	*of which from related parties*	**2021**	*of which from related parties*
EQUITY AND LIABILITIES					
Equity					
Share capital		10,066,375		10,066,375	
Share premium reserve		7,132,311		7,132,311	
Other reserves		85,210,298		80,562,673	
Retained earnings		218,765,976		188,288,038	
Profit/(loss) for the period		68,976,174		66,360,772	
Equity		**390,151,134**		**352,410,170**	
Capital and reserves attributable to non-controlling interests		-		-	
Profit (loss) attributable to non-controlling interests		-		-	
Equity attributable to non-controlling interests		**-**		**-**	
TOTAL EQUITY	12	**390,151,134**		**352,410,170**	
Non-current liabilities					
Non-current financial liabilities	13	58,123,959	*18,282,845*	63,226,831	*20,741,127*
Deferred tax liabilities	14	-		-	
Employee benefit obligations	14	2,210,342		2,623,578	
Non-current provisions for risks and charges	15	6,853,435		6,795,383	
Other non-current liabilities	16	24,296,236		26,115,493	
TOTAL NON-CURRENT LIABILITIES		**91,483,973**		**98,761,285**	
Current liabilities					
Trade payables	17	148,756,384	*33,895,116*	131,660,795	*27,978,466*
Current tax liabilities	18	1,728,849		955,182	
Current financial liabilities	13	90,390,980	*59,915,824*	117,424,542	*49,883,000*
Liabilities for derivative financial instruments	19	76,981		40,922	
Current provisions for risks and charges	15	11,160,852	*64,938*	9,246,468	*48,607*
Other current liabilities	20	30,117,950	*4,489,223*	31,897,506	*1,029,673*
TOTAL CURRENT LIABILITIES		**282,231,995**		**291,225,414**	
TOTAL EQUITY AND LIABILITIES		**763,867,102**		**742,396,869**	

Income statement

(in Euro)		Year ended 31 December			
	Notes	**2022**	***of which from related parties***	**2021**	***of which from related parties***
REVENUES					
Revenues	21	485,473,367	*261,163,058*	425,431,140	*221,128,323*
Other revenues and income	22	18,859,196	*18,280,062*	13,407,780	*12,678,541*
Total revenues		**504,332,563**		**438,838,920**	
OPERATING COSTS					
Purchases and use of raw materials, work in progress and finished goods	23	(273,081,477)	*(89,534,432)*	(228,737,458)	*(67,973,285)*
of which non-recurring expenses:		*(17,520)*		*(13,752)*	
Cost of services	24	(82,331,072)	*(3,884,967)*	(71,677,281)	*(2,060,849)*
of which non-recurring expenses:		*(426,594)*		*(90,708)*	
Personnel expenses	25	(65,508,389)	*(774,064)*	(60,646,226)	*(392,183)*
of which non-recurring expenses:		*(317,671)*		*(656,475)*	
Other operating costs	26	(5,347,297)	*(1,793,958)*	(4,419,119)	*(1,752,884)*
of which non-recurring expenses:		*(150,000)*		*(3,270)*	
Share of net result from subsidiary		—		11,958,104	
of which non-recurring income:		—		11,958,104	
Depreciation, amortisation and impairment losses / (revaluations)	27	(31,663,846)	*(5,055,438)*	(28,671,415)	*(4,631,555)*
Net provisions	28	(5,921,449)	*(3,670,935)*	(1,129,629)	—
Of which non-recurring income/ (expenses):		—		—	—
NET OPERATING INCOME		**40,479,033**		**55,515,896**	
Financial income	29	24,361,222	*660,338*	11,385,196	*578,224*
Financial expenses	30	(24,425,495)	*(1,657,466)*	(10,963,916)	*(705,186)*
of which non-recurring expenses:		—		—	
Net financial expenses		**(64,273)**		**421,279**	
Income/(expenses) from investments	31	40,071,968	*20,377,745*	21,906,302	*14,063,231*
of which non-recurring expenses:		—	—	—	—
PROFIT BEFORE TAX		**80,486,729**		**77,843,478**	
Income taxes	32	(11,510,555)		(11,482,705)	
of which non-recurrent income taxes		—		—	
PROFIT/(LOSS) FOR THE PERIOD		**68,976,174**		**66,360,772**	
EARNINGS PER SHARE	33	**0.34**		**0.33**	

Statement of comprehensive income

(in Euro)	Notes	Year ended 31 December	
		2022	**2021**
Profit/(loss) for the year (A)		**68,976,174**	**66,360,772**
Actuarial gains/(losses) on post-employment benefit obligations	14	274,309	(4,922)
Tax effect - Actuarial gains/(losses) on post-employment benefit obligations		(65,834)	1,181
Actuarial gains/(losses) for the CNP provision	15	356,320	172,352
Tax effect - Actuarial gains/(losses) for the CNP provision		(85,517)	(41,365)
Total items that will not be reclassified to profit or loss (B1)		**479,278**	**127,247**
Gains (losses) on cash flow hedges		—	—
Tax effect - Gains (losses) on cash flow hedges		—	—
Gains (losses) on cash flow hedging instruments (IRS)		(3,314)	—
Tax effects - Gains (losses) on cash flow hedging instruments (IRS)		795	—
Total items later reclassified in income statement (B2)		(2,519)	**—**
Total Other comprehensive income net of tax (B)=(B1)+(B2)		**476,759**	**127,247**
Total comprehensive income for the year (A)+(B)		**69,452,934**	**66,488,020**

Cash flow statement

(In thousands of Euro)	Notes	Year ended 31 December	
		2022	**2021**
Cash flows from operating activities			
Profit/(loss) for the period		**68,976,174**	**66,360,772**
Adjustments for:			
Income taxes		11,510,555	11,482,705
(Income)/expenses from investments		(40,071,968)	(21,906,302)
Financial (income)/expenses		64,273	(421,279)
Depreciation, amortisation and impairment		31,663,846	28,671,415
Net provisions		6,628,527	1,129,629
Share of net result from joint ventures and impairment		0	(11,958,104)
Other non-monetary changes		500,430	0
Cash flows from operations before changes in working capital		**79,271,837**	**73,358,837**
Change in inventories		6,185,903	(12,946,158)
Change in trade receivables		(9,627,301)	(28,774,995)
Change in trade payables		17,064,255	40,516,643
Change in other assets and liabilities		1,170,769	18,516,368
Income taxes paid		(12,899,523)	(7,622,976)
Net cash inflow / (outflow) from operating activities (A)		**81,165,939**	**83,047,720**
Cash flows from investing activities			
Investments in property, plant and equipment		(7,342,465)	(6,469,689)
Disposals of property, plant and equipment		98,286	14,204
Investments in intangible assets		(18,540,193)	(16,992,638)
Disposals of intangible assets		149,854	6,547
Dividends received from other entities		16,288,475	14,063,231
Dividends from investments in joint ventures and associates		1,611,036	464,041
Sale/(Purchase) of subsidiaries, associates and other entities		1,591,000	30,332,216
Net cash inflow (outflow) from investing activities (B)		**(6,114,007)**	**21,417,913**

(in Euro)	Notes	Year ended 31 December	
		2022	**2021**
Cash flows from financing activities			
Reimbursement of leasing costs (IFRS 16)		(6,929,809)	(5,902,619)
Raising of loans		4,006,474	0
Repayment of loans		(54,847,823)	(25,000,001)
Net change in financial liabilities and assets		52,584,103	(41,985,155)
Dividends paid to shareholders		(32,172,880)	(44,292,050)
Net financial income/(expenses) (paid) collected		(478,533)	2,440,215
Net cash inflow/(outflow) from financing activities (C)		**(37,838,469)**	**(114,739,609)**
Net increase/(decrease) in cash and cash equivalents (D)=(A)+(B)+(C)		**37,183,463**	**(10,273,976)**
Cash and cash equivalents at the beginning of the year		**145,004,423**	**161,745,204**
Increase/(decrease) in cash and cash equivalents from 1 January to 31 December		37,143,943	(16,740,781)
Effects of exchange rate differences on cash and cash equivalents		(39,520)	108,872
Cash and cash equivalents at the end of the year		**182,148,366**	**145,004,423**

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 2021	**10,066,375**	**4,989,750**	**2,010,050**	**22,509,218**	**51,333,330**	**(441,710)**	**2,142,561**	**–**	**–**	**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)**	**–**	**–**	**1,331,013**	**188,288,039**	**66,360,773**	**352,410,170**
Profit for the previous year	–	–	–	3,990,409	(12,241)	–	–	–	(307,733)	30,477,937	(34,148,373)	–
Total comprehensive income for the year	–	–	–	–	–	479,278	–	(2,519)	–	–	68,976,174	69,452,934
Dividends paid	–	–	–	–	–	–	–	–	–		(32,212,400)	(32,212,400)
Increase in capital	–	–	–	–	–	–	–	–	–	–	–	–
Incentive plan (LTIP)	–	–	–	–	–	–	500,430	–	–	–	–	500,430
As of 31 December 2022	**10,066,375**	**7,132,311**	**2,013,275**	**30,202,183**	**51,308,833**	**164,815**	**500,430**	**(2,519)**	**1,023,280**	**218,765,977**	**68,976,174**	**390,151,134**

Financial Statements

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.

As of 31 December 2022, 33.78% of the Issuer's share capital was held by TGH S.r.l. - a limited liability company 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 EXM (screen-based stock exchange).

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 29 March 2023 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 2022 (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 "International Financial Reporting Standards", all "International Accounting Standards" ("IAS") and all interpretations of the "International Financial Reporting Interpretations Committee" ("IFRIC") previously known as the "Standing Interpretations Committee" ("SIC"), which, at the date of authorization of the Financial Statements, have been endorsed by the European Union in accordance with the procedure in Regulation (EC) No 1606/2002 of the European Parliament and 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.

2.6 RECENTLY ISSUED ACCOUNTING STANDARDS

Accounting standards, amendments and IFRS interpretations applicable from 1 January 2022

The Company has adopted the following standards and amendments, in force as of 1 January 2022.

The Company has adopted the changes to IFRS 3 - Business combinations, which contains an update to a reference in IFRS 3 to the Conceptual Framework for Financial reporting; this did not lead to any changes in the accounting criteria for business combinations. The application of this amendment has had no significant effects.

The Company has adopted the changes to IAS 37, which clarify the nature of the costs related directly to the contract, consisting of the incremental costs of fulfilling the contract and the other costs directly connected to fulfilment. The application of this amendment has had no significant effects.

The Company has adopted the changes to IAS 16, which prohibit the entity from deducting from the cost of a PP&E element any income received from the sale of items produced while the company is preparing the asset for the intended use. These changes have not had any impact on the Company's year-end financial statements as there have been no sales of such assets produced from PP&E made available for use at the start or after the start of the first reporting period.

In May 2020, the IASB published the Annual Amendments to IFRS for 2018-2020. The improvements have amended four standards: i) IFRS 1 — First-time Adoption of International Financial Reporting Standards, relative to the possibility for a subsidiary to measure cumulative translation differences using the amount reported by the parent; ii) IFRS 9 — Financial Instruments, relative to which fees a company includes when applying the 10% test to eliminate financial liabilities, iii) IAS 41 — Agriculture, removing the requirement to exclude cash flows from taxation when measuring the fair value of biological assets; iv) IFRS 16 — Leasing, relative to an illustrative example of reimbursement regarding lease incentives. The application of this amendment has had no significant effects.

Accounting standards, amendments and EU-approved IFRS and IFRIC interpretations which are not yet mandatory and not adopted in advance by the Group as of 31 December 2022

At the end of the reporting period, the competent bodies of the European Union had approved the adoption of the following accounting standards and amendments, which have not yet been adopted by the Company:

Amendments to IFRS 17 - Insurance Contracts: in December 2021, the IASB issued amendments to IFRS 17 - Insurance policies: First application of IFRS 17 and IFRS 9

- Comparative information, which provides for a transitional option pertaining to the comparative information on financial assets presented on the date of first-time application of IFRS 17. The purpose of the amendments is to avoid temporary mismatches between financial assets and liabilities from insurance contracts, and thus to improve the utility of information for the reader. These amendments take effect from 1 January 2023.

Amendments to IAS 12 Income Taxes: in May 2021, the IASB issued amendments to IAS 12 - Income taxes: Deferred taxes relative to assets and liabilities deriving from a single transaction, to specify how companies should treat deferred taxes on transactions such as leasing and decommissioning obligations, operations for which companies recognise both an asset and a liability. In particular, the amendment has clarified that the exemption does not apply and that companies are required to report the deferred taxes on these operations. These amendments took effect on 1 January 2023. Early application is permitted.

IFRS 17 - Insurance Contracts. In May 2017, the IASB issued IFRS 17 - Insurance contracts, which establishes the principles for the recognition, measurement, presentation and information about insurance contracts issued, and also contains a guide on reinsurance contracts held and investment contracts with discretionary participation. In June 2020, the IASB issued amendments to IFRS 17, in order to assist companies in implementing IFRS 17 and to make it easier for them to explain their financial performance. The new standard and its amendments took effect on 1 January 2023.

Amendments to IFRS 3 — Business combinations: in May 2020, the IASB issued amendments to IFRS 3 - Business combinations, in order to update to a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting criteria for business combinations. These amendments took effect on 1 January 2022.

Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2: in February 2021, the IASB issued amendments to IAS 1 - Presentation of financial statements and IFRS Practice Statement 2: information on accounting standards that require companies to indicate information about their material accounting standards rather than the significant accounting standards and provides a guide on how to apply the materiality concept to information about accounting standards. These amendments take effect from 1 January 2023.

Amendments to IAS 8 - Accounting policies, changes in accounting estimates and errors: in February 2021, the IASB issued amendments to IAS 8 - Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates which clarifies how companies should distinguish changes in accounting standards from changes in accounting estimates. These amendments take effect from 1 January 2023.

Amendments to IFRS 16 — Leases: Liability in a Sale and Leaseback: in September 2022, the IASB issued amendments to IFRS 16 - Leasing: Liability in a Sale and Leaseback, in order to improve the requirements for a sale and leaseback operation and specify the measurement of liabilities from such an operation in order to ensure that the seller-lessee does not recognise any amount of the profit or loss related to the maintained right of use. These amendments will take effect from 1 January 2024.

The Company does not expect any significant financial impact from the provisions deriving from the entry into force of these standards.

In any case, the Company has not made any early adoption of the accounting standards and amendments taking effect in future years.

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:

In January 2020, the IASB issued amendments to IAS 1 - Presentation of financial statements: Classification of liabilities as current or non-current to clarify how to classify payables and other liabilities as current or non-current, and in particular, how to classify liabilities with uncertain date and liabilities settled by conversion to net equity. These amendments take effect from 1 January 2023.

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

In September 2022, the IASB issued amendments to IFRS 16 with reference to sale and leaseback operations, clarifying the criteria to be used by the seller-lessee to measure leasing liabilities. These amendments will take effect retrospectively from 1 January 2024.

The Company will evaluate any potential impact on the financial statements, when these new standards are approved by the European Union.

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 in which the Company holds the control, whether directly or indirectly, 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 (positive and negative) 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 on 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. Regarding the recognised receivables with a buyback obligations, in 2022 there were defaults of approximately Euro 1.5 million, generating a loss of 48% on resales. After a careful analysis of the portfolio to 31 December 2022, the Group's estimate for the next year was a risk of default of approximately Euro 3 million, on a total portfolio of Euro 160 million. This estimated provision will absorb the total receivables whose risk of default is considered probable.

› **Measurement of inventories:** inventories that are obsolescent 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.

› **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 2022, the net carrying amount of capitalised development costs was equal to Euro 22,277 thousand (Euro 21,092 thousand at 31 December 2021).

- **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 future price trends and the impact of inflation and technological advances on the costs and models of production, and the 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 the 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**: the 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 pass trend of healthcare costs, including assumptions concerning the inflation trend of costs, and changes in the health conditions of entitled parties; (iv) demographic assumptions the 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 as 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 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.
    - The components of the contract are separated, by distributing the contract price between each leasing or non-leasing component.
    - The duration of the lease is determined as the non-cancellable period, to which may be added to any periods 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 company 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 value 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. If the leasing contract transfers the ownership of the leased asset at the end of the lease term, or if the cost of the asset consisting of the right of use reflects the exercise of the option to buy, the amortisation period will be calculated on the basis of the criteria and rates used for tangible assets in accordance with IAS 16. 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. Note that, in compliance with Italian Legislative Decree 14/2019 (Business Crisis and Insolvency Code), the Company has an organisational, administrative and accounting system in place, suitable for the type of company, that can highlight any situations of business crisis in a timely manner and implement the necessary actions to deal with them.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

1 Property, plant and equipment

The item "Property, plant and equipment" amounted to Euro 58,634 thousand at 31 December 2022 (Euro 63,305 thousand at 31 December 2021).

The following table shows the amounts and movements of "Property, plant and equipment for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	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 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 depreciation at 1 January 2021	**—**	**(30,301)**	**(11,967)**	**(56,738)**	**(14,570)**	**—**	**(113,575)**
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**	**4,385**	**304**	**63,305**
Historical cost at 1 January 2022	**3,105**	**73,518**	**22,252**	**72,083**	**18,106**	**304**	**189,367**
IFRS 16 investments	—	4,751	—	—	339	—	5,090
Investments	—	184	741	3,946	1,002	309	6,182
IFRS 16 disposals	—	—	—	—	—	—	—
Disposals	—	(83)	(24)	(33)	(297)	—	(437)
Reclassifications	—	83	14	77	48	(214)	7

(In thousands of Euro)	Land	Buildings and leasehold improvements	Plant and machinery	Production and commercial equipment	Other assets	Assets under construction and advances	Total
Historical cost at 31 December 2022	**3,105**	**78,453**	**22,982**	**76,072**	**19,197**	**398**	**200,207**
Accumulated amortisation as of 1 January 2022	**—**	**(37,344)**	**(13,617)**	**(61,379)**	**(13,721)**	**—**	**(126,061)**
IFRS16 depreciation/amortisation	—	(6,294)	—	—	(689)	—	(6,983)
Depreciation and amortisation	—	(2,274)	(1,771)	(4,897)	(1,078)	—	(10,020)
IFRS16 disposals	—	843	—	—	311	—	1,154
Disposals	—	—	24	29	286	—	338
Accumulated depreciation at 31 December 2022	**—**	**(45,069)**	**(15,365)**	**(66,246)**	**(14,893)**	**—**	**(141,572)**
Net values at 31 December 2022	**3,105**	**33,384**	**7,617**	**9,826**	**4,305**	**398**	**58,634**

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 2022 amounted to a total of Euro 11,272 thousand. Investments in assets under construction (Euro 309 thousand), mainly refer to the renovation of production lines; investments in industrial and commercial equipment (Euro 3,946 thousand) mainly refer to the purchase of moulds for the continual expansion and renovation of production lines; investments in plant and machinery (Euro 741 thousand) chiefly concern the implementation of new production lines.

Net disposals of plant, property and equipment at 31 December 2022 were equal to Euro 1,056 thousand (Euro 61 thousand at 31 December 2021).

As of 31 December 2022 and 2021, 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 2022 and for the year ended 31 December 2021.

(In thousands of Euro)	**As of 31 December**	
	2022	**2021**
Rights of use		
Buildings	25,122	25,822
Equipment	354	513
Cars	1,029	909
Total rights of use	**26,505**	**27,244**

The net IFRS 16 effect amounts to Euro 26,505 thousand (Euro 27,244 at 31 December 2021); this relates to property leases with subsidiaries, and to leases for vehicles and fork lift trucks.

(In thousands of Euro)	**As of 31 December**	
	2022	**2021**
Lease liabilities		
IFRS 16 Financial liabilities - Current	6,688	5,498
IFRS 16 Non-current financial liabilities	20,865	22,424
Total lease liabilities	**27,553**	**27,922**

The tables below show the impact of IFRS 16 on the income statement to 31 December 2022 and 31 December 2021.

(In thousands of Euro)	**As of 31 December**	
	2022	**2021**
Payment reversals		
Buildings	6,573	5,379
Equipment	174	170
Cars	549	523
Total payment reversals	**7,296**	**5,903**

(In thousands of Euro)	**As of 31 December**	
	2022	**2021**
Depreciation of rights of use		
Buildings	(6,294)	(4,833)
Equipment	(162)	(159)
Cars	(527)	(505)
Total depreciation	**(6,983)**	**(5,497)**

(In thousands of Euro)	**As of 31 December**	
	2022	**2021**
Interest		
Interest expense	(716)	(672)
Total interest	**(716)**	**(672)**

2 Intangible assets

The item "Intangible assets" amounted to Euro 54,073 thousand at 31 December 2022 (Euro 50,342 thousand at 31 December 2021). The following table shows the amounts and movements of intangible assets for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	Development costs	Patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Intangibles under development and advances	Other intangible assets	Total
Historical cost as of 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 as of 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 as of 31 December 2021	**(16,717)**	**(13,674)**	**(1,072)**	**—**	**(248)**	**(31,712)**
Net values as of 31 December 2021	**21,092**	**19,218**	**634**	**9,124**	**274**	**50,342**
Historical cost as of 1 January 2022	**37,810**	**32,892**	**1,706**	**9,124**	**522**	**82,054**
Investments	3,873	5,186	439	6,821	2,227	18,547
Disposals	(6,972)	(643)	(158)	—	(142)	(7,916)
Impairment losses	—	—	—	(23)	—	(23)
Reclassifications	4,533	332	—	(5,135)	263	(7)
Historical cost as of 31 December 2022	**39,244**	**37,767**	**1,986**	**10,789**	**2,870**	**92,656**
Accumulated amortisation as of 1 January 2022	**(16,717)**	**(13,674)**	**(1,072)**	**—**	**(248)**	**(31,712)**
Depreciation and amortisation	(7,112)	(7,082)	(215)	—	(228)	(14,637)
Disposals	6,863	641	129	—	133	7,766
Accumulated depreciation as of 31 December 2022	**(16,966)**	**(20,115)**	**(1,159)**	**—**	**(344)**	**(38,584)**
Net values as of 31 December 2022	**22,277**	**17,652**	**827**	**10,789**	**2,526**	**54,073**

"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 2022 amounted to a total of Euro 18,547 thousand. Investments in intangible assets under development and advances (Euro 6,821 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 5,186 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 3,873 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 2022 were Euro 150 thousand (Euro 7 thousand at 31 December 2021).

3 Deferred tax assets

The item "Intangible assets" amounted to Euro 9,539 thousand at 31 December 2022 (Euro 8,700 thousand at 31 December 2021).

The following table shows the amounts and movements of intangible assets for the years ended 31 December 2022 and 2021.

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.

(In thousands of Euro)	**Values at 1 January 2021**	**Provisions**	**Utilisations**	**Reclassifications**	**Values at 31 December 2021**	**Provisions**	**Utilisations**	**Reclassifications**	**Values at 31 December 2022**
Inventory write-down provision	3,682	274	(207)	—	3,750	559	(141)	—	4,168
Warranties provision	2,029	964	(936)	—	2,056	1,402	(1,092)	—	2,366
Net unrealised exchange losses	278	—	—	(278)	—	—	—	—	—
PNC fund	433	105	(62)	—	478	48	(138)	—	387
Accumulated amortisation of trademarks	247	460	(257)	—	451	40	(36)	—	455
Other provisions for risks and charges	787	1,350	(655)	—	1,481	1,738	(1,366)	—	1,854
Provisions for Depreciation of other Receivables	1,518	78	(300)	—	1,296	30	(26)	—	1,300
Post-employment benefits	91	—	(21)	—	71	—	(71)	—	0
Total deferred tax assets	**9,065**	**3,232**	**(2,437)**	**(278)**	**9,582**	**3,818**	**(2,870)**	**—**	**10,531**

(In thousands of Euro)	**Values at 1 January 2021**	**Provisions**	**Utilisations**	**Reclassifications**	**Values at 31 December 2021**	**Provisions**	**Utilisations**	**Reclassifications**	**Values at 31 December 2022**
Bad debt provision	—	—	—	—	—	—	—	—	—
Net unrealised exchange gains	(0)	(485)	—	279	(207)	(120)	200	—	(127)
Other liabilities	(707)	(56)	87	—	(676)	(249)	60	—	(865)
Total deferred tax liabilities	**(707)**	**(542)**	**87**	**279**	**(883)**	**(369)**	**260**	**—**	**(992)**
Total	**8,358**	**2,690**	**(2,350)**	**1**	**8,700**	**3,450**	**(2,610)**	**—**	**9,539**

4 Equity investments

The item "Equity" amounted to Euro 189,088 thousand at 31 December 2022 (Euro 170,752 thousand at 31 December 2021). The following table shows the amounts and movements of investments in joint ventures and associates for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	**As of 31 December**	
	2022	**2021**
Equity investments		
Investments in subsidiaries		
Investments in subsidiaries (gross value)	233,939	233,949
Provision for write-down of investments in subsidiaries	(46,202)	(64,548)
Total investments in subsidiaries	**187,737**	**169,401**
Investments in joint ventures and associates (gross value)	1,351	1,875
Provision for write-down of investments in joint ventures and associates	—	(524)
Total investments in joint ventures and subsidiaries	**1,351**	**1,351**
Total investments	**189,088**	**170,752**

The following table shows the amounts and movements of the gross value of investments for the years ended 31 December 2022 and 2021:

(In thousands of Euro)	Gross values at 1 January 2021	Investments	Disposals	Gross values at 31 December 2021	Investments	Disposals	Gross values at 31 December 2022
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	43,255	—	—	43,255	—	—	43,255
Technogym France Sas	1,267	—	—	1,267	—	—	1,267
Technogym Asia Ltd	1,676	—	(515)	1,161	—	—	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	—	(22,441)	—			—
DWL Srl	10	—	—	10	216	(226)	—
TG Technogym SA	—	249	—	249	—	—	249
Technogym Saudi LLC	—	260	—	260	—	—	260
MyWellness Inc	—	0.09	—	0.09	—	—	0.09
Wellness Partners Ltd	803.68	—	—	803	—	—	803
Total subsidiaries	**256,395**	**510**	**(22,956)**	**233,948**	**216**	**(226)**	**233,939**
Joint ventures and associates							
Technogym Emirates LLC	29	—	—	29	—	—	29
Wellink S.r.l.	30	—	—	30	—	—	30
MPS Movimento per la Salute	123	—	—	124	—	(124)	—
T4ME Limited	400	—	—	400	—	(400)	—
Wellness Explorers Srl	—	5	—	5	—	—	5
Physio AG	—	1,288	—	1,288	—	—	1,288
Total joint ventures and associates	**582**	**1,293**	**—**	**1,875**	**—**	**(524)**	**1,351**

There were no investments in the current year. For the “subsidiaries”, the reductions in value relate to the sale of the Italian company DWL Srl. The company was sold to TGB Srl following a corporate restructuring, with a gain of Euro 1,375 thousand for Technogym.

For the “joint ventures and associates”, the reduction pertains to the closure of the UK company T4ME Limited, after it was struck off from the UK business register “Companies House”, and to the termination of the Italian company Movimento per la Salute S.r.l..

The following table shows the amounts and movements in the investments write-down provision for the years ended 31 December 2022 and 2021:

(In thousands of Euro)	**Write-down provision at 1 January 2021**	**Provisions**	**Releases**	**Write-down provision at 31 December 2021**	**Provisions**	**Releases**	**Write-down provision at 31 December 2022**
Technogym Usa	(18,850)	—	5,115	(13,734)		13,734	—
Technogym (Shanghai) International Trading Co., Ltd.	(7,825)	—	1,706	(6,119)		4,123	(1,996)
Technogym Australia	(1,216)	—	636	(580)		489	(91)
FKB EQUIPAMENTOS LTDA	(43,255)	—	—	(43,255)			(43,255)
Technogym Asia	(354)	—	248	(106)			(106)
Wellness Partners Ltd	(803)	—	50	(753)	—	—	(753)
Total subsidiaries	**(72,303)**	**—**	**7,755**	**(64,548)**	**—**	**18,346**	**(46,202)**
Joint ventures and associates							
MPS Movimento per la Salute	(123)	—	—	(124)		124	—
T4ME Limited	(400)	—	—	(400)		400	—
Total joint ventures and associates	**(524)**	**—**	**—**	**(524)**	**—**	**524**	**—**

The following table lists the investments at 31 December 2022, with detailed information:

Entity name	Registered office	Stake held	Currency	Share capital at 31 December 2022 (in local currency)	Equity at 31 December 2022 (in local currency)	Profit/(loss) for the year at 31 December 2022 (in local currency)	Equity pro-quota at 31 December 2022 (€)	Net value in the financial statements at 31 December 2022 (€)
Subsidiaries								
Technogym E.E. SRO	Slovakia	100%	EUR	15,033,195	19,201,337	3,222,251	19,201,337	15,024,000
Technogym Asia Ltd.	China	100%	HKD	11,481,935	9,209,215	(124,459)	1,107,369	1,055,616
Technogym Shanghai Int. Trading Co. Ltd.	China	100%	CNY	132,107,600	101,569,788	31,918,289	13,803,619	13,803,619
Technogym Australia Pty Ltd	Australia	100%	AUD	11,350,000	11,817,258	822,646	7,530,273	7,530,273
Technogym Portugal Unipessoal Lda	Portugal	100%	EUR	5,000	350,581	96,801	350,581	5,000
Technogym International B.V.	Netherlands	100%	EUR	113,445	4,168,862	477,374	4,168,862	3,000,000
Sidea S.r.l	Italy	70%	EUR	150,000	6,631,185	952,881	4,641,829	699,500
FKB Equipamentos LTDA	Brazil	100%	BRL	156,064,684	8,841,200	(175,482)	1,567,978	—
DWL Srl	Italy	100%	EUR	200,000	1,472,196	(358,939)	1,472,196	—
Technogym Germany Gmbh	Germany	100%	EUR	1,559,440	5,935,083	2,338,462	5,935,083	16,843,000
Technogym UK Ltd	United Kingdom	100%	GBP	100,000	6,125,668	3,216,395	6,906,596	28,995,000
Technogym France Sas	France	100%	EUR	500,000	2,488,528	1,606,456	2,488,528	1,267,424
Technogym Benelux BV	Netherlands	100%	EUR	2,455,512	4,439,146	1,983,635	4,439,146	12,503,000
Technogym USA Corp.	United States	100%	USD	3,500,000	21,848,860	5,236,252	20,484,586	38,158,940
Technogym Trading S.A.	Spain	100%	EUR	2,499,130	5,570,563	1,555,403	5,570,563	2,869,130
Technogym Japan Ltd.	Japan	100%	JPY	320,000,000	1,397,801,391	166,808,707	9,937,448	3,068,792
TGB Srl	Italy	100%	EUR	96,900	22,728,719	898,357	22,728,719	42,354,077
TG Technogym SA (PTY) LTD	South Africa	100%	ZAR	4,345,000	2,393,929	315,825	132,272	249,386
MyWellness Inc	United States	100%	USD	100	(320,309)	6,044	(300,308)	87
Technogym Saudi LLC	Saudi Arabia	100%	SAR	1,145,000	718,398	23,737	179,609	260,346
Wellness Partners Ltd	United Kingdom	75%	EUR	463,382	59,437	6,713	44,578	49,859
Technogym Canada Inc.	Canada	100%	CAD	—	128,578	128,578	89,043	—
Total subsidiaries								**187,737,050**
Joint ventures and associates								
Technogym Emirates LLC	United Arab Emirates .	49%	AED	300,000	32,790,393	16,083,929	4,101,834	28,188
Wellink S.r.l.	Italy	40%	EUR	60,000	372,302	(35,378)	148,921	30,161
Wellness Explorers Srl	Italy	50%	EUR	10,000	44,165	40,022	22,083	5,000
Physio AG	Germany	32%	EUR	73,000	381,208	(434,262)	121,986	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 2022 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.

On 31 December 2022 an impairment test was carried out on the subsidiaries FKB Equipamentos LTDA and Technogym USA. Regarding FKB Equipamentos LTDA, the impairment test (already performed in the previous financial year), showed an enterprise value of Euro 81 thousand. Although the impairment test was positive, the Company has prudentially chosen to keep the value of the equity investment fully written-down and has also completely written off the credit positions to the subsidiary, totalling Euro 1,197 thousand; they consist of trade receivables of Euro 736 thousand and loans of Euro 469 thousand. The WACC used was 10.70%, with a g value of 0.

On the subsidiary Technogym USA, in view of the continuing positive results achieved by the subsidiary in previous years, the impairment test has shown that the enterprise value is far above the historic cost of this equity investment. The Company has thus decided to release all the provision for write-down of this investment, to the value of Euro 13,734 thousand, thus giving it a book value equal to the historic cost of Euro 38,159 thousand. The WACC used in this analysis was 12.70 %, 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 2022 ("Economic Value") with the relative carrying amounts of the investments at 31 December 2022.

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-NFP

where:

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

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:

$$TV = FCF_n \times (1 + g) / WACC - G$$

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 impairment-tested Technogym USA by using a higher discounting rate on the analysed cash flows than the rate 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 Shanghai Int. Trading Co. Ltd and Technogym Australia Pty Ltd, a partial write-back was instead effected, equal to their result for the year totalling Euro 4,612 thousand, as the reasons for their write-down no longer applied.

5 Non-current assets

The item “Non-current financial assets” amounted to Euro 29,919 thousand at 31 December 2022 (Euro 30,749 thousand at 31 December 2021). The item “Other non-current assets” amounted to Euro 58,706 thousand at 31 December 2022 (Euro 54,026 thousand at 31 December 2021).

The following table contains a breakdown of the “Non-current financial assets” and “Other non-current assets” at 31 December 2022 and 2021.

(In thousands of Euro)	**As of 31 December**	
	2022	**2021**
Non-current financial assets		
Loans to subsidiaries due after 12 months	29,919	30,749
Total non-current financial assets	**29,919**	**30,749**
Other non-current assets		
Transferred trade receivables due after 12 months	34,634	28,303
Provision for transferred trade receivables due after 12 months	(2,018)	(2,018)
Income tax receivables due after 12 months	3,334	2,260
Other receivables	155	800
Investments in other entities	246	263
Security deposits	122	131
Receivables for buy backs - due after 12 months	22,233	24,287
Total other non-current assets	**58,706**	**54,026**

“Transferred trade receivables due after 12 months” net of the relative bad debt provision, equal to Euro 32,616 thousand and Euro 26,285 thousand at 31 December 2022 and 2021 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 IAS 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 has a current quota of Euro 1.2 million and a non-current quota of Euro 2 million. 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 losses 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 2,798, 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 total balance on this item, current and non-current quota, for the buyback activity, like the respective liability, has increased compared to the previous year. This is mainly due to the effect of the Covid-19 pandemic, which extended the equipment renewal periods, mainly for the key accounts, which resulted in a redefinition of the estimate made in previous years for the buyback of sold machines.

The following table shows the details of investments in other entities for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	**Registered office**	**% of control**	**Currency**	**At 31 December**	
				2022	**2021**
Entity name					
Pubblisole Spa	Italy	2.4%	EUR	100	100
Qicraft Finland OY	Finland	10.0%	EUR	62	79
Crit S.r.l.	Italy	1.2%	EUR	26	26
Other investments	n.a.	n.a.	n.a.	59	58
Total investments in other entities				**246**	**263**

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

The decrease in the item "Investments in other entities" is mainly due to an increase in the companies' operating results, particularly for Qicraft Finland OY.

6 Inventories

The item "Inventories" amounts to Euro 37,994 thousand at 31 December 2022 (Euro 45,528 thousand at 31 December 2021).

The following table gives a breakdown of this item of 31 December 2022 and 2021:

(In thousands of Euro)	As of 31 December	
	2022	**2021**
Inventories		
Raw materials (gross value)	15,642	18,875
Write-down provision	(2,511)	(2,024)
Total raw materials	**13,131**	**16,851**
Work in progress (gross value)	183	248
Write-down provision	(98)	(123)
Total work in progress	**84**	**125**
Finished goods (gross value)	37,109	39,846
Write-down provision	(12,330)	(11,294)
Total finished goods	**24,779**	**28,552**
Total inventories	**37,994**	**45,528**

The decrease of Euro 7,534 in the balance of inventories compared to 31 December 2021 is mainly due to the considerable volume of sales achieved in the last month of the year, and to the measures taken by the factories to improve efficiency on parts. This has reduced the inventory value despite the continuing increase in the cost of buying in parts and materials. However, stock levels are still below 2021, the year in which the company chose to increase stock levels in order to avoid delaying production due to lack of parts. Average inventory time fell from 57.49 days for the year ended 31 December 2021, to 46.72 days for the year ended 31 December 2022; the stock turnover ratio rose from 6.35 to 7.81. The following table shows the amounts and movements of the inventory write-down provision for the years ended 31 December 2022 and 31 December 2021.

(In thousands of Euro)	**Raw materials**	**Work in progress**	**Finished goods**	**Total inventory write-down provision**
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**	**11,294**	**13,441**
Provisions	486	—	1,519	2,005
Utilisations	—	(24)	(482)	(507)
Values at 31 December 2022	**2,511**	**98**	**12,330**	**14,939**

7 Trade receivables

The item "Trade receivables" amounted to Euro 100,904 thousand on 31 December 2022 (Euro 92,019 thousand on 31 December 2021) net of the bad debt provision.

The following table contains a breakdown of the trade receivables as of 31 December 2022 and 2021:

(In thousands of Euro)	As of 31 December	
	2022	**2021**
Trade receivables		
Trade receivables (gross value)	83,903	77,398
Bad debt provision	(1,291)	(605)
Transferred trade receivables	19,461	16,395
Provision for write-downs on transferred receivables	(1,169)	(1,169)
Total trade receivables	**100,904**	**92,019**

The increase of Euro 8,885 thousand in "Trade receivables" is mainly due to a generic rise in turnover and an increase in list prices during the year, to partially offset the rise in the cost of procuring materials. The increase in the item "Bad debt provisions" is mainly linked to the write-down in trade receivables towards a subsidiary, in the amount of Euro 736 thousand. The remainder of the provision, of Euro 555 thousand, relates to doubtful receivables for which legal debt recovery proceedings have been started, and for some receivables due from customers with a lower likelihood of collection.

Transferred trade receivables net of the relative provision amounted to Euro 18,292 thousand at 31 December 2022, and to Euro 15,226 thousand at 31 December 2021. 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 has a current quota of Euro 1.2 million and a non-current quota of Euro 2 million. 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 2022 and 2021:

(In thousands of Euro)	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 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
Provision for write-downs on transferred receivables	(1,169)	—	—	—	—	—	(1,169)
As of 31 December 2021	**79,986**	**2,846**	**1,473**	**1,696**	**674**	**5,345**	**92,019**
Trade receivables (gross value)	77,561	1,790	1,355	919	674	1,603	83,903
Bad debt provision	—	(10)	(33)	(29)	(229)	(989)	(1,291)
Transferred trade receivables	19,461	—	—	—	—	—	19,461
Provision for write-downs on transferred receivables	(1,169)	—	—	—	—	—	(1,169)
As of 31 December 2022	**95,852**	**1,780**	**1,323**	**890**	**445**	**615**	**100,904**

The following table reports the amounts and changes in the bad debt provision for the years ended 31 December 2022 and 2021:

(In thousands of Euro)	**Bad debt provision**
Values at 31 December 2020	**711**
Net provisions	690
Utilisations	(796)
Values at 31 December 2021	**605**
Net provisions	736
Utilisations	(50)
Values at 31 December 2022	**1,291**

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 2022 and 2021, 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 24,010 thousand at 31 December 2022 (Euro 58,285 thousand at 31 December 2021) 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 2022 and 2021:

(In thousands of Euro)	As of 31 December	
	2022	**2021**
Current financial assets		
Financial receivables from subsidiaries	4,518	4,443
Other financial receivables	116	3
Term bank deposits > 3 < 12 months	19,376	53,839
Total current financial assets	**24,010**	**58,285**

The following table shows the details of financial receivables from subsidiaries at 31 December 2022 and 2021:

(In thousands of Euro)	As of 31 December	
	2022	**2021**
Financial receivables from subsidiaries		
Cash pooling	947	1,067
Loans receivable	3,571	3,376
Total financial receivables from subsidiaries	**4,518**	**4,443**

The following table provides details of cash pooling arrangements at 31 December 2022 and 2021:

(In thousands of Euro)	Currency	As of 31 December	
		2022	2021
Cash pooling			
Technogym Australia Pty Ltd	AUD	848	1,067
Technogym Usa	USD	99	—
Total cash pooling		**947**	**1,067**

The following table shows the details of loans granted at 31 December 2022 and 2021:

(In thousands of Euro)	Currency	Interest rate	As of 31 December	
			2022	2021
Loans receivable				
FKB Equipamentos LTDA	EUR	Variable	469	234
Sidea S.r.l	EUR	Variable	—	1,100
MyWellness Inc	EUR	Variable	938	442
DWL Srl	EUR	Variable	1,200	600
TG Technogym SA	EUR	Variable	1,000	1,000
Technogym Saudi LLC	EUR	Variable	200	—
SE Active	EUR	Variable	233	—
Total loans granted			**4,040**	**3,376**

At 31 December 2022 the loan to the subsidiary FKB Equipmentos LTDA was fully written-down.

9 Assets for derivative financial instruments

The item "Assets for derivative financial instruments" amounted to Euro 637 thousand at 31 December 2022, while the balance was Euro 127 on 31 December 2021.

The following table shows assets for derivative financial instruments broken down by currency at 31 December 2022 and 2021.

(In thousands of Euro)	As of 31 December	
	2022	**2021**
USD	552	94
GBP	85	—
AUD	—	—
CNY	—	—
JPY	—	32
Total	**637**	**127**

Assets for derivative financial instruments are related to positive differences resulting from the fair value of "forward" contracts used to hedge the exposure to currency risk. Forward contracts in place at 31 December 2022 and 2021 are summarised below.

(In thousands of Euro)	**As of 31 December 2022**				**As of 31 December 2021**			
	Currency	**Currency inflow**	**Currency**	**Currency outflow**	**Currency**	**Currency inflow**	**Currency**	**Currency outflow**
Forward	EUR	15,416	USD	16,000	EUR	13,446	USD	15,200
Forward	EUR	777	JPY	550,000	EUR	2,319	JPY	150,000
Forward	EUR	3,169	AUD	5,000	EUR	2,834	AUD	4,500
Forward	EUR	5,421	CNY	40,000	EUR	137	CNY	1,000
Forward	EUR	**10,197**	**GBP**	**9,000**	EUR	2,368	GBP	2,000

For full details of the currency breakdown of the liabilities for derivative financial instruments at 31 December 2022 and 2021, see para. 19 of this document.

10 Other current assets

The item "Other current assets" amounts to Euro 18,213 thousand at 31 December 2022 (Euro 23,560 thousand At 31 December 2021). The following table contains a breakdown of the other current assets at 31 December 2022 and 2021:

(In thousands of Euro)	As of 31 December	
	2022	**2021**
Other current assets		
VAT receivables	4,236	3,873
Prepaid expenses	4,454	4,450
Advances to suppliers	317	259
Tax credits	819	571
Accrued income	233	39
Other receivables	2,323	2,966
Receivables for buybacks - due within 12 months	5,831	11,402
Total other current assets	**18,213**	**23,560**

"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.

The tax credits of Euro 819 thousand mainly relate to tax credits for investments in business assets, and to research and development. The increase compared to the previous year essentially relates to the higher tax credit for R&D for the 2021 financial year.

"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 total balance on this item, current and non-current quota, for the buyback activity, like the respective liability, has increased compared to the previous year. This is mainly due to the effect of the Covid-19 pandemic, which extended the equipment renewal periods, mainly for the key accounts, which resulted in a redefinition of the estimate made in previous years for the buyback of sold machines.

11 Cash and cash equivalents

The item "Cash and cash equivalents" amounted to Euro 182,148 thousand at 31 December 2022 (Euro 145,004 thousand at 31 December 2021).

The following table shows the amounts of cash and cash equivalents at 31 December 2022 and 2021.

(In thousands of Euro)	As of 31 December	
	2022	**2021**
Cash and cash equivalents		
Bank deposits	172,714	144,996
Cheques	54	—
Cash and cash equivalents	5	8
Term bank deposits within 6 months	9,376	—
Total cash and cash equivalents	**182,148**	**145,004**

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

"Term bank deposits within 3 months" at 31 December 2022 have now been included in Current financial assets within 12 months.

12 Equity

The item "Equity" amounted to Euro 390,151 thousand at 31 December 2022 (Euro 352,410 thousand at 31 December 2021). The following table reports the details of equity at 31 December 2022 and 2021.

(In thousands of Euro)	As of 31 December	
	2022	**2021**
Equity		
Share capital	10,066	10,066
Share premium reserve	7,132	7,132
Other reserves	85,211	80,563
Retained earnings	218,766	188,288
Profit/(loss) for the period	68,976	66,361
Total equity	**390,151**	**352,410**

The following table shows the amounts and movements of equity for the years ended 31 December 2022 and 2021.

	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 2021	**10,066,375**	**4,989,750**	**2,010,050**	**22,509,218**	**51,333,330**	**(441,710)**	**2,142,561**	**—**	**—**	**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)**	**—**	**—**	**1,331,013**	**188,288,039**	**66,360,773**	**352,410,170**
Profit for the previous year	—	—	—	3,990,409	(12,241)	—	—	—	(307,733)	30,477,937	(34,148,373)	—
Total comprehensive income for the year	—	—	—	—	—	479,278	—	(2,519)	—	—	68,976,174	69,452,934
Dividends paid	—	—	—	—	—	—	—	—	—		(32,212,400)	(32,212,400)
Increase in capital	—	—	—	—	—	—	—	—	—	—	—	—
Incentive plan (LTIP)	—	—	—	—	—	—	500,430	—	—	—	—	500,430
As of 31 December 2022	**10,066,375**	**7,132,311**	**2,013,275**	**30,202,183**	**51,308,833**	**164,815**	**500,430**	**(2,519)**	**1,023,280**	**218,765,977**	**68,976,174**	**390,151,134**

As of 31 December 2022, 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.

As of 31 December 2022, the cash flow hedge reserve refers essentially to the effective component of active interest rate risk hedges. For 2022, and only for the interest rate swap, the hedge accounting method was adopted. The negative fair value at 31 December 2022 amounted to Euro 3 thousand, as reported in the table below (Euro 2.5 thousand net of the tax effect).

(In thousands of Euro)	**CFH reserve**
Balance at 31 December 2020	**–**
Hedging instruments / Cash flow hedges	–
Tax effect – Hedging instruments / Cash flow hedges	–
Balance at 31 December 2021	**–**
Hedging instruments / Cash flow hedges	3
Tax effect – Hedging instruments / Cash flow hedges	(1)
Balance at 31 December 2022	**3**

12.1 STOCK GRANT PLAN RESERVE

At 31 December 2022, two incentive plans were in place for Technogym Management: the 2021-2023 Performance Shares Plan and the 2022-2024 Performance Shares Plan, approved by the Board of Directors on 24 March 2021 and 23 March 2022 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 2021-2023 and 2022-2024 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),
- constraints on the transfer of shares, equal to 12 months from the date when they are assigned.

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 2023 and 31 December 2024.

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.

For more information about these Incentive Plans, see the respective prospectuses on the Company's website, at https://corporate.technogym.com/it/governance/assemblea-degli-azionisti.

Specifically, the cost of the Incentive Plans was determined at a total of Euro 2,081 thousand, of which Euro 500 thousand attributable to the year 2022.

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

(In thousands of Euro)	**As of 31 December 2022**	**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	*30,202*	*B*	*30,202*
– Reserve for the adoption of IAS	*51,309*	*B*	*51,309*
– IAS 19 reserve - TFR	*(65)*	*B*	*0*
– IAS 19 reserve - PNC	*230*	*B*	*230*
– Exchange Hedge Account reserve	*0*	*---*	*0*
– IRS Hedge Account reserve	*(3)*	*---*	*0*
– Net exchange gains reserve	*1,023*	*A-B*	*1,023*
– Stock option reserve	*500*	*A-B-C*	*500*
– IFRS15 Adopter reserve	*0*		*0*
Retained earnings	218,766	A-B-C	218,766
Profit for the year	68,976	A-B-C	68,976
Total equity	**390,151**		
Of which non-distributable			**97,701**
Of which distributable			**292,450**

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 58,124 thousand and Euro 90,391 thousand at 31 December 2022 (respectively Euro 63,227 thousand and Euro 117,425 thousand at 31 December 2021 respectively). The following table shows the amounts of financial liabilities, current and non-current, at 31 December 2022 and 2021.

(In thousands of Euro)	As of 31 December	
	2022	**2021**
Non-current financial liabilities		
Bank loans due after 12 months – non-current portion	2,625	12,500
Non-current liabilities due to other lenders	—	28,303
Other non-current financial liabilities	34,634	
IFRS 16 Non-current financial liabilities	20,865	22,424
Total non-current financial liabilities	**58,124**	**63,227**
Current financial liabilities		
Bank loans due after 12 months – current portion	9,137	50,101
Other short-term borrowings	48	48
Current liabilities due to other lenders	19,461	16,395
Financial payables to subsidiaries	55,057	45,382
IFRS 16 Financial liabilities - Current	6,688	5,498
Total current financial liabilities	**90,391**	**117,425**

As of 31 December 2022 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 2022 and 2021.

(In thousands of Euro)	Bank loans due after 12 months – non-current portion	Bank loans due after 12 months – current portion	**Total loans**
Values at 31 December 2021	**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 2022	**12,500**	**50,103**	**62,603**
Obtainment of loans	3,217	803	4,021
Repayments	—	(54,848)	(54,848)
Reclassification from long-term to short-term	(13,093)	13,093	—
Conversion of hot money to loans	—	—	—
Values at 31 December 2022	**2,625**	**9,137**	**11,762**

The following table shows the details of medium-long term bank loans at 31 December 2022 and 2021

(In thousands of Euro)	**Due date**	**Interest rate**	**As of 31 December**			
			2022	**of which current**	**2021**	**of which current**
Bank loans						
Unicredit S.p.A.	2020-2023	Variable	—	—	33,433	33,433
Crédit Agricole Italia S.p.A.	2020-2023	Variable	8,333	8,333	16,667	8,333
Banca Nazionale del Lavoro S.p.A	2020-2023	Variable	—	—	12,504	8,335
Deutsche Bank	2022-2027	Fixed	3,428	803	—	—
Total bank loans			**11,762**	**9,137**	**62,603**	**50,101**

The following table shows the details of medium/long-term bank loans at 31 December 2022 by maturity date.

(In thousands of Euro)	**Residual debt**	**Current portion**	**2023**	**2024**	**2025**	**2026**	**2027**
Crédit Agricole Italia S.p.A.	8,333	8,333	8,333	-	-	-	-
Deutsche Bank	3,428	789	789	811	811	811	208
Total	**11,762**	**9,122**	**9,122**	**811**	**811**	**811**	**208**

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 2022, 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. This loan was repaid early in November 2022 and thus had been discharged by 31 December 2022.

During 2022, the Group further strengthened its funding structure by entering into the following finance agreements:

› Deutsche Bank: Medium-long term loan granted by Deutsche Bank S.p.A. on 28 February 2022 for a total of Euro 4,000 thousand. The credit facility expires on 28 February 2027 and includes a repayment plan. 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 2022, the covenant was met.

13.2 OTHER SHORT-TERM BORROWINGS

The following table shows the details of other short-term borrowings at 31 December 2022 and 2021.

(In thousands of Euro)	Currency	As of 31 December	
		2022	2021
Other short-term borrowings			
Other short-term borrowings	EUR	48	48
Total other short-term borrowings		**48**	**48**

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.

13.3 FINANCIAL PAYABLES TO SUBSIDIARIES

The following table shows the details of financial payables to subsidiaries at 31 December 2022 and 2021:

(In thousands of Euro)	As of 31 December	
	2022	2021
Financial payables to subsidiaries		
Cash pooling	55,058	43,882
Loans payable	0	1,500
Total financial payables to subsidiaries	**55,058**	**45,382**

The following table provides details of cash pooling arrangements at 31 December 2022 and 2021:

(In thousands of Euro)	**Currency**	**As of 31 December**	
		2022	**2021**
Cash pooling			
Technogym UK Ltd	GBP	10,229	8,607
Technogym Germany Gmbh	EUR	5,856	7,507
Technogym Benelux BV	EUR	6,519	6,230
Technogym Trading S.A.	EUR	2,863	524
Technogym USA Corp.	USD	16,005	12,863
Technogym France	EUR	6,582	6,868
Technogym Japan	JPY	6,598	1,284
Technogym Canada	CAD	405	—
Total cash pooling		**55,058**	**43,882**

The following table shows the details of loans received at 31 December 2022 and 2021:

(In thousands of Euro)	**Currency**	**Rate**	**As of 31 December**	
			2022	**2021**
Loans payable				
Technogym Benelux BV	EUR	Variable	—	1,500
Total loans received			**—**	**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 2,211 thousand at 31 December 2022 (Euro 2,623 thousand at 31 December 2021).

The following table shows the amounts and movements of employee benefit obligations for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	**Employee benefit obligations**
Values at 1 January 2021	**2,752**
Provisions	—
Financial expenses	9
Utilisations	(143)
Actuarial (gains)/losses	5
Values at 31 December 2021	**2,623**
Provisions	—
Financial expenses	25
Utilisations	(164)
Actuarial (gains)/losses	(274)
Values at 31 December 2022	**2,211**

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 2022 amounts to Euro 6,853 thousand for non-current financial liabilities and Euro 11,161 thousand for current financial liabilities (respectively, Euro 6,795 thousand and Euro 9,246 thousand at 31 December 2021). The following table shows the details of provisions for risks and charges, current and non-current, at 31 December 2022 and 2021.

(In thousands of Euro)	As of 31 December	
	2022	**2021**
Non-current provisions for risks and charges		
Warranties provision	3,974	3,456
Agents provision	733	893
Non-Competition Agreement provision	1,614	1,990
Rebates provision	533	456
Ongoing lawsuits provision	-	-
Total non-current provisions for risks and charges	**6,853**	**6,795**
Current provisions for risks and charges		**-**
Warranties provision	3,974	3,456
Free Product Fund provision	799	-
Other provisions for risks and charges	6,388	5,790
Total current provisions for risks and charges	**11,161**	**9,246**

The following table shows the amounts and movements of provisions for risks and charges, current and non-current, for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	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 1 January 2021	**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
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**
Provisions	2,413	123	128	200	–	2,283	2,413	799	–	5,959	9,172
Reclassifications	–	–	–	–	–	–	–	–	–	–	–
Financial expenses	–	–	19-39	–	–	–	–	–	–	–	–
Actuarial (gains)/losses	–	(243)	(356)	–	–	–	–	–	–	–	–
Utilisations	(1,896)	(39)	(166)	(124)	–	(2,225)	(1,896)	–	–	(5,362)	(7,257)
Values at 31 December 2022	**3,974**	**733**	**1,614**	**533**	**0**	**6,853**	**3,974**	**799**	**–**	**6,387**	**11,161**

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 projected unit of the credit, in accordance with IAS 37 and IAS 19.

The “Rebates provision” and “Free Product Fund” represent the estimated non-monetary awards that the Company will grant to customers on reaching specific purchasing targets.

The other provisions for risks and charges mainly refer to staff bonuses, of which the amount has not yet been defined.

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 2022 and 2021 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 6% was considered for the year 2022 compared to the rate of 4.75% for 2021; (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 2022 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 31.12.2021 was 0.30%.

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

	As of 31 December	
	2022	**2021**
Annual technical discount rate	3.60%	1.00%
Annual inflation rate	2.50%	1.75%
Annual rate of TFR increase	3.31%	2.81%
Annual rate of salary increase	0.00%	0.00%
Annual rate of commissions increase (for the evaluation of agents' NCA)	3.00%	3.00%

As for the annual technical discount rate of 3.6%, 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:

(In thousands of Euro)	**As of 31 December**					
	2022			**2021**		
	-0.50% change	**Carrying amount**	**0.50% change**	**-0.50% change**	**Carrying amount**	**0.50% change**
Employee benefit obligations	81	2,211	(78)	126	2,623	(117)
Non-Competition Agreement provision	78	1,614	(72)	113	1,990	(104)
Total	**159**	**3,825**	**(150)**	**239**	**4,612**	**(221)**

16 Other non-current liabilities

The item "Other non-current liabilities" amounted to Euro 24,296 thousand at 31 December 2022 (Euro 26,116 thousand at 31 December 2021).

Other non-current liabilities mainly include:

- medium-long term customer deposits of Euro 5 thousand;
- liabilities for sales with return rights, equal to Euro 22,233 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 1,772 thousand;
- trade payables due after 12 months, of Euro 287 thousand.

17 Trade payables

The item “Trade payables” amounted to Euro 148,756 thousand at 31 December 2022 (Euro 131,661 thousand at 31 December 2021). 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 1,729 thousand at 31 December 2021 (Euro 955 thousand at 31 December 2021). The credit for income taxes at 31 December 2022 amounted to Euro 819 thousand (Euro 571 thousand at 31 December 2021). For more details see note 10.

19 Liabilities for derivative financial instruments

The item "Liabilities for derivative financial instruments" amounted to Euro 77 thousand at 31 December 2022 (Euro 41 thousand at 31 December 2021).

The following table shows the liabilities for derivative financial instruments by currency at 31 December 2022 and 2021.

(In thousands of Euro)	As of 31 December	
	2022	**2021**
Liabilities for derivative financial instruments		
Forward		
GBP	—	4
AUD	4	37
CNY	22	0
JPY	48	—
IRS	3	—
Total	**77**	**41**

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 2022, these contracts were not recorded on a hedge accounting basis.

For details of the types of "forward" contracts, see the table in paragraph 9.

For 2022, and only for the interest rate swap, the hedge accounting method was adopted. The negative fair value at 31 December 2022 amounted to Euro 3 thousand as reported in the table below (Euro 2.7 thousand net of the tax effect).

(In thousands of Euro)	As of 31 December			
	2022 assets	**2021 assets**	**2022 liabilities**	**2021 liabilities**
Exchange rate hedging:				
Exchange rate hedges (current) – cash flow hedge	—	—	—	—
Tax effect – Exchange rate hedges (current) – cash flow hedge	—	—	—	—
Interest rate hedges:				
Interest rate hedges (current) – cash flow hedge	—	—	3	—
Tax effect - Interest rate hedges (current) – cash flow hedge	—	—	(1)	—
Total	**—**	**—**	**3**	**—**

20 Other current liabilities

The item "Other current liabilities" amounted to Euro 30,118 at 31 December 2022 (Euro 31,898 thousand at 31 December 2021). The following table shows the amounts of other current liabilities at 31 December 2022 and 2021.

(In thousands of Euro)	As of 31 December	
	2022	**2021**
Other current liabilities		
Deferred income	11,850	7,270
Advances from clients	550	1,156
Payables to employees	4,320	3,673
VAT payables	252	—
Social security payables	2,444	3,308
Other liabilities	4,462	4,579
Accrued expenses	172	140
Obligation to buyback from operational leases	6,067	11,770
Total other current liabilities	**30,118**	**31,898**

"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 2022 and 2021 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 5,832 thousand; these are recognised according to IFRS 15, in order to represent the suspended revenues associated with these sales. The total balance on this item, current and non-current quota, like the respective asset, has increased compared to the previous year. This is mainly due to the effect of the Covid-19 pandemic, which extended the equipment renewal periods, mainly for the key accounts, which resulted in a redefinition of the estimate made in previous years for the buyback of sold machines. The rest of this item relates to the obligation to buy back leased products, of Euro 236 thousand.

NOTES TO THE INCOME STATEMENT

EMARKET SDIR CERTIFIED

Separate financial statements to 31 December 2022

21 Revenues

The total revenues of TG S.p.A. came to Euro 504,333 thousand, which is an increase of Euro 65,494 thousand (14.9%) compared to Euro 438,839 thousand in 2022. This increase is due to the higher sales volumes in the BtoB segment, an improved product mix and the increase in list prices, to partially cover the increase in the materials and logistics costs incurred during the year.

The following table contains a breakdown of the revenues for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	**Year ended 31 December**	
	2022	**2021**
Revenues		
Revenues from the sale of products, spare parts, hardware and software	485,473	425,431
Revenues from transport and installation, after-sale and rental assistance	18,859	13,408
Total revenues	**504,333**	**438,839**

The following table shows the breakdown of revenues by geographical area for the years ended 31 December 2022 and 2021:

(In thousands of Euro and percentage of total revenues)	**Year ended 31 December**		**Changes**	
	2022	**2021**	**2022 vs 2021**	**2022**
Europe (without Italy)	214,423	184,116	30,307	16.5%
MEIA	88,460	67,835	20,625	30.4%
APAC	77,194	82,631	(5,347)	(6.6%)
Italy	63,659	63,032	627	1.0%
North America	42,736	27,934	14,802	53.0%
LATAM	17,860	13,290	4,570	34.4%
Total revenues	**504,333**	**438,838**	**65,495**	**14.92%**

22 Other revenues and income

The item "Other revenues and income" amounted to Euro 18,859 thousand for the year ended 31 December 2022 (Euro 13,408 thousand for the year ended 31 December 2021). Other income and revenues consist mainly of invoices to Group companies, rental income, and income from suppliers for compensation.

22.1 TAX CREDITS

Technogym recognised the following tax credits on the income statement for the three-year period 2020 - 2021 - 2022. The breakdown is given below:

(in thousands of Euro)	**2020**	**2021**	**2022**
Tax credits			
Tax credit for advertising investments (Decree Law 50/2017 - Art. 57-bis)	—	49	43
Tax credit for investments in R&D, technological innovation, design and aesthetics (Law 160/2019 - Art. 1 paragraphs 198-209)	296	502	680
Tax credit for sanitisation and purchases of PPE (Decree Law 34/2020 - Art. 125) and (Decree Law 73/2021, Art. 32)	28	13	—
Tax credit for assets used in the business (Law 178/2020 - Art. 1 paragraphs 1054-1058)	120	249	125
Tax credit for assets used in the business 4.0 (Decree Law 178/2020 - Art. 1, paragraphs 1054-1058)	107	134	111
Energy credit for non-energy intensive companies (DL 21/2022) - (DL 50/2022) - (DL 92/2022) - (DL 115/2022) - (DL 144/2022) - (DL 176/2022)	—	—	191
Gas credit for non-gas intensive companies (DL 21/2022) - (DL 50/2022) - (DL 92/2022) - (DL 115/2022) - (DL 144/2022) - (DL 176/2022)	—	—	23
Total credits per year	**551**	**947**	**1,173**

23 Purchases and use of raw materials, work in progress and finished goods

This item amounted to Euro 273,081 thousand for the year ended 31 December 2022 (Euro 228,737 thousand for the year ended 31 December 2021).

The following table reports the amounts of raw materials, semi-finished and finished goods for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	Year ended 31 December	
	2022	**2021**
Purchases and changes in raw materials, work in progress and finished goods		
Purchases and changes in raw materials	144,422	136,577
Purchases and changes in finished goods	118,812	91,643
Purchases and changes in packaging and cost of custom duties	9,807	449
Change in inventory of work in progress	41	70
Total purchases and changes in raw materials, work in progress and finished goods	**273,081**	**228,737**

The increase in this item can primarily be ascribed to the increase in sales volumes, linked to the rise in the prices of raw materials and finished products.

24 Cost of services

The item "Cost of services" amounted to Euro 82,331 thousand for the year ended 31 December 2022 (Euro 71,677 thousand for the year ended 31 December 2021).

The following table contains a breakdown of the cost of services for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	**Year ended 31 December**	
	2022	**2021**
Cost of services		
Transport of sales, customs duties and installation	20,855	17,292
Technical assistance	4,593	2,072
Advertising	5,898	6,117
Rentals	5,265	4,765
Agents	3,961	4,192
Consulting services	7,015	5,778
Transport of purchases	5,667	8,622
Travel and business expenses	862	304
Outsourcing costs	8,046	7,145
Utilities	3,183	2,056
Maintenance costs	5,019	4,347
Other services	11,966	8,988
Total cost of services	**82,331**	**71,677**

The higher increases compared to 31 December 2021 essentially refer to the strong recovery in the business and the higher volumes from the BtoB segment, which entailed an increase in transportation costs (mainly on the international level) as well as more after-sales support.

"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 2022 and 2021:

(In thousands of Euro)	**Year ended 31 December**	
	2022	**2021**
Audit fees		
Auditing of the accounts	306	216
Other services	43	39
Total audit fees	**349**	**254**

25 Personnel expenses

The item "Personnel expenses" amounted to Euro 65,508 thousand for the year ended 31 December 2022 (Euro 60,646 thousand for the year ended 31 December 2021).

The following table shows the amounts of personnel expenses for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	Year ended 31 December	
	2022	**2021**
Personnel expenses		
Wages and salaries	44,362	42,212
Social security contributions	12,722	12,742
Provisions for employee benefit obligations	2,584	2,403
Other costs	5,841	3,289
Total personnel expenses	**65,508**	**60,646**

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 2022 and 2021.

(in number)	Year ended 31 December			
	2022		**2021**	
	Average	**Year-end**	**Average**	**Year-end**
Number of employees				
Managers	58	60	56	56
White-collar	552	561	506	535
Blue-collar	259	252	270	268
Total number of employees	**869**	**873**	**831**	**859**

26 Other operating costs

The item "Other operating costs" amounted to Euro 5,347 thousand for the year ended 31 December 2022 (Euro 4,419 thousand for the year ended 31 December 2021).

The following table reports the amounts of other operating costs for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	Year ended 31 December	
	2022	**2021**
Other operating costs		
Other taxes and indirect taxes	788	716
Other costs and net provisions on leasing receivables	4,559	3,704
Total other operating costs	**5,347**	**4,419**

"Other costs and net provisions on leasing receivables" mainly refer to membership fees, the cost of certifications, promotional and advertising giveaways and donations, and uses for leasing receivables mainly relating to the losses arising during the year, as anticipated in the previous year's analysis. Regarding this last item, after carefully analysing the portfolio, the Group has estimated a default risk for the next financial year of approximately Euro 3 million, out of a total portfolio of Euro 160 million, as the default of certain customers with probable risk has not yet occurred. The decision was thus taken to maintain the same balance on the bad debt provision as last year, for these receivables.

27 Depreciation, amortisation and impairment / (write-backs)

The item "Depreciation, amortisation and impairment losses/(revaluations)" amounted to Euro 31,664 thousand for the year ended 31 December 2022 (Euro 28,671 thousand for the year ended 31 December 2021).

The following table shows the amounts of depreciation, amortisation and impairment losses/(write-backs) for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	Year ended 31 December	
	2022	**2021**
Depreciation, amortisation and impairment losses / (revaluations)		
Depreciation of property, plant and equipment	17,004	16,034
Amortisation of intangible assets	14,637	12,609
Impairment losses of intangible assets	23	29
Total depreciation, amortisation and impairment losses (revaluations)	**31,664**	**28,671**

For details regarding the breakdown of and changes in "Property, plant and equipment" and "Intangible assets" for the years ended 31 December 2022 and 2021, see paragraphs 1 and 2 of this document.

28 Net provisions

The item "Net provisions" amounted to Euro 5,921 thousand for the year ended 31 December 2022 (Euro 1,130 thousand of the opposite sign for the year ended 31 December 2021).

The following table shows the amounts of net provisions for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	Year ended 31 December	
	2022	**2021**
Net provisions		
Net provisions for assets held by third parties	641	484
Net allocations to bad debt provisions	3,777	292
Warranties net provisions	1,035	(137)
Other net provisions for risks and charges	469	441
Ongoing lawsuits net provisions	—	49
Total net provisions	**5,921**	**1,130**

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 24,361 thousand for the year ended 31 December 2022 (Euro 11,385 thousand for the year ended 31 December 2021).

The following table shows the amounts of financial income for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	Year ended 31 December	
	2022	**2021**
Financial income		
Realised exchange gains	21,324	10,333
Unrealised exchange gains	1,597	217
Other financial income	679	605
Bank interest receivable	761	230
Total financial income	**24,361**	**11,385**

30 Financial expenses

The item "Financial expenses" amounted to Euro 24,425 thousand for the year ended 31 December 2022 (Euro 10,964 thousand for the year ended 31 December 2021).

The following table shows the amount of financial expenses for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	**Year ended 31 December**	
	2022	**2021**
Financial expenses		
Realised exchange losses	20,364	9,270
Unrealised exchange losses	1,183	153
Bank interest on financial loans	279	405
Bank interest and fees	423	326
Other financial expenses	1,707	717
Provisions for the write-down of other financial receivables	469	92
Total financial expenses	**24,425**	**10,964**

"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 Euro 469 thousand includes the write-down of a loan granted to the subsidiary FKB Equipamentos LTDA, which was prudentially written-down after the impairment test, as explained at length in the paragraph "Equity investments".

31 Income/(expenses) from investments

The item "Income/(expenses) from investments" amounted to Euro 40,072 thousand for the year ended 31 December 2022 (Euro 21,906 thousand for the year ended 31 December 2021).

The following table shows the amounts of financial income / (expenses) for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	Year ended 31 December	
	2022	**2021**
Income/(expenses) from investments		
Other income/(expenses) from investments	21,753	14,063
Revaluations/(impairment losses) investments	18,319	7,844
Total income/(expenses) from investments	**40,072**	**21,906**

For details of the breakdown and changes in the item "Investments" for the years ended 31 December 2022 and 2021, see note 4.

The following table shows details of dividends from investments for the years ended 31 December 2022 and 2021:

(In thousands of Euro)	Year ended 31 December	
	2022	**2021**
Dividends from investments		
Technogym International	—	4,500
Technogym France	1,200	2,000
Technogym UK Ltd	2,562	1,522
Amleto Aps	—	590
Technogym Japan Ltd.	1,366	—
Technogym Germany Gmbh	—	1,500
Technogym Benelux BV	2,807	—
Technogym USA	5,643	1,291
Technogym Trading	782	609
Technogym E.E. Sro	3,540	—
Technogym Japan	—	1,318
Technogym Portugal, Unipessoal, Lda.	—	297
Technogym Emirates LLC	2,478	436
Total dividends from investments	**20,378**	**14,063**

32 Income taxes

The item "Income taxes" amounts to Euro 11,506 thousand for the year ended 31 December 2022 (Euro 11,483 thousand for the year ended 31 December 2021).

The following table shows the amounts of income taxes for the years ended 31 December 2022 and 2021.

(In thousands of Euro)	Year ended 31 December	
	2022	**2021**
Income taxes		
Current taxes	12,211	12,398
Deferred taxes	(990)	(381)
Total income taxes for the year	**11,221**	**12,016**
Taxes relating to prior years	290	(534)
Total income taxes	**11,511**	**11,483**

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 2022 and 2021.

(In thousands of Euro)	Year ended 31 December			
	2022	**%**	**2021**	**%**
Profit before tax	80,487		77,843	
Income tax calculated with theoretical tax rate	19,317	24.0%	18,682	24.0%
Permanent decrease differences	(13,001)	(16.2%)	(10,301)	(13.2%)
Permanent increase differences	4,704	5.8%	3,272	4.2%
Other income taxes (IRAP)	1,987	2.5%	2,090	2.7%
CFC tax	0	0.0%	0	0.0%
Taxes relating to prior years	290	0.4%	(534)	(0.7%)
Other taxes	(1,785)	(2.2%)	(1,727)	(2.2%)
Total	**11,511**	**14.3%**	**11,483**	**14.8%**

33 Earnings per share

The following table shows the calculation of basic earnings per share.

(In thousands of Euro)	Year ended 31 December	
	2022	**2021**
Earnings per share		
Profit for the period	68,976	66,361
Number of shares	201,328	201,328
Total earnings per share	**0.34**	**0.33**

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

34 Indebtedness

The following table shows the details of net indebtedness of the Group at 31 December 2022 and 2021, 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.

(In thousands of Euro)	As of 31 December	
	2022	**2021**
Net indebtedness		
A. Cash	182,148	145,004
B. Cash equivalents	—	—
C. Other current financial assets	24,647	58,412
D. Liquidity (A) + (B) + (C)	**206,795**	**203,416**
E. Current bank debt	(81,331)	(67,364)
F. Current portion of non-current debt	(9,137)	(50,101)
G. Current financial indebtedness (E) + (F)	**(90,468)**	**(117,465)**
H. Net current financial indebtedness (G) + (D)	**116,327**	**85,951**
I. Non-current financial payables (excluding the current part and debt instruments)	(58,124)	(63,227)
J. Debt instruments	—	—
K. Trade payables and other non-current payables	(287)	(806)
L. Non-current financial indebtedness (I) + (J) + (K)	**(58,411)**	**(64,033)**
M. Total financial indebtedness (H) + (L)	**57,916**	**21,918**

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 CONNECTED 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 2022 and 2021.

Credit lines	**Cash credit lines**	**Self-liquidating credit lines**	**Financial credit lines**	**Total**
As of 31 December 2022				
Credit lines	7,382	17,641	240,441	**265,464**
Utilisations	—	—	(11,747)	**(11,747)**
Credit lines available at 31 December 2022	**7,382**	**17,641**	**228,694**	**253,717**
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**

The table below contains the breakdown and maturity dates of the liability items to 31 December 2022 and 2021:

	Within 1 year	Between 1 and 5 years	Beyond 5 years	Total
Values at 31 December 2022				
Non-current financial liabilities	—	**57,940**	**184**	**58,124**
Other non-current liabilities	—	**24,296**	—	**24,296**
Trade payables	**148,756**	—	—	**148,756**
Current tax liabilities	**1,729**	—	—	**1,729**
Current financial liabilities	**90,391**	—	—	**90,391**
Liabilities for derivative financial instruments	**77**	—	—	**77**
Other current liabilities	**30,118**	—	—	**30,118**
Total	**271,071**	**82,236**	**184**	**353,491**
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**

On 31 December 2022, the Company had approximately Euro 228.6 million of undrawn credit lines, liquidity of Euro 253.7 million and trade receivables of 110.8 million, giving a total of Euro 593.1 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 thus exposed to currency risk in regards to commercial and financial transactions, especially in USD, GBP, JPY, CNY 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 2022, 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 2022 and 2021.

(In thousands of Euro)	EUR	GBP	USD	CNY	AUD	JPY	Other currencies	Total
Other non-current assets								
As of 31 December 2022	58,597	—	—	—	—	—	109	**58,706**
As of 31 December 2021	53,906	—	—	—	—	—	119	**54,026**
Non-current financial assets								—
As of 31 December 2022	29,919	—	—	—	—	—	—	**29,919**
As of 31 December 2021	30,749	—	—	—	—	—	—	**30,749**
Trade receivables								—
As of 31 December 2022	64,593	5,091	18,757	2,355	4,016	4,306	1,787	**100,904**
As of 31 December 2021	53,027	5,443	18,027	8,667	4,562	1,703	590	**92,019**
Current financial assets								—
As of 31 December 2022	12,412	2	10,650	—	848	—	99	**24,010**
As of 31 December 2021	32,937	0	24,281	—	1,067	—	—	**58,285**
Cash and cash equivalents								—
As of 31 December 2022	114,658	10,443	44,078	3,418	4,588	4,291	672	**182,148**
As of 31 December 2021	126,162	8,956	5,003	69	2,121	2,357	337	**145,004**
Other current assets								—
As of 31 December 2022	15,918	9	620	—	0	6	1,660	**18,213**
As of 31 December 2021	22,468	6	413	—	0	7	667	**23,560**
Non-current financial liabilities								—
As of 31 December 2022	57,662	—	—	—	—	—	462	**58,124**
As of 31 December 2021	62,387	—	—	—	—	—	840	**63,227**
Current financial liabilities								—
As of 31 December 2022	56,840	10,190	16,005	—	—	6,598	758	**90,391**
As of 31 December 2021	94,327	8,587	12,863	—	—	1,284	364	**117,425**
Trade payables								—
As of 31 December 2022	137,060	593	8,516	2,010	64	55	458	**148,756**
As of 31 December 2021	118,294	181	11,080	1,856	96	50	103	**131,661**
Other current liabilities								—
As of 31 December 2022	25,227	289	4,183	(151)	640	(83)	14	**30,118**
As of 31 December 2021	29,793	270	1,178	6	639	0	12	**31,898**

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 2022 and 2021.

			2022 - Exchange risk	
(In thousands of Euro)			**+ 5%**	**— 5%**
Description	**Carrying amount**	**of which subject to exchange risk**	**Gains / (losses)**	**Gains / (losses)**
Financial assets				
Non-current financial assets	29,919	—	—	180
Cash and cash equivalents	182,148	67,490	(3,213)	3,496
Trade receivables	100,904	35,962	(1,712)	1,769
Current financial assets	24,010	11,598	(552)	610
Assets for derivative financial instruments	637	637	(30)	34
Tax effect	—	—	1,537	(1,699)
			(3,972)	4,210
Financial liabilities				
Non-current financial liabilities	58,124	462	22	(24)
Current financial liabilities	90,391	33,551	1,598	(1,766)
Trade payables	148,756	11,578	551	(609)
Liabilities for derivative financial instruments	77	74	4	(4)
Tax effect	—	—	(607)	671
			1,568	(1,732)
Total increases (decreases)			**(2,404)**	**2,478**

			2021 - Exchange risk	
(In thousands of Euro)			+ 5%	— 5%
Description	**Carrying amount**	**of which subject to exchange risk**	**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
Current 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 2022 and 2021.

(In thousands of Euro)			2022 - Interest Rate Risk			
				+ 20 bp		— 20 bp
Description	**Carrying amount**	**of which subject to exchange risk**	**Gains / (losses)**	**Other movements in RFV**	**Gains / (losses)**	**Other movements in RFV**
Financial assets						
Cash and cash equivalents	182,148	181,235	362	—	(362)	—
Trade receivables	100,904	—	—	—	—	—
Current financial assets	24,010	5,080	10	—	(10)	—
Assets for derivative financial instruments	637	—	—	—	—	—
Tax effect	—	—	(104)	—	104	—
			268	—	(268)	—
Financial liabilities						
Non-current loans payable	58,124	33,017	(66)	—	66	—
Current loans payable	90,391	93,501	(187)	—	187	—
Trade payables	148,756	—	—	—	—	—
Other current liabilities	77	70	—	—	—	—
Tax effect	—	—	71	—	(71)	—
			(182)	—	182	—
Total increases (decreases)			**86**		**(86)**	

			2021 - Interest Rate Risk			
				+ 20 bp		— 20 bp
Description	**Carrying amount**	**of which subject to exchange risk**	**Gains / (losses)**	**Other movements in RFV**	**Gains / (losses)**	**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**	

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.

(In thousands of Euro)	**As of 31 December**	
	2022	**2021**
Net financial indebtedness (A)	(57,916)	(21,918)
Equity (B)	390,151	352,410
Total capital (C)=(A)+(B)	**332,235**	**330,492**
Gearing ratio (A)/(C)	**—17.4%**	**—6.6%**

36 Financial instruments by category

As of 31 December 2022 and 2021, 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 2022 and 2021.

2022 *(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	58,460	—	246	58,706	—	—	246	246
Non-current financial assets	29,919	—	—	29,919				—
Non-current financial assets	**88,379**	**—**	**246**	**88,625**	**—**	**—**	**246**	**246**
Trade receivables	100,904	—	—	100,904	—	—	—	—
Cash and cash equivalents	182,148	—	—	182,148	—	—	—	—
Current financial assets	24,010	—	—	24,010	—	—	—	—
Assets for derivative financial instruments	—	—	637	637	—	637	—	637
Other current assets	18,213	—	—	18,213	—	—	—	—
Current financial assets	**325,275**	**—**	**637**	**325,912**	**—**	**637**	**—**	**637**

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**

2022 *(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	58,124	—	—	58,124	—	—	—	—
Other non-current liabilities	24,296	—	—	24,296	—	—	—	—
Non-current financial liabilities	**82,420**	**—**	**—**	**82,420**	**—**	**—**	**—**	**—**
Current financial liabilities	90,391	—	—	90,391	—	—	—	—
Trade payables	148,756	—	—	148,756	—	—	—	—
Liabilities for derivative financial instruments	—	—	77	77	—	77	—	77
Other current liabilities	30,118	—	—	30,118	—	—	—	—
Current financial liabilities	**269,265**	**—**	**77**	**269,342**	**—**	**77**	**—**	**77**

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	63,226	—	—	63,226	—	—	—	—
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**

37 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 embargoes on the Russian market. In relation to the Russian market, Technogym operates directly through the Technogym AO subsidiary, whose revenues are less then 2% of the Group total and were generated in the first part of the year when the restrictive export measures were not yet in place. Negotiations are also underway to sell the business, held indirectly by the parent Technogym S.p.A. through Technogym International, at a price of Euro 2.9 million, which will allow the write-back of the value of the investment on the statutory accounts, and the recovery on the consolidated accounts of the contribution made by the subsidiary, principally the cash assets of Euro 8.3 million.

RISKS RELATED TO CYBER ATTACKS

The stepping-up of the digital transformation - both within the Company itself and towards the market - has been driven by the public health emergency, and this exposes the Group to potential cyber attacks (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.

In particular, a 24H Security Operation Center (SOC) system is in place, tasked with preventing, detecting and responding to cyber attacks using advanced technology solutions and a variety of approaches. The SOC monitors and analyses the activity on networks, databases, apps, websites and other systems to discover any anomalous behaviours that could indicate a security threat or compromising of the system.

38 Related-party transactions

The Company's transactions with related parties, identified based on criteria defined in 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 2022 and 2021, and the impact on the related item in the financial statements.

(in thousands of Euro)	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	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Technogym Spain	–	–	–	–	14	–	3,950	2,199	–	–	–	–	–	–	54	38	2,863	524	–	–	96.993	35.722
Technogym France	–	–	–	–	13	–	2,250	2,940	–	–	–	–	–	–	51	42	6,582	6,868	–	4	(202.666)	(0.555)
Technogym China	–	–	–	–	15	–	2,354	8,667	–	–	–	–	–	–	4,578	3,939	–	–	–	–	(150.911)	5.893
Technogym Japan	–	–	–	–	4	–	4,306	1,703	–	–	–	–	–	–	48	66	6,598	1,284	–	–	(83.226)	0.454
Technogym Asia	–	–	–	–	–	–	1,412	2,079	–	–	–	–	–	–	5	26	–	–	–	9	3.941	2.527
Technogym Australia	–	–	–	–	12	–	4,016	4,563	848	1,067	–	–	–	–	64	66	–	–	–	–	639.733	638.590
Technogym Canada	–		–		–		748		–		–		–		3		405		–		5.862	
Technogym Portugal	–	–	–	–	–	–	570	852	–	–	–	–	–	–	4	2	–	–	–	–	5.604	5.264
Technogym Russia	–	–	–	–	13	–	1,606	2,266	–	–	–	–	–	–	–	–	–	–	–	–	(0.060)	–
Technogym U.K.	–	–	–	–	19	–	4,749	5,107	–	–	–	–	–	–	436	111	10,229	8,607	31	21	279.358	266.685
Technogym Germany	–	–	–	–	–	–	4,278	5,958	–	–	–	–	–	–	129	238	5,856	7,507	15	–	89.343	29.298
Technogym Benelux	–	–	–	–	12	–	5,692	4,182	–	–	–	–	–	–	99	96	6,519	7,730	–	–	130.959	24.697
Technogym Usa	–	–	–	–	–	–	9,678	3,698	99	–	–	–	–	–	470	530	16,005	12,863	–	–	3,549.220	32.734
Technogym International	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Technogym E.E.	–	–	–	–	–	–	860	780	–	–	–	–	–	–	26,037	21,533	–	–	–	–	6.200	6.200
Fkb Equipamentos Ltda	–	–	–	–	–	–	–	652	–	234	–	6	–	–	8	7	–	–	–	–	(0.000)	–
Sidea S.r.l	–	–	–	–	–	–	–	–	–	1,100	–	–	–	–	599	411	–	(3)	–	–	–	–
TGB	16,595	19,595	29,719	30,549	–	–	239	282	–	–	74	231	13,368	16,339	285	319	4,037	3,736	–	–	–	–
AMLETO APS	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
TG TECHNOGYM SA	–	–	–	–	–	–	701	14	1,000	1,000	–	–	–	–	199	–	–	(1)	–	–	(1.266)	0.000
DWL Srl	–	–	–	–	–	–	12	91	1,200	600	–	–	–	–	17	–	–	(1)	–	–	99.285	(2.015)
MyWellness Inc	–	–	–	–	–	–	48	26	938	441	77	73	–	–	–	–	–	–	–	–	–	–
Technogym Saudi LLC	–	–	–	–	–	–	450	2	200	–	1	1	–	–	117	–	–	–	–	–	0.433	–
Total	**16,595**	**19,595**	**29,719**	**30,549**	**102**	**–**	**47,921**	**46,060**	**4,284**	**4,443**	**152**	**311**	**13,368**	**16,339**	**33,203**	**27,422**	**59,095**	**49,114**	**45**	**33**	**4,469**	**1,045**
Total Financial Statements	**58,635**	**63,305**	**29,919**	**30,749**	**58,706**	**54,026**	**100,904**	**92,019**	**24,010**	**58,285**	**18,213**	**54,026**	**58,124**	**63,227**	**148,756**	**131,661**	**90,391**	**117,425**	**11,161**	**9,246**	**30,118**	**31,898**
% on financial statements item	**28%**	**31%**	**99%**	**99%**	**0%**	**0%**	**47%**	**50%**	**18%**	**8%**	**0%**	**1%**	**23%**	**26%**	**22%**	**21%**	**65%**	**42%**	**0%**	**0%**	**15%**	**3%**

(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	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Technogym Spain	18,776	14,691	1,791	376	(372)	(456)	(3)	(0)	–	–	–	–	–	–	–	–	2	8	(8)	(0)	782	609
Technogym France	27,503	19,645	499	1,125	(670)	(263)	(2)	(5)	(84)	(48)	–	–	–	–	–	–	0	0	(1)	(1)	1,200	2,000
Technogym China	14,178	24,039	1,726	288	(186)	(191)	(31)	(34)	(319)	(234)	–	–	–	–	(2,829)	–	–	–	–	–	–	–
Technogym Japan	15,325	14,270	499	331	(235)	(255)	–	(1)	–	–	–	(1,573)	–	–	–	–	–	–	(4)	(0)	1,366	1,318
Technogym Asia	3,000	2,926	205	189	(10)	(6)	(12)	(10)	(95)	(103)	(742)	–	–	–	–	–	–	–	–	–	–	–
Technogym Australia	16,757	17,496	236	196	(293)	(90)	(132)	(124)	–	–	(846)	(115)	–	–	–	–	94	4	–	(0)	–	–
Technogym Canada	69	–	674	–	(2)	–	–	–	–		–		–		–		0		(1)		–	
Technogym Portugal	2,673	2,229	47	49	(36)	(36)	(2)	–	–	–	(186)	–	–	–	–	–	–	–	–	–	–	297
Technogym Russia	2,497	7,824	106	1,287	(29)	(35)	–	0	320	266	–	(16)	–	–	–	–	–	–	–	(0)	–	–
Technogym U.K.	32,775	33,481	2,416	2,363	(1,966)	(1,049)	(25)	(10)	(243)	(170)	–	–	–	–	–	–	–	–	(130)	(0)	2,562	1,522
Technogym Germany	26,556	25,811	2,179	2,704	(1,525)	(1,208)	(30)	(14)	(117)	(97)	–	–	–	–	–	–	–	–	(24)	(1)	–	1,500
Technogym Benelux	21,670	18,739	3,285	1,878	(382)	(376)	(23)	–	(16)	–	–	–	–	–	–	–	–	–	(29)	(11)	2,807	–
Technogym Usa	38,572	27,297	3,494	841	(920)	(842)	(146)	(123)	–	–	–	–	–	–	–	–	3	–	(435)	(1)	5,643	1,291
Technogym International	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	4,500
Technogym E.E.	989	986	672	539	(80,329)	(61,661)	(0)	(3)	90	140	(0)	–	–	–	–	–	–	–	–	–	3,540	–
Fkb Equipamentos Ltda	–	249	–	155	–	(4)	–	(0)	–	–	–	–	–	–	(736)	–	16	14	(469)	–	–	–
Sidea S.r.l	–	–	157	153	(1,934)	(1,429)	(25)	(44)	–	–	(1)	(1)	–	–	–	–	4	5	–	–	–	
TGB	–	–	–	–	–	–	(248)	(296)	–	–	(9)	(36)	(4,160)	(3,816)	–	–	479	522	(447)	(471)	–	–
AMLETO APS	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	7	–	–	–	590
Tg Technogym Sa	702	15	–	–	–	–	(522)	–	–	–	–	–	–	–	–	–	11	1	–	–	–	–
DWL Srl	15	76	0	–	–	(5)	(19)	(64)	–	–	–	–	–	–	–	–	12	1	–	–	–	–
MyWellness Inc	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	20	1	–	–	–	–
Technogym Saudi LLC	364	0	–	–	–	–	(477)	–	–	–	–	–	–	–	–	–	0	–	–	–	–	–
Total	**222,420**	**209,776**	**17,988**	**12,472**	**(88,889)**	**(67,905)**	**(1,696)**	**(731)**	**(463)**	**(245)**	**(1,783)**	**(1,741)**	**(4,160)**	**(3,816)**	**(3,564)**	**–**	**641**	**563**	**(1,549)**	**(484)**	**17,900**	**13,627**
Total Financial Statements	**485,473**	**425,431**	**18,859**	**13,408**	**(273,081)**	**(228,737)**	**(82,331)**	**(71,677)**	**(65,508)**	**(60,646)**	**(5,347)**	**(4,419)**	**(31,664)**	**(28,671)**	**(5,921)**	**(1,130)**	**24,361**	**11,385**	**(24,425)**	**(10,964)**	**40,072**	**21,906**
% on financial statements item	**46%**	**49%**	**95%**	**93%**	**33%**	**30%**	**2%**	**1%**	**1%**	**0%**	**33%**	**39%**	**0%**	**13%**	**60%**	**0%**	**3%**	**5%**	**6%**	**4%**	**45%**	**62%**

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 2022 and 2021, and of the impact on the related item in the financial statements.

(in thousands of Euro)	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	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Technogym Emirates Llc	—	—	—	—	13	—	(102)	1,947	—	—	1,266	447	—	—	99	98	—	—	20	16	(3.520)	0.163
Exerp Aps	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Wellness Venture	—	—	—	—	—	—	3	—	—	—	—	—	—	—	—	101	—	—	—	—	—	—
Wellink Srl	—	—	—	—	—	—	—	—	—	—	—	—	—	—	50	67	—	—	—	—	—	—
Total	**—**	**—**	**—**	**—**	**13**	**—**	**(99)**	**1,947**	**—**	**—**	**1,266**	**447**	**—**	**—**	**149**	**266**	**—**	**—**	**20**	**16**	**(4)**	**0**
Total Financial Statements	**58,635**	**63,305**	**29,919**	**30,749**	**58,706**	**54,026**	**100,904**	**92,019**	**24,010**	**58,285**	**18,213**	**54,026**	**58,124**	**63,227**	**148,756**	**131,661**	**90,391**	**117,425**	**11,161**	**9,246**	**30,118**	**31,898**
% on financial statements item	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**2%**	**0%**	**0%**	**0%**	**1%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**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	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Technogym Emirates Llc	14,808	11,190	274	206	(113)	(63)	(323)	(101)	(273)	(147)	—	—	—	—	—	—	—	—	—	—	2,478	436
Exerp Aps	—	—	—	—	—	—	—	(6)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Wellness Venture	—	—	18	—	—	—	(325)	(136)	—	—	0	(0)	—	—	—	—	—	—	—	—	—	—
Wellink Srl	—	—	—	—	—	—	(190)	(187)	—	—	(0)	(0)	—	—	—	—	—	—	—	—	—	—
Total	**14,808**	**11,190**	**292**	**206**	**(113)**	**(63)**	**(838)**	**(430)**	**(273)**	**(147)**	**0**	**(0)**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**2,478**	**436**
Total Financial Statements	**485,473**	**425,431**	**18,859**	**13,408**	**(273,081)**	**(228,737)**	**(82,331)**	**(71,677)**	**(65,508)**	**(60,646)**	**(5,347)**	**(4,419)**	**(31,664)**	**(28,671)**	**(5,921)**	**(1,130)**	**24,361**	**11,385**	**(24,425)**	**(10,964)**	**40,072**	**21,906**
% on financial statements item	**3%**	**3%**	**2%**	**2%**	**0%**	**0%**	**1%**	**1%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**6%**	**2%**

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 2022 and 2021, and the incidence on the related item in the financial statements:

(in thousands of Euro)	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	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Pubblisole Spa	—	—	—	—	100	100	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(18.601)	(18.635)
Qicraft Finland OY	—	—	—	—	62	79	11	4	—	—	—	—	—	—	—	—	—	—	—	—	(2.635)	0.014
Crit S.r.l.	—	—	—	—	26	26	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Consorzio Romagna Iniziative	—	—	—	—	9	8	—	—	—	—	26	28	—	—	16	15	—	—	—	—	—	—
Sviluppo Impresa Romagna	—	—	—	—	50	50	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Asso.Milano Durini Design	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1	—	—	—	—	—	—
Sandcroft Avenue Limited	—	—	0	(0)	—	—	—	—	—	—	—	—	—	—	—	—	(39)	(20)	—	—	—	—
Alfin Srl	—	—	—	—	—	—	3	1	—	—	—	—	—	—	126	125	—	—	—	—	—	—
Via Durini 1 Srl	5,615	5,035	—	—	—	—	—	—	—	—	—	—	4,915	4,402	3	(75)	860	789	—	—	—	—
Starpool Srl	—	—	—	—	—	—	—	—	—	—	—	—	—	—	4	5	—	—	—	—	—	—
One On One Srl	—	—	—	—	—	—	9	—	—	—	—	—	—	—	232	101	—	—	—	—	1.312	2.639
Enervit Spa	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Alne Soc. Agr. S.r.l.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	2	—	—	—	—	—	—
Wellness Foundation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	55	55	—	—	—	—	—	—
Wf Srl	—	—	—	—	—	—	—	—	—	—	—	—	—	—	61	61	—	—	—	—	—	—
Qicraft Norway As (ex-Norsk F)	—		—		—		38		—		—		—		2		—		—		(0.062)	
Invest Fimex A.g	—		—		—		79		—		—		—		20		—		—		31.444	
Qicraft Sweden Ab (ex-Svensk M)	—		—		—		1,184		—		—		—		17		—		—		12.474	
Core Athletic LLC	—		—		—		—		—		(0)		—		—		—		—		—	
Uberti Società Semplice	—		—		—		—		—		—		—		8		—		—		—	
Total	**5,615**	**5,035**	**0**	**(0)**	**246**	**263**	**1,324**	**4**	**—**	**—**	**26**	**28**	**4,915**	**4,402**	**544**	**290**	**821**	**769**	**—**	**—**	**24**	**(16)**
Total Financial Statements	**58,635**	**63,305**	**29,919**	**30,749**	**58,706**	**54,026**	**100,904**	**92,019**	**24,010**	**58,285**	**18,213**	**54,026**	**58,124**	**63,227**	**148,756**	**131,661**	**90,391**	**117,425**	**11,161**	**9,246**	**30,118**	**31,898**
% on financial statements item	**10%**	**8%**	**0%**	**0%**	**0%**	**0%**	**1%**	**0%**	**0%**	**0%**	**0%**	**0%**	**8%**	**7%**	**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	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Pubblisole Spa	-	-	-	-	-	-	19	38	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Qicraft Finland OY	162	149	—	—	(3)	(5)	—	(13)	—	—	—	—	—	—	—	—	—	—	—	—	—	
Consorzio Romagna Iniziative	—	—	—	—	—	—	(19)	(8)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Asso.Milano Durini Design	—	—	—	—	—	—	—	—	—	—	(2)	(2)	—	—	—	—	—	—	—	—	—	—
Sandcroft Avenue Limited	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	19	15	14	(92)	—	
Alfin Srl	2	—	—	—	—	—	(256)	(250)	(39)	—	(0)	—	—	—	—	—	—	—	—	—	—	—
Via Durini 1 Srl	—	—	—	—	—	—	(124)	(162)	—	—	(9)	(10)	(895)	(816)	—	—	—	—	(123)	(130)	—	—
Starpool Srl	—	1	—	0	—	—	(4)	(1)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
One On One Srl	21	12	—	—	—	—	(657)	(256)	—	—	(0)	(0)	—	—	—	—	—	—	—	(0)	—	—
Enervit Spa	—	—	—	—	—	—	(3)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Alne Soc. Agr. S.r.l.	—	—	—	—	—	—	(2)	(2)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Wellness Foundation	—	—	—	—	—	—	(49)	(45)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Wf Srl	—	—	—	—	—	—	(200)	(200)	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Qicraft Norway As (ex-Norsk F)	464		—		(14)		(5)		—		—		—		—		—		—		—	
Invest Fimex A.g	9,967		—		(103)		(1)		—		—		—		—		—		—		—	
Qicraft Sweden Ab (ex-Svensk M)	13,318		—		(412)		(20)		—		—		—		—		0		(0)		—	
Core Athletic LLC	—		—		—		—		—		—		—		(107)		—		—		—	
Uberti Società Semplice	—		—		—		(30)		—		—		—		—		—		—		—	
Total	**23,935**	**162**	**—**	**0**	**(532)**	**(5)**	**(1,350)**	**(900)**	**(39)**	**—**	**(11)**	**(12)**	**(895)**	**(816)**	**(107)**	**—**	**19**	**15**	**(109)**	**(221)**	**—**	**—**
Total Financial Statements	**485,473**	**425,431**	**18,859**	**13,408**	**(273,081)**	**(228,737)**	**(82,331)**	**(71,677)**	**(65,508)**	**(60,646)**	**(5,347)**	**(4,419)**	**(31,664)**	**(28,671)**	**(5,921)**	**(1,130)**	**24,361**	**11,385**	**(24,425)**	**(10,964)**	**40,072**	**21,906**
% on financial statements item	**5%**	**0%**	**0%**	**0%**	**0%**	**0%**	**2%**	**1%**	**0%**	**0%**	**0%**	**0%**	**3%**	**3%**	**2%**	**0%**	**0%**	**0%**	**0%**	**2%**	**0%**	**0%**

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, 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 2,457 thousand for the year ended 31 December 2022 (Euro 2,413 thousand for the year ended 31 December 2021).

The total amount of compensation paid to key management amounted to Euro 1,959 thousand for the year ended 31 December 2022 (Euro 1,757 thousand for the year ended 31 December 2021). The following table shows the amounts of revenues for the years ended 31 December 2022 and 2021.

(in thousands of Euro)	**Year ended 31 December**	
	2022	**2021**
Fees for office	1,200	1,229
Non-monetary benefits	31	25
Bonuses and other incentives	678	90
Other fees	50	414
Total	**1,959**	**1,757**

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39 Contingent liabilities

As of 31 December 2022, 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 2022, the Company issued guarantees to credit institutions on behalf of subsidiaries for Euro 21,524 thousand (Euro 19,994 thousand at 31 December 2021) and on behalf of related parties for Euro 3,841 thousand (Euro 3,617 thousand at 31 December 2021). The guarantees issued by the Company in favour of public institutions and other third parties amounts to Euro 2,030 thousand (Euro 2,150 thousand at 31 December 2021).

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.

41 Non-recurring events and transactions

The Covid-19 virus, which spread around the world from January 2020 onwards, forced all countries, including Italy, to have to tackle an unprecedented health emergency, which also had very significant impacts on an economic, social and geopolitical level. During 2022, national governments gradually eased the restrictive measures. Consequently, Technogym applied the anti-infection rules in workplaces, adapting their own rules, from time to time, to the authorities' measures as they changed during the year. In addition, although the peak of the pandemic may be considered to have passed, Technogym continues to prepare plans based on the continuity of business and the manufacturing processes, and on the protection of the health and safety of its employees. In view of the Company's future growth prospects, both in regard to products and markets, the directors believe that there are no uncertainties in relation to the business as a 'going concern.'

Moreover, in the 2022 financial year, a non-recurring expense of Euro 912 thousand was recognised, linked primarily to staff severance payments, as well as other costs of extraordinary services not associated with ordinary operations. As of 31 December 2021, non-recurring income of Euro 11,958 thousand was recorded, linked to the capital gain on the sale of shares in Amleto APS for Euro 13,961 thousand, net of non-recurring expenses of Euro 656 thousand.

42 Significant events after the reporting period

In January, Technogym took part in the World Economic Forum in Davos, during which Erica Alessandri, a member of the Technogym Board of Directors, participated in various projects/conferences on the role and impacts of regular physical exercise in terms of global health. In particular, Technogym was one of the founding members of the new WEF initiative to tackle obesity around the world.

In February, Technogym took part in the Arco Madrid art fair – the flagship event for contemporary art in Spain and Latin America – with an installation by the celebrated designer Patricia Urquiola focusing on the message "Let's Move for a Better World", referring to physical exercise as an opportunity to build a better world, starting with people's health.

On 8 March, International Women's Day, Technogym promoted a campaign on women's sport, on social media and in its boutique outlets, starting from the fact that women's sport accounts for only 4% of sports-related media coverage.

In 2023 an agreement was signed with the shareholder that owns 51% of Technogym Emirates LLC, a joint venture formed in the Arab Emirates. The terms of the agreement provide for the restructuring of the company's governance and will give the Group substantial control of the subsidiary. From the date of signing, the Group will fully consolidate this subsidiary, which is currently valued with the equity method.

With regard to the Russian subsidiary Technogym AO, negotiations are underway to sell the business held indirectly by the parent Technogym S.p.A. through Technogym International, at a price of Euro 2.9 million, which will allow the write-back of the value of the investment on the statutory accounts, and the recovery on the consolidated accounts of the contribution made by the subsidiary, principally the cash assets of Euro 8.3 million.

Proposal for approval of the financial statements and allocation of profit for the 2022 financial year

Dear Shareholders,

the Financial Statements at 31 December 2022 closed with a net profit of Euro 68,976,174.39.

As regards the profits for 2022, the Board of Directors proposes the distribution of a unit dividend of Euro 0.25 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 50,331,875.00. Considering the 2023 calendar, approved by Borsa Italiana S.p.A., we propose authorising a payment of the dividend on 24 May 2023, with record date 23 May 2023 and coupon no. 6 detachment date 22 May 2023.

As the first point for consideration, also in view of the fact that the legal reserve Art. 2430 of the Civil Code) is now at its capacity, we propose that the net profits for the 2022 financial year, of Euro 68,976,174.39, be allocated as follows:

(i) to each ordinary share with the right to payment on the record date, a gross dividend of Euro 0.25 which based on the ordinary shares currently in circulation amounts to Euro 50,331,875.00;
(ii) Euro 2,826,189.62 to the extraordinary reserve;
(iii) the remainder, currently Euro 15,818,109.77, 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 12,240.88 from the reserve for the adoption of IAS; and
(ii) releasing Euro 524,291.95 from the reserve for exchange gains;

allocating a total of Euro 536,532.83 to the retained earnings reserve.

For further information see the Annual Report, comprising the Draft Financial Statements and Consolidated Financial Statements to 31 December 2022 approved by the Board of Directors on 29 March 2023, 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 Financial Statements at 31 December 2022, in the draft presented by the Board of Directors, with a net profit of Euro 68,976,174.39;*
› *having reviewed the Report of the Board of Directors,*

resolved

a) *to allocate the net profit for the year of Technogym S.p.A. equal to Euro 68,976,174.39 as follows:*

(ii) *to each ordinary share with the right to payment on the record date, a gross dividend of* Euro *0.25, which based on the ordinary shares currently in circulation, amounts to* Euro *50,331,875.00;*
(iii) *Euro 2,826,189.62 to the extraordinary reserve;*
(iv) *the remainder, currently Euro 15,818,109.77, to the retained earnings reserve;*

b) *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 12,240.88 from the reserve for the adoption of IAS;*
(ii) *releasing Euro 524,291.95 from the reserve for exchange gains;*

allocating a total of Euro 536,532.83 to the retained earnings reserve.

c) *that the dividend be paid on 24 May 2023, with record date 23 May 2023 and coupon no. 6 detachment date 22 May 2023."*

On behalf of the Board of Directors,
Chairman

Nerio Alessandri

**REPORT OF THE BOARD OF STATUTORY AUDITORS
ON THE FINANCIAL STATEMENTS AT 31 DECEMBER 2022
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 ending 31 December 2022, the Board of Statutory Auditors of Technogym S.p.A. (hereinafter also "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.

In this Report, prepared pursuant to Art. 153 of Italian Legislative Decree 58/1998 and Art. 2429, para. 2 of the Italian Civil Code, the Board of Statutory Auditors provides an account of the activities performed and their results.

Firstly, the Board of Statutory Auditors was appointed by the Shareholders' Meeting held on 4 May 2022 via the list voting system and will remain in office until the financial statements at 31 December 2024 are approved. It comprises Standing Auditors Francesca di Donato (Chairperson), Pier Paolo Caruso and Fabio Oneglia.

The Board of Directors of the Company, in its current composition, consists of 11 members and was appointed by the Ordinary Shareholders' Meeting of 5 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 5 May 2021, on 7 May 2021, the Board 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 financial statements of Technogym have been prepared on a going concern basis, in accordance with the IAS/IFRS International Accounting Standards, issued by the International Accounting Standards Board (IASB), approved by the European Union, and in force at 31 December 2022, and with the measures issued in implementation of Article 9 of Italian Legislative Decree 38/2005.

We also inform you that these financial statements have been drawn up in compliance with the specific requirements of Regulation (EU) 2019/815 (the "ESEF Regulation") and, therefore, in the XHTML electronic format, and show, with specific reference to the consolidated financial statements at 31 December 2022, the Inline XBRL markings of the information, according to the taxonomy indicated by the above-mentioned ESEF Regulation.

The Company's financial statements comprise the Statement of Financial Position, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Shareholders' Equity, the Cash Flow Statement and the Notes to the Financial Statements.

The financial statements are accompanied by the Report on Operations and the Corporate Governance Report, prepared in accordance with Article 123-*bis* of the TUF, as well as the Consolidated Non-Financial Statement (hereinafter also NFS), pursuant to Italian Legislative Decree 254 of 30 December 2016, drafted by the Company in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI). The financial statements file also contains the Report on the remuneration and compensation policy, comprising the 2023 remuneration policy and the report on remuneration paid in 2022.

In accordance with Article 40 of Italian Legislative Decree 127/1991, as amended by Article 2(d) of Italian Legislative Decree 32/2007, the Report on Operations covers both the consolidated financial statements of the Technogym Group and the financial statements of the parent company Technogym S.p.A.

In the Report on Operations the directors summarise the main risks and uncertainties to which they believe the Company is exposed, and also present the outlook.

The 2022 separate and consolidated financial statements of Technogym contain the required declarations of conformity by the Chief Executive Officer and the Financial Reporting Officer.

The year ending 31 December 2022 showed a profit for the year of Euro 68,976,174, compared with the profit of the previous year of Euro 66,360,772.

The Board of Directors of the Company approved the financial statements on 29 March 2023, along with the consolidated financial statements of the Technogym Group and the consolidated non-financial statement. The Shareholders' Meeting is set for 5 May 2023, within the terms of the law.

As pointed out by the directors in the annual Corporate Governance Report for 2022, prepared pursuant to Art. 123-*bis* of Italian Legislative Decree 58/1998 and approved by the Board on 29 March 2023, in 2022, the Board of Directors met 8 times, the Control, Risks and Sustainability Committee met 7 times, the Remuneration Committee met 4 times, the Related Party Transactions Committee met once, and the independent directors met once, in the absence of the other directors.

The Board of Statutory Auditors notes that, at the date of this Report, while the health emergency occasioned by the outbreak of Covid-19 may be said to be over, the Russian-Ukrainian crisis is still ongoing, which has caused the well-known economic consequences on the world's markets. In this regard, the Board of Statutory Auditors monitored developments in the economic framework during 2022 and, in this Report, has taken into account the provisions and recommendations issued by the competent authorities for the purposes of preparing the financial statements, showing the effects of the crisis, and the specific control activities required.

The Board of Statutory Auditors received information from the company on an ongoing basis regarding actions taken to deal with the effects of the crisis, such as measures to tackle the increase, the general inflationary effect and the possible application of measures linked to the sanctions package put in place by the European authorities. In relation to the Russian market, Technogym operates directly through the Technogym AO subsidiary, whose revenues are less than 2% of the Group total and were generated in the first part of the year when the restrictive export measures were not yet in place. Subsequently, the Company, in compliance with the international sanctions imposing an embargo on the export of luxury products, suspended all export activities to Russia, after verifying that Technogym products fall within those covered by the export ban. Note that the sale of the company's business, indirectly held by the parent company Technogym, is currently being negotiated, via Technogym International BV, at a value that will enable it to recover the value of the investment recorded in the separate financial statements. These are, however, immaterial amounts that do not generate a significant impact on the business continuity of the Company and the Group.

The Board of Statutory Auditors also received information and monitored the controls relating to cyber issues implemented by the Company.

With reference to Covid-19, national governments gradually eased restrictive measures during 2022. Consequently, Technogym continued to apply the anti-infection rules in workplaces, adapting their own rules, from time to time, to the authorities' measures as they changed during the year. In addition, the Company continues to prepare plans based on the continuity of business and the manufacturing processes, and on the protection of the health and safety of its employees. In view of the Company's growth prospects, the directors believe that there are no uncertainties in relation to the business as a 'going concern'.

In relation to the foregoing, there are no items of concern to be submitted to the Company Shareholders' Meeting.

During 2022, the Board of Statutory Auditors met 16 times. The Board of Statutory Auditors also attended:

- the only Shareholders' Meeting,
- all Board of Directors' meetings, with at least one member of the Board of Statutory Auditors present;
- all meetings of the Control, Risks and Sustainability Committee;
- all meetings of the Appointments and Remuneration Committee;
- all meetings of the Related Party Transactions Committee.

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 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. The statutory audit tasks 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 the date of this report, the Company is a subsidiary of TGH S.r.l. (formerly Wellness Holding S.r.l.), which holds 33.78% of the share capital with 50.5% of the voting rights; the remaining 66.22% of the capital is 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 S.r.l., as confirmed by the Board of Directors on 17 February 2023 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 a number of investments in tangible and intangible assets, 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, adapting the production infrastructure, optimising the main production processes, and creating new showrooms and updating existing ones.

During the year ending 31 December 2022, changes to the scope of consolidation were made as detailed in the consolidated financial statements.

2. The Board of Statutory Auditors found no atypical or unusual transactions carried out with third parties or related parties (including Group companies) during 2022 and after the year end, pursuant to the indications provided by Consob with its Communication 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, para. 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 the statements, where they stated that such transactions were carried out under normal market conditions, and 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 17221 of 12 March 2010 with Consob Resolution 21624 of 10 December 2020 for the purposes of implementing Directive (EU) 2017/828 (Shareholder Rights Directive II) and appointed - most recently on 7 May 2021, following the appointment of the new Board of Directors by the Shareholders' Meeting held on 5 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 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 2022 the Related Party Transactions Committee met once to provide its non-binding opinion on a transaction of lesser importance, later approved by the Board of Directors on 11 May 2022.

   With reference to the related party transactions, the Board of Statutory Auditors 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 the equity investment impairment test is implemented according to an established and structured process, coordinated by the Financial Reporting 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 2022 financial statements was carried out in a manner consistent with the procedure most recently approved by the Board of Directors on 17 February 2023, 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 Regulation 537/2014, the reports for which it is responsible on the separate and consolidated financial statements at 31 December 2022 of Technogym S.p.A., in which it states that the statutory and consolidated financial statements of the Group provide a true and fair view of the assets and liabilities and financial position at 31 December 2022, of the profit and loss and cash flows for the year ending 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 38/05, and that the Report on Operations and some specific information contained in the Corporate Governance Report indicated in Art. 123-*bis*, para. 4 of Italian Legislative Decree 58/1998, are consistent with the separate 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 separate and consolidated financial statements provided in the aforesaid Reports is in line with that indicated in the Additional Report prepared by PwC and addressed to the Board of Statutory Auditors pursuant to Art. 11 of EU Regulation 537/2014.

   There are no findings or information requests, or statements issued pursuant to Art. 14, para. 2 (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 as Internal Control and Audit Committee, the aforementioned Additional Report required by Art. 11 of EU Regulation 537/2014;

   - issued, pursuant to Art. 3, para. 10 of Italian Legislative Decree 254/2016 and Art. 5 of Consob Regulation 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 a limited audit. In this Report, the Independent Auditors stated that "*Based on the work undertaken, nothing has come to our attention leading us to assume that the Technogym Group NFS relating to the year ending 31 December 2022 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."

   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 (Taxonomy Regulation) 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. Technogym first identified the taxonomy-eligible activities, and then checked whether they were taxonomy-aligned using the substantial contribution criteria, DNSH (Do No Significant Harm) criteria and the criterion relating to the minimum safeguarding guarantees. Following this analysis, none of the eligible activities were found to be taxonomy-aligned.

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 separate and consolidated financial statements, the methodology, and the audit approach used for the different significant areas 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.

As a whole, from the exchange of information with the Independent Auditors, no anomalies, critical issues, omissions or improper actions emerged when performing the statutory audit activities on the financial statements and consolidated financial statements.

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 2022 to the time the statement was issued, it had not found any situations that might jeopardise its independence from Technogym pursuant to Art. 6, para. 2(a) of EU Regulation 537/2014.

The Independent Auditors indicated in the Additional Report that during the audit of the financial statements of the Company and the consolidated financial statements of the Group for the year ending 31 December 2022, no significant failings 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, recognised in previous years and now already partially resolved by the Company, were identified concerning certain functions of the SAP information system relating to accounts receivable, some orders in the accounts payable cycle, and access by some users to information systems. These were discussed with company management and do not constitute significant shortcomings. For most of these aspects the Independent Auditors carried out appropriate tests during 2022, which did not reveal any exceptions.

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. This applied in particular to the ongoing Russian/Ukrainian conflict, in relation to which sales generated in the PwC Russian market represent approximately 2% of the Group's total consolidated revenues and cannot generate significant impacts on the business 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 994,000 before Consob contributions and expenses, are provided by the directors in the Notes.

The Board of Statutory Auditors does not believe that there are any aspects to be highlighted regarding PwC's independence, also taking into account:

- the independence declaration issued by PricewaterhouseCoopers S.p.A. on 11 April 2023 pursuant to Art. 6, para. 2(a) of European Regulation 537/2014 and para. 17 of ISA Italia 260;

- the appointments granted previously by Technogym and by the Group companies.

6. During the 2022 financial year and up to today's date, the Board of Statutory Auditors has not received any complaints or claims.

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 two assignments for support 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 point (iii) above, 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 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 7 May 2021 until approval of the financial statements at 31 December 2023. The Supervisory Body ensured that adequate reporting was carried out on the activities performed during the 2022 financial year, without finding any events or circumstances requiring a mention in this Report. The Organisation Model was most recently updated and approved by the Board of Directors on 25 February 2021. With reference to subsequent regulatory updates, at present it has not been deemed necessary to update the Organisation Model; however the list of predicate offences and the regulatory appendix (attachments to the Model and approved by the Board of Directors on 11 May 2022) have been updated.

10. The Board of Statutory Auditors, monitored on an ongoing basis, also in its capacity as the Internal Control and Audit Committee, the adequacy and effectiveness of the internal control and audit system, pursuant to Art. 19, para. 1(b) of Italian Legislative Decree 39/2010. 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 and Risks Committee (specifically, through the examination of the Report on the activity 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; (iv) the examination of the corporate documents and of the results of the work performed by the Independent Auditors. To the

extent of its responsibility, no aspects have been identified that cast doubts on the adequacy and effectiveness of the internal control system considered as a whole.

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 issues of the internal control system, promptly reporting them to the CRSC.

    In 2022, the Company continued its activities relating to the definition and implementation of the integrated risk governance system, known as the Enterprise Risk Management (ERM), approved by the Board of Directors in 2017. During 2022, the Company delivered internal training on the principles of the ERM framework and carried out a review and update of the original corporate risk mapping, updating the relevant impact and probability assessment matrices, also including risks associated with ESG matters. In 2022, the Company also started a process to draft a Risk Policy with the aim of promoting and supporting the adoption of a risk-based approach with which to carry out the its activities, classify corporate risks, determine actions to mitigate them and define the role and responsibilities of the individual parties involved.

    The above-mentioned risk profile analyses are conducted with the assistance of Internal Audit. In its report, Internal Audit confirms that the Internal Audit and Risk Management System as a whole appears, to date, to be adequate for the requirements of control and the mitigation of the main risks associated with the business activities, in line with the Company's strategic objectives. With reference to the management of the logistics and stock management processes, during its planned activities in 2022, Internal Audit presented a plan to improve company processes to accompany the SCIGR started earlier in 2022.

    In its report, the Control and Risks Committee assessed the organisational, administrative and accounting system as adequate overall, and considers that it is appropriately structured and controlled. In addition, it acknowledged that the Internal Audit function and the competent company functions, in the second half of 2022 worked together to identify and implement all the actions and procedures aimed at mitigating the risks in the logistics and warehouse management area, in the spirit of mutual cooperation, by preparing a series of improvement plans and processes.

    The Board of Statutory Auditors has acknowledged and agrees with the facts and recommendations highlighted by PwC and the CRSC in their respective reports regarding certain areas for optimisation and improved definition in the internal control system. However, it does not believe that they raise any doubts concerning the adequacy and effectiveness of the internal control system as a whole.

12. The Board of Statutory Auditors declares that it has familiarised itself with, and verified, to the extent of its responsibility, the adequacy of the organisational structures, in terms of structure, procedures, competences and responsibilities, in relation to the size of the company, and the nature and methods of pursuing its corporate purpose. It has also verified the adequacy of the internal audit and risk management system and the administrative and accounting system, and the consequent 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 29 March 2023 pursuant to Art. 154-*bis*, para. 5 of Italian Legislative Decree 58/1998 and Art. 81-*ter* of Consob Regulation 11971 of 14 May 1999, as amended ("Regulation for enacting Italian Legislative Decree 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.

In this regard, the Board of Statutory Auditors did not issue any notifications to the administrative body pursuant to Art. 15 of Italian Legislative Decree 118/2021 or Art. 25-*octies* of Italian Legislative Decree 14 of 12 January 2019 (Business Crisis and Insolvency Code) and did not receive any notifications from the public creditors pursuant to Art. 25-*novies* of Italian Legislative Decree 14 of 12 January 2019 or Art. 30-*sexies* of Italian Legislative Decree 152 of 6 November 2021, converted into Law 233 of 29 December 2021, as amended.

In light of the supervisory activity carried out, the Board of Statutory Auditors deems, to the extent of its responsibility, that the administrative-accounting system is basically adequate and reliable for the purpose of correctly representing the operational transactions.

13. With particular reference to the supervisory activities concerning the financial reporting process pursuant to Art. 19, para. 1(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 of Statutory Auditors that the checks performed on the internal control system regarding the aforesaid process did not highlight any significant failings worthy of mention in the Additional Report.

14. The Board of Statutory Auditors supervised the adequacy of the instructions given by the Company to its subsidiaries pursuant to Art. 114, para. 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 2022 Corporate Governance Report.

The Board of Statutory Auditors also reports that the Company's 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 17 February 2023. The results are provided in the Corporate Governance Report, to which reference is therefore made. The members of the Board of Statutory Auditors complied with the limit on the cumulative number of appointments laid down by Art. 144-*terdecies* of Consob Regulation 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 2022 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 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, determining the method of communicating with them on their identification and regulating the associated obligations of disclosure 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 25 January 2023. The Board of Directors was informed of this at its meeting of 17 February 2023, highlighting the fact that, with reference to the recommendations, the Company has already adopted policies in line with the issues identified or is in the process of adopting them. The directors provided information on this in the Corporate Governance Report.

Moreover, it is acknowledged that the Board of Statutory Auditors performed compliance audits *pertaining to the preparation of the draft separate and consolidated financial statements of the Group at 31 December 2022*, the respective Notes and the Report on Operations accompanying them, directly and with the assistance of departmental managers and through the information obtained from the Independent Auditors. The Board of Statutory Auditors, on the basis of its controls 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 separate and consolidated financial statements of Technogym at 31 December 2022 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 separate 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, para. 1 of Italian Legislative Decree 254/2016 since it had prepared the Consolidated Non-Financial Statement.

No significant events worthy of mention in this Report arose from the supervisory and control activity performed by the Board of Statutory Auditors.

With regard to the above, having acknowledged the draft financial statements at 31 December 2022, which ended with a profit for the year amounting to Euro 68,976,174, 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 0.25 per ordinary share before statutory deductions from net profit for the 2022 financial year and the allocation of the residual profit for the year to reserves.

Cesena, 11 April 2023

Board of Statutory Auditors

Prof. Francesca di Donato

Pier Paolo Caruso

Fabio Oneglia

pwc

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 2022, 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 2022 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	*Auditing procedures performed in response to 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 2022 amounted to Euro 485.5 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 2022, 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 IFRS 15 - *Revenue from contracts with customers,* with particular reference of the revenues cut-off principle. This analysis is necessary as consequence of 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 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 2023, 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 2022.

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 2022, 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 2022 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 2022 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, 11 April 2023

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 Technogym S.p.A. pursuant to Consob Regulation 11971 of 14 May 1999 as amended

The undersigned Nerio Alessandri, in his capacity as Chairman of the Board and Chief Executive Officer of Technogym S.p.A. and William Marabini as Financial Reporting Officer, hereby certify, pursuant to Article 154-bis, paragraphs 3 and 4 of Italian Legislative Decree 58 of 24 February 1998: that the administrative and accounting procedures used in the formation of the individual and consolidated financial statements during the period 1 January 2022 to 31 December 2022 are adequate in relation to the characteristics of the business, 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, 29 March 2023

Financial Reporting Officer	Chairman and CEO
William Marabini	Nerio Alessandri

Corporate data

REGISTERED OFFICE

Technogym S.p.A.
Via Calcinaro, 2861
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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 Economic and Administrative Register no. 315187

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