



HALF-YEARLY FINANCIAL REPORT 2023



TECHNOGYM GROUP

HALF-YEARLY FINANCIAL REPORT AS OF 30 JUNE 2023



The Wellness Company

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1. CORPORATE DATA

Registered office

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

Legal details

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
Forli Cesena Economic and Administrative Register no. 315187

Technogym stores

Cesena, Via Calcinaro 2861, Italy
Dubai, 795 Jumeirah St, Umm Suqeim, Umm Suqeim 2, United Arab Emirates
London c/o Harrods, Brompton Road 87-135, United Kingdom
Los Angeles, 131 N Robertson Blvd, CA 90048, United States
Madrid, Calle de Claudio Coello 77, Spain
Milan, Via Durini 1, Italy
Munich, Neuturmstraße 5, 80331, Germany
Hamburg, Neuer Wall 77, 20354, Germany
New York, 380 West Broadway, United States (Next opening)

Website

www.technogym.com

Investor relations

investor.relations@technogym.com

Press Office

pressoffice@technogym.com

2. CORPORATE BODIES

Board of Directors

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

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
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Independent Auditors	PricewaterhouseCoopers S.p.A.
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⁽¹⁾ Member of the Control, Risks and Sustainability Committee

⁽²⁾ Member of the Appointments and Remuneration Committee

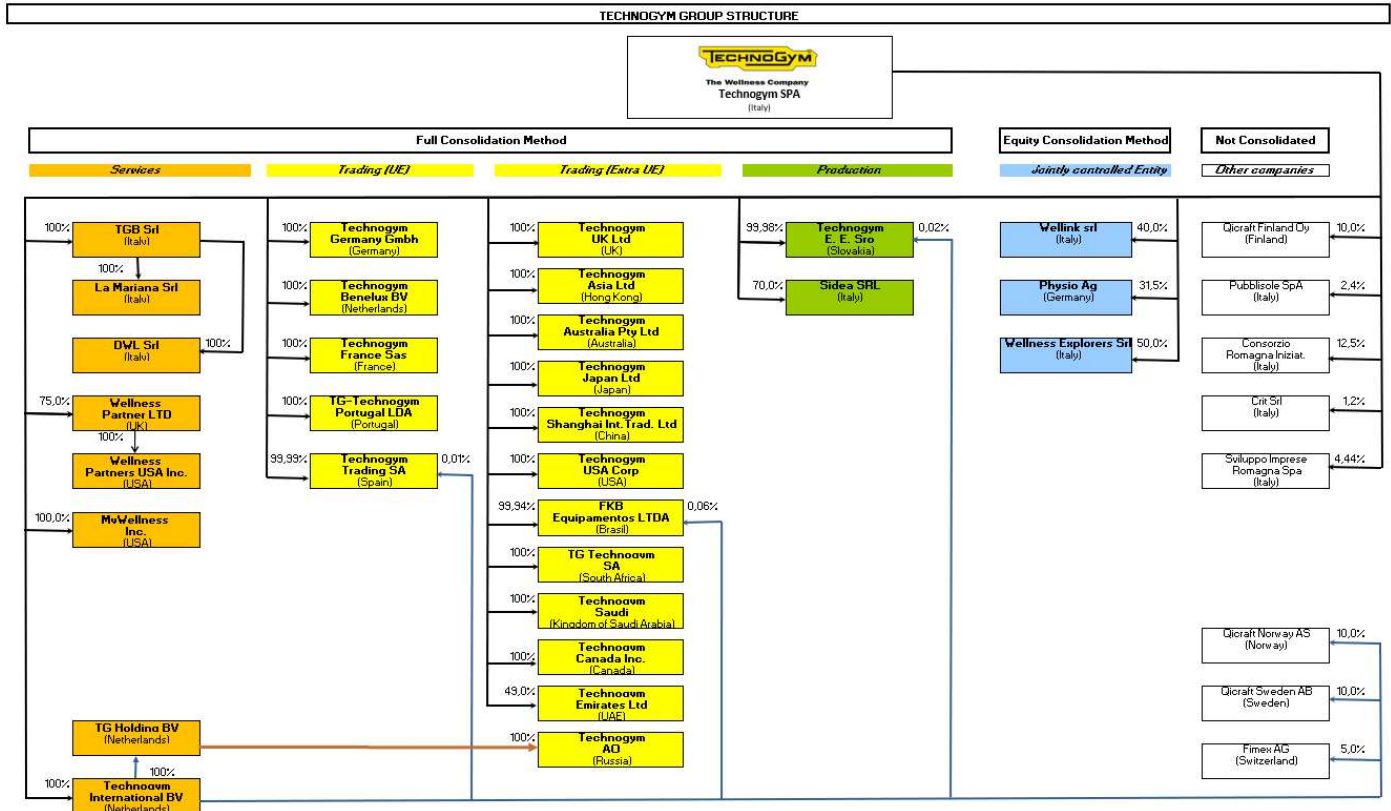
⁽³⁾ Member of the Related Party Transactions Committee

⁽⁴⁾ Director Responsible for the Internal Audit and Risk Management System

⁽⁵⁾ Lead Independent Director

⁽⁶⁾ Independent Director

3. GROUP ORGANISATIONAL CHART AS OF 30 JUNE 2023



4. INTERIM BOARD OF DIRECTORS' REPORT

Operating performance and comments on the economic and financial results

Macroeconomic scenario

“Global economic activity has been held back by high inflation and restrictive lending conditions. In the United States, GDP is decelerating and in China the recovery of activity is losing steam once again, after benefitting from the lifting of pandemic containment policies. The lower contribution of the energy component is corresponding to a decline in consumer inflation in the largest industrialised countries, with the exception of Japan. However, core inflation is struggling to fall”. This is how the Bank of Italy’s July 2023 Economic Bulletin begins, highlighting how inflation continues to represent one of the main elements of uncertainty with respect to global economic growth outlooks.

Global economic activity was weak in the first quarter of 2023, impacted by the continuation of high inflation and the ensuing restrictive monetary policies which, along with the continuation of the war in Ukraine, influenced consumption and investment trends in a number of countries. For the current year, the OECD projects an increase in global GDP of 2.7%, marking a slowdown with respect to 3.3% in 2022, while the Eurozone will record growth of 0.9%, down significantly compared to 2022. This trend is associated primarily with the slowdown in trade flows, which decelerated already in the first quarter compared to 2022, marking growth of 1.4% compared to 5.2% in 2022.

In the United States, GDP recorded growth of 2.0% in the first quarter of 2023, marking a decline compared to +2.6% in the final quarter of last year. The good performance of private consumption during the period, supported by an increase in the real income of many Americans, particularly in January, was largely offset by a sharp drop in private investments in inventories, especially linked to wholesale trade and the manufacturing industry. In addition, there was a drop in fixed investments during the period, first and foremost those associated with the real estate sector. The Eurozone is experiencing a phase of cyclical weakness reflecting the consequences of high inflation, more restrictive lending conditions and continued uncertainty linked to the evolution of the conflict in Ukraine. In the first quarter of the current year, the area recorded a 0.1% decline in GDP primarily due to the slowdown in Germany. GDP recorded substantial stability in the course of the period in the United Kingdom, while its expansion resumed in Japan (+2.7% from +0.4% in the previous quarter) thanks to growth in consumption and private non-residential investments. As far as the emerging countries are concerned, in China GDP recorded strong growth in the first quarter (+4.5%), benefitting from the lifting of COVID-19 containment policies and the recovery in production activities at the start of the year, but then recorded a slowdown in the second quarter (+6.3% on an annual basis, below expectations of +7.3%), primarily as a result of lower consumption of goods and services. It is worth noting the growth of Brazil in the first quarter, +4.0%, double the first quarter of 2022 and well above expectations for the year, driven by the increase of 21.6% recorded by the agricultural sector with the growth in soybean production. Lastly, India, which reached +6.1% thanks to growth in the agricultural industry and exports in general, was confirmed as the country with the highest growth rates expected for the next two years.

In the course of recent months, the consumer confidence indexes and PMIs of manufacturing companies, which had already entered recession territory (below 50) in the second half of 2022, continued to decrease in the main advanced economies. The most recent report from late May showed values of 44.8 and 46.9 points in the Eurozone and the US, respectively. In China, after the improvement at the start of the year linked to the resumption of production activities, the index returned - also influenced by difficulties in the domestic real estate market - to a level of 50.9 points, which projects moderate growth for the manufacturing sector. Unlike the manufacturing sector, the service sector continues on its path of expansion, especially in the Eurozone where it reached 55.1 points, supported by spending on leisure activities and hospitality. In the United States, despite a contraction in recent months, the value in any event remains within the range of expansion.

In this context, inflation has started to show its first signs of slowing down thanks to the reduction in supply chain issues at global level and, especially, the reduction in energy prices. After surpassing USD 85/barrel in April, following the announcement of a 1 million barrel/day production cut by OPEC countries, the Brent oil price fell to USD 75/barrel in early July, thus taking into consideration the global economic slowdown. Gas prices, particularly significant for the cost of the energy component on the Old Continent, have also experienced a strong decline, reaching Euro 35 per MWh from Euro 50 in March and the peak of Euro 250 hit last year, benefitting from the consistency of supplies and a high level of

inventories. In the course of the second quarter, inflation declined in the United States, although core inflation remained at high levels. A similar comment can also be made about the United Kingdom and Japan, although in these countries the reduction in inflation was more limited due to strong increases in food consumer prices in both countries. In June, inflation in the United States came to 3%, or roughly 6 percentage points lower than in mid-2022; the trend is similar in the Eurozone, with current inflation at 5.5% compared with 10.6% in October 2022. However, it should be noted that although lower energy costs made a positive contribution in both the Eurozone and the USA, on the Old Continent significant price growth continues to be recorded in industrial goods and food, with a much higher contribution than in the past, while in the United States the main factor underlying the current level of inflation is the service sector.

Inflation continued to represent the main element as concerns monetary policy decisions, in both the USA and Europe. After an increase in May which brought rates to 5/5.25%, the Federal Reserve decided to keep them unchanged in June, although it did note the possibility of increasing them in the coming months; furthermore, during the half year period the Fed was required to address crises in a number of US regional banks which generated a sharp decline in the amount of deposits - before at an all-time high - and the resulting need on the part of the Fed to provide liquidity to the banks involved through extraordinary lines of credit in addition to promoting the acquisition of Silicon Valley Bank by JP Morgan. The Bank of England accentuated its restrictive action in May (25 basis points) and in June (50 basis points), bringing the reference rate to 5%. In the same period, the Bank of Japan did not change its official rate or its yield curve control strategy, which limits the range of fluctuation of ten-year bond rates between -0.5% and 0.5%. Lastly, as concerns the Eurozone, between May and June the Governing Council of the European Central Bank increased the reference rates by a total of 50 basis points, also confirming how decisions will be evaluated from time to time, in light of available data and aiming to bring inflation back to the medium-term target of 2%. The Council furthermore confirmed the end, starting from July, of reinvestments as part of the financial asset purchase programme, as well as the full reinvestment, with flexibility, of the principal repaid on maturing securities as part of the pandemic emergency purchase programme, at least until the end of 2024.

With regard to the international financial markets, in the second quarter there was a recovery with respect to many of the tensions linked to the instability of several banking intermediaries in the United States (Silicon Valley Bank and other regional banks) and in Switzerland (Credit Suisse). Long-term public bond yields rose moderately in the USA and the Eurozone, more significantly in the United Kingdom, reflecting the continuation of inflation and expectations of further monetary restrictions. In the same period, there was a significant rise in stock prices in the United States, also driven by the recovery in tech sector stocks, which were highly penalised in the second part of 2022 and brought excellent financial results, and in Japan. The situation in the Eurozone and the United Kingdom was more stable, with a few exceptions, such as Italy, whose main index, the FTSE Mib, is one of the best on the continent.

Currency market

Currency market movements in the period were affected by the monetary policy decisions made by the main central banks in the face of strong inflation caused primarily by the ongoing war in Ukraine. Moving on to the main currencies to which the Group is exposed, please note that in the first half of the year, the average exchange rate of the euro went up by 4% against the USD, reaching the level of 1.12 in mid-July. In the same period, the euro lost value by 2.9% compared to the GBP and increased by 10% compared to the JPY.

Industry scenario

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 increasingly become of greater 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).

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

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 restart of BtoB activities, the company was able to consolidate its role as the preferred supplier to Premium users and is the only one with an integrated equipment, software and content solution that can be adapted to both BtoC and BtoB locations.

Comments on the economic and financial results

The economic data recorded by the Group in the first half of 2023 are summarised below, and compared with the first half of the previous year:

<i>(In thousands of Euro, with ratios)</i>	Half year ended 30 June		Changes	
	2023	2022	2023 vs 2022	%
Revenues	370,002	325,223	44,779	13.8%
Adjusted EBITDA ⁽¹⁾	59,386	51,826	7,560	14.6%
Adjusted EBITDA margin ⁽¹⁾	16.1%	15.9%	0.2%	1.0%
Adjusted net operating income ⁽²⁾	35,061	30,304	4,757	15.7%
Adjusted group profit for the period ⁽³⁾	28,137	24,999	3,138	12.6%
Adjusted group profit margin for the period ⁽³⁾	7.6%	7.7%	(0.1%)	(1.1%)

(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) and (iii) non-recurring income/(expenses);

- the adjusted EBITDA Margin as the ratio between adjusted EBITDA and total revenues.

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

(3) The Group defines:

- adjusted group profit as group profit adjusted for non-recurring income/(expenses) and non-recurring taxes.

- the adjusted group profit margin as the ratio between adjusted group profit and total revenues.

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

<i>(In ratios)</i>	Half year ended 30 June	
	2023	2022
ROS ⁽⁴⁾	9.8%	8.8%
Adjusted ROS ⁽⁵⁾	9.5%	9.3%
ROE ⁽⁶⁾	9.0%	6.8%
ROI ⁽⁷⁾	14.5%	12.8%
Adjusted ROI ⁽⁸⁾	14.0%	13.5%
Adjusted EBITDA/financial expenses ratio ⁽⁹⁾	157.14	117.21
Net indebtedness/adjusted EBITDA ratio	n.a.	n.a.

The Group defines:

(4) ROS as the ratio between Net operating income and total revenues

(5) Adjusted ROS as the ratio between Adjusted net operating income and total revenues

(6) ROE as the ratio between the Profit (loss) attributable to owners of the parent and Group equity

(7) ROI as the ratio between Net operating income and Net Invested Capital

(8) Adjusted ROI as the ratio between Adjusted net operating income and Net Invested Capital

(9) Financial expenses refer exclusively to: (i) Bank interest on loans and (ii) Bank interest and fees.

Total revenues came to Euro 370,002 thousand, up by Euro 44,779 thousand compared to Euro 325,223 thousand in the first half of 2022. The improvement in performance over the prior year (+13.8%) can be attributed to strong growth across all BtoB sub-segments, particularly in the Clubs, Hospitality & Residential and Health, Corporate & Performance segments. The BtoC customer segment recorded turnover growth in the second quarter. With constant exchange rates, total revenues as of 30 June 2023 would have been equal to Euro 373,897 thousand (+15% compared to the first half of 2022).

Adjusted EBITDA came to Euro 59,386 thousand, up by Euro 7,560 thousand (+14.6%) compared to Euro 51,826 thousand in the first half of 2022.

This increase can be linked primarily to the rise in sales volumes, first and foremost in the BtoB segment, the improvement in the product mix and the implementation of the last increase in list prices introduced in the course of 2022. Please recall that the business is historically characterised by seasonal considerations, with higher marketing costs for trade fairs and industry events concentrated in the first half of the year. In this scenario, Technogym improved its profitability, reaching 16.1% in terms of the Adjusted EBITDA margin on revenues (15.9% in the first half of 2022).

Adjusted net operating income came to Euro 35,061 thousand, up by Euro 4,757 thousand (+15.7%) compared to Euro 30,304 thousand in the first half of 2022, also influenced by the trends mentioned above. Net operating income was also affected by higher amortisation and depreciation compared to the first half of 2022, equal to Euro 3,704 thousand, relating to continuous investments made by the group to digitalise the offer, both with reference to new technologies used and with regard to the development of content. Furthermore, Technogym continues to invest, pursuing its plan to expand and upgrade its boutique stores and offices at the sales branches. The **Adjusted ROS**, amounting to 9.5% for the half year ended on 30 June 2023, was therefore up compared to 9.3% in the first half of the previous year. In this regard, it should be recalled that the trend of revenues in the different quarters of the year is linked primarily to customers' tendency to make their purchases in the second half of the year, and this makes it possible to record generally higher operational profitability in the second part of the year.

The **Group's Adjusted profit** came to Euro 28,137 thousand, up by Euro 3,138 thousand (+12.6%) compared to Euro 24,999 thousand in 2022. This trend is consistent with the performance mentioned above and does not benefit, as it did in the previous year, from the positive effect of the conversion of foreign currency items for Euro 278 thousand (Euro 2,174 thousand as of 30 June 2022). The Group's adjusted profit represents 7.6% of revenues, while in the first half of 2022 it was 7.7%.

Net non-recurring income on EBITDA, amounting to Euro 3,238 thousand, was generated primarily by the positive effects of the valuation of the equity investment in Technogym Emirates LLC for a value of Euro 4,066 thousand and the departure of Technogym Manno from the Group, which resulted in the closure in the income statement of the translation reserve for a value of Euro 468 thousand. These values are partially offset by personnel expenses and the relative costs not associated with normal operations for Euro 1,296 thousand. Please recall that the valuation of Technogym Emirates LLC is linked to its line-by-line consolidation starting from the current year, following a modification of the outstanding shareholders agreements, and not an increase in the shares held by Technogym, amounting to 49%.

In addition to the values described above, the Group recognised non-recurring expenses for provisions for risks and charges of Euro 1,925 thousand correlated with part of the liquidity present at the Russian affiliated company Technogym AO, which, following the limitations imposed by the Russian Federation due to the conflict in Ukraine, is deemed at risk should it be distributed to the parent company, taking into account the methods in the course of assessment. Considering this value, net non-recurring income out of Net operating income as of 30 June 2023 amounted to Euro 1,313 thousand. Lastly, considering the tax effect on the measurement of the equity investment in Technogym Emirates LLC, amounting to Euro 976 thousand, in the course of the first half of 2023 the Group generated net non-recurring income of Euro 337 thousand. In the first half of 2022, the group recognised non-recurring expense of Euro 1,540 thousand relating primarily to personnel expenses and the relative costs not associated with normal operations.

The ratio of Net Indebtedness to Adjusted EBITDA is considered insignificant given that the Group, both as of 30 June 2023 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 30 June 2023 and as of 31 December 2022:

<i>(In thousands of Euro)</i>	As of 30 June	As of 31 December
	2023	2022
Net Fixed Capital ⁽¹⁰⁾	263,864	270,887
Net Operating Capital ⁽¹¹⁾	(13,517)	(46,542)
Net Invested Capital	250,347	224,345
Equity	322,574	345,927
Net financial position ⁽¹²⁾	(72,227)	(121,582)
Total sources of financing	250,347	224,345

(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 (excluding trade payables maturing in more than 12 months).

(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 came to Euro 263,864 thousand, down Euro 7,023 thousand compared to Euro 270,887 thousand for the year ended 31 December 2022. This decrease can be attributed primarily to the change in the method of consolidation of the subsidiary Technogym Emirates LLC, by virtue of an amendment to shareholders agreements, which gave substantial control to the Group and entailed the transition from the equity method to line-by-line consolidation, with the resulting elimination of the equity investment in the consolidated financial statements and the recognition of goodwill of Euro 989 thousand. In addition to what is described above, the Group recorded a reduction of Euro 4,918 thousand in other non-current assets, referring to the medium/long-term share of lease receivables transferred to third-party financial institutions.

Net operating capital came to a negative Euro 13,517 thousand, up by Euro 33,025 thousand compared to the negative value of Euro 46,542 thousand as of 31 December 2022. The change is mainly the result of the trend in net operating working capital, and is influenced in particular by: (i) an increase in the balance of the “Trade receivables” item of Euro 2,552 thousand, mainly due to the increase in turnover; (ii) a decrease in the “Trade payables” item of Euro 20,858

thousand due to payments made to suppliers due in the initial months of the current year; (iii) an increase in the balance of the “Inventories” item of Euro 14,153 thousand, due primarily to the Group’s stock reserves in view of sales referring to the second part of the year, as well as the value of inventories of the subsidiary TG Emirates LLC by Euro 5,241 thousand and not present as of 31 December 2022, as it was consolidated with the equity method. It should also be noted that: (i) the average number of days in inventory went from 77 for the year ended 31 December 2022 to 80 for the half year ended 30 June 2023 (the inventory turnover ratio went from 4.7 to 4.5); (ii) the average days of collection of trade receivables went from 45 for the year ended 31 December 2022 to 39 for the half year ended 30 June 2023 (the trade receivables turnover ratio went from 8.1 to 9.1); and (iii) the DPO went from 133 for the year ended 31 December 2022 to 110 for the half year ended 30 June 2023 (the trade payables turnover ratio went from 2.7 to 3.3).

Equity totalled Euro 322,574 thousand, down by Euro 23,353 thousand compared to Euro 345,927 thousand in the year ended 31 December 2022. This decline is due primarily to the resolution for the distribution of dividends for a total of Euro 50,618 thousand, of which 50,332 approved by the Parent Company and the remainder by the affiliate Sidea. The amount disbursed as of 30 June 2023 came to Euro 48,816 thousand. This value was offset by the recognition of the profit of Euro 28,474 thousand for the first half of 2023.

The **Net financial position** as of 30 June 2023, which includes the effects of adopting IFRS 16, was positive by Euro 72,227 thousand, down compared to Euro 121,582 thousand at the end of the previous year. This decrease is due to negative seasonal adjustments, with respect to cash flows, and the payment of dividends. Short-term bank borrowings mainly include stand-by credit lines, short-term loans (generally called “hot money”) and bank overdrafts.

The following table shows the amount the Group’s Recurring Free Cash Flow as of 30 June 2023 and 30 June 2022:

<i>(In thousands of Euro, with ratios)</i>	Half year ended 30 June		Changes
	2023	2022	2023 vs 2022
Net cash inflow from operations	54,956	50,474	4,483
Change in net working capital ⁽¹³⁾	(21,554)	(33,834)	12,280
Investments in fixed assets	(15,678)	(15,174)	(505)
Recurring Free Cash Flow Pre-tax ⁽¹⁴⁾	17,724	1,466	16,258
Income taxes paid	(11,268)	(9,660)	(1,608)
Recurring Free Cash Flow ⁽¹⁵⁾	6456	(8,194)	14,650
EBITDA	62,625	50,894	11,731
Cash conversion rate ⁽¹⁶⁾	28.3%	2.9%	25.4%

The Group defines:

(13) The Change in Net Working Capital as the change in: (i) inventory, (ii) trade receivables, (iii) trade payables, (v) other assets and liabilities.

(14) The Recurring Free Cash Flow Pre-tax as the difference between: (i) cash flow generated by operations, (ii) change in Net Working Capital, (iii) Investments in fixed assets.

(15) The Recurring Free Cash Flow as the difference between the Recurring Free Cash Flow Pre-Tax and Taxes paid.

(16) The Cash conversion rate as the ratio between the Recurring Free Cash Flow Pre-Tax and EBITDA.

The **Recurring Free Cash Flow pre-tax** generated by the Group as of 30 June 2023 came to Euro 17,724 thousand, up by Euro 16,258 thousand compared to Euro 1,466 thousand as of 30 June last year. The increase is basically linked to a higher cash flow generated by operations, of Euro 4,483 thousand, as well as the effect of the change in Net Working Capital by Euro 12,280 thousand, from a negative Euro 33,834 thousand to a negative Euro 21,554 thousand. Also considering investments in fixed assets and taxes paid in the course of the year, up by Euro 505 thousand and by Euro 1,608 thousand, respectively, the Group generated a **Recurring Free Cash Flow** of Euro 6,456 thousand, compared to a negative Euro 8,194 thousand as of 30 June 2022. The **Cash Conversion Rate** generated by the Group amounted to 28.3% compared to 2.9% in the same period of the previous year.

Please note that during the period in question and in the same period of the previous year, there were no non-recurring elements in the items mentioned above.

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 ‘Wellness solutions’ and also pursues higher levels of operational efficiency through cross-production.

However, for the purposes of sales analysis only, company management considers the customer base, geographical area and distribution channels to be important aspects.

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

<i>(in thousands of Euro)</i>	Half year ended 30 June			
	2023	2022	23 vs 22	%
BtoC	79,948	83,843	(3,895)	(4.6%)
BtoB	290,054	241,380	48,674	20.2%
Total revenues	370,002	325,223	44,779	13.8%

Revenues as of 30 June increased significantly for the Commercial business (+20.2%), consolidating the trend already observed in the second half of last year and which continued in the first quarter of 2023. In parallel, the decline in the BtoC segment (-4.6%) marked a significant improvement compared to the first quarter result due to a second quarter up over the previous year (+3.3%). It is necessary to note the trend of the “Clubs”, “Hospitality & Residential” and “Health, Corporate & Performance” segments, which recorded solid double-digit growth over the previous year.

A breakdown of revenues by geographical area is provided below:

<i>(In thousands of Euro and percentage of total revenues)</i>	Half year ended 30 June			
	2023	2022	2023 vs 2022	%
Europe (without Italy)	173,273	150,824	22,449	14.9%
APAC	58,338	60,122	(1,784)	(3.0%)
North America	47,125	45,318	1,807	4.0%
MEIA	46,576	32,070	14,506	45.2%
Italy	34,562	29,388	5,174	17.6%
LATAM	10,128	7,501	2,627	35.0%
Total revenues	370,002	325,223	44,779	13.8%

From the geographical perspective, it is necessary to note in particular the performance of Europe and MEIA. In Europe (+14.9%), the result is strictly correlated with double-digit growth in Spain, the UK, Benelux and Portugal. Germany also performed very well, driven by highly significant growth in the Club segment.

The result of MEIA (+45.2%) is linked both to the expansion of the Emirates subsidiary and excellent performance of the wholesale channel. In particular, the effect on revenue caused by the subsidiary Technogym Emirates LLC following the transition to line-by-line consolidation was Euro 8,326 thousand.

The contraction in APAC (-3.0%), taking place in the context of growth in Japan, Australia and HK, is associated with the situation in China, which for a few months was still impacted by restrictions aimed at limiting COVID-19.

A breakdown of revenues by sales channel is provided below:

(In thousands of Euro and percentage of total revenues)	Half year ended 30 June			
	2023	2022	2023 vs 2022	%
Field sales	241,618	207,301	34,317	16.6%
Wholesale	89,893	77,822	12,071	15.5%
Inside sales	30,390	33,500	(3,110)	(9.3%)
Retail	8,101	6,600	1,501	22.7%
Total revenues	370,002	325,223	44,779	13.8%

Market segment trends also reflect, as usual, the performance of the sales channels, with the two channels most exposed to the Commercial segment, Field Sales and Wholesale, recording excellent growth during the half year. In particular, the growth of field sales was linked to increased productivity of the individual members of the sales force, while growth in the Wholesale channel resulted from the excellent performance of several distributors in Europe, MEIA and LATAM.

It is also worth noting the performance achieved by the retail channel (+22.7%), while the only channel with a decline was Inside Sales, which includes teleselling and e-commerce, as it is primarily exposed to the general performance of the BtoC segment.

Season-related aspects

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

Like for revenues, some operating costs also incorporate seasonal trends, such as costs for marketing and trade shows, which are primarily concentrated in the first half of the year. Therefore, the incidence of costs on revenues varies considerably over the quarters and, consequently, the operating profitability changes, generally higher in the second half of the year. Consequently, the interim results do not make a uniform contribution to the results for the year and only partially represent the trend in Group activities. These aspects also determine an imbalance in terms of net financial indebtedness, which is lower at the end of the year compared to the interim figure, also based on the different requirements.

Risk factors

Financial risks

Financial markets continued to be volatile in 2023.

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 the first half of 2023, the Group constantly monitored the recoverability of the value of receivables on which there is a buyback obligation. On the basis of analyses of the transferred portfolio and the information available at the date on which these financial statements were drafted, the Group decided to leave the bad debt provision unchanged for the first half of the year, given that the default of several customers with probable risky positions has not yet taken place.

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.

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

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

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 includes suppliers who provide “bill of materials” supplies, some of which are key to Technogym's success, including those that contribute directly to product creation, and also “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 continuing to constantly monitor developments in the conflict in Ukraine and the resulting embargoes on the Russian market. It should be noted that the Group's Ukrainian operations are all through a local distributor, and the volumes are low. On the Russian market, Technogym operates directly through its subsidiary Technogym AO, whose revenues can be quantified at approximately 1% of the Group's total revenues. Technogym has also stopped exporting to Russia and during the year recognised provisions for risks and charges of Euro 1,925 thousand correlated with part of the liquidity present and which following the conflict is deemed at risk should it be distributed to the parent company, taking into account the methods in the course of assessment. For additional details, please refer to the "Significant events after the reporting period" section.

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.

Research, innovation and development

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

The first half of 2023 saw the successful continuation of the circulation of Technogym Ecosystem on the market, the first and only cloud based platform in the wellness sector; it allows individual users to access their personal data and training programs and provides a complete range of (consumer and professional) apps to access their individual wellness programs, including via mobile devices. The platform makes it possible to connect final users, professional operators and Technogym products (“Wellness on the Go”) in real time and in any environment, by aiming to offer, on the one hand, greater 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.

On the products front, in April Technogym launched TECHNOGYM RUN, the first treadmill for cardio and strength training. Born from Technogym’s thirty years of experience in the fitness and sport sector, Technogym Run offers the same level of quality and technology of the best gyms at home, plus an unprecedented variety of training types: from cardio, to strength to bootcamp.

During industry trade shows, including IHRSA and FIBO, Technogym presented new connected training experiences thanks to the Technogym Ecosystem Open Platform, an open platform that can be easily integrated with fitness equipment (including of other brands) and software (for the management of registrations, marketing and payment platforms, body analysis and assessment devices) already used by gyms or with apps for consumers and customers’ wearable devices. Some of the innovations presented include:

- UNIVERSE, the new modular system for strength training, designed to meet the specifications of this training type and offer users a variety never seen before of digital training and resistance exercises and content.
- SKILLRUN BOOTCAMP, an engaging and fully guided Bootcamp experience, which offers an unequalled variety of exercises commensurate with performance, combining cardio training with strength training.
- TEAMBEATS, the digital solution for group training which helps users train easily and without distraction, while also having fun and achieving better results more quickly.

Medical and scientific research

A scientific approach is an integral part of TECHNOGYM’s product development, and the company works with many experts in the field as well as with numerous Italian and international universities. These partnerships focus on the biomechanical and physiological analysis of products being developed, in order to certify their security and effectiveness and study the benefits for sport and health. Technogym also collaborates with professional athletes and teams to support them in biomechanical and physiological analyses. These analysis activities are carried out in the Technogym Lab, the new laboratory with spaces and technologies dedicated to physiological tests and movement analyses. During the year, a number of athletes in various sports (sailing, horseback riding, football, track and field, cycling) were tested to evaluate their performance. The Technogym Lab, equipped with the latest technologies, is also currently used to analyse Technogym products in the development process.

In the course of 2023, scientific collaborations were consolidated at national level with the universities of Ferrara and Bolzano and the Cardiology and Rehabilitation Unit at IRCSS San Raffaele as well as the University of Point Loma San Diego, California in the United States.

Scientific research in the area continues, with publications of scientific studies in indexed journals and the participation of Scientific Department managers at national and international conferences as speakers.

Investments and acquisitions

During the first half of 2023, the Group made investments in property, plant and equipment and intangible assets totalling Euro 18,175 thousand, up compared to the first half of 2022. These strategic investments are aimed at developing the business, postponing any non-urgent investments.

The data in this section does not include the recognition of the right of use arising from the adoption of IFRS 16. The tables to note 5.1 provide details on the impacts of that standard on the financial statements.

The amounts of investments made by the Group in the half year ended 30 June 2023 and in the half year ended 30 June 2022 are shown below, broken down by type:

<i>(In thousands of Euro)</i>	Half year ended 30 June	
	2023	2022
Property, plant and equipment	9,808	7,682
Intangible assets	8,367	8,318
Total investments	18,175	16,000

The table below shows the amounts of investments made by the Group in the half year ended 30 June 2023 and in the half year ended 30 June 2022, relating to the item “Property, plant and equipment”, broken down by category:

<i>(In thousands of Euro)</i>	Half year ended 30 June	
	2023	2022
Property, plant and equipment		
Land	486	-
Buildings and leasehold improvements	1,499	398
Plant and machinery	270	264
Production and commercial equipment	3,433	2,466
Other assets	1,623	1,089
Assets under construction and advances	2,497	3,466
Total investments in property, plant and equipment	9,808	7,682

The table below shows the amounts of investments made by the Group in the half year ended 30 June 2023 and in the half year ended 30 June 2022, relating to the item “Intangible assets”, broken down by category:

<i>(In thousands of Euro)</i>	Half year ended 30 June	
	2023	2022
Investments in intangible assets		
Development costs	1,295	786
Patents and intellectual property rights	2,045	2,044
Concessions, licences, trademarks and similar rights	71	220
Intangibles under development and advances	3,663	5,138
Other intangible assets	304	130
Goodwill	989	-
Total investments in intangible assets	8,367	8,318

Investments in property, plant and equipment include the purchase by Technogym SpA of agricultural land, two apartments, the latter purchased to be used by employees as required, the purchase of new dies and equipment for

production sites, as well as the opening, expansion and upgrading of boutique stores and offices at the commercial branches. In this regard, the Technogym Experience Center was inaugurated in Australia, Asia and Benelux, and investments were made by the Technogym Emirates LLC commercial branch for the upcoming inauguration of a store in the Dubai Marina Mall.

Investments in intangible fixed assets include costs for the development of new projects and restyling of existing projects, as well as purchases of software. The change in the method of consolidation of the subsidiary Technogym Emirates LLC also resulted in the recognition of goodwill for a total value of Euro 989 thousand. For more details on this transaction, please refer to the “Scope and basis of consolidation” section under “Transactions taking place during the reporting period”.

Related party transactions

There were no related party transactions that had a significant impact on the financial position or results of the Group as of and for the half year ended 30 June 2023, as such to require prior approval by the Board of Directors.

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

Information on relations with related parties, as required by Consob Communication no. DEM/6064293 of 28 July 2006, is presented in the financial statements and in the note “related party transactions” of the condensed half-yearly consolidated financial statements as of 30 June 2023.

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.

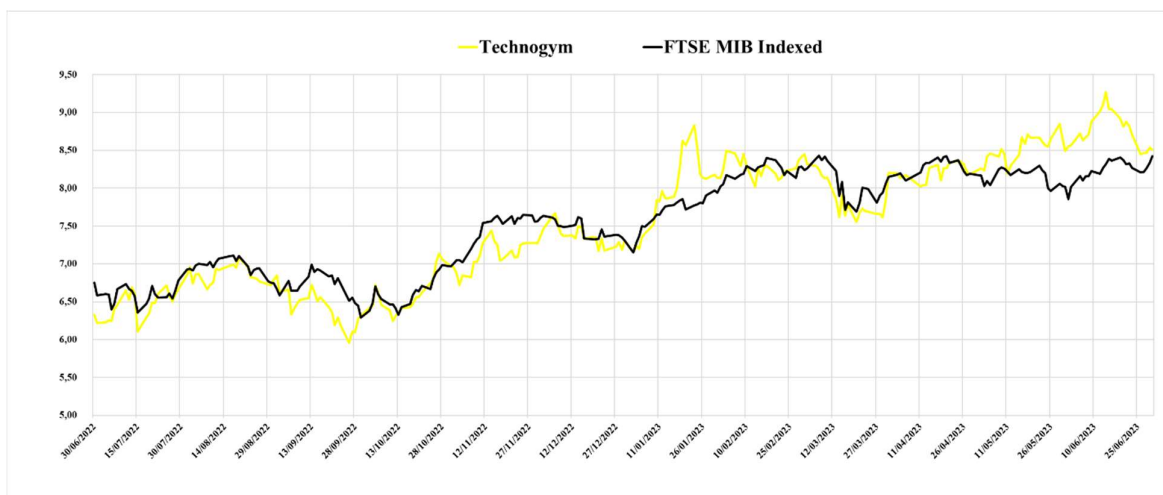
Information on shares

In this market context, some statistics concerning the performance of Technogym stock in 2023 are reported below. It should be noted that the company does not own nor did it hold, during the period, either through third parties or trust companies, treasury shares or shares or holdings in parent companies.

Share performance

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

Main stock market indicators (Euro)	
<i>Shares listing</i>	
Official price as of 2 January 2023	7.15
Official price as of 30 June 2023	8.51
Minimum closing price (January-June)	7.15
Minimum price in absolute terms	7.15
Maximum closing price (January-June)	9.27
Maximum price in absolute terms	9.27
<i>Stock market capitalisation</i>	
Stock market capitalisation as of 2 January 2023	1,439,491,625
Stock market capitalisation as of 30 June 2023	1,712,290,388
<i>Ordinary shares</i>	
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 30 June 2023:

Main shareholders	Number of shares	Share	Voting rights
TGH S.r.l.	68,000,000	33.78%	50.48%

Share capital as of 30 June 2023 amounted to Euro 10,066,375, divided into 201,327,500 ordinary shares with no par value.

At the date of publication of this Half-Yearly Financial Report, TGH S.r.l. held 33.78% of the Issuer's share capital (representing 50.48% of the total voting rights as a result of the increased 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.

Significant events after the reporting period

In line with the “prestige” positioning that has always distinguished Technogym, the company opened a pop-up store at Porto Cervo Waterfront, the luxury village that is home to a number of premium lifestyle brands. This is a space for engagement against the backdrop of the prestigious Porto Cervo Marina, designed to showcase the Technogym experience. In July, Technogym also took part in the Nomad travelling art and design event held in Capri, presenting Kinesis as part of an art installation curated by the international magazine Flash Art.

With regard to the Russian subsidiary Technogym AO, negotiations are still under way to sell the business held indirectly by the parent Technogym S.p.A. through Technogym International BV, as already described in the 2022 financial report.

Outlook

The first half of the year confirmed the solid growth across all BtoB segments already seen in the course of recent quarters. In line with the historical vision and mission of Technogym, today health and Healthy Longevity represent one of people's main aspirations, thus supporting the growth of the entire Wellness ecosystem worldwide and the constant development of many professional industry operators, allowing the Wellness Economy to grow at a pace that far exceeds that of global GDP growth.

For the rest of the current year, Technogym expects double-digit top-line growth, consistent with the annual average growth target of roughly 10% announced during the recent Investor Wellness Day, thanks to its unique business model and the continuous expansion of the Wellness Community.

Top-line growth, in conjunction with the improvement in purchasing conditions and other operational efficiencies, will enable Technogym to improve its profitability in 2023 in accordance with forecasts. The moderate and sustainable increase in profitability will enable the company to continue to invest in innovation so that it can continue to offer unique and innovative training solutions to consumers.

Other information

Events and references

Key events during the half year

In the first half of 2023, Technogym was a key player in numerous international events in the various market segments in which it operates. Some of the most significant include:

- In January, Technogym inaugurated a retail space in London in the well-known luxury destination Selfridges.
- In February, at ARCO Madrid, the international contemporary art show, Technogym presented an arts concept dedicated to Wellness, movement and sports designed by Patricia Urquiola and featuring several pieces of equipment from the exclusive Personal Line.
- In March, the company celebrated the opening of the new retail spaces Technogym Singapore and Technogym Sydney: both host the Technogym Boutique, the Technogym Experience Center dedicated to industry operators and offices and were inaugurated in the presence of the Chairman Nerio Alessandri.
- IHRSA - the most important global fitness and wellness event that was held in San Diego in 2023 and in which more than 300 exhibitors and 8,500 sector operators participated (including visitors and those registered for the convention) from more than 80 countries all over the world.
- FIBO – the most important European fitness and wellness event, which is held in Cologne, Germany in April, during which Technogym launched its new connected training experiences based on the Technogym Ecosystem Open Platform including Universe, Skillrun Bootcamp, Teambeats and new equipment in the PURE strength training line.
- SALONE DEL MOBILE DI MILANO (MILAN FURNITURE FAIR) - the key reference event in the design world, with Technogym launching the new Technogym Run.
- On 14 May, Technogym Village was the point of arrival of the ninth stage of the Giro d’Italia. To mark the occasion, the Wellness Campus welcomed over 200 journalists (both Italian and international) who covered the stage arrival and roughly 200 Technogym guests from all over Europe (including customers, athletic trainers and industry operators), as well as the invitees of other Giro d’Italia sponsors. All of those present viewed the arrival of the “Pink Race” and were also given the opportunity to try out the numerous new Technogym solutions for the cycling world.
- In June, Technogym participated in RIMINI WELLNESS, the reference industry trade fair for the Italian market.
- In the same month, the company celebrated the opening of the new retail spaces Technogym Hamburg and Technogym Casablanca, both inaugurated in the presence of Deputy Chairman Pierluigi Alessandri.
- At the Technogym Village on 19 June, Investor Day was held, dedicated to the financial community with a view to allowing people to participate in the Wellness Experience firsthand and share the 2025 ESG commitments intended to spread a wellness lifestyle for all and promote wellness as a social opportunity for communities.
- In line with the “prestige” positioning that has always distinguished Technogym, in late June the company inaugurated a pop-up store at the Costa Smeralda Waterfront, the luxury village that is home to a number of premium lifestyle brands. It is an experiential space designed to discover and live a 360° Wellness lifestyle. Every day, Technogym Master Trainers will be available for training sessions, in the morning and the late afternoon, against the stunning backdrop of the Porto Cervo Marina.
- During the entire half year period, the company organised local events in its showrooms and boutiques worldwide. These included Technogym Clinics, events dedicated to specific sports held at Technogym Milan. The main theme was athletic performance and how to improve it in the different sports disciplines, and both trainers and athletes participated in the discussion at each event.

Along with the Clinics, media previews were organised devoted to the presentation of the new Technogym Run in a number of locations all over the world, including Dubai, London, Madrid and Los Angeles.

Operating segments

The disclosure provided below is monitored by the management exclusively from the commercial perspective. The Group's approach to the market, as noted above, follows a unique business model that offers an integrated range of 'Wellness solutions' and also pursues higher levels of operational efficiency through cross-production.

Fitness and Wellness Clubs

Fitness and Wellness Clubs continue to be one of the most significant market segments in terms of sales volumes, with considerable growth with respect to the previous year. 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, Total Fusion in Australia and Life Time Fitness in the United States.

Confidence in the sector is growing substantially. Some of our large clients have confirmed plans for expansion and the opening of new locations. 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.

With the pandemic now behind us and an increasingly significant fitness and wellness market for end consumers, Technogym's solutions represent an innovative response to new lifestyle improvement demands thanks especially to the continuous innovation and strong development in digital features and content, always working to support consumers and operators.

HCP (Health, Corporate & Performance)

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

In the corporate wellness sector, during the first half of 2023 the company set up a number of wellness centres, including at the headquarters of Banca Intesa, Fastweb, Nissan and Reply in Italy, the headquarters of Morgan Stanley in the US, the headquarters of Samsung in South Korea, that of Pull & Bear (Inditex Group) in Spain, the European HQ of Nike in the Netherlands, that of Huawei in China, Siemens in Germany, and more.

In the Education sector, the best universities and business schools relied on Technogym for the promotion of the right lifestyles to young talent. In the early months of 2023, projects were created for the University of Cambridge in the UK and the Universities of Texas and Minnesota in the United States. In Asia, some of the campuses that have chosen Technogym include Tsinghua University in China, City University of Hong Kong and Zaki High School in Japan.

As regards the Sport Performance world, in the initial months of the year Technogym set up a number of centres worldwide such as Luna Rossa in Italy, Estadio de la Juventud in Andalucía, Spain, the facility of the University of Alabama American football team and the Fiorentina and Manchester City football team training centres.

In the medical sector, Technogym was chosen by the Cleveland Clinic in the United States, Boston Scientific in Italy and Yan Chai and Taikan Health Insurance in China.

Hospitality & Residential

Technogym products are already present in the most prestigious hotels throughout the world, and in 2023 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, Four Seasons, Marriott / Starwood, Hilton, Accor Hyatt and many more.

Technogym supplied numerous hotels worldwide in the first half of the year.

In Europe, some of the most important projects include the Belmont Splendido Mare resort in Portofino, Bulgari in Rome, the W Hotel in Budapest, and the Peninsula and Mandarin Oriental Mayfair in London. These are joined by many luxury locations worldwide like the Aspen St. Regis, the Grenada Six Senses in the Caribbean and the Mandarin Oriental in Muscat.

The most prestigious cruise ships have chosen Technogym as partner for their on-board gyms; in the first few months of 2023, Technogym was awarded the contract as Supplier of the ships P&O Arcadia, Britannia and Ventura of the Carnival Group, the Virgin Cruises Brilliant ship, the Ascent of Celebrity Cruises and the Disney Cruise Magic.

In the leisure clubs sector, an agreement was entered into with the company Invited Clubs for the provision of Wellness solutions in their 200 clubs on US soil.

Home & Consumer

TECHNOGYM is present in more than 400,000 private homes.

In the first half of 2023, the Home-Consumer segment recorded a slight correction compared to the first half of 2022, which was still influenced by the peak in home sales linked to the pandemic. Home fitness sales volumes in any event remain much higher than the levels in the first half of 2019, bearing witness to the continuing interest of end users in training solutions to be used at home as well.

In terms of products, in April 2023 Technogym launched the innovative Technogym Run, which offers customers the possibility to have a unique solution at home with the same level of quality and technology found in the best gyms, in addition to an unprecedented variety of training solutions: from running, to power to bootcamp.

The company continues to create bespoke solutions for the home based on the space and training level requested by the customer, including the professional Artis and Skill ranges for customers with more space who can set up their own home gym, the Personal design range for users who want to add one or two products that blend in perfectly with their home furnishings, as well as compact products such as MyRun for customers with less space.

In the first half of 2023, Technogym inaugurated Technogym Sydney, the new building housing a boutique and offices, located at 20 McLachlan Avenue, Rushcutters Bay. An over 800 m² space which represents the ideal destination for consumers as well as sector operators to immerse themselves in the Technogym Experience, with its blend of design, innovative products, digital technologies, interior design and training.

Also as part of the Retail project, which calls for a number of openings all over the world, Technogym opened its boutiques in Singapore, Casablanca and Hamburg and a space in the legendary Selfridges department store in London.

Partnerships

For many years now, the world's most prestigious sports clubs have worked with TECHNOGYM on the physical training of their athletes. In the first half of 2023, Technogym consolidated its partnership with Giro d'Italia, which this year closed one of its stages at the Technogym Village. In Italy, TECHNOGYM continues its football partnerships with Juventus, Inter, Milan and the Italian National Team. In basketball, TECHNOGYM also continued its collaboration with Olimpia Milano in 2023, which won the Championship and has now renewed its agreement with the brand for another 3 years. In addition, it also partnered with the Bologna team Virtus.

Thanks to its wide range of products, which are perfect for athletic training in all sports disciplines, top sports champions collaborating with TECHNOGYM include tennis star Rafael Nadal, the young champion Jannik Sinner, NBA star Marco Belinelli, the racer Andrea Dovizioso, fencing champion Bebe Vio and highly successful teams such as Ferrari and McLaren in Formula 1. In sailing, Technogym is the Official Training Partner of Luna Rossa and is supporting the team in its athletic conditioning in view of the upcoming America's Cup. In golf, Technogym was selected by the prestigious Italian Golf Clubs, Royal Park and Marco Simone, where the next Ryder Cup will take place in 2023.

Human Resources and Organisation

TECHNOGYM recognises the fundamental importance of human resources, their health, training, motivation and incentives. Development of their qualities and skills is considered essential for the implementation of the corporate strategy. In the first half of 2023, Technogym employed on average 2,232 staff, of whom 70 managers, 1,546 office staff and 615 blue-collar workers.

<i>(in number)</i>	Half year ended 30 June		Year ended 31 December	
	2023		2022	
	Average	Year-end	Average	Year-end
Number of employees				
Managers	70	69	69	71
White-collar	1,546	1,569	1,431	1,456
Blue-collar	615	616	646	616
Total number of employees	2,231	2,254	2,146	2,143

In the first half of 2023, at the Technogym University (the company training academy), work was done to develop the company's distinctive competences with internal seminars, testimonials and workshops.

Some significant projects included the spread of the Technogym Leadership Model with training workshops dedicated to the Management Committee, concluding the Leadership and Winning Teams cycle, in order to develop, evolve and consolidate leadership capabilities. The project was launched and is under way for the Constructors Committee as well.

With a view to developing strategic company expertise, an international training plan has been devised involving e-learning as well as in-person training. Specifically, training activities were focused on professional development plans to support talent growth and training activities relating to corporate compliance.

The "Working 4 Wellness" (W4W) project is also continuing, the company's welfare programme complete with activities and services aimed at all facets of employees' mental and physical well-being.

Specifically, corporate wellness is one of the core services in the project, offering all Technogym staff, both at headquarters and the subsidiaries around the world, the chance to access the company Wellness Centre or to take advantage of a specific welfare credit to be used towards an annual subscription to an affiliated wellness club.

Furthermore, the "W4W" programme also offers a restaurant service at T-Restaurant, with menus designed in collaboration with a nutrition expert, and the "T-Take Home" takeaway service, which provides the possibility of booking dinner directly via an app.

Aside from Corporate Wellness, Technogym is committed to supporting a number of aspects of employees' personal lives as well, by offering a broad range of discounts and special benefits with external facilities for healthcare services, cultural activities and leisure time activities devoted to Technogym employees and their households (for example, the summer centre service, tax advice services and the ad hoc healthcare policy reserved for employees based on seniority with the company).

Social responsibility, environment and safety

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

Sustainability objectives and commitments

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

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

This combination of factors makes the Group’s business model unique, and fosters 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”.

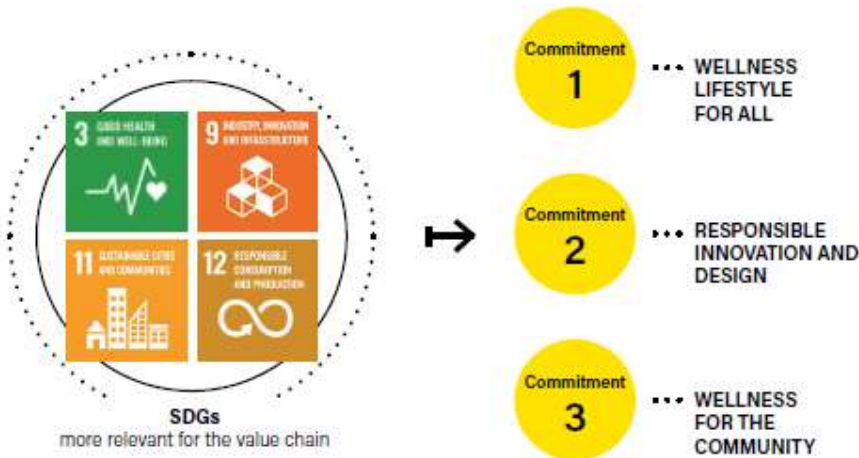
On the strength of the Group’s commitment to ESG (Environmental, Social, and Governance) issues and with a view to strengthening the alignment between the SDGs and its corporate strategy, Technogym undertakes to outline clear sustainability objectives and commitments. Specifically, Technogym defined its Sustainability Policy, setting out its main sustainability priorities and laying the foundations for a path of continuous improvement in ESG performance.

The Sustainability Policy is based on three key Commitments, by 2025, which include:

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

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

Technogym ESG commitments by 2025



WELLNESS LIFESTYLE FOR ALL



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

RESPONSIBLE INNOVATION AND DESIGN



Our mission to help build a better world based on the health of its people must be accompanied by considerable care and attention for the environment in which we live. That is why, in pursuing the UN’s “Responsible consumption and production” and “Industry, innovation and infrastructure” goals, we work to create products and environments in which functionality and aesthetics can co-exist and where seeking out new green solutions, from the planning stage onwards, enables us to act responsibly while not neglecting excellence in design.

WELLNESS FOR THE COMMUNITY



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

Since 2021 Technogym has made every effort to improve the Group's level of disclosure and commitment regarding issues related to climate change, diversity and inclusion, and a responsible business approach.

Furthermore, 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.

Lastly, please note that recently the Company announced several priority projects from its 2025 Sustainability Plan, which are set forth below:

- Supplier ESG assessment, while also initiating a supply chain education process;
- Creation of products with a lower environmental impact, researching innovative solutions linked to the materials used as well as product performance;
- Circular Economy initiatives, such as the expansion of the refurbished product range and second-hand product volumes sold, as well as sustainable spare parts management;
- Continuous promotion of diversity;
- Continuation of the decarbonisation process thanks to the installation of photovoltaics systems in several subsidiaries and the already planned construction of a power plant which will generate at least a few MW at the Technogym Village.

Exercise is Medicine

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

Wellness Valley

The "Wellness Valley" project is promoted by the Wellness Foundation and supported by Technogym; the aim of the project is to transform the Romagna region into a centre for wellness and healthy living and improve the quality of life of its citizens, building on the economic, intellectual and cultural capital already present in Romagna, an area well known for its love of living well. In support of the initiative, Technogym has granted access to its competencies and structures and organised concrete activities as well as meetings and thematic discussions to facilitate networking among all the stakeholders in the area.

On 1 February, the Wellness Valley Workshop was held in Technogym Village in the presence of the Minister for Sports and Youth Andrea Abodi, President of the Emilia-Romagna Region Stefano Bonaccini and the Rector of the University of Bologna Giovanni Molari. During the event, the results of the Wellness Valley Report were presented, highlighting the impact of the project in terms of Health, Economic Development, Tourism and Skills:

- In Romagna, 55% of the population is active compared with the Italian average of 46%
- The percentage of inactive adults is 16% compared with 31% for the national average
- 35% of doctors in the Region prescribe physical activity as treatment, compared with the national average of 29%
- The percentage of people over 65 at risk of disability due to chronic diseases in Romagna is 9.6%, compared to the Italian average of 17.1%
- In Romagna, the Wellness sector recorded economic growth in the 2011-2021 period of 31% despite the temporary drop caused by the pandemic.

During the Giro d'Italia, the Wellness Foundation – the non-profit organisation created by Nerio Alessandri to create the first wellness district in the world in Romagna – took advantage of the occasion to stimulate the Wellness culture and motivate the local community to engage in physical exercise and remain active. Amongst the many initiatives, from the Giroland stage set up in the historical centre of Cesena on the occasion of the arrival of the Giro, the Wellness Foundation promoted “Let’s Move... Kids!”, with a view to motivating even the youngest generations to get moving by engaging in bike-based exercise.

In terms of enhancing communities, Technogym has contributed to the local “Valle del Savio – Bike Hub” project aimed at promoting the Romagna territory as a destination for bicycle tourism. In April, Technogym also sponsored the Diabetes Marathon, a large locally significant event dedicated to education on the prevention of metabolic diseases.

During Rimini Wellness, Wellness Foundation promoted a number of activities to motivate people to get moving even outside the event, by organising training sessions in many different areas of the city of Rimini.

Environment and safety

The environment is a fundamental element of the Wellness lifestyle, the Company’s philosophy aimed at promoting sustainable socio-economic development. Environmental and ecological sustainability themes have always been central to Technogym’s strategy and processes. UNI ISO 14001 and UNI EN ISO 50001 certified activities also continued in the financial year just ended, in order to achieve products and processes that are environmentally compatible in terms of renewable resources, product longevity and durability, energy efficiency and recovery, and packaging reuse.

In line with these parameters, Technogym Village was built according to bio-architecture principles and criteria aimed at protecting the environment and saving energy, which has earned the company white certificates. The company also holds certification for the ISO 45001 occupational health and safety system, for the UNI EN ISO 9001 management system for Wellness equipment design, production, installation and assistance, and UNI EN ISO 13485 certification for functional rehabilitation equipment design, production, installation and assistance.

5. CONDENSED HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

(In thousands of Euro)	Notes	As of 30 June		As of 31 December	
		2023	of which from related parties	2022	of which from related parties
ASSETS					
Non-current assets					
Property, plant and equipment	5.1	164,439	9,515	164,122	9,094
Intangible assets	5.2	56,280		55,688	
Deferred tax assets		25,540		24,043	
Investments in joint ventures and associates	5.3	1,173		4,058	
Non-current financial assets		200		201	
Other non-current assets		76,384		73,544	13
TOTAL NON-CURRENT ASSETS		324,016		321,656	
Current assets					
Inventories		114,824		100,671	
Trade receivables	5.4	113,377	40	110,824	(6)
Current financial assets		1,416		19,883	
Assets for derivative financial instruments	5.5	1,114		637	
Other current assets		31,511	39	27,178	1,292
Cash and cash equivalents		173,893		205,358	
TOTAL CURRENT ASSETS		436,134		464,551	
TOTAL ASSETS		760,150		786,207	
EQUITY AND LIABILITIES					
Equity					
Share capital		10,066		10,066	
Share premium reserve		7,132		7,132	
Other reserves		34,980		37,698	
Retained earnings		236,397		225,438	
Profit (loss) attributable to owners of the parent		28,474		63,587	
Equity attributable to owners of the parent		317,049		343,922	
Capital and reserves attributable to non-controlling interests		4,372		1,716	
Profit (loss) attributable to non-controlling interests		1,153		288	
Equity attributable to non-controlling interests		5,525		2,005	
TOTAL EQUITY	5.6	322,574		345,927	
Non-current liabilities					
Non-current financial liabilities	5.7	60,944	8,544	66,431	8,540
Deferred tax liabilities		1,119		168	
Employee benefit obligations		2,608		2,600	
Non-current provisions for risks and charges	5.8	10,906		9,586	
Other non-current liabilities		45,711		38,415	
TOTAL NON-CURRENT LIABILITIES		121,288		117,201	
Current liabilities					
Trade payables	5.9	152,700	953	173,559	1,002
Current tax liabilities		11,646		9,169	
Current financial liabilities	5.7	42,737	4,326	37,501	3,457
Liabilities for derivative financial instruments	5.7	324		77	
Current provisions for risks and charges	5.8	15,238		14,222	
Other current liabilities		93,645		88,552	
TOTAL CURRENT LIABILITIES		316,289		323,080	
TOTAL EQUITY AND LIABILITIES		760,150		786,207	

Consolidated income statement

<i>(In thousands of Euro)</i>	Notes	Half year ended 30 June			
		2023	<i>of which from related parties</i>	2022	<i>of which from related parties</i>
REVENUES					
Revenues	5.10	368,830	28	324,001	5,108
Other revenues and income		1,172	2	1,223	98
Total revenues		370,002		325,223	
OPERATING COSTS					
Purchases and use of raw materials, work in progress and finished goods	5.11	(121,343)	(1)	(108,221)	(78)
<i>of which non-recurring income/(expenses)</i>		-		(10)	
Cost of services	5.12	(105,031)	(1,148)	(90,535)	(1,099)
<i>of which non-recurring income/(expenses)</i>		(700)		(118)	
Personnel expenses	5.13	(81,859)	-	(72,924)	(140)
<i>of which non-recurring income/(expenses)</i>		(530)		(780)	
Other operating costs		(3,565)	(13)	(3,069)	(10)
<i>of which non-recurring income/(expenses)</i>		(66)		(26)	
Share of net result from joint ventures		4,421		420	
<i>of which non-recurring income/(expenses)</i>		4,534		-	
Depreciation, amortisation and impairment losses / (revaluations)		(22,514)	(875)	(18,810)	(796)
Net provisions		(3,737)		(3,320)	
<i>of which non-recurring income/(expenses)</i>		(1,925)		(607)	
NET OPERATING INCOME		36,374		28,764	
Financial income		13,585	(39)	12,950	(20)
Financial expenses		(12,637)	(67)	(10,995)	(62)
Net financial expenses		948		1,954	
Income/(expenses) from investments		515		298	
PROFIT BEFORE TAX		37,837		31,016	
Income taxes	5.14	(8,210)		(7,484)	
<i>of which non-recurring income taxes</i>		(976)		-	
PROFIT/(LOSS) FOR THE PERIOD		29,627		23,532	
Profit/(loss) attributable to non-controlling interests		(1,153)		(72)	
Profit (loss) attributable to owners of the parent		28,474		23,459	
EARNINGS PER SHARE	5.15	0.14		0.12	

Consolidated statement of comprehensive income

<i>(In thousands of Euro)</i>	Half year ended 30 June	
	2023	2022
Profit (loss) for the period (A)	29627	23,532
Actuarial gains/(losses) on post-employment benefit obligations and Non-Compete Agreements	-	-
Tax effect on actuarial gains/(losses) on post-employment benefit obligations and Non-Compete Agreements	-	-
Total items that will not be reclassified to profit or loss (B1)	-	-
Exchange rate differences on the translation of foreign operations	(3,260)	3,248
Exchange rate differences for valuation of entities accounted for using the equity method	-	344
Gains (losses) on cash flow hedges (hedge accounting)	-	-
Total items that will be reclassified to profit or loss (B2)	(3,260)	3,592
Total Other comprehensive income, net of tax (B)=(B1)+(B2)	(3,260)	3,592
Total comprehensive income for the period (A)+(B)	26,367	27,124
of which attributable to owners of the parent	25,297	27,055
of which attributable to non-controlling interests	1,070	69

Consolidated Statement of Cash Flows

<i>(In thousands of Euro)</i>	Notes	Half year ended 30 June	
		2023	2022
Cash flows from operating activities			
Consolidated Profit (loss) for the period		29,627	23,532
<i>Adjustments for:</i>			
Income taxes	5.14	8,210	7,484
(Income)/expenses from investments		(515)	(298)
Financial (income)/expenses		(948)	(1,954)
Depreciation, amortisation and impairment		22,514	18,810
Net provisions		111	3,320
Share of net result from joint ventures	5.3	(4,421)	(420)
Other non-monetary changes		378	-
Cash flows from operations before changes in working capital		54,956	50,474
Change in inventories		(2,602)	(3,335)
Change in trade receivables	5.4	11,245	(5,872)
Change in trade payables	5.9	(22,970)	(25,461)
Change in other assets and liabilities		(7,226)	834
Income taxes paid		(11,268)	(9,660)
Net cash inflow / (outflow) from operating activities (A)		22,134	6,980
<i>of which from related parties</i>		<i>(1,010)</i>	<i>(4,041)</i>
Cash flows from investing activities			
Investments in property, plant and equipment	5.1	(9,809)	(7,683)
Disposals of property, plant and equipment		2,497	827
Investments in intangible assets	5.2	(8,367)	(8,318)
Disposals of intangible assets		-	-
Dividends received from other entities		131	305
Sale/(Purchase) of subsidiaries, associates and other entities	5.3	4,172	-
Net cash inflow (outflow) from investing activities (B)		(11,376)	(14,869)
<i>of which from related parties</i>		<i>131</i>	<i>305</i>
Cash flows from financing activities			
Reimbursement of leasing costs (IFRS 16)		(6,162)	(4,347)
Non-current financial liabilities (including the current portion)	5.7	-	4,002
Repayment of borrowings (including the current portion)	5.7	(4,532)	(37,767)
Net increase (decrease) in current financial liabilities		20,626	(32,358)
Dividends paid to shareholders	5.6	(48,816)	(31,604)
Payments of net financial expenses		1,513	744
Net cash inflow (outflow) from financing activities (C)		(37,370)	(101,330)
<i>of which from related parties</i>		<i>(942)</i>	<i>(857)</i>
Net increase (decrease) in cash and cash equivalents (D)=(A)+(B)+(C)		(26,612)	(109,219)

Cash and cash equivalents at the beginning of the year	205,358	174,306
Increase/(decrease) in cash and cash equivalents from 1 January to 30 June	(26,612)	(109,219)
Effects of exchange rate differences on cash and cash equivalents	(4,854)	2,489
Cash and cash equivalents at the end of the period	173,893	67,577

Consolidated statement of change in equity

<i>(In thousands of Euro)</i>	Share capital	Share premium reserve	Other reserves	Retained earnings	Profit (loss) attributable to owners of the parent	Equity attributable to owners of the parent	Capital and reserves attributable to non-controlling interests	Profit (loss) attributable to non-controlling interests	Total equity
As of 01 January 2022	10,066	7,132	31,322	198,256	63,065	309,841	1,519	200	311,561
Profit for the previous year	-	-	4,093	58,971	(63,065)	-	200	(200)	-
Total comprehensive income for the year	-	-	3,595	-	23,459	27,055	(3)	72	27,124
Dividends paid	-	-	-	(32,212)	-	(32,212)	-	-	(32,212)
Increase in capital	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-
Incentive plan (LTIP)	-	-	-	-	-	-	-	-	-
As of 30 June 2022	10,066	7,132	39,011	225,014	23,460	304,683	1,717	72	306,472
As of 01 January 2023	10,066	7,132	37,699	225,437	63,587	343,922	1,716	288	345,927
Profit for the previous year	-	-	2,290	61,297	(63,587)	-	288	(288)	-
Total comprehensive income for the year	-	-	(3,177)	-	28474	23297	(83)	1,153	26367
Dividends paid	-	-	-	(50,332)	-	(50,332)	(286)	-	(50,618)
Increase in capital	-	-	-	-	-	-	-	-	-
Other movements	-	-	(2,209)	(7)	-	(2,216)	2,736	-	520
Incentive plan (LTIP)	-	-	378	-	-	378	-	-	378
As of 30 June 2023	10,066	7,132	34,980	236,397	28,474	317,049	4,372	1,153	322,574

Notes to the Condensed Half-Yearly Consolidated Financial Statements

General information

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

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

The Technogym Group offers a wide range of wellness, physical exercise and rehabilitation solutions to the major segments of fitness equipment market and to the overall wellness industry, and is characterised by technological innovations and attention to design and finishes. These solutions can be personalised and adapted to the specific needs of end users and professional operators. The Technogym Group’s offer includes equipment that has been highly regarded by end users and professional operators and has contributed, over time, to the positioning of the Technogym brand in the high-end bracket of the international market.

Basis of presentation

The condensed half-yearly consolidated financial statements as of 30 June 2023 of the Technogym Group (the “**Condensed Half-Yearly Consolidated Financial Statements**”) were drafted on the basis of the going concern assumption and in compliance with the “*International Financial Reporting Standards*” (IFRS) issued by the “*International Accounting Standards Board*” (IASB) and approved by the European Union, as well as the legislative and regulatory provisions in force in Italy.

The Condensed Half-Yearly Consolidated Financial Statements were prepared in compliance with the provisions of IAS 34 “*Interim Financial Reporting*”. As permitted by this standard, the Condensed Half-Yearly Consolidated Financial Statements do not include all the information requested by IFRS for the drafting of the annual consolidated financial statements and, therefore, must be read together with the consolidated financial statements of the Technogym Group as of and for the year ended 31 December 2022 (the “**Consolidated financial statements**”).

The Condensed Half-Yearly Consolidated Financial Statements are composed of the statement of financial position, the income statement and statement of comprehensive income, the statement of cash flow, the statement of change in equity and related notes. In presenting these statements, the comparative data required by IAS 34 were reported (31 December 2022 for the statement of financial position, 30 June 2022 for the change in equity, income statement, statement of comprehensive income and statement of cash flow). The notes reported hereunder are shown in summary form and, therefore, do not include all the information requested for annual financial statements.

The Condensed Half-Yearly Consolidated Financial Statements are presented in Euro, which is the currency of the primary economic environment in which the Group operates. The amounts reported in the current document are presented in thousands, unless otherwise stated.

Accounting standards

The accounting standards and criteria adopted to prepare the half-yearly financial report as at 30 June 2023 conform to those used to draft the financial report as at 31 December 2022, to which reference should be made for more information.

The amendments to and interpretations of accounting standards in force from 1 January 2023 are described below:

- Amendments to IFRS 17 Insurance Contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information (issued on 9 December 2021)
- IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17 (issued on 25 June 2020)
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (issued on 7 May 2021)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (issued on 12 February 2021)

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

Accounting standards issued but not yet in force

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

- Amendments to IAS 12 Income taxes: International Tax Reform – Pillar Two Model Rules (issued 23 May 2023)
- Amendments to IAS 1 Presentation of Financial Statements: • Classification of Liabilities as Current or Non-current Date (issued on 23 January 2020); • Classification of Liabilities as Current or Non-current - Deferral of Effective Date (issued on 15 July 2020); and • Non-current Liabilities with Covenants (issued on 31 October 2022)
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (issued on 22 September 2022)

The application of these standards had no impacts on the Group's assets and liabilities, profits and losses and financial position.

Scope and basis of consolidation

A list of the companies included in the scope of consolidation is provided below, including information about the method of consolidation, as of 30 June 2023:

Entity name	Year ended 30 June 2023				
	Registered office	% of control Jun 2023	% of control Dec 2022	Currency	Share capital
Subsidiaries - consolidated using the line-by-line method					
Technogym SpA	Italy	Parent company	Parent company	EUR	10,066,375
Technogym International BV	Netherlands	100%	100%	EUR	113,445
TG Holding BV	Netherlands	100%	100%	EUR	300,000
TGB Srl	Italy	100%	100%	EUR	96,900
La Mariana Srl	Italy	100%	100%	EUR	76,500
Sidea S.r.l	Italy	70%	70%	EUR	150,000
TG Technogym SA (PTY) LTD	South Africa	100%	100%	ZAR	4,345,000
TECHNOGYM SAUDI LLC	Saudi Arabia	100%	100%	SAR	1,145,000
Technogym E.E. SRO	Slovakia	100%	100%	EUR	15,033,195
Technogym UK Ltd	United Kingdom	100%	100%	GBP	100,000
Technogym Germany Gmbh	Germany	100%	100%	EUR	1,559,440
Technogym Benelux BV	Netherlands	100%	100%	EUR	2,455,512
Technogym Usa Corp.	United States	100%	100%	USD	3,500,000
Technogym Trading SA	Spain	100%	100%	EUR	2,499,130
Technogym France Sas	France	100%	100%	EUR	700,000
Technogym Shanghai Int. Trading Co. Ltd	China	100%	100%	CNY	132,107,600
Technogym Japan Ltd	Japan	100%	100%	JPY	320,000,000
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
Technogym AO	Russia	100%	100%	RUB	10,800,000
Technogym Emirates LLC	United Arab Emirates	49%	49%	AED	300,000
FBK Equipamentos LTDA	Brazil	100%	100%	BRL	156,064,684
Technogym Canada	Canada	100%	100%	CAD	-
DWL Srl	Italy	100%	100%	EUR	200,000
Wellness Partners USA Inc	United States	75%	75%	USD	1,000
MyWellness Inc	United States	100%	100%	USD	100
Wellness Partners Ltd	United Kingdom	75%	75%	GBP	463,382
Associates - jointly controlled entities, consolidated using the equity method					
Wellink Srl	Italy	40%	40%	EUR	60,000
Wellness Explorers Srl	Italy	50%	50%	EUR	10,000
Physio Ag	Germany	32%	32%	EUR	73,000

The basis of consolidation adopted for drafting the Condensed Half-Yearly Consolidated Financial Statements as of 30 June 2023 is consistent with the criteria used to prepare the Consolidated Financial Statements as of 31 December 2022.

Transactions taking place during the reporting period

Acquisition of substantial control of Technogym Emirates LLC

During the year, a new agreement was signed with the shareholder that holds 51% of the share capital in Technogym Emirates LLC, a joint venture set up in the United Arab Emirates, in order to facilitate the distribution and sale of products and services, which required a redefinition of corporate governance. By virtue of this agreement, the Group has held

substantial control over that company since 1 January 2023. Starting from that date, the Group has fully consolidated the subsidiary, which was previously accounted for using the equity method.

Following the change in the scope of consolidation, the provisions set forth in IFRS 3 were applied for the case of control acquired in stages. For consolidation purposes, an appraisal was prepared by an independent expert engaged by the company to determine the fair value of the equity investment. The results of the above-mentioned appraisal defined a value of the equity investment of Euro 10,390 thousand, of which 49% attributable to the Group, corresponding to Euro 5,091 thousand. The value of the equity investment as of 31 December 2022 was Euro 2,766 thousand.

The transition to line-by-line consolidation generated non-recurring income of Euro 4,066 thousand, net of a tax effect of Euro 976 thousand.

The table below shows the details of the fair value of the assets acquired and the liabilities assumed at the acquisition date:

<i>(In thousands of Euro)</i>	Fair Value
Assets	
Property, plant and equipment	2,907
Intangible assets	12
Other non-current assets	356
Inventories	7,963
Trade receivables	5,724
Current financial assets	675
Other current assets	365
Cash and cash equivalents	4,177
Liabilities	
Non-current financial liabilities	(745)
Non-current provisions for risks and charges	(317)
Other non-current liabilities	(312)
Trade payables	(1,507)
Current financial liabilities	(400)
Current provisions for risks and charges	(146)
Other current liabilities	(10,380)
Value of net assets consolidated line-by-line	8,371
Restated fair value of the equity investment	10,390
Group share reclassified to Goodwill	989

Striking off of the Technogym Manno Branch from the business register

On 26 June 2023, the Technogym Manno branch, held by the subsidiary Technogym International BV, was struck off from the business register. The transaction resulted in the deconsolidation of the company and the closure in the income statement of the translation reserve for a value of Euro 468 thousand.

Exchange rates

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

Currency	As of 30 June		As of 31 December
	2023	2022	2022
USD	1.087	1.039	1.067
GBP	0.858	0.858	0.887
JPY	157.160	141.540	140.660
CHF	0.979	0.996	0.985
AUD	1.640	1.510	1.569
AED	3.991	3.862	3.917
CNY	7.898	6.962	7.358
RUB*	93.241	56.644	75.655
HKD	8.516	8.149	8.316
BRL	5.279	5.423	5.639
ZAR	20.579	17.014	18.099
SGD	1.473	1.448	1.430
CAD	1.442	1.343	1.444
SAR	4.075	3.944	4.000
DKK	7.447	7.439	7.437

Currency	Average for the period ended 30 June		Average for the year ended 31 December
	2023	2022	2022
USD	1.081	1.094	1.053
GBP	0.877	0.842	0.853
JPY	145.704	134.281	138.027
CHF	0.986	1.032	1.005
AUD	1.599	1.521	1.517
AED	3.971	4.019	3.867
CNY	7.489	7.082	7.079
RUB*	83.672	85.037	72.476
HKD	8.475	8.562	8.245
BRL	5.484	5.557	5.440
ZAR	19.674	16.842	17.209
SGD	1.444	1.492	1.451
CAD	1.457	1.391	1.370
SAR	4.054	4.104	3.949
DKK	7.446	7.440	7.440

*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 ruble, since the exchange rate has been unavailable since the start of the Russia - Ukraine conflict, the figure provided by Bloomberg was used, which is the same as that published by the Central Bank of the Russian Federation (CBR). The impact of the conversion of the reporting of Technogym AO, the Russian subsidiary, using the CBR exchange rate in any event would not be significant.

Accounting policies

The accounting policies adopted for drafting the Condensed Half-Yearly Consolidated Financial Statements as of 30 June 2023 are consistent with those used to prepare the Consolidated Financial Statements as of 31 December 2022, which should be referred to for the details.

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

Income tax receivables and payables for current income taxes are recognised at the value that is expected to be paid to/recovered from the tax authorities, in application of the tax regulations in force or essentially approved on the date of the close of the period and the rates estimated on an annual basis.

Use of estimates

With reference to the description of the use of accounting estimates, please refer to the Consolidated Financial Statements as of 31 December 2022. It should be noted that certain valuation processes, especially the more complex ones such as the calculation of any impairment of non-current assets, are generally only carried out at the time of drafting of the annual financial statements, when all the necessary information is available, except for cases where there are indicators of impairment that call for an immediate valuation of any losses in value.

In the first half of 2023, there were no indicators or trigger events such so as to make impairment testing necessary.

Also in the first half of 2023, the Group constantly monitored the recoverability of the value of receivables on which there is a buyback obligation. On the basis of analyses of the transferred portfolio and the information available at the date on which these financial statements were drafted, the Group decided to leave the bad debt provision unchanged for the first half of the year, given that the default of several customers with probable risky positions has not yet taken place.

Notes to the statement of financial position

The main line items of the financial statements are presented below and, with particular reference to assets, no accounting adjustments were considered necessary, following assessments made, in addition to those already representing the current situation and context. The company may review these assessments when preparing the 2023 Financial Statements, if there are significant changes in the external context, besides those known at present or that are reasonably foreseeable.

5.1 PROPERTY, PLANT AND EQUIPMENT

The item “Property, plant and equipment” amounted to Euro 164,439 thousand at 30 June 2023 (Euro 164,122 thousand at 31 December 2022).

The following table reports the details of property, plant and equipment as of 30 June 2023 and 31 December 2022:

<i>(In thousands of Euro)</i>	Half year ended 30 June	Year ended 31 December
	2023	2022
Property, plant and equipment		
Land	13,969	13,483
Buildings and leasehold improvements	115,092	115,385
Plant and machinery	7,331	7,844
Production and commercial equipment	14,578	14,349
Other assets	11,064	9,753
Assets under construction and advances	2,405	3,309
Total property, plant and equipment	164,439	164,122

The table below shows the amounts of investments made by the Group in the half year ended 30 June 2023 and in the year ended 30 June 2022, relating to the item “Property, plant and equipment”, broken down by category, net of IFRS 16:

<i>(In thousands of Euro)</i>	Half year ended 30 June	
	2023	2022
Investments in property, plant and equipment		
Land	486	-
Buildings and leasehold improvements	1,499	398
Plant and machinery	270	264
Production and commercial equipment	3,433	2,466
Other assets	1,623	1,089
Assets under construction and advances	2,497	3,466
Total investments in property, plant and equipment	9,808	7,683

Investments in property, plant and equipment include the purchase by Technogym SpA of agricultural land, two apartments, the latter purchased to be used by employees as required, the purchase of new dies and equipment for production sites, as well as the opening, expansion and upgrading of boutique stores and offices at the commercial branches. In this regard, the Technogym Experience Center was inaugurated in Australia, Asia and Benelux, and investments were made by the Technogym Emirates LLC commercial branch for the upcoming inauguration of a store in the Dubai Marina Mall.

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

The table below shows the impact of IFRS 16 on the consolidated financial position and performance for the half year ended 30 June 2023 and the year ended 31 December 2022:

<i>(In thousands of Euro)</i>	As of 30 June	As of 31 December
	2023	2022
Rights of use		
Buildings	31,412	32,209
Equipment	596	778
Cars	3,876	3,157
Total rights of use	35,884	36,144

<i>(In thousands of Euro)</i>	As of 30 June	As of 31 December
	2023	2022
Lease liabilities		
IFRS 16 Financial liabilities - Current	8,902	8,602
IFRS 16 Non-current financial liabilities	29,001	29,173
Total lease liabilities	37,904	37,775

During the initial months of 2023, following the change in the method of consolidation of the company Technogym Emirates LLC, the categories Buildings and Cars increased due to the new values contributed. With respect to the rest of the group, there was a decline in the category Buildings, due to depreciation for the period, and a further increase in the category Cars, after new contracts were entered into.

The table below shows the impact of IFRS 16 on the consolidated financial position for the half year ended 30 June 2023 and 30 June 2022:

<i>(In thousands of Euro)</i>	Half year ended 30 June	
	2023	2022
Depreciation of rights of use		
Buildings	(3,948)	(2,518)
Equipment	(192)	(197)
Cars	(1,107)	(1,282)
Total depreciation	(5,247)	(3,997)

<i>(In thousands of Euro)</i>	Half year ended 30 June	
	2023	2022
Payment reversals		
Buildings	4,289	3,030
Equipment	219	127
Cars	926	1,190
Total payment reversals	5,434	4,347

<i>(In thousands of Euro)</i>	Half year ended 30 June	
	2023	2022
Interest		
Interest expense	(673)	(190)
Total interest	(673)	(190)

5.2 INTANGIBLE ASSETS

The item “Intangible assets” amounted to Euro 56,280 thousand at 30 June 2023 (Euro 55,688 thousand at 31 December 2022).

The following table reports the details of intangible assets as of 30 June 2023 and 31 December 2022:

<i>(In thousands of Euro)</i>	Half year ended 30 June	Year ended 31 December
	2023	2022
Intangible assets		
Development costs	24,023	22,375
Patents and intellectual property rights	16,931	19,101
Concessions, licences, trademarks and similar rights	830	895
Intangibles under development and advances	10,736	10,789
Other intangible assets	2,770	2,529
Goodwill	989	-
Total Intangible assets	56,280	55,688

The table below shows the amounts of investments made by the Group in the half year ended 30 June 2023 and in the year ended 30 June 2022, relating to the item “Intangible assets”, broken down by category:

<i>(In thousands of Euro)</i>	Half year ended 30 June	
	2023	2022
Investments in intangible assets		
Development costs	1,295	786
Patents and intellectual property rights	2,045	2,044
Concessions, licences, trademarks and similar rights	71	220
Intangibles under development and advances	3,663	5,138
Other intangible assets	304	130
Goodwill	989	-
Total investments in intangible assets	8,367	8,318

Investments in intangible fixed assets include costs for the development of new projects and restyling of existing projects, as well as purchases of software. The change in the method of consolidation of the subsidiary Technogym Emirates LLC also resulted in the recognition of goodwill for a total value of Euro 989 thousand. For more details on this transaction, please refer to the “Scope and basis of consolidation” section under “Transactions taking place during the reporting period”.

5.3 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The item “Investments in joint ventures and associates” amounts to Euro 1,173 thousand as of 30 June 2023 (Euro 4,058 thousand as of 31 December 2022). The following table details the composition and changes in investments in joint ventures and associates for the half year ended 30 June 2023:

<i>(In thousands of Euro)</i>	% of Ownership	Value	Investments	Disinvestments	Revaluations/ (Impairment losses)	Net result	Other movements	Value
								31/12/2022
Technogym Emirates LLC	49.00%	2,766	-	-	-	-	(2,766)	-
Wellink srl	40.00%	210	-	-	-	15	-	225
Wellness Explorers Srl	50.00%	22	5	-	(10)	(24)	-	(7)
Physio AG	31.50%	1,060	-	-	-	(105)	-	955
Total		4,058	5	-	(10)	(114)	(2,766)	1,173

The decrease in this item in the first half of 2023 compared to 31 December of the prior year was due primarily to the change in the method of consolidation of the equity investment in Technogym Emirates LLC, from the equity method to the line-by-line method, due to the agreement with the majority shareholder, which called for a redefinition of corporate governance and enabled the Group to obtain substantial control over the Company. The remainder of the item refers to the adjustment of the value of the equity investments in associates due to the result for the period.

5.4 TRADE RECEIVABLES

The item “Trade receivables” amounted to Euro 113,377 thousand as of 30 June 2023, up by Euro 2,553 thousand compared to Euro 110,824 thousand as of 31 December 2022. The following table gives a breakdown compared with 31 December of the prior year:

<i>(In thousands of Euro)</i>	As of 30 June	As of 31 December
	2023	2022
Trade receivables		
Trade receivables (gross value)	93,115	99,366
Provision for write-downs of receivables	(7,172)	(6,834)
Transferred trade receivables	28,602	19,461
Provision for write-downs on transferred receivables	(1,169)	(1,169)
Total trade receivables	113,377	110,824

The item balance consists of trade receivables (nominal value) and trade receivables “transferred” for a value net of the provision for write-downs of receivables amounting to Euro 85,943 thousand and Euro 27,433 thousand, respectively, as of 30 June 2023.

The amount of trade receivables (nominal value) decreased compared to the value as of 31 December 2022 of Euro 92,533 thousand, despite the increase in sales volumes recorded in the first half of 2023. This reduction was primarily linked to the increase in turnover in the last part of 2022, particularly in the US subsidiary, the collections of which took place in the initial months of 2023.

The item “transferred” trade receivables net of the relative provision amounted to Euro 27,433 thousand as of 30 June 2023, up by Euro 9,142 thousand compared to Euro 18,292 thousand as of 31 December 2022. This last sub-item refers to the current portion of receivables arising from the sale of goods which, although they are transferred to third-party

financial institutions, are retained in the financial statements as they do not meet all the conditions required by IAS 9 for derecognition from assets.

The financial liabilities include the amounts received from financial institutions in the form of advances for these transfers. Please note that the item “Other non-current assets” also includes receivables transferred for an amount of Euro 27,698 thousand, net of a bad debt provision of Euro 2,018 thousand.

5.5 FINANCIAL DERIVATIVE ASSETS

The item “Assets for derivative financial instruments” amounted to Euro 1,114 thousand at 30 June 2023 (Euro 637 thousand at 31 December 2022).

The following table shows assets for derivative financial instruments broken down by currency at 30 June 2023 and 31 December 2022:

(In thousands of Euro)	As of 30 June		As of 31 December	
	2023		2022	
CNY	30	-	-	-
AUD	52	-	-	-
GBP	-	-	85	-
JPY	574	-	-	-
USD	458	-	552	-
Total	1,114	-	637	-

Assets for derivative financial instruments are related to positive differences resulting from the fair value of “forward” contracts in place as of 30 June 2023 and 31 December 2022. They are listed in the table below:

(In thousands of Euro)	As of 30 June 2023			
	Currency	Currency inflow	Currency	Currency outflow
Forward 01	EUR	5,680	JPY	800,000
Forward 02	EUR	786	CNY	6,000
Forward 03	EUR	6,146	AUD	10,000
Forward 04	EUR	13,636	GBP	12,000
Forward 05	EUR	24,235	USD	26,000
Situation at 30.06.2023				

(In thousands of Euro)	As of 31 December 2022			
	Currency	Currency inflow	Currency	Currency outflow
Forward 02	EUR	15,416	USD	16,000
Forward 01	EUR	3,884	JPY	550,000
Forward 03	EUR	3,169	AUD	5,000
Forward 04	EUR	5,421	CNY	40,000
Forward 05	EUR	10,197	GBP	9,000
Situation at 31.12.2022				

5.6 EQUITY

The item “Equity” amounted to Euro 322,574 thousand at 30 June 2023 (Euro 345,927 thousand at 31 December 2022).

The following table reports the details of equity as of 30 June 2023 and 31 December 2022:

<i>(In thousands of Euro)</i>	As of 30 June	As of 31 December
	2023	2022
Equity		
Share capital	10,066	10,066
Share premium reserve	7,132	7,132
Other reserves	34,980	37,698
Retained earnings	236,397	225,438
Profit (loss) attributable to owners of the parent	28,474	63,587
Equity attributable to owners of the parent	317,049	343,922
Capital and reserves attributable to non-controlling interests	4,372	1,716
Profit (loss) attributable to non-controlling interests	1,153	288
Equity attributable to non-controlling interests	5,525	2,005
Total equity	322,574	345,927

Based on the resolution of the shareholders’ meeting of 5 May 2023, the profit for 2022 reported in the financial statements of the Parent Company Technogym S.p.A., equal to Euro 68,976 thousand, was allocated as follows:

- a total of Euro 50,332 thousand to shareholders as a dividend of Euro 0.25 per ordinary qualifying share;
- Euro 2,826 thousand to the extraordinary reserve;
- the remainder of Euro 15,818 thousand to the retained earnings reserve.

During the half year ending 30 June 2023, the following transactions with an impact on equity took place:

(i) a new agreement was signed with the shareholder that holds 51% of the share capital in Technogym Emirates LLC, a joint venture set up in the United Arab Emirates, involving the redefinition of the corporate governance. On the basis of these revised agreements, the Group has held control over the company since 1 January 2023. Starting from that date, the group has fully consolidated the subsidiary, which was previously accounted for using the equity method. This change in scope explains the increase in equity pertaining to minority interests, which hold 51% of the company’s shares.

(ii) On 26 June 2023, the Technogym Manno branch, held by the subsidiary Technogym International BV, was struck off from the business register. The transaction resulted in the deconsolidation of the company and the closure of the translation reserve in shareholders' equity.

5.7 FINANCIAL LIABILITIES AND FINANCIAL DERIVATIVE INSTRUMENTS

The items “Non-current financial liabilities” and “Current financial liabilities” totalled Euro 60,944 thousand and Euro 42,737 thousand respectively as of 30 June 2023 and Euro 66,431 thousand and Euro 37,501 thousand as of 31 December 2022.

The following table reports the financial liabilities, current and non-current, as of 30 June 2023 and 31 December 2022.

<i>(In thousands of Euro)</i>	As of 30 June	As of 31 December
	2023	2022
Non-current financial liabilities		
Bank loans due after 12 months – non-current portion	2,227	2,625
Non-current liabilities due to other lenders	29,716	34,634
IFRS 16 Non-current financial liabilities	29,001	29,173
Total non-current financial liabilities	60,944	66,431
Current financial liabilities		
Bank loans due after 12 months – current portion	5,003	9,137
Other short-term borrowings	224	222
Current liabilities due to other lenders	28,602	19,461
Other current liabilities	5	79
IFRS 16 Financial liabilities - Current	8,902	8,602
Total current financial liabilities	42,737	37,501

The effect of IFRS 16 on non-current and current financial liabilities was equal to Euro 29,001 thousand and Euro 8,902 thousand respectively. As of 30 June 2023 the Group’s financial debt was expressed at both variable and fixed interest rates.

Medium/long-term bank loans

The following table reports the movements of bank loans for the half year ended 30 June 2023.

<i>(In thousands of Euro)</i>	Bank loans due after 12 months – non-current portion	Bank loans due after 12 months – current portion	Total bank loans
Values at 1 January 2023	2,625	9,137	11,762
Taken out	-	-	-
Repayments	-	(4,532)	(4,532)
Reclassification from long-term to short-term	(398)	398	-
Values at 30 June 2023	2,227	5,003	7,230

The following table reports the details of medium/long-term bank loans as of 30 June 2023:

<i>(In thousands of Euro)</i>	Due date	Interest rate	As of 30 June		As of 31 December	
			2023	of which current	2022	of which current
Bank loans						
Crédit Agricole Italia S.p.A.	2020-2023	Variable	4,199	4,199	8,333	8,333
Deutsche Bank	2022-2027	Fixed	3,031	804	3,428	803
Total bank loans			7,230	5,003	11,762	9,137

The following table reports the details of medium/long-term bank loans as of 30 June 2023 by maturity date:

<i>(In thousands of Euro)</i>	Residual debt	Of which current (H1-2024)	H1-2025	H1-2026	H1-2027
Crédit Agricole Italia S.p.A.	4,199	4,199	-	-	-
Deutsche Bank	3,031	804	802	811	614
Total	7,230	5,003	802	811	614

For the above loans, no guarantees have been given.

As of 31 December 2022, all financial covenants relating to the loans in place, where applicable, were respected. Financial covenants did not have to be met as of 30 June 2023, as the testing date is the end of the year.

As of the date of this document, it is not believed that there are any factors that could have negative repercussions resulting in a breach of covenants in the next 12-18 months, with reference to the parameters in question.

Other short-term borrowings

The following table reports the details of other short-term borrowings as of 30 June 2023 and 31 December 2022:

<i>(In thousands of Euro)</i>	Currency	As of 30 June	As of 31 December
		2023	2022
Other short-term borrowings			
BPER Luxembourg	EUR	137	85
Other short-term borrowings	EUR	87	136
Total other short-term borrowings		224	222

Other short-term borrowings mainly include stand-by credit lines, short-term loans (generally called “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.

Current and non-current 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.

Liabilities for derivative financial instruments

As of 30 June 2023, the Group has derivative contracts giving rise to financial derivative liabilities for Euro 324 thousand, compared to Euro 77 thousand in the previous year.

The following detailed table shows Liabilities for derivative financial instruments at 30 June 2023 and 31 December 2022:

(In thousands of Euro)	As of 30 June	As of 31 December
	2023	2022
Forward		
CNY	-	22
AUD	-	4
GBP	316	-
JPY	-	48
Interest rate swaps		
IRS	7	3
Total	324	77

Liabilities for derivative financial instruments refer to the differences arising from the fair value measurement of “forward” contracts used to hedge exposure to currency risk, as well as an IRS (Interest Rate Swap) derivative taken out to hedge the interest rate risk on the variable rate loan from Crédit Agricole Italia S.p.A. For more details of the types of “forward” contracts, see the table in paragraph 5.5 Assets for derivative financial instruments.

As of 30 June 2023, and only for the interest rate swap, the hedge accounting method was adopted. The negative fair value at 30 June 2023 amounted to Euro 7 thousand as reported in the table below (Euro 6.67 thousand net of the tax effect).

(In thousands of Euro)	As of 30 June	As of 31 December	As of 30 June	As of 31 December
	2023 assets	2022 assets	2023 liabilities	2022 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	-	-	7.4	3.3
Tax effect - Interest rate hedges (current) – cash flow hedge	-	-	(0.8)	(0.8)
Total	-	-	6.6	2.5

5.8 PROVISIONS FOR RISKS AND CHARGES

The item “Provisions” at 30 June 2023 amounts to Euro 10,906 thousand for non-current financial liabilities and Euro 15,238 thousand for current financial liabilities (respectively, Euro 9,586 thousand and Euro 14,222 thousand at 31 December 2022).

The following table reports the details of provisions, current and non-current, as of 30 June 2023 and 31 December 2022:

<i>(In thousands of Euro)</i>	As of 30 June	As of 31 December
	2023	2022
Non-current provisions for risks and charges		
Warranties provision	6,139	5,754
Agents provision	912	894
Non-Competition Agreement provision	2,358	1,614
Rebates provision	828	568
Ongoing lawsuits provision	160	145
Other provisions for risks and charges	508	611
Total non-current provisions for risks and charges	10,906	9,586
Current provisions for risks and charges		
Warranties provision	6,394	5,861
Free Product Fund provision	848	866
Other provisions for risks and charges	7,996	7,495
Total current provisions for risks and charges	15,238	14,222

The increase in items relating to the Warranties provision and the Rebates provision was primarily due to the increase in revenues from registered products during the year 2023 compared to the first half of 2022.

The increase in the item relating to the Non-Competition Agreement provision relates to the reclassification carried out by the subsidiary TG Germany, the amount of which was classified in the previous year under other payables for employees.

The increase in the item Other current provisions for risks and charges was generated primarily by the following combined effect: the recognition of provisions of Euro 1,925 thousand relating to the part of the liquidity present at the Russian affiliated company Technogym AO, which following the limitations imposed by the Russian Federation due to the conflict in Ukraine, is deemed at risk should it be distributed to the parent company, taking into account the methods in the course of assessment; a decrease in the provision for employees bonuses, as the amounts recorded at the end of 2022 were paid in May 2023 and only the amounts referring to the first 6 months of the current year were set aside.

5.9 TRADE PAYABLES

The item “Trade payables” amounted to Euro 152,700 thousand at 30 June 2023 (Euro 173,559 thousand at 31 December 2022). 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.

Notes to the income statement

5.10 REVENUES

In the half year ended 30 June 2023, the item “Revenues” totalled Euro 368,830 thousand (Euro 324,001 thousand in the half year ended 30 June 2022).

The following table reports the amounts of revenues for the half year ended 30 June 2023 and the half year ended 30 June 2022:

<i>(In thousands of Euro)</i>	Half year ended 30 June	
	2023	2022
Revenues		
Revenues from the sale of products, spare parts, hardware and software	292,899	263,620
Revenues from transport and installation, after-sale and rental assistance	75,931	60,381
Total revenues	368,830	324,001

For further information on the identification of the operating segments and the allocation of revenues by distribution channel and geographical area, see the “Segment reporting” section of this document.

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

In the half year ended 30 June 2023, the item “Raw materials, work in progress and finished goods” totalled Euro 121,343 thousand (Euro 108,221 thousand in the half year ended 30 June 2022).

The following table provides details of purchases and changes in raw materials, work in progress and finished goods for the half year ended 30 June 2023 and the half year ended 30 June 2022:

<i>(In thousands of Euro)</i>	Half year ended 30 June	
	2023	2022
Purchases and changes in raw materials, work in progress and finished goods		
Purchases and changes in raw materials	78,533	71,329
Purchases and changes in finished goods	43,570	36,376
Purchases and changes in packaging and cost of custom duties	687	961
Change in inventory of work in progress	(1,447)	(445)
Total purchases and changes in raw materials, work in progress and finished goods	121,343	108,221

The increase in this item was mainly attributable to the higher volumes generated by the Group in the course of the year, as well as an increase in prices for the purchase of raw materials and finished goods compared to the first half of 2022 and which did not fully incorporate the inflationary effects that stabilised towards the end of the previous year.

5.12 COST OF SERVICES

In the half year ended 30 June 2023, the item “Cost of services” totalled Euro 105,031 thousand (Euro 90,535 thousand for the half year ended 30 June 2022).

The following table reports the amounts of costs of services for the half year ended 30 June 2023 and the half year ended 30 June 2022:

<i>(In thousands of Euro)</i>	Half year ended 30 June	
	2023	2022
Cost of services		
Transport of sales, customs duties and installation	24,359	30,362
Technical assistance	11,844	9,787
Marketing expenses	11,538	9,887
Rentals	4,249	3,800
Agents	4,200	4,014
Consulting services	5,896	4,309
Transport of purchases	14,164	6,679
Travel and business expenses	6,445	1,009
Outsourcing costs	3,498	4,155
Utilities	2,359	2,228
Maintenance costs	3,206	2,860
Other services	13,273	11,445
Total cost of services	105,031	90,535

The higher increases compared to 30 June 2022 essentially refer to the strong recovery in the business and the higher volumes linked to the BtoB segment, which entailed an increase in transportation costs and more after-sales support and installation activities. Furthermore, the group is continuing to make marketing investments in order to consolidate growth in the BtoC segment.

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

5.13 PERSONNEL EXPENSES

In the half year ended 30 June 2023, the item “Personnel expenses” totalled Euro 81,859 thousand (Euro 72,924 thousand in the half year ended 30 June 2022).

The following table reports the amounts of personnel expenses for the half year ended 30 June 2023 and the half year ended 30 June 2022:

<i>(In thousands of Euro)</i>	Half year ended 30 June	
	2023	2022
Personnel expenses		
Wages and salaries	61,820	52,273
Social security contributions	14,846	13,386
Provisions for employee benefit obligations	1,607	1,500
Other costs	3,586	5,765
Total personnel expenses	81,859	72,924

The increase in this item compared to the previous year is mainly correlated with the adjustment of salaries and wages, in response to inflation and extended increases in the prices of goods and services, as well as the increase in the workforce compared to the previous year. Please also note that this item includes non-recurring expenses referring to personnel expenses not linked to normal operations for Euro 530 thousand (Euro 780 thousand as of 30 June 2022).

The following table reports the average and exact number of employees, broken down at 30 June 2023 and at 31 December 2022:

<i>(in number)</i>	Half year ended 30 June 2023		Year ended 31 December 2022	
	Average	Year-end	Average	Year-end
Number of employees				
Managers	70	69	69	71
White-collar	1,546	1,569	1,431	1,456
Blue-collar	615	616	646	616
Total number of employees	2,231	2,254	2,146	2,143

5.14 INCOME TAXES

In the half year ended 30 June 2023, the item “Income tax expenses” totalled Euro 8,210 thousand (Euro 7,484 thousand in the half year ended 30 June 2022).

The following table reports the amounts of Income taxes for the half year ended 30 June 2023 and the half year ended 30 June 2022:

<i>(In thousands of Euro)</i>	Half year ended 30 June	
	2023	2022
Income taxes		
Current taxes	8,699	8,542
Deferred taxes	(478)	(877)
Total income taxes for the year	8,221	7,665
Taxes relating to prior years	(11)	(181)
Total income taxes	8,210	7,484
<i>of which non-recurring income taxes</i>	<i>(976)</i>	-

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

Please also note that the item includes non-recurring expenses relating to the tax effect on the revaluation of the equity investment in Technogym Emirates LLC, amounting to Euro 976 thousand.

5.15 EARNINGS PER SHARE

The following table reports the calculation of basic earnings per share for the half year ended 30 June 2023 and the half year ended 30 June 2022:

<i>(In thousands of Euro)</i>	Half year ended 30 June	
	2023	2022
Earnings per share		
Profit for the period	28,474	23,459
Number of shares	201,328	201,328
Total earnings per share	0.14	0.12

Note that Technogym does not hold own shares in the portfolio.

As concerns changes in the number of shares, reference is made to the paragraph “Information on shares” in the interim board of directors' report.

5.16 NET FINANCIAL POSITION

The following table reports the details of net indebtedness of the Group as of 30 June 2023 and 31 December 2022, determined in accordance with the new ESMA Guidelines of 4 March 2021 (Consob warning notice no. 5/21 to Consob Communication DEM/6064293 of 28 July 2006).

<i>(In thousands of Euro)</i>	As of 30	As of 31
	June	December
	2023	2022
Net financial position		
A. Cash	138,281	190,215
B. Cash equivalents	35,612	15,143
C. Other current financial assets	2,530	20,520
D. Liquidity (A) + (B) + (C)	176,423	225,878
E. Current financial payables (including debt instruments, but excluding the current part of non-current financial payables)	(38,057)	(28,441)
F. Current part of non-current financial payables	(5,003)	(9,137)
G. Current financial indebtedness (E) + (F)	(43,060)	(37,578)
H. Net current financial indebtedness (G) + (D)	133,362	188,300
I. Non-current financial payables (excluding the current part and debt instruments)	(60,944)	(66,431)
J. Debt instruments	-	-
K. Trade payables and other non-current payables	(191)	(287)
L. Non-current financial indebtedness (I) + (J) + (K)	(61,135)	(66,718)
M. Total financial indebtedness (H) + (L)	72,227	121,582

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

The net financial position as of 30 June 2023, which includes the effects of adopting IFRS 16, was positive by Euro 72,227 thousand, down compared to Euro 121,582 thousand at the end of the previous year. This decrease is due to negative seasonal adjustments, with respect to cash flows, and the payment of dividends.

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

At 30 June 2023 there are no restrictions or limitations to the use of the cash of the Group, except for minor amounts relating to specific circumstances closely linked to commercial operations of certain Group entities. Please also note that as of 30 June 2023, the cash and cash equivalents at the Russian subsidiary amount to roughly Euro 7.7 million, primarily resulting from earnings from previous years. The Group recognised a provision of risks and charges of Euro 1,925 thousand in this regard as, following the limitations imposed by the Russian Federation due to the conflict in Ukraine, is deemed at risk should it be distributed to the parent company, taking into account the methods in the course of assessment.

The following table shows the amounts of credit lines available and used as of 30 June 2023 and 31 December 2022.

<i>(in thousands of Euro)</i>	Cash credit lines	Self-liquidating credit lines	Financial credit lines	Total
As of 30 June 2023				
Credit lines	47,000	11,753	222,187	280,940
Utilisations	-	-	(7,187)	(7,187)
Credit lines available at 30 June 2023	47,000	11,753	215,000	273,753
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

5.17 FAIR VALUE DISCLOSURE

As of 30 June 2023 and 31 December 2022, the book value of financial assets and liabilities is the same as their fair value.

IFRS 7 outlines three levels of fair value for the measurement of financial instruments 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 period, there were no transfers between the three levels of fair value indicated in IFRS 7.

5.18 RISK DISCLOSURE

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

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

Financial instruments by category

The following tables show the financial assets and liabilities by category of financial instrument, in accordance with IFRS 9 and the fair value hierarchy level at 30 June 2023 and 31 December 2022:

30 June 2023 (In thousands of Euro)	Financial assets	Financial assets 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					
	Other non-current assets	75,494	-					
Non-current financial assets	200	-	-	200	-	-	-	-
Non-current financial assets	75,694	-	890	76,585	-	-	890	890
Trade receivables	113,377	-	-	113,377	-	-	-	-
Cash and cash equivalents	173,893	-	-	173,893	-	-	-	-
Assets for derivative financial instruments	-	-	1,114	1,114	-	1,114	-	1,114
Current financial assets	1,416	-	-	1,416	-	-	-	-
Other current assets	31,511	-	-	31,511	-	-	-	-
Current financial assets	320,196	-	1,114	321,310	-	1,114	-	1,114

31 December 2022 (In thousands of Euro)	Financial assets	Financial assets 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					
	Other non-current assets	72,947	-					
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

30 June 2023 (In thousands of Euro)	Financial liabilities	Financial liabilities carried at fair value	Financial liabilities carried at fair value	Total	Level 1	Level 2	Level 3	Total
	Amortised cost	FV vs OCI	FV vs P&L					
	Non-current financial liabilities	60,944	-					
Other non-current liabilities	45,711	-	-	45,711	-	-	-	-
Non-current financial liabilities	106,655	-	-	106,655	-	-	-	-
Current financial liabilities	42,737	-	-	42,737	-	-	-	-
Trade payables	152,700	-	-	152,700	-	-	-	-
Liabilities for derivative financial instruments	-	-	324	324	-	324	-	324
Other current liabilities	93,645	-	-	93,645	-	-	-	-
Current financial liabilities	289,082	-	324	289,405	-	324	-	324

31 December 2022 (In thousands of Euro)	Financial liabilities	Financial liabilities carried at fair value	Financial liabilities carried at fair value	Total	Level 1	Level 2	Level 3	Total
	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

5.19 RELATED PARTY TRANSACTIONS

The Group's transactions with related parties, (hereinafter also “**Related party transactions**”) identified based on criteria defined by IAS 24 – Related party disclosures, are primarily of a commercial nature and connected with transactions carried out on an arm's length basis. The table below details the equity balances of related party transactions as of 30 June 2023 and 31 December 2022:

<i>(In thousands of Euro)</i>	Property, plant and equipment		Other non-current assets		Trade receivables		Other current assets		Non-current financial liabilities		Trade payables		Current financial liabilities	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun
Technogym Emirates LLC	-	-	13	-	(22)	-	1,266	-	-	-	312	-	-	-
PUBBLISOLE SPA	-	-	-	-	-	13	-	-	-	-	-	-	-	-
CONSORZIO ROMAGNA INIZIATIVE SANDCROFT AVENUE LIMITED	-	-	-	-	-	-	26	39	-	-	16	16	-	-
WELLINK SRL	-	-	-	-	-	-	-	-	-	-	50	31	-	-
ALFIN SRL	-	-	-	-	3	3	-	-	-	-	126	198	-	-
VIA DURINI 1 S.R.L.	5,615	6,381	-	-	-	-	-	-	4,915	5,614	3	163	860	996
STARPOOL S.R.L.	-	-	-	-	-	-	-	-	-	-	4	4	-	-
ONE ON ONE SRL	-	-	-	-	9	24	-	-	-	-	232	334	-	-
Sobeat s.r.o.	3,479	3,134	-	-	-	-	-	-	3,625	2,930	145	-	2,636	3,330
WELLNESS FOUNDATION	-	-	-	-	-	-	-	-	-	-	-	12	-	-
WF S.R.L.	-	-	-	-	-	-	-	-	-	-	-	122	-	-
Uberti Società Semplice	-	-	-	-	-	-	-	-	-	-	-	14	-	-
Physio AG	-	-	-	-	1	-	-	-	-	-	113	59	-	-
Wellness Explorers Srl	-	-	-	-	3	-	-	-	-	-	-	-	-	-
Total	9,094	9,515	13	-	(6)	40	1,292	39	8,540	8,544	1,002	953	3,457	4,326
Total Financial Statements	164,122	164,439	73,544	76,384	110,824	113,377	27,178	31,511	66,431	60,944	173,559	152,700	37,501	42,737
% on financial statements item	5.5%	5.8%	0.0%	0.0%	0.0%	0.0%	4.8%	0.1%	12.9%	14.0%	0.6%	0.6%	9.2%	10.1%

The table below details the income statement balances of related party transactions as of 30 June 2023 and 30 June 2022:

<i>(In thousands of Euro)</i>	Revenues		Other revenues and income		Raw materials and work in progress		Cost of services		Personnel expenses		Other operating costs		Depreciation and amortisation		Financial expenses	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun
Technogym Emirates LLC	5,024	-	89	-	(78)	-	(162)	-	(102)	-	-	-	-	-	-	-
PUBBLISOL E SPA	-	-	-	-	-	-	-	11	-	-	-	-	-	-	-	-
Asso.Milano Durini Design FITKEY	-	-	-	-	-	-	-	-	-	-	(2)	(3)	-	-	-	-
SOUTH AFRICA PTY LTD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6
WELLINK SRL	-	-	-	-	-	-	(89)	(59)	-	-	-	-	-	-	-	-
ALFIN SRL	2	-	-	-	-	-	(63)	(185)	(39)	-	-	-	-	-	-	-
VIA DURINI 1 S.R.L.	-	-	-	-	-	-	(49)	(169)	-	-	(9)	(10)	(452)	(531)	(62)	(72)
ONE ON ONE SRL	3	20	-	-	-	-	(273)	(543)	-	-	-	-	-	-	-	-
ENERVIT SPA	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sobeat s.r.o.	-	-	-	-	-	-	80	74	-	-	-	-	(343)	(345)	-	-
WELLNESS FOUNDATION	-	-	-	-	-	-	-	(12)	-	-	-	-	-	-	-	-
WF S.R.L.	-	-	-	-	-	-	(100)	(150)	-	-	-	-	-	-	-	-
Uberti Società Semplice	-	-	-	-	-	-	(8)	(21)	-	-	-	-	-	-	-	-
Physio AG	79	7	-	-	-	-	(220)	(93)	-	-	-	-	-	-	-	-
Wellness Explorers Srl	-	-	9	2	-	(1)	(215)	-	-	-	-	-	-	-	-	-
Total	5,108	28	98	2	(78)	(1)	(1,099)	(1,148)	(140)	-	(10)	(13)	(796)	(875)	(62)	(66)
Total Financial Statements	324,001	368,830	1,223	1,172	(108,221)	(121,343)	(90,535)	(105,031)	(72,924)	(81,859)	(3,069)	(3,565)	(18,810)	(22,514)	(10,995)	(12,637)
% on financial statements item	1.6%	0%	8%	0.1%	0.1%	0%	1.2%	1.1%	0.2%	0%	0.3%	0.4%	4.2%	3.9%	0.6%	0.5%

The relationship between the Group and related parties as of and for the periods ended 30 June 2023, 31 December 2022 and 30 June 2022 are mainly commercial.

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 of the Board of Directors of the Company amounted to Euro 1,256 thousand for the half year ended 30 June 2023 (Euro 1,252 thousand for the half year ended 30 June 2022). In addition, the total amount of compensation for key management amounted to Euro 924 thousand for the half year ended 30 June 2023 (Euro 910 thousand for the half year ended 30 June 2022).

5.20 CONTINGENT LIABILITIES

As of 30 June 2023 there were no ongoing legal or tax proceedings against any Group companies and therefore, no particular provisions for risks and charges have been recognised, with the exception of the following described.

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

The company, assisted by its local tax advisors and lawyers, opposed the presumptions of the local administration and the first rulings against it, as it believes that it has always operated in full compliance with local tax and customs provisions. Consequently, the decision was taken not to allocate any provision, as the risk of losing the appeal procedure is not deemed likely.

5.21 COMMITMENTS AND GUARANTEES

As of 30 June 2023 the Company issued guarantees to credit institutions on behalf of subsidiaries for Euro 21,524 thousand (Euro 3,469 thousand as of 30 June 2022), in favour of all subsidiaries participating in cash pooling and on behalf of related parties for Euro 3,840 thousand (Euro 3,944 thousand as of 30 June 2022). The guarantees issued by the Group in favour of public institutions and other third parties amounted to Euro 2,056 thousand (Euro 2,443 thousand at 30 June 2022).

5.22 SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

Net non-recurring income on EBITDA, amounting to Euro 3,238 thousand, was generated primarily by the positive effects of the valuation of the equity investment in Technogym Emirates LLC for a value of Euro 4,066 thousand and the departure of Technogym Manno from the Group, which resulted in the closure in the income statement of the translation reserve for a value of Euro 468 thousand. These values are partially offset by personnel expenses and the relative costs not associated with normal operations for Euro 1,296 thousand. Please recall that the valuation of Technogym Emirates LLC is linked to its line-by-line consolidation starting from the current year, following a modification of the outstanding shareholders agreements, and not an increase in the shares held by Technogym, amounting to 49%.

In addition to the values described above, the Group recognised non-recurring expenses for provisions for risks and charges of Euro 1,925 thousand correlated with part of the liquidity present at the Russian affiliated company Technogym AO, which, following the limitations imposed by the Russian Federation due to the conflict in Ukraine, is deemed at risk should it be distributed to the parent company, taking into account the methods in the course of assessment. Considering this value, net non-recurring income out of Net operating income as of 30 June 2023 amounted to Euro 1,313 thousand.

Lastly, considering the tax effect on the measurement of the equity investment in Technogym Emirates LLC, amounting to Euro 976 thousand, in the course of the first half of 2023 the Group generated net non-recurring income of Euro 337 thousand. In the first half of 2022, the group recognised non-recurring expense of Euro 1,540 thousand relating primarily to personnel expenses and the relative costs not associated with normal operations.

5.23 POSITIONS OF TRANSACTIONS ARISING FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

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

Certification of the condensed half-yearly consolidated financial statements pursuant to Article 81-ter of the CONSOB regulation 11971 of 14 May 1999 as amended

1. The undersigned Nerio Alessandri, as Chairman of the Board of Directors and Chief Executive Officer, and 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 (Consolidated Law on Finance), hereby certify:

- the adequacy of administrative and accounting procedures in relation to the characteristics of the company and
- the effective implementation of the administrative and accounting procedures for the preparation of the half-yearly condensed consolidated financial statements, during the first half of 2023.

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

3. It is also certified that:

3.1 The Half-Yearly Condensed Financial Statements:

- a) have been drawn up in accordance with the international accounting standards recognised in the European Union under Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- b) are consistent with the entries in the accounting books and records;
- c) provide an accurate and fair view of the assets and liabilities, profits and losses and financial position of the issuer and the group of companies included in the consolidation.

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

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

Cesena, 02 August 2023



REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of
Technogym SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Technogym SpA and its subsidiaries (“Technogym Group”) as of 30 June 2023, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders’ equity, the consolidated statement of cash flow and the related notes. The directors of Technogym SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

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

Conclusion

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

PricewaterhouseCoopers SpA

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June 2023 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Bologna, 2 August 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

