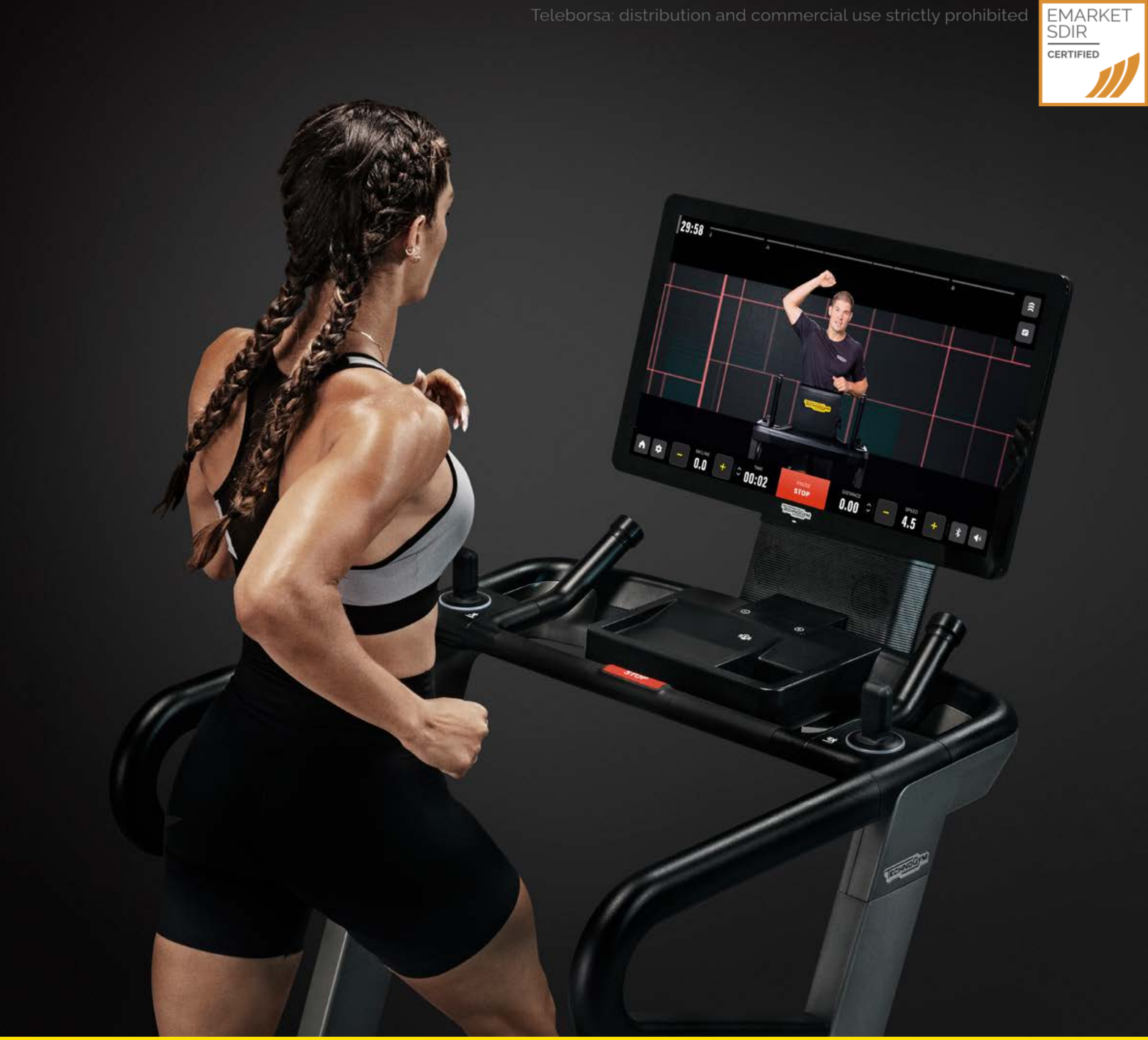

Annual Report 2023

TECHNOGYM®

ANNUAL REPORT AS OF 31 DECEMBER 2023

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BOARD OF DIRECTORS' REPORT

FIRST SECTION

Letter to the shareholders

Dear Shareholders,

In an increasingly uncertain global scenario, sport and health are emerging as a key consumer trend all over the world, and Technogym is showing that it can respond to this opportunity through its exclusive ecosystem, able to offer people personalised and engaging wellness experiences anywhere: in the gym, at home, in hotels, at work, at the doctor's and outdoors.

Our 2023 results, positive across all economic-financial indicators, despite the significant investments made in digital transformation, confirm our path of sustainable and profitable growth over the years, as promised during the listing phase.

At Technogym, we coined the term wellness over 30 years ago and today this legacy allows us to be credible and relevant in the areas of life sciences and healthy longevity, fields in which, thanks to our connected ecosystem and our AI-based products and services, we see strong potential for future development.

2024 will be a special year for Technogym, marked by two extraordinary events: the Paris 2024 Olympic Games and the "Design to Move" exhibition during the Salone del Mobile.

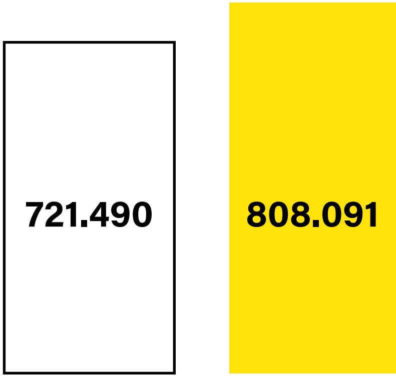
Paris 2024 will be Technogym's ninth time as Official Supplier to the Olympic Games, a position that will give us a significant competitive advantage in the fast-growing sport performance market, not only among athletes, but also among the general public. The Design to Move exhibition at the Salone del Mobile, on the other hand, will celebrate 40 years of Technogym through 40 unique Technogym Benches created by 40 designers and artists from around the world and will provide a further opportunity to position Technogym as a leading design and luxury lifestyle brand.

Therefore, starting from the solid results in 2023, from the rich programme of events and innovations planned for 2024, we are confident about continuing our profitable, sustainable and long-term growth path with the aim of creating value for shareholders and for all stakeholders, becoming increasingly prominent in the area of education on wellness and healthy lifestyles, in line with our mission "Let's Move for a Better World".

Nerio Alessandri

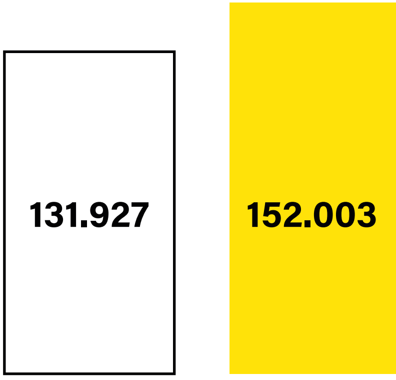
Financial Highlights

Revenues



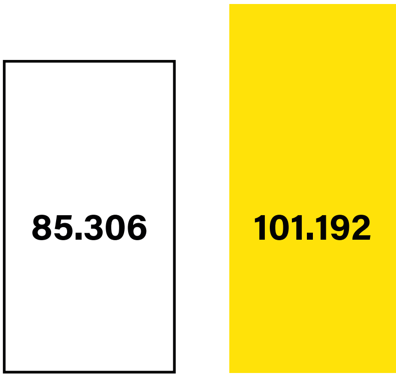
+12%

Adj. EBITDA [1]



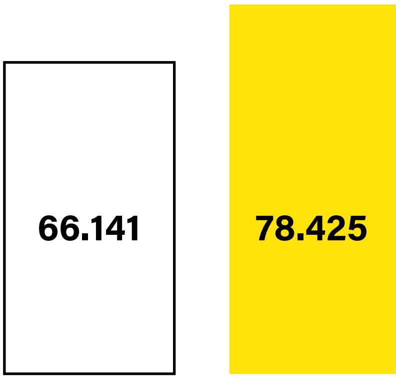
+15.2%

Adj. EBITDA [2]

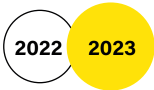


+18.6%

Adj. Profit [3]



+18.6%



[in millions of Euro and ratios]

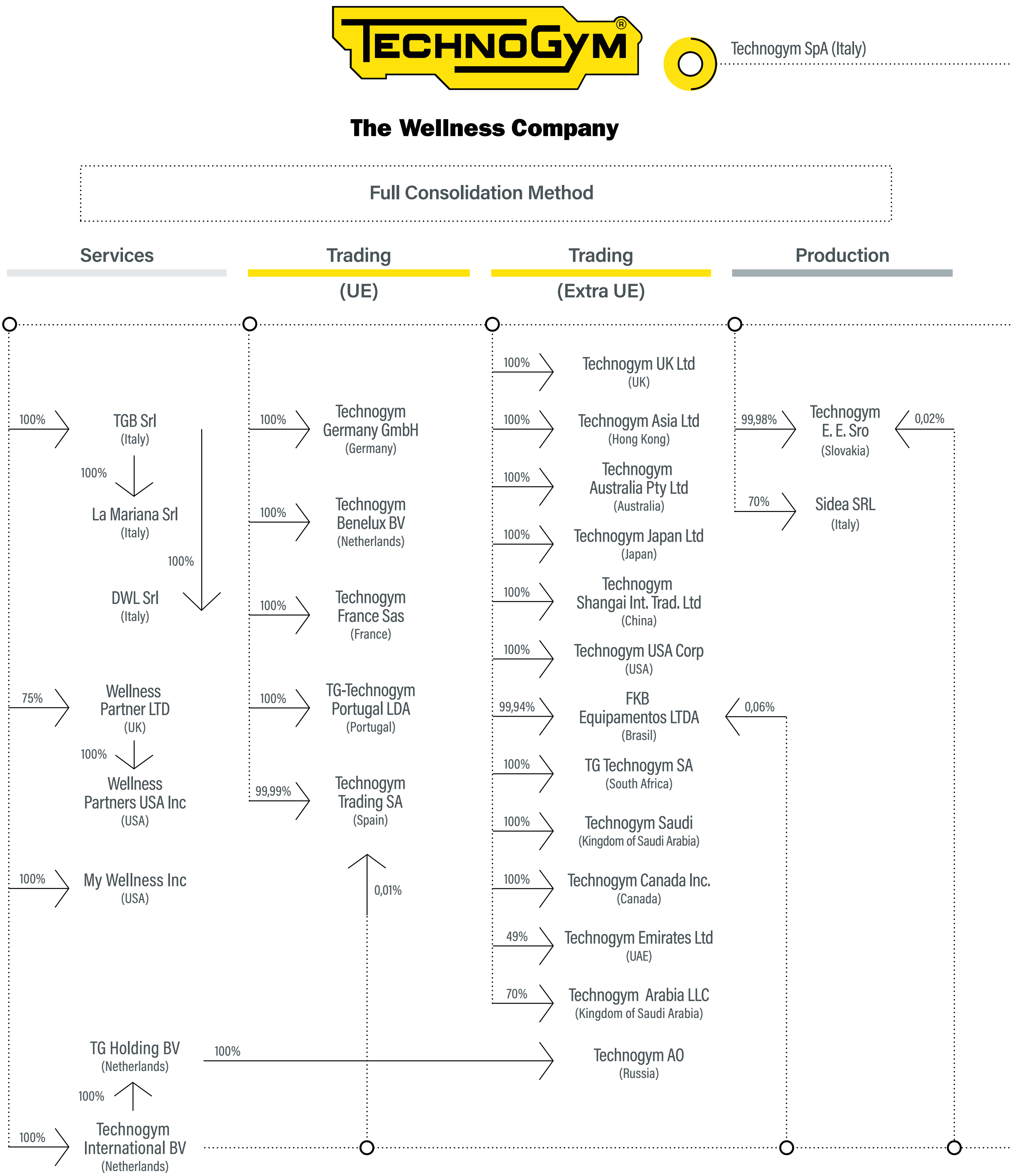
1. The Group defines:
   - adjusted EBITDA as the net operating income, adjusted by the following income statement items: (i) net provisions; (ii) depreciation, amortisation and impairment losses (write-backs) and (iii) non-recurring income/(expenses);
   - EBITDA as the net operating income, adjusted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

Corporate bodies

Board of Directors	
President and Chief Executive Officer	Nerio Alessandri
Deputy Chairperson	Pierluigi Alessandri
Directors	Erica Alessandri Francesca Bellettini (1) Carlo Capelli (2) Maurizio Cereda (3) Chiara Dorigotti (1) (3) (5) Melissa Ferretti Peretti (1) (4) Vincenzo Giannelli (1) (4) Maria Cecilia La Manna (1) (3) (5) (6) Luca Martines (1) (4) (5)
Board of Statutory Auditors	
Chairperson	Francesca Di Donato
Standing Auditors	Pier Paolo Caruso Fabio Oneglia
Alternate Auditors	Laura Acquadro Stefano Sarubbi
Supervisory Body	
Chairperson	Andrea Ciani
Members	Giuliano Boccanegra Riccardo Pinza
Financial Reporting Officer	William Marabini
Independent Auditors	PricewaterhouseCoopers S.p.A.

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

Group Organisational Chart



Equity Consolidation Method

Jointly controlled Entity

- Wellink srl (Italy) — 40,0%
- Physio Ag (Germany) — 31,5%

Not Consolidated

Other Companies

- Qicraft Finland OY (Finland) — 10,0%
- Pubblisole Spa (Italy) — 2,4%
- Consorzio Romagna Iniziat. (Italy) — 12,5%
- Crit Srl (Italy) — 1,2%
- Sviluppo Imprese Romagna Spa (Italy) — 4,44%

- Qicraft Norway AS (Norway) — 10,0%
- Qicraft Sweden AB (Sweden) — 10,0%
- Fimex AG (Switzerland) — 5,0%

SHAREHOLDERS

As of 31 December 2023, the Issuer's share capital was held in the following proportions: (i) 33.78% by TGH S.r.l., a limited liability company incorporated under Italian law, whose share capital is 75%-owned by Oiren S.r.l. and 25%-owned by Path S.r.l.; (ii) 4.38% by NIF Holding S.r.l., a limited liability company incorporated under Italian law, with the Public Investment Fund (PIF), based in Saudi Arabia, at the head of its control structure. As of 31 December 2023, the remaining 61.84% of the Issuer's share capital was free float on Borsa Italiana's EXM (screen-based stock exchange).

The Issuer is not subject to the management and coordination of TGH S.r.l., nor of the direct and indirect parent companies of that latter nor third parties.

Refer to the "Corporate Governance Report" for more details; the report is based on the model prepared by Borsa Italiana for corporate governance reports and is available in the "Corporate Governance" section of the website, at http://corporate.technogym.com, in the section "Governance/Shareholders' meetings" and "Governance/Reports".

1 Technogym

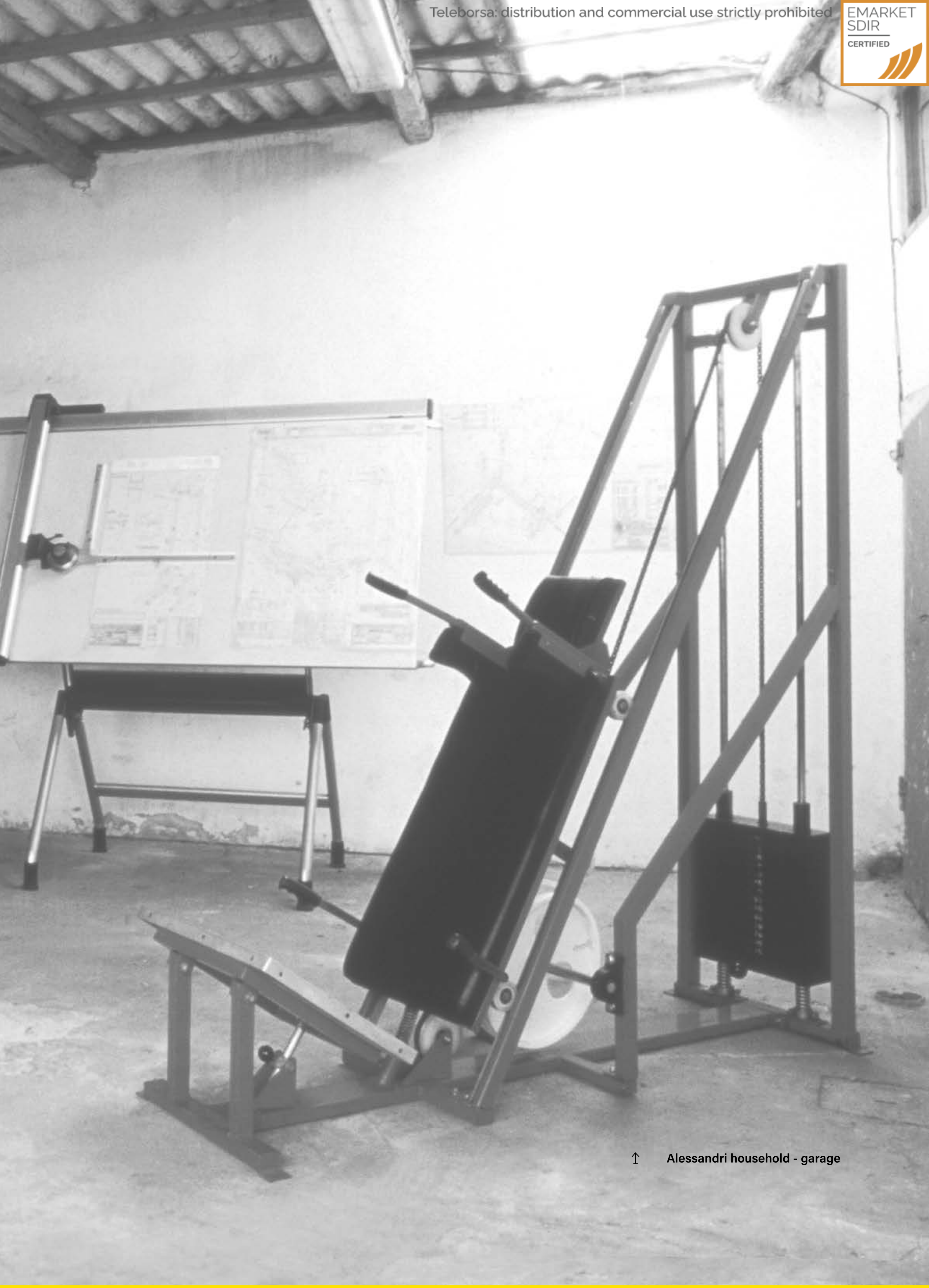
1. THE TECHNOGYM BRAND

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

We're in the early 1980s, when Europe's fitness industry was still considered a small niche market. Gyms, often equipped with very rudimentary machines, were mainly the preserve of body-builders. Nerio Alessandri sensed that there was a growing need for technologically and functionally superior physical exercise equipment that respected consumers' health. He also saw that the fitness industry could potentially appeal to a wider, more diversified public, as society gradually realised the importance of physical exercise in mental and physical health and wellness. Today, nearly 40 years on, Technogym is recognised worldwide as a leader in the supply of technologies, services and design products for the fitness, wellness and sports sector, thanks to its comprehensive range of cardio, strength and functional training equipment, apps and services (after sales, training and consultancy, interior design, marketing support and finance). All Technogym products are integrated into the Technogym Ecosystem, the digital ecosystem that allows users to connect to their personal Wellness experience wherever they are, through Technogym products or mobile devices.

Over the years, the range of Technogym products has broadened to cover all market segments belonging to both the BtoB and BtoC channels. More specifically, Technogym products are now used in 85,000 Wellness centres and more than 400,000 homes worldwide.

Technogym was chosen for the ninth time as Official Supplier to the Paris 2024 Games, following on from Sydney 2000, Athens 2004, Turin 2006, Beijing 2008, London 2012, Rio 2016, PyeongChang 2018 and Tokyo 2020, and is the go-to brand for the training of champions around the world.



↥ **Alessandri household - garage**

Milestones in Technogym's history

1983

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

1984

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

1986

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

End of the '80s

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

1990

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

1992

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

DISTRIBUTION Segments

1996

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

2000

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

2002

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

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

2007

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

2010

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

Milestones in Technogym's history

2012

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

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

2014

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

2015

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

2016

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

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

2017

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

2018

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

2019

Starting from the "Wellness on the go" strategy, which saw the development of a seamless and integrated digital ecosystem consisting of smart equipment, Mywellness cloud and apps, offering a custom training experience - in 2019, Technogym unveils the **Technogym Live** platform, offering training experiences and group classes run by trainers from all over the world on Technogym equipment at home, at the gym, in hotels and at work.

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

2020

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

2021

Technogym is **Official Supplier to the Olympic Games for the eighth time**, at Tokyo 2020.
In June, the **Technogym App** is launched on the market, the application that offers customised workouts with on-demand videos with the best trainers, allowing users to train at home, in the gym, at the office, while travelling and outdoors, thanks to the smart coach.

In October, **Technogym and Dior** announce their partnership to create exclusive limited-edition fitness products available in Dior Vibe pop-up stores.

2022

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

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

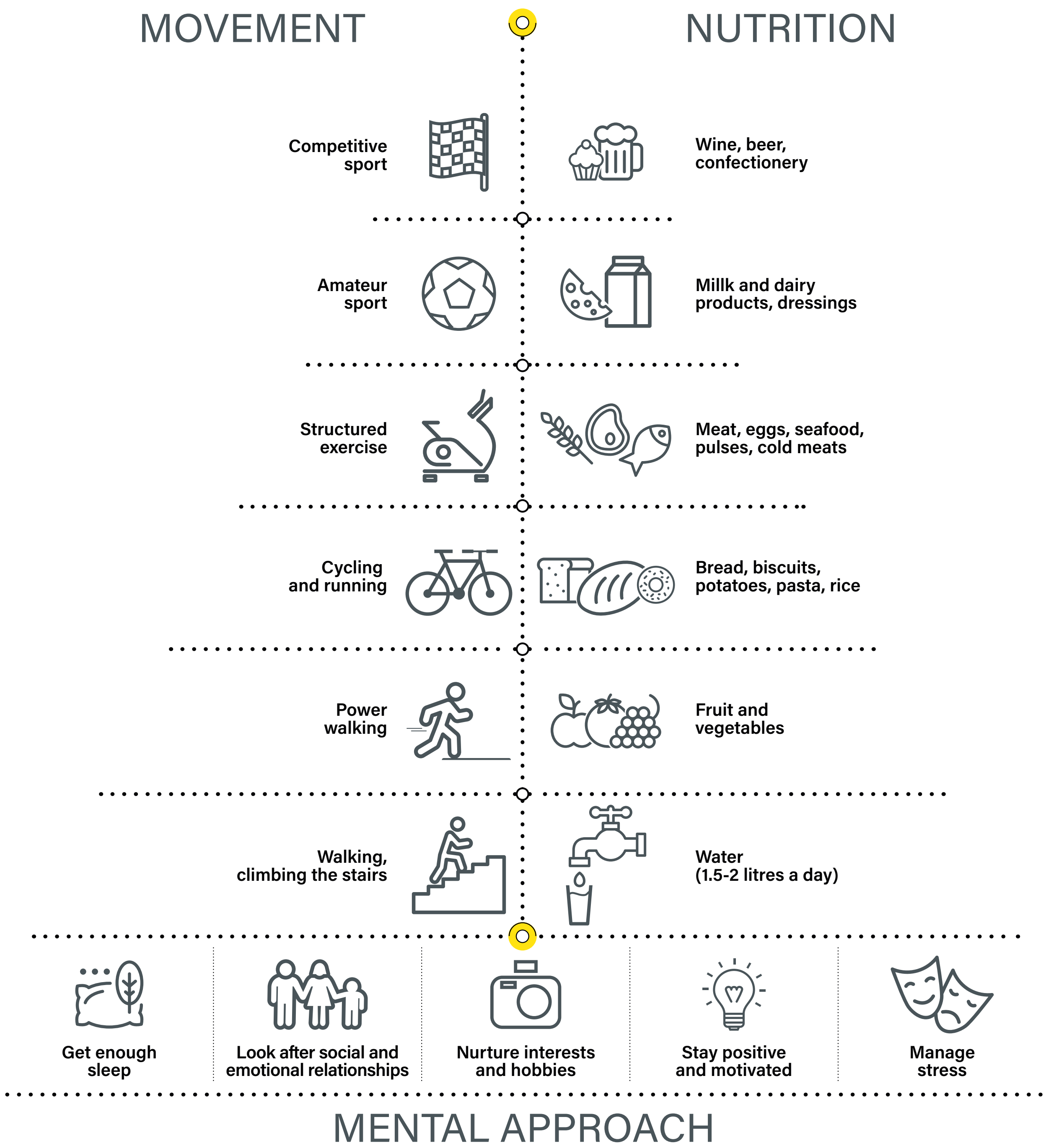
2023

Technogym presents **Technogym Run**, the first treadmill for cardio and strength training that offers a wide range of on-demand training modes and programmes.

Technogym is named **Official Supplier to the Paris 2024 Olympic Games** for the ninth time.

Technogym Village hosts the arrival of the **ninth stage of the Giro d'Italia**.

The Technogym Wellness Lifestyle® Pyramid



1.2 WELLNESS®

"Wellness®" is a lifestyle, promoted by Technogym, aimed at improving quality of life through education and regular physical activity, a balanced diet, and a positive mental attitude. During the early 90s, while the stereotypical muscle-bound image of fitness personified by Jane Fonda and Sylvester Stallone was all the rage in the USA, in Emilia-Romagna Nerio Alessandri was launching a new vision: Wellness®, an all-Italian lifestyle whose roots lie in the Roman concept of "mens sana in corpore sano" (healthy mind, healthy body). It was nothing short of a revolution, which transformed a business based on hedonism into a social one, from looking good to feeling good, from attracting only a small number of super-fit gym enthusiasts to the possibility of embracing the whole population.

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

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

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

Mission and Vision

Technogym's Mission is to help people live better through regular physical exercise and the promotion of the Wellness Lifestyle. Wellness as a lifestyle is a social opportunity for all stakeholders: for governments, which can reduce health spending by promoting prevention, for companies, which can increase productivity by investing in wellness programmes, and for the general public, who can improve their health and the quality of their everyday lives.

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

1.3 STRATEGY

Technogym's objective is to help people to access their own customised Wellness experience, anytime, anywhere, by implementing a three-pillar strategy:

› **Wellness on the go:** the Technogym Ecosystem is a platform that helps everyone enjoy a personalised Wellness experience by accessing content and training programmes on any Technogym machine and on any personal device, at any time, anywhere in the world. The Technogym Ecosystem integrates equipment, dedicated mobile apps, the MyWellness cloud digital platform and specific content, programmes and services, offering fitness professionals the opportunity to connect with their clients wherever they may be.

› **Brand Development:** in recent years, the Technogym brand has followed a positioning strategy based on two principal objectives: being a Premium brand in the Club, H&R and HCP segments, and being an aspirational brand in the Home and Consumer segments.

Through marketing and communication, the Technogym brand establishes its values with a clear, coherent strategy that has helped Technogym to position itself as an internationally recognised name.

› **Global presence in the different market segments:** Technogym is expanding globally in various market segments, thanks to an omni-channel distribution strategy which includes Retail, Field Sales, Wholesale and Inside Sales.

1.4 THE BUSINESS MODEL

Over the years, Technogym has become well-known for interpreting and anticipating its customers' needs, creating a global community of over 50 million people who train every day on its machines in 85,000 fitness centres and in more than 400,000 private homes in 100 countries worldwide. Today, Technogym is an international benchmark in the wellness sector, and as such is able to offer complete solutions for fitness, sport and health.

Innovation, design and product development

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

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

To date, Technogym has an intellectual property portfolio of 388 patents, 497 designs and 428 national and international trademarks, which include 24 patents, 36 designs and 4 trademarks registered in 2023.

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.

2023 saw the continuation of the Technogym Ecosystem rollout on the market, the first and only cloud-based platform in the wellness sector; it allows individual users to access their personal data and training programmes and provides a complete range of (consumer and professional) apps to access their individual wellness programmes, including via mobile devices. The platform makes it possible to connect end users, professional operators and Technogym products ("Wellness on the Go") in real time and in any environment, by aiming to offer, on the one hand, greater personalisation and general improvement in the wellness experience for users and, on the other, new opportunities for professional operators to widen their customer base and retain customers.

In March, Technogym launched Technogym Run, the first treadmill for cardio and strength training that offers a wide range of on-demand training modes and programmes.

As part of its digital strategy, Technogym has presented a number of connected training solutions such as Technogym Visio, the first display designed to provide training assistance and engaging fitness content, and which offers unsupervised one-to-one training experiences that can be configured based on the available equipment, and Teambeats, the digital solution for group training that allows users to train easily and without distractions, while also having fun and achieving better results more quickly.

In November, Technogym launched Skillup, Technogym's new ergometer for complete and intense upper body training. Designed to train the whole body and especially all the upper muscle groups by simulating the athletic movement of cross-country skiing, thanks to MULTIDRIVE TECHNOLOGY, the one-of-a-kind dual resistance technology from Technogym, Skillup allows you to build more power into a cardio workout, for a complete, effective workout. Skillup enriches the Technogym Skill Line, designed alongside athletes and sports champions from all over the world and in collaboration with prestigious research institutes and universities.

Medical-Scientific Research

A scientific approach is an integral part of TECHNOGYM's product development, and the company works with many experts in the field as well as with numerous Italian and international universities. The collaboration with sports federations and professional teams for the testing of high-level athletes is also well structured.

These partnerships focus on the biomechanical and physiological analysis of products being developed, in order to certify their security and effectiveness and study the benefits for sport and health. For athletes, TECHNOGYM offers them training support using Technogym Lab technologies. In the new 'Technogym Lab', located at the headquarters in Cesena and equipped with the most advanced technologies, both elite athletes and Technogym products under development are tested.

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

Digital innovation

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

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

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

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

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

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

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

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

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

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

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

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

Design and Innovation awards

Italian style and design have always been distinctive characteristics of Technogym worldwide. For over 13 years, the company has participated in the Salone del Mobile in Milan, the most important design event in the world. It collaborates with Antonio Citterio, one of Italy's most renowned architects, and boasts a top Design Department within its Research and Development Centre.

Over the years, Technogym products have been recognised with a long list of international design awards, including 3 Compassi d'Oro, 19 ADI Awards, 14 Red Dot Design Awards, 3 International Design Excellence Awards, 6 iF Awards, 11 Good Design Awards, 2 German Design Awards and 1 German Innovation Award.

1.5 PRODUCTION

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

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

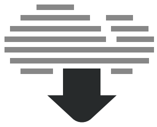
Assembly is performed at Technogym's two production facilities: at the Technogym Village in Cesena and in Malý Krtíš (Slovakia).

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

The offer: Total Wellness Solution

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

Fitness, Wellness and sports equipment



Cloud platform and digital products

Services
After sales, Training, Interior Design, Marketing Support and Finance

Content
Digital training videos available on product displays

Equipment

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

1.6 NEW PRODUCTS LAUNCHED IN 2023

Technogym Run

Technogym Run is the first treadmill for cardio and strength training, and offers a wide range of on-demand training modes and programmes. Developed from Technogym's forty years of experience in the fitness and sports sector, Technogym Run offers home users the same level of quality and technology as they would find at the best gyms, plus an unprecedented variety of training types: from cardio to strength and bootcamp.

The 27" Technogym Live console allows users to choose their preferred training experience from a wide range of training programmes and modes (cardio, strength or high intensity) or from the on-demand training video library, which includes trainer-led sessions, goal-specific routines, as well as virtual immersive outdoor training sessions that adjust the speed and gradient according to the chosen trail. In addition, Technogym Live offers an infinite number of entertainment options (including Netflix, YouTube, TV channels, social media and more). By choosing Bootcamp mode, the console provides exercises to be performed on the ground, off the treadmill, including using the Technogym Bench.

Technogym Visio

Technogym Visio is the first display designed to provide training assistance and engaging fitness content - ideal for gyms, hotels, apartment blocks or unsupervised fitness facilities. Users can instantly access a vast library of workouts tailored to the available equipment and their training goals and needs. The 32" touchscreen display makes Technogym training content immediately accessible and easy to view, offering unsupervised one-on-one training experiences that can be configured according to the available equipment. Technogym Visio is the right solution for any type of facility or business model to create an individual training experience without supervision or with a Personal Trainer through the variety of available content and modes, transforming any training space into an engaging and tailored fitness experience.

Technogym Skillup

Technogym Skillup is Technogym's new ergometer for comprehensive and intense upper body training, developed based on the company's performance training experience. Thanks to its experience as official supplier of fitness equipment at nine editions of the Olympic and Paralympic Games, Technogym offers users the most advanced biomechanics and training methods to accurately achieve the desired level of sports performance.

Designed to train the whole body and especially all the upper muscle groups by simulating the athletic movement of cross-country skiing, thanks to MULTIDRIVE TECHNOLOGY, the one-of-a-kind dual resistance technology from Technogym, Skillup allows you to build more power into a cardio workout, for a complete, effective workout. Skillup enriches the Technogym Skill Line, designed alongside athletes and sports champions from all over the world and in collaboration with prestigious research institutes and universities. The Skill products are for those who want to train like a professional athlete and achieve high athletic performance.

Teambeats

Teambeats is the digital solution for group training which allows users to train easily and without distractions, while also having fun and achieving better results more quickly. In the fitness market, the demand for group training solutions has skyrocketed. Now more than ever, users want to train together with other people who share the same passion. Teambeats adapts to any functional training or HIIT workout, and is designed to guide users in the best possible way during the class. The user interface has been completely revamped to avoid any problems at the start of or during a class, ensuring the best training at the right intensity. In addition, trainers have full flexibility to create classes on one or more screens, drawing on a vast library of training content. In this way, they can offer users variety and fun at the highest level, not forgetting the instructions for the correct performance of the exercise.


TECHNOGYM


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


TECHNOGYM


SMALL

TECHNOGYM PRODUCT RANGE

Excite Live Line

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

Skill Line

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

Personal Line

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

Artis Line

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

Kinesis Line

Kinesis is not merely a product, but an actual training discipline. Kinesis line products for functional training are designed to help users recover the functionality of free and natural movement, offering effective and adjustable training based on the level of experience and specific targets to be achieved.
The "Full Gravity" patent allows natural 360-degree movements, which fully activates the kinetic chains. The **"Kinesis Class"** configuration allows personal trainers to easily manage an entire class. Kinesis innovation and technology are also available in one single unit. Developed as a single free-standing unit with a reduced footprint, **Kinesis One** provides a complete training solution. **Kinesis Stations** are also part of the line.

Group Cycle

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

Pure Strength Line

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

Med Line

Products for cardiovascular exercise from the Excite Med line are sophisticated pieces of equipment dedicated to stress testing, patient assessment and rehabilitation. In terms of strength, Selection Med is characterised by the completeness of the range, its application versatility and the innovative Multiple Resistance System (patent pending) on Leg Press Med, a device which combines the benefits of elastic resistance with those of traditional weight stack training, to meet both rehabilitation and muscle strengthening needs. Finally, Technogym has designed a time-based circuit training solution, which is completely customisable according to specific patient needs: **Biocircuit Med**. Thanks to the patented Biodrive technology, the circuit machines are able to replicate different types of resistance in a precise and smart way. All medical lines are 93/42/EEC certified.

Home Line

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

Biocircuit

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

Skillathletic

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

Technogym Tools

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

Service

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

Interior Design

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

Financial Services

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

After Sales

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

Marketing Support

The promotion of Wellness, sporting partnerships and our global community give the Technogym brand a distinctive appeal, and make a positive contribution to our customers' business. Educational and promotional tools are used to raise awareness about Technogym equipment and its benefits, and allow customers to exploit our brand and communications as an asset for their business.

Networking Apps, Devices & Content

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

Technogym University

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

1.7 DISTRIBUTION

Fitness and Wellness Clubs continue to be one of the most significant market segments for Technogym. The growing awareness of consumers about the importance of health and the benefits of regular physical exercise led to a solid recovery of the global fitness club business in 2023. Large international groups are confirming plans for expansion and the opening of new locations, and several new players have entered the market by opening even just one club to benefit from the expected growth of the sector.

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

In this context, Technogym continues to be the trusted supplier for the most important chains of clubs in the world.

In the Hospitality & Residential sector, Technogym products are already present in the most prestigious hotels throughout the world, and in 2023 remained the leading brand for luxury hotels.

Increasingly, travellers around the world are interested in staying fit and active during their hotel stay, without neglecting exercise just because they are on holiday. Technogym, leader in the global promotion of an all-round healthy lifestyle, offers premium solutions that allow travellers to train with personalised workouts and maintain their wellness habits even when away from home.

In the year just ended, Technogym was present in the top 35 of the 50 most prestigious hotels in the world as ranked by Forbes, and in 41 out of the total 50 top-ranked hotels. Furthermore, the Group continues to be a key reference in the development of the most prestigious residential projects and in equipping the most important cruise ships.

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

More than 10,000 global companies use Technogym for their corporate wellness projects, some of which are located in Silicon Valley. Moreover, in 2023, the Group initiated numerous new collaborations with leading companies in Italy, the United Kingdom, Spain, Germany and many other countries.

In Education, the best universities and business schools chose Technogym for the promotion of the right lifestyles to young talent.

In the Sport Performance sector, in the first few months of the year, Technogym continued to equip numerous athletic training centres around the world, from sailing to motor racing, from the most important football clubs to tennis stars.

In the medical sector, Technogym was chosen by many healthcare centres of excellence at a global level, some of which are located in the United States, Hong Kong and the United Kingdom.

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

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

In 2023, new retail spaces were opened in New York, Hamburg, inside the famous London Selfridges department store and in Sydney, Australia.

Channels

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

› field sales, represented by Technogym sales personnel and sales agents;
› inside sales, including telemarketing and online sales;
› retail, represented by our ten directly-managed stores;
› wholesale, involving third-party distributors who operate in markets where we have no direct representatives.

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

Geographical areas

Technogym is present in all the major global markets. In 2023, around 90% of company sales occurred outside Italy and roughly 45% outside Europe.

In 2023, the group recorded growth in all parts of the world, with the exception of APAC countries, which were affected by the international macroeconomic situation in China in the first half of the year.

The results achieved in Europe were significant, driven by substantial growth in the UK, Spain and the MEIA area.

Marketing and communications

Marketing and communications at every stage of the Technogym operating model are the pillars of our strategy to develop and consolidate our position in the fitness market and in the Wellness industry as a whole. Over time, this has contributed significantly to making Technogym a distinctive brand, which is recognised worldwide for its quality, innovation and Italian design. A cornerstone of Technogym's marketing and communication strategy is its participation in the sports industry. Technogym is the official supplier to a large number of top teams and athletes, and has been the Exclusive Official Supplier of athletic training at eight Olympic Games and again at the upcoming Paris 2024 games.

1.8 EVENTS, REFERENCES AND PARTNERSHIPS

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

Key events in the year

In 2023, Technogym took part in numerous trade fairs and industry events at an international level. At the same time, the company organised a number of digital events and seminars as well as in-person events, with the aim of continuing its cultural and scientific outreach activities and maintaining contact with its customers and stakeholders. Events covered the most important topics of the fitness and wellness sector, in 4 main categories:

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

In 2023, the company organised the TECHNOGYM INNOVATION OUTLOOK event at Technogym Village, with attendees coming from all over the world. Among the many Technogym innovations connected to the Technogym Ecosystem presented at this event were the new digital solutions such as Teambeats and Technogym Visio, two new pieces of equipment from the Pure and Universe range, the versatile training solution for functional and strength training that offers a huge variety of workout, resistance and digital content options. The TECHNOGYM INNOVATION OUTLOOK concept was replicated in many international markets, including the USA at Lake Nona, Canada, Germany at the FIBO trade fair, Australia, Spain at the Spanish Olympic Committee, South Africa and Brazil.

With the strategy of bringing the industry and consumers closer to the Technogym Experience, a number of TECHNOGYM CLINICS were organised in 2023. There were three main themes: strength training with the new Biostrength line, and connected, digital training experiences aimed at promoting the Technogym Ecosystem open platform. The events were held on an international level in several countries, the most important including Spain, Italy, the UK, Malaysia and Kuwait.

In terms of the design and luxury segment, in 2023, Technogym had a presence in exclusive locations on the Costa Smeralda and Capri and took part in numerous international design fairs.

Partnerships

For many years now, the world's most prestigious sports clubs have worked with Technogym on the physical training of their athletes. In Italy, some of the country's main football clubs partner with Technogym, including Cesena Calcio as part of a local sponsorship project.

In addition, thanks to its wide range of products, which are perfect for athletic training in all sports disciplines, Technogym collaborates with some of the top teams in other sports, such as basketball, cycling, tennis, Formula One, golf, sailing and many more.

The Paris 2024 Olympic and Paralympic Games have chosen Technogym as the Exclusive Official Supplier of fitness equipment and digital technologies for the training of athletes. For Technogym, Paris 2024 will be the company's ninth Olympics experience, following on from Sydney 2000, Athens 2004, Turin 2006, Beijing 2008, London 2012, Rio 2016, PyeongChang 2018 and Tokyo 2020. In Paris, Technogym will equip around 26 athlete training centres before and after the Olympic Games. The main training centre, equipped for the needs of all sporting disciplines, will be at the Olympic and Paralympic Village in Saint-Denis in Paris, while other training centres designed for the various disciplines will be located at the competition venues and at the Olympic Villages in Lille, Marseilles and Tahiti.

1.9 TECHNOGYM VILLAGE

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

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

In 2023, Technogym Village was chosen for the arrival of the ninth stage of the Giro d'Italia on Sunday 14 May 2023, for the Savignano individual time trial on the Rubicone-Cesena route. To mark the occasion, as well as the cycling champions involved in the competition, the Wellness Campus welcomed numerous personalities from the world of sport and celebrities, over 200 journalists (both Italian and international) who were covering the stage arrival and roughly 200 Technogym guests from all over Europe (including customers, athletic trainers and industry operators), as well as invitees representing other Giro d'Italia sponsors. Attendees were able to view the arrival of the Corsa Rosa (Pink Race) and were


TECHNOGYM
TECHNOGYM

also given the opportunity to try out the numerous new Technogym solutions for the cycling world.

1.10 HUMAN RESOURCES AND ORGANISATION

TECHNOGYM recognises the fundamental importance of its personnel, both at its headquarters and those working for the 14 subsidiaries worldwide, as well as their health, training, motivation and rewards. Development of their qualities and skills is considered essential for the implementation of the global corporate strategy.

In 2023, TECHNOGYM employed on average 2,255 staff (2,146 for the year ended 31 December 2022), which comprised 613 blue-collar workers, 1,572 white-collar workers and 70 managers.

(in numbers)	Year ended 31 December			
	2023		2022	
	Average	Year-end	Average	Year-end
Number of employees				
Managers	70	67	69	71
White-collar	1,572	1,607	1,431	1,456
Blue-collar	613	611	646	616
Total number of employees	**2,255**	**2,285**	**2,146**	**2,143**

Training is an important way of developing and consolidating personal skills, while promoting the Group's values and strategy.

This is why the company organises training programmes through the Technogym University with its in-house trainers on the key company processes, as well as transversal training programmes based on developing soft skills or new expertise, mainly through external trainers, and information sessions on the Technogym culture, open to all staff.

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

Training is categorised as follows:

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

In 2023, in line with the company's values and to promote a leadership culture at all levels, a Team Leadership project was developed for top management, through an innovative methodology for developing successful, winning teams. The work on the Technogym Leadership model continued, involving managers and team leaders, with a particular focus on newly appointed and developing managers, through classroom training, hands-on workshops and team coaching.

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

For the production areas, a special training catalogue was created with courses open to all and those dedicated to specific professional figures. Training for blue-collar workers continued with the *Scuola dei Mestieri* (Skills School) Project. This involves new entrants in the production area, i.e. mainly temporary staff (temps), who do not fall within the scope of the figures included in the Sustainability Report.

In 2023, the company worked on continuously improving a unique programme called "Working for Wellness" (W4W), which is aimed at guaranteeing the quality of the work environment and corporate climate, offering the chance to all personnel to live a Wellness lifestyle to the full in all its aspects.

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

Corporate Wellness is an example of one of the programme's flagship services, which gives all staff in the branches around the world the chance to train at the Wellness Center at the company headquarters or to use a specific Welfare Credit for an annual subscription to an affiliated Wellness Club equipped with Technogym equipment and digital solutions.

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

1.11 TECHNOGYM AND SUSTAINABILITY

Technogym is known throughout the world as 'The Wellness Company' and in parallel with its business model, based on technology, software and services in support of physical activity, sports, health and prevention of illness, the company has a strong sense of corporate social responsibility, centred on the idea of exercise as medicine and promotion of the Wellness lifestyle as an important concept, and social opportunity for governments, businesses and individual citizens. The company also implemented a number of corporate social responsibility initiatives in 2023, developed locally, nationally and internationally. For more information, refer to the 2023 Non-Financial Statement, which provides details of the activities implemented by Technogym during the financial year.

Sustainability objectives and commitments

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

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

This combination of factors makes 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".

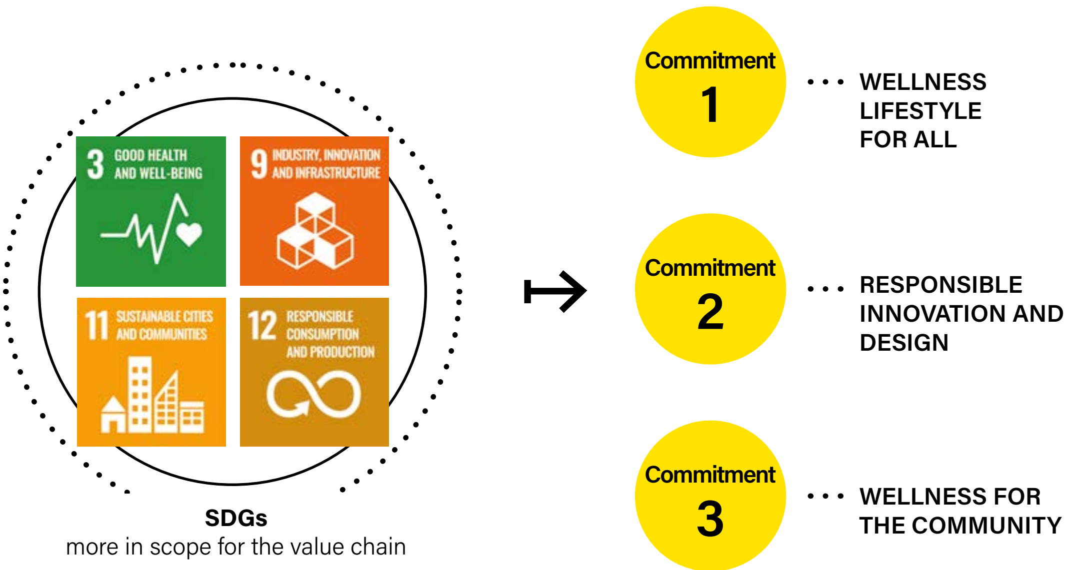
On the strength of the Group's commitment to ESG (Environmental, Social, and Governance) issues and with a view to strengthening the alignment between the SDGs and its corporate strategy, Technogym undertakes to outline clear sustainability objectives and commitments.

Technogym approved its Sustainability Policy in 2023, with commitments through to 2025. The policy sets out three main commitments linked to:

- **Wellness Lifestyle for All** (Commitment no. 1), which underlines the opportunity to create value starting from the Group's core business;
- **Responsible Innovation and Design** (Commitment no. 2), with a strong focus on sustainable innovation to increasingly guide choices towards the responsible management of climate change risks[1];
- **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

Commitment 1

For over 20 years, Technogym has been promoting wellness as a social opportunity for all stakeholders: individuals, 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

Commitment 2

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

Commitment 3

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

In addition, in 2023 Technogym took forward its commitment, in line with the path initiated in 2021, to improve the level of disclosure on issues related to climate change, diversity and inclusion, as well as responsible business practices. The Sustainability Plan was also defined and updated, which reflects the Policy commitments, with the aim of having a tool that makes it possible to communicate the company's strategic vision of sustainability, promote organisational synergies and foster a culture of sustainability for increasingly joined-up thinking.

Finally, since 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 2021). This was subjected to a limited examination by PricewaterhouseCoopers S.p.A., and is available on the Group's corporate website.

Exercise is medicine

For many years, Technogym has supported a number of cultural activities and campaigns to promote Wellness as a social opportunity and to encourage regular physical exercise in partnership with numerous national professional associations (ANIF in Italy, UK Active, NL Actief, Fitness Australia, etc.). At a supranational level, Technogym has for many years been a reference partner of the European professional organisation EuropeActive and the IHRSA, the professional association of fitness clubs based in the USA and operating on a global scale. Moreover, the company makes its own contribution to international economic events, such as the World Economic Forum in Davos. In this context, Chairperson Nerio Alessandri is one of the promoters of the working group dedicated to issues of health and quality of life.

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

National and international initiatives

Exercise is Medicine Initiative

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

Global Health & Fitness Alliance Partnership

As part of the historical partnership with the IHRSA – the professional association of fitness clubs based in the USA and operating on a global scale – in 2023 Technogym joined the Global Health & Fitness Alliance as a Main Partner. The Alliance has the aim of promoting the role and impact of the wellness sector on people's health and advocating the introduction of measures to support and encourage more regular exercise.

Sponsorship of the "EuropeActive" Annual Publication

For some years, Technogym has been a sponsor of the annual publication of EuropeActive, a European professional association, which has a dual objective: on the one hand, to raise awareness among institutions of the impact of the wellness and fitness sector in terms of better health and wellbeing of people and, on the other, to create culture and training for industry operators and managers.

In 2023, the first "Exercise for Health Summit" was held in Madrid, organised by EuropeActive and attended by the World Health Organisation – where Technogym and the Wellness Foundation presented the new book "Exercise is Medicine: a quick guide to exercise prescription".

The publication is aimed in particular at the international medical community, with the goal of promoting the prescription of physical exercise by GPs by providing them with scientifically sound and accurate guidelines. Fifteen years on from the first edition, the guide dedicates a chapter to the healthy population and addresses the main noncommunicable chronic diseases: high blood pressure, cardiovascular diseases, type 2 diabetes, overweight and obesity, cancers, osteoporosis and depression; it reports a summary of the scientific evidence for each condition and provides specific recommendations in terms of type of exercise, frequency, intensity and duration.

Wellness Valley

The "Wellness Valley" initiative, promoted by the Wellness Foundation and supported by Technogym, was established in 2002 from an idea of Nerio Alessandri: to create the first district in the world for wellness and quality of life in Romagna, building on the economic, intellectual and cultural capital of the region, which is already naturally predisposed to healthy living. It is a non-profit social project with the dual aim of improving health and the quality of life of the population and of creating economic development opportunities linked to Wellness supply chains. In support of the initiative, Technogym granted access to its expertise and teams, and organised practical activities as well as meetings and thematic discussions to facilitate networking among all the stakeholders in the area.

Through its multi-stakeholder approach, the Wellness Foundation coordinates the work of 300 local public and private organisations actively involved in the project: public institutions, doctors, schools, universities, businesses, hospitals, gyms, sports clubs, hotels, spas and event organisers.

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

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

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

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

In 2023, based on the experience developed in the first Wellness region, the "Milano Wellness City 2030" project was launched. During the year, the Wellness Foundation completed a detailed study on the state of wellness in Milan, looking at a variety of areas: demographic and economic trends, health and lifestyle, local area and infrastructure. From the data collected, Milan appears to have good policies in place, with a strong focus on well-being and quality of life, a solid commitment to achieving the 2030 goals in terms of sustainable mobility and a wide range of opportunities for its citizens. However, an ageing population and unhealthy lifestyles, combined with the growth of obesity and overweight conditions – even among the very young – and the resulting increase in chronic diseases, are generating an unsustainable increase in healthcare spending, as well as substantial impacts on quality of life.

With the upcoming Milano-Cortina 2026 Winter Olympics, the Wellness Foundation has launched a forward-looking project to spread a new culture aimed at healthy lifestyles and prevention, involving qualified stakeholders, including universities, foundations, hospitals, institutions, sports clubs and businesses.

Wellness Valley activities in 2023

Wellness Valley Workshop

The results of the Wellness Valley Report were presented at the Wellness Valley Workshop, in the presence of the Italian Minister for Sport and Youth, Andrea Abodi, President of the Emilia-Romagna Region, Stefano Bonaccini, and the Rector of the University of Bologna, Giovanni Molari. The impacts of the project in terms of Health, Economic Development, Tourism and Skills were highlighted.

The research showed that:

› 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 over 65s at risk of disability due to chronic diseases in Romagna is 9.6%, compared with the Italian average of 17.1%
› in Romagna, the Wellness sector recorded 31% economic growth in the 2011-2021 period despite the temporary drop due to the pandemic.

The Wellness Valley Report is prepared by the Centre for the study and analysis of the Wellness Valley, an independent body comprising experts and professionals from various organisations.

Wellness Week

From 16 to 24 September, Wellness Week was held across the Romagna region. This initiative, dedicated to exercise and healthy lifestyles, was promoted by the Wellness Foundation and the Emilia-Romagna Region with the support of the University of Bologna and the Emilia-Romagna Regional Education Office. The event included an extensive calendar of over 300 Sport and Fitness, Outdoor Movement, Healthy Eating, Mental and Physical Wellbeing and Wellness Culture initiatives, offered by more than 80 Wellness Valley stakeholders, highlighting Romagna's qualities as a region of leadership and expertise in well-being and quality of life.

Among the programmed events, there were many activities organized by the University of Bologna Sports Centre (CUSB) at the Alma Gyms – the new gyms at the university campuses of Cesena, Forlì and Rimini – on the occasion of the International Day of University Sport (20 September); "Cesena in Wellness", a well-established event at the Cesena Racecourse Club that attracts thousands of people every year and involves local gyms and sports centres; and "Wellness Valley Walks", an event that brings together all the Romagna Walking Groups with a series of walks in different cities. It is also worth mentioning the commitment of various primary and secondary schools in Romagna, involving more than 1,700 children and young people in wellness activities during teaching hours.

"Chi si muove, si ama!" - campaign to promote physical activity

A new feature of the 2023 edition of Wellness Week was the launch of an innovative campaign to promote physical activity and exercise, organised by the Wellness Foundation together with the Emilia-Romagna Region and Romagna Local Health Authority, in collaboration with the Medical and Pharmacist Associations of the provinces of Forlì-Cesena, Ravenna and Rimini, and Agifar.

The campaign is fully in line with the activities of the Regional Prevention Plan 2021-2025 and represents a joint effort (over 700 Romagna GPs involved) to encourage the most sedentary people in the 40-60 age group to move more to improve their quality of life and prevent the onset of chronic diseases.

The campaign is the result of a unique alliance, centred on GPs, together with local pharmacies, health clinics and walking groups registered on the "Health Map" of the Emilia-Romagna Region, as well as an extensive network of gyms, swimming pools and sports centres in the area.

Wellness Congress

The goal for both the world of medicine and the general public is no longer just to live longer, but to do it in an active and healthy way: exercise is key to growing old while staying fit and healthy (healthy longevity). This was the central theme of the 25th edition of the Wellness Congress, organised by the Wellness Foundation at Technogym Village on 6 October.

Aimed mainly at the world of health, the Wellness Congress 2023 brought together participants from 13 countries and hosted distinguished speakers such as Marco Cardinale, Executive Director of Scientific Research, Aspetar (Qatar), Matthew Kampert, Sports Medicine Specialist and Director of the Exercise Medicine for Endocrinology & Metabolism Institute, Cleveland Clinic (USA), Alberto Mantovani, Scientific Director, Istituto Clinico Humanitas and Emeritus Professor, Humanitas University (Italy), and Robert Newton, Professor of Exercise Medicine, Edith Cowan University and Founding Director of Exercise Medicine Research Institute at ECU (Australia).

Wellness Valley Centre

The work of the Centre for the study and analysis of the Wellness Valley continues. The independent body set up by the region in 2018, under the Wellness Valley Protocol signed by the Wellness Foundation with the Emilia-Romagna Region and the University of Bologna, aims to measure and report the effects of projects undertaken in the region to promote healthy lifestyles. The Centre's Working Group, comprising multidisciplinary skills in health economics, epidemiology, tourism and event economics, statistics, sociology, sport management and technology development, helped draft the fourth edition of the Wellness Valley Report, published by the Wellness Foundation in January 2023.

The Report has been widely distributed at a national and European level, helping to raise awareness among organisations and institutions about the importance of Wellness for the creation of healthier and more sustainable communities.

Exercise is Medicine – a guide to exercise prescription

Thanks to collaboration with the Wellness Foundation, the new edition of the "Exercise is Medicine" book was published in 2023. The volume, printed in Italian and English, is a valuable guide for all clinicians to prescribing physical exercise for the treatment of the most common chronic diseases, such as diabetes, high blood pressure, cardiovascular diseases, cancer, osteoporosis and depression.

Emilia-Romagna was the first region in Italy and among the first in Europe to introduce the prescription of physical exercise in 2014 for the prevention and treatment of the most common chronic diseases.

The publication of "Exercise is Medicine" was received with great interest by regional health authority representatives, as well as by professionals from various scientific organisations, including the FADOI and ANMCO, which work with the Wellness Foundation.

The publication was officially presented in November 2023 in Madrid at the first international "Exercise for Health Summit" promoted by EuropeActive.

Research Project at the PRIME Center in Cesena

In terms of research, the project initiated in collaboration with the IRST Meldola Cancer Research Institute continues at the PRIME Center in Cesena, the first centre in Italy dedicated to Prevention, Rehabilitation and Integrated Medicine. A first-class facility set up by the Oncology Institute of Romagna (IOR) in 2021 and an expression of the quality of life culture in the region where the Wellness Valley is located. The PRIMA Center offers new treatment pathways for cancer patients based on prescribed and monitored physical exercise as a valuable support to therapy. The partners include the Wellness Foundation and Technogym, which contributed with the donation of its equipment and digital technologies, enabling patients to perform precise and customised training programmes. There are currently more than 100 cancer patients involved and over 500 services provided thanks to a team of professionals specialising in physical exercise.

Environment and safety

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

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

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

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

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

1.12 TECHNOGYM AND THE STOCK MARKETS

Financial markets

2023 marked a positive turnaround for the global financial markets after a complex 2022. There was a recovery in portfolios, driven by an improvement in the main stock indexes, with the exception of the Chinese indexes, and by an increase in bond prices, especially in the fourth quarter thanks to the expected rate cuts by the Federal Reserve in 2024. The restrictive policies implemented by central banks since 2022 have begun to produce the desired effects, with a marked reduction in inflation and signs of sustained economic growth. Meanwhile, geopolitical conflicts have further increased, from the Russia-Ukraine war to the Middle East, first in Israel and then in different areas of the Region, including Yemen, causing growing concerns.

In particular, the latter part of the year marked a strong acceleration of the stock markets: December saw robust growth in the markets, with the Global Equities Index rising by 5.1%, the S&P500 by 4.5%, the Eurostoxx600 by 3.8% and the FTSEMIB by 2.1%, following the policy change announced by the FOMC. The positive trajectory in 2023 saw global stock markets grow by 22%, fuelled by a number of factors. These include the resilience of the global economy, particularly in the US, where real GDP exceeded expectations, returning to a robust growth of 2.4%. In addition, there was a convergence of inflation towards target rates, combined with expectations of a relaxation of monetary policy. Growth in 2023 was also driven by the exceptional performance of the US tech giants, boosted by advances in artificial intelligence. The Nasdaq recorded an impressive 45% increase, driven by top performers such as Nvidia (+239%), Meta (+194%) and Tesla (+102%). While stock exchanges in the United States, Tokyo and Milan performed positively, the Chinese markets suffered, with the Hang Seng and CSI300 down 10.5% and 9%, respectively. The performance of the Chinese financial market continued to disappoint investors with a series of negative macroeconomic data. In 2023, GDP growth was at its lowest level in thirty years, while retail sales were below expectations in December. In addition, the population declined for the second year in a row and the prices of new houses hit the lowest values since 2015. These factors weighed on the Hong Kong stock exchange, the most open to international investors, which suffered a 14% loss in 2023. The more domestic-dominated Shanghai stock exchange recorded an even more significant decline of 18% over the same period.

The bond market also showed significant gains, with corporate and government bonds in the US and the EU recording growth. For example, the Global Corporate Bond index increased by 5.9%, while government bonds such as the BTP recorded an increase of 13%, with the German Bund seeing an increase of 4%. Interest rates in the United States fell slightly, with the 10-year yield falling by 34bps to 4%, while inflation expectations remained stable at 2.2%.

Commodities performed very differently from one another, with gold benefiting from lower real interest rates and the depreciation of the dollar. At a macroeconomic level, several factors had an impact. Firstly, the significant expectations of investors regarding the economic reopening of China post-COVID played a significant role. However, in general these expectations did not come to fruition, with an economic recovery that turned out to be below expectations, generating reduced demand for metals and other raw materials. Secondly, commodities have historically been a hedge against inflation, rising in value during periods of general price increases. However, in recent months, the main indicators of consumer price trends, such as the widely followed US CPI, have seen a decrease. This trend has led many observers to point to the onset of disinflation.

Financial market trends

Market Index	QTD	YTD
Bonds		
Government Italy	-12.80%	-13.59%
Government EMU	5.83%	8.43%
Government Global (in Local Currency)	5.38%	4.84%
Shares		
S&P 500 TR (USD)	6.17%	25.84%
MSCI Europe TR Local Currency	4.78%	11.67%
MSCI World TR Local Currency	6.48%	22.76%
Nikkei TR LC	3.21%	32.88%
MSCI Emerging Markets TR (USD)	4.47%	7.82%
Currencies (vs Euro)		
USD	2.40%	4.10%
JPY	-1.18%	10.72%
GBP	1.27%	-1.44%
Commodity		
Bloomberg Commodity Index TR (in USD)	-5.92%	-4.38%
Gold ($/OZ)	6.02%	10.49%
Crude Oil, WTI (future)	-14.94%	-2.87%

Source: Bloomberg, data as of 29 December 2023.

(*): average rate and no percentage change.

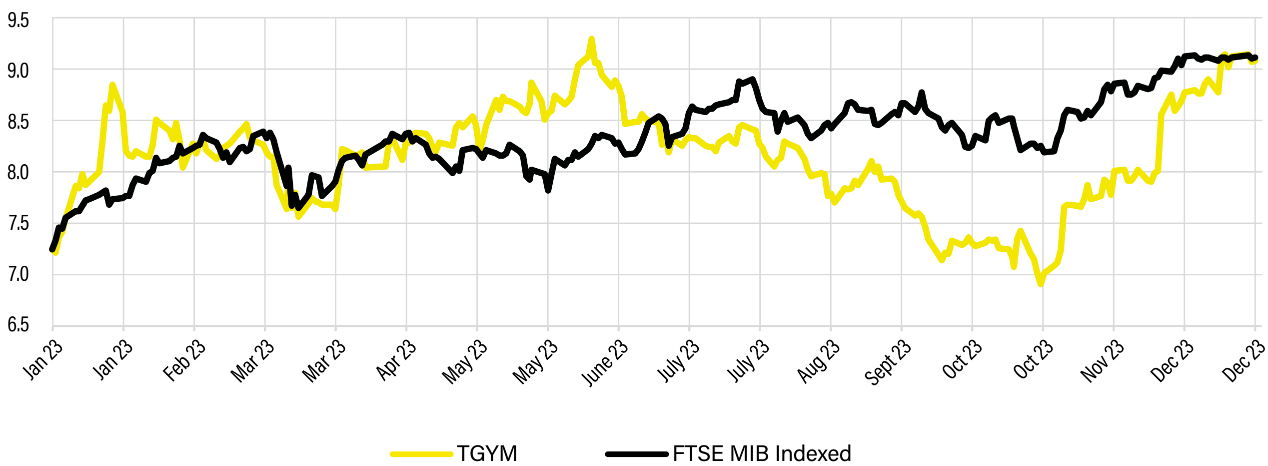
Information on shares and share performance

In this context, some statistics concerning the performance of Technogym stock in 2023 are reported below. As of 31 December 2023, the company holds 836,972 treasury shares.

Share performance

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

Main stock market indicators (Euro)	
Shares listing	
Official price as of 2 January 2023	7.235
Official price as of 31 December 2023	9.065
Minimum closing price (January - December)	6.895
Minimum price in absolute terms	6.855
Maximum closing price (January - December)	9.27
Maximum price in absolute terms	9.27
Stock market capitalisation	
Stock market capitalisation as of 02 January 2023	1,456,604,500
Stock market capitalisation as of 31 December 2023	1,825,033,800
Ordinary shares	
No. outstanding shares	200,490,528
No. of treasury shares	**836,972**



Shareholding structure

Shown below are the shareholders who, pursuant to Art. 120 of the Italian Consolidated Law on Finance (T.U.F.), hold a significant shareholding as of 31 December 2023:

Main shareholders	Number of shares	Share	Voting rights
TGH S.r.l.*	68,000,000	33.78%	50.48%
NIF Holding S.r.l.	8,818,650	4.38%	3.27%

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

The share capital of the Issuer as of 31 December 2023 amounted to Euro 10,066,375, divided into 201,327,500 ordinary shares with no par value.

As of the date of publication of this Annual Report, TGH S.r.l. holds 33.78% of the Issuer's share capital (representing 50.48% of the total voting rights), NIF Holding S.r.l. holds 4.38% of the Issuer's share capital (representing 3.27% of the total voting rights), while the remaining 61.84% of the Issuer's share capital is free float on the EXM market managed by Borsa Italiana S.p.A.

2024 Financial Calendar

Event date	Corporate events
25 March 2024	Board of Directors' meeting for approval of the 2023 Draft Financial Statements (*)
07 May 2024	Shareholders' meeting for approval of the 2023 Financial Statements
09 May 2024	Board of Directors' meeting for disclosure not subject to auditing on the performance of consolidated revenues in the first quarter of the 2024 financial year (*)
02 August 2024	Board of Directors' meeting for approval of the half-yearly financial report as of 30 June 2024
30 October 2024	Board of Directors' meeting for disclosure not subject to auditing on the performance of consolidated revenues in the third quarter and in the first nine months of the 2024 financial year (*)

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

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

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

SECOND SECTION

FOREWORD

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

1 Operating performance and comments on the economic and financial results

1.1 MACROECONOMIC SCENARIO

The global economy is showing signs of slowing further, with the United States and China recording a weakening of economic activity. OECD estimates predict a modest increase in global GDP for 2024, reaching 2.7%, due to restrictive monetary policies and a lack of consumer and business confidence. Risks resulting from international political tensions, especially in the Middle East, continue to be a significant concern. Central banks are committed to maintaining restrictive monetary policies until inflation returns to its target levels. The European Central Bank (ECB) is keeping interest rates unchanged and gradually reducing the reinvestment of securities purchased during the pandemic to support the return of inflation to the 2% target.

The macroeconomic scenario is therefore once again complex, but in any case better than the expectations for the year ahead that were being predicted in mid-2023. The decline in inflation continues, but is less dramatic than previously feared and faster in pace than initially projected. This scenario paves the way for a potential easing of monetary policy in both the Euro Zone and North America, although the lowering of rates should take place more gradually than the current expectations of the financial markets. The return of inflation to levels consistent with central bank targets is occurring at a steady pace, in line with year-end forecasts. This trend is driven both by external factors, such as the stabilisation of oil and natural gas prices, and by a reduction in wage increases and lower global demand for manufactured goods, as evidenced by the contraction in international trade since the last quarter of 2022. Experts predict a further decline in inflation in 2024-25, bringing levels below those seen before the pandemic and European gas crisis. Although official rates increased significantly in 2022-23, it seems that the maintenance of price stability can be achieved without resorting to an economic recession.

The slowdown in GDP growth in the United States has been below expectations, with the risk of recession now receding. Although the Euro Zone has shown signs of stagnation since early 2022, only Germany has recorded a contraction in economic activity. The resistance of advanced economies to rate increases seems to stem from a favourable mix of structural and cyclical factors. A modest improvement in economic activity is expected in the coming months, allowing time for the recovery of real incomes to overcome the effects of restrictive monetary policies and more cautious fiscal policies. Although the tightening of monetary policies is over, the effects of previous rate increases have yet to be fully reflected in the real economy. In Italy, economic activity virtually stopped in the fourth quarter of 2023, with a significant contraction in consumption and investments. Employment continues to rise, while wage growth remains solid. However, inflation is seeing a significant decrease, with a drop in consumer prices. Monetary restrictions continue, affecting the credit market and the profitability of banks.

With regard to fiscal policies, in 2024 a more restrictive positioning is expected in advanced countries than in the past, although the cyclically adjusted primary deficits will remain above pre-pandemic levels. The real estate crisis in China is another element holding back global growth in 2024. The monetary policy easing cycle could start earlier than expected if inflation declines faster than predicted or if there are reductions in risk factors, such as a slowdown in wage growth. However, the rate reduction is likely to be gradual, slower than current market expectations. In general, with inflation falling and the labour market improving, it is reasonable to expect a less restrictive monetary policy. However, maintaining price stability remains a priority even in the event of unexpected adverse shocks.

Compared with previous years, the main risks for the current scenario are of a structural nature, linked to managing the consequences of an ageing population, climate change and the energy transition.

Currency Market

On the currency markets, the performance of the euro was mixed, increasing in value against most developed currencies except the Swiss franc and the British pound sterling. In the United Kingdom, the Bank of England raised rates five times, taking them to 175 basis points, successfully bringing inflation back to more reassuring levels. Despite this, the value of the pound against the euro remained relatively stable, with a narrow range of fluctuation between 0.85 and 0.90 EUR/GBP.

The dollar closed the year down against the euro, with expectations of further rate cuts by the Federal Reserve in 2024. However, the dollar could increase in value quickly if these forecasts do not come to fruition given the strength of the US economy compared to the Euro Zone. In 2023, the Federal Reserve began to reduce interest rates in response to still quite strong figures on employment, consumption and GDP.

Japan's situation remained complex, with an ultra-expansive monetary policy continuing to weigh on the Japanese currency. However, the country recorded a reduction in inflation without affecting rates, and a weak exchange rate supported exports, leading the Tokyo Stock Exchange to close 2023 positively. On the contrary, the Japanese yen was penalised by the accommodative monetary policy of the Bank of Japan.

Industry scenario

Once again in 2023, the growing interest of consumers in exercise as an integral part of a healthy lifestyle continued. Focus on prevention significantly increased, in part driven by the exit from the COVID-19 pandemic, which also increased people's preference for training outside their homes. There is growing demand from consumers for an extremely precise measurement of training parameters in order to reach the targets more quickly.

The wellness sector is growing at rates closer to double digits than to single digits, thanks also to the increasing demand for luxury wellness-oriented real estate solutions and solutions that encourage a healthier lifestyle through better nutrition and regular exercise. If we just look at the fitness sector, research shows a market of approximately 14 billion dollars, with low single digit growth rates and a growing demand in the BtoB sector (Clubs, Hotels, etc.) rather than in the consumer sector, which is undergoing a normalisation stage following the pandemic.

In fact, all the data from the main Clubs (an important indicator because it captures a significant portion of spending on fitness solutions) showed a marked increase in the number of members as well as repeat visits.

More and more consumers consider physical exercise as an essential part of their day, also preferring hybrid training through digital ecosystems that can be used via an app, so they can continue training every day in different places if they want. There has also been an increase in the demand for companies to have spaces dedicated to physical exercise and services related to the use of assets (software) that allow them to measure and make the most of the investments made. Scientific research increasingly shows that regular physical exercise has beneficial effects on the body, thus allowing companies to have a positive impact on their employees, making them more work-oriented and more satisfied when transitioning from 100% working from home to hybrid working.

Even in the hospitality sector, there is a continuous demand for wellness solutions, where areas dedicated to training are playing an increasingly central role. Again, fitness is also seen as a useful way of socialising, an element of newness and change, started by the younger generations and now pervasive even among older clusters.

The importance of training has also increased in the hospital sector, as well as, more generally, in rehabilitation centres. The scientific literature now has a considerable level of data relating to the positive influence of guided exercise on patients with different types of conditions. This type of customer needs certified solutions capable of processing sensitive data, an area in which Technogym once again has a considerable competitive advantage, given its pioneering investments in these assets that began some time ago.

1.2 COMMENTS ON THE GROUP'S ECONOMIC AND FINANCIAL RESULTS

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

The content and meaning of the main measures used by the Group in its presentation of the economic and financial results for the year ended 31 December 2023 are shown below, compared with those of the previous year:

(in thousands of Euro and percentage annual change)	Year ended 31 December		Changes	
	2023	2022	2023 vs 2022	%
Revenues	808,091	721,490	86,601	12.0%
Adjusted EBITDA (1)	152,003	131,927	20,076	15.2%
Adjusted EBITDA margin (1)	18.8%	18.3%	0.5%	2.9%
EBITDA (1)	151,617	129,382	22,236	17.2%
EBITDA margin (1)	18.8%	17.9%	0.8%	4.6%
Net operating income	97,383	82,753	14,630	17.7%
Adjusted net operating income (2)	101,192	85,306	15,885	18.6%
Profit for the period	73,640	63,587	10,053	15.8%
Adjusted profit for the period (3)	78,425	66,141	12,284	18.6%
Adjusted profit margin for the period (3)	9.7%	9.2%	0.5%	5.9%

(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);
- EBITDA as the net operating income, adjusted by the following income statement items: (i) net provisions; (ii) depreciation, amortization and impairment losses;
- the adjusted EBITDA Margin as the ratio between adjusted EBITDA and total revenues;
- the EBITDA *Margin* as the ratio between EBITDA and total revenues.

(2) The Group defines adjusted net operating income as the net operating income adjusted for non-recurring income/(expenses).
(3) The Group defines:
- adjusted profit for the period as profit for the period adjusted for non-recurring income/(expenses) and non-recurring taxes;
- the adjusted profit margin for the period as the ratio between adjusted profit for the period and total revenues.

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

(In ratios)	Year ended 31 December	
	2023	2022
ROS (4)	12.1%	11.5%
adjusted ROS (5)	12.5%	11.8%
ROE (6)	20.2%	18.4%
ROI (7)	41.1%	37.0%
adjusted ROI (8)	42.7%	38.1%
adjusted EBITDA/financial expenses ratio (9)	168.76	158.72
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) for the year and Equity
(7) ROI as the ratio between Net Operating Income and Net Invested Capital
(8) adjusted ROI as the ratio between the 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 808,091 thousand, up by Euro 86,601 thousand (12%) compared to Euro 721,490 thousand in 2022. Growth is in double digits compared with the previous year for all commercial segments. Interestingly, the positioning of the Technogym brand and its strategy also returned a result in line with 2022 for the BtoC business, which targets consumers. In particular, the Private sector showed a notable rate of acceleration in the second half of the year, where it returned to growth compared to the same period of the previous year.

With constant exchange rates, total revenues would be Euro 824,133 thousand (+14.2% compared with 2022).

Adjusted *EBITDA* came to Euro 152,003 thousand, up by Euro 20,076 thousand (15.2%) compared to Euro 131,927 thousand in 2022. This performance is mainly attributable to the increase in sales volumes, first and foremost in the BtoB segment, and the improvement in the product mix, in addition to the increase in turnover in digital content and services.

Technogym was able to significantly increase its profitability, reaching 18.8% in terms of the Adjusted EBITDA margin on revenues, up compared to the 18.3% of the previous year, while confirming a focus on growth of the sales network, investments in marketing activities, and despite a complex macroeconomic scenario, also seen in the volatility of transport costs and the depreciation of the main currencies compared to the Euro.

Adjusted net operating income came to Euro 101,192 thousand, up by Euro 15,885 thousand (18.6%) compared to Euro 85,306 thousand in 2022, also influenced by the trends mentioned above. Net operating income was also affected by the amortization and depreciation in the period, standing at Euro 45,712 thousand and up Euro 5,326 thousand compared with the previous financial year, relating to ongoing investments made by the group in digital transformation and in the upgrading of its boutique stores in the most important cities in the world. Adjusted **ROS** of 12.5% for the year ended 31 December 2023 is up compared to the 11.8% of the year ended 31 December 2022.

Adjusted profit for the period came to Euro 78,425 thousand, up by Euro 12284 thousand (18.6%) compared to Euro 66,141 thousand in 2022. This increase is in line with the above mentioned trends in net operating income, and also results from positive financial management, whose net impact is equal to Euro 2,500 thousand, and the measurement of minority investments at fair value in accordance with the IFRS 9 accounting standard at Euro 517 thousand. The adjusted profit for the period represents 9.7% of Group revenues (9.2% in 2022).

In the year ended 31 December 2023, net non-recurring expenses on EBITDA of Euro 386 thousand were recorded, generated mainly by the combination of: positive effects from 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 with a value of Euro 468 thousand; they have a negative impact on the costs of services item of Euro 1,613 thousand, personnel costs of Euro 1,764 thousand and other operating costs of Euro 1,544 thousand not attributable to normal operations. It should be remembered that the valuation of Technogym Emirates LLC is linked to its line-by-line consolidation starting from the current financial year, following a modification of the existing shareholder agreements, and not to an increase in the shares held by Technogym, amounting to 49%.

Non-recurring expenses on EBIT amounted to Euro 3,809 thousand. In addition to the values described above, the Group reported non-recurring expenses for provisions for risks and charges of Euro 3,423, of which Euro 1,925 thousand related to part of the liquidity held by the Russian affiliate 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 arrangements under assessment. The remainder of this item relates to pending litigation which is not attributable to the normal operations of the Group. Lastly, considering the tax effect on the measurement of the equity investment in Technogym Emirates LLC, amounting to Euro 976 thousand, the Group generated net non-recurring expenses of Euro 4,784 thousand compared to the Euro 2,554 of the previous financial year.

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

(In thousands of Euro and percentage annual change)	**As of 31 December**		
	2023	**2022**	**% Variations**
Loans			
Net Fixed Capital (10)	275,501	270,887	1.7%
Net Operating Capital (11)	(38,576)	(46,542)	(17.1%)
Net Invested Capital	**236,924**	**224,345**	**5.6%**
Sources			
Equity	363,712	345,927	5.1%
Net financial position (12)	(126,788)	(121,582)	4.3%
Total sources of financing	**236,924**	**224,345**	**5.6%**

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

(11) Net Operating Capital is composed of: (i) Inventory, (ii) Trade Receivables, (iii) Other current assets, (iv) Trade Payables (excluding trade payables maturing in more than 12 months), (v) Current 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) Financial derivative assets, (iii) Cash and cash equivalents, (iv) Non-current financial liabilities (including trade payables maturing in more than 12 months), (v) Current financial liabilities and (vi) Financial derivative liabilities.

Net fixed capital amounted to Euro 275,501 thousand, up by Euro 4,614 thousand compared to Euro 270,887 thousand for the year ended 31 December 2022. This increase is mainly attributable to the net effect of (i) higher tangible and intangible fixed assets due to the normal investment activities of the Group in the development of new digital solutions and products, as well as plans to expand and upgrade the boutique stores and offices at the sales branches; (ii) an increase in transferred trade receivables due after 12 months (see the "Other Non-Current Assets" section for details on the nature of the item); and (iii) a decrease in investments in joint ventures and associates as a result of the change in consolidation method of the Technogym Emirates LLC subsidiary, by virtue of an amendment to shareholder agreements, which gave substantial control to the Group and involved transition from the equity method to line-by-line consolidation, with the resulting elimination of the investment in the consolidated financial statements and the recognition of goodwill of Euro 989 thousand.

Net operating capital came to negative Euro 38,576 thousand, up by Euro 7,965 thousand compared to the negative balance 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 the joint effect of: (i) an increase in the balance of the "Trade receivables" item of Euro 8,969 thousand, mainly due to an increase in turnover, (ii) a decrease in the "Trade payables" item of Euro 18,031 thousand, and (iii) an increase in the balance of the "Inventory" item of Euro 2,890 thousand, the latter being related to the consolidation of Technogym Emirates LLC of Euro 4,562 thousand; net of this effect, the stock level was lower than the previous year, thanks mainly to the notable sales achieved in the last part of the year and to the reduction in purchase prices of materials, partially offset by growth in the spare part and production component stock level, necessary to meet the Group's planned requirements for the first part of 2024. 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 71 for the year ended 31 December 2023 (the inventory turnover ratio went from 4.7 to 5.1); (ii) the average days of collection of trade receivables went from 45 for the year ended 31 December 2022 to 43 for the year ended 31 December 2023 (the trade receivables turnover ratio went from 8.1 to 8.4); (iii) the DPO went from 133 for the year ended 31 December 2022, which had been positively affected by a different purchase seasonality, to 108 for the year ended 31 December 2023 (the trade payables turnover ratio went from 2.7 to 3.3).

Equity totalled Euro 363,712 thousand, up by Euro 17,786 thousand compared to Euro 345,927 thousand in the year ended 31 December 2022. This increase is mainly due to the recording of a profit for the period of Euro 73,640 thousand, offset by the purchase of treasury shares for Euro 6,922 thousand and the distribution of dividends for a total of Euro 51,324 thousand, of which Euro 50,332 thousand was approved by the Parent Company, Euro 706 thousand by Technogym Emirates LLC and Euro 286 thousand by the subsidiary Sidea. For more details see section 6.12 "Equity" of this document.

The **Net financial position** as of 31 December 2023, which includes the effects of the application of the IFRS 16 accounting standard, is positive by Euro 126,788 thousand, up by Euro 5,206 thousand compared to the balance of Euro 121,582 thousand for the year ended 31 December 2022.

The increase is mainly attributable to cash flow generated by operations of Euro 145.9 million, despite a negative impact deriving from the conversion of cash and cash equivalents into foreign currencies of Euro 5.7 million, the payment of dividends of Euro 51.3 million, the treasury share purchase plan announced on 6 November 2023 of Euro 6.9 million, and the return to normal payment seasonality. The net financial position not including the effects of the IFRS 16 accounting standard amounts to Euro 170.6 million. As of 31 December 2023, the Group has no bank debt.

The following table shows the amount the Group's Recurring Free Cash Flow as of 31 December 2023 and 31 December 2022:

(In thousands of Euro, with ratios)	**Year ended 31 December**		**Changes**
	2023	**2022**	**2023 vs 2022**
Net cash inflow from operations	145,937	130,307	15,631
Change in net working capital [13]	(14,758)	4,216	(18,974)
Investments in fixed assets	(35,345)	(34,288)	(1,057)
Recurring Free Cash Flow Pre-tax [14]	**95,834**	**100,235**	**(4,401)**
Income taxes paid	(24,358)	(22,280)	(2,078)
Recurring Free Cash Flow [15]	**71,476**	**77,955**	**(6,479)**
EBITDA	151,367	129,382	21,986
Cash conversion rate [16]	**63%**	**77%**	**-14%**

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 31 December 2023 came to Euro 95,834 thousand. The end-of-year results achieved derive from the joint effect of a cash flow generated by operations of Euro 145,937, despite the negative effect of the change in Net Working Capital of Euro 14,758 thousand and of investments in fixed assets of Euro 35,345 (compared to Euro 34,288 thousand in 2022). Considering the taxes paid over the year of Euro 24,358 thousand, the Group generated a **Recurring Free Cash Flow** of Euro 71,476 thousand, compared to Euro 77,955 thousand as of 31 December 2022.

The **Cash Conversion Rate** generated by the Group normalised in 2023, amounting to 63% compared to 77% in the same period of the previous year, which had been positively affected by a different purchase seasonality.

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 'Total Wellness solutions' and also pursues higher levels of operational efficiency through cross-production.

However, for business analysis purposes, Management considers customer-related aspects, geographical areas and distribution channels to be important, and monitors revenue trends on that basis.

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

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

(In thousands of Euro and percentage annual change)	**Year ended 31 December**		**Changes**	
	2023	**2022**	**2023 vs 2022**	**%**
BtoC	165,671	165,382	289	0.2%
BtoB	642,420	556,107	86,313	15.5%
Total revenues	**808,091**	**721,489**	**86,602**	**12.0%**

Revenues as of 31 December 2023 showed strong growth in BtoB business volumes (+15.5%) in all its segments, with particular emphasis on the health and prevention sector, where the related megatrend was captured by the unique Technogym Ecosystem, which can identify the correct dosage for different needs.

Also noteworthy is the performance of the BtoC segment which, despite the international downturn due to the technical rebound following the pandemic, recorded a result in line with the previous year, returning to growth in the second half of the year and strengthening confidence in its ability to grow in 2024.

(In thousands of Euro and percentage annual change)	Year ended 31 December		Changes	
	2023	**2022**	**2023 vs 2022**	**%**
Europe (without Italy)	378,092	333,171	44,921	13.5%
APAC	115,747	122,336	(6,589)	(5.4%)
North America	106,946	101,103	5,843	5.8%
Italy	76,928	63,659	13,269	20.8%
MEIA	108,706	83,737	24,969	29.8%
LATAM	21,672	17,483	4,189	24.0%
Total revenues	**808,091**	**721,489**	**86,602**	**12.0%**

The Group recorded an increase in revenues in all parts of the world with the exception of the APAC region, which was affected by the international macroeconomic situation in China in the first half of the year, offsetting the growth recorded in several countries in the geographical area.

Growth was good in North America, in both the US and Canada, with an overall increase of 10% in local currency. Excellent performance in Europe, driven in particular by significant growth in the UK (+25.6%) and Spain (+22.7%). In the MEIA area, the overall results also benefited from the Emirates consolidation at a Group level.

(In thousands of Euro and percentage annual change)	Year ended 31 December		Changes	
	2023	**2022**	**2023 vs 2022**	**%**
Field sales	540,728	465,768	74,960	16.1%
Wholesale	190,639	176,817	13,822	7.8%
Inside sales	61,149	66,280	(5,131)	(7.7%)
Retail	15,575	12,624	2,951	23.4%
Total revenues	**808,091**	**721,489**	**86,602**	**12.0%**

As far as turnover by sales channel is concerned, it is worth noting the excellent performance of the Field Sales channel linked to the growing productivity of the sales network, and the Retail channel driven by the opening of new boutiques in Germany and the UK. The Wholesale channel consolidated the excellent growth of the previous year, thanks to the performance in LATAM driven by Brazil and Mexico, in the MEIA area driven by Saudi, India, Turkey and Morocco, and in Europe, where significant growth was recorded in Poland, Switzerland and Austria.

The Inside Sales channel, a combination of Teleselling and E-commerce, bucked the global trend in the Consumer sector, especially in APAC countries.

In accordance with IFRS 8, paragraph 34, for the years ended 31 December 2023 and 31 December 2022, the Group did not have any clients generating more than 10% of total revenues.

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

The **total revenues of** TG S.p.A**.** came to Euro 556,459 thousand, up by Euro 52,126 thousand (+10.3%) compared to Euro 504,333 thousand in 2022. The increase for the financial year is due to a strong recovery in the BtoB business in all related segments. The results were mainly due to increased BtoB volumes and a better product mix.

Adjusted profit for the period of Technogym S.p.A. came to Euro 76,833 thousand, up by Euro 6,945 thousand compared to Euro 69,888 thousand in the previous financial year. This increase is in line with the trends in the Net operating income mentioned above.

The table below shows the statement of financial position of TG S.p.A. in condensed and reclassified form, which reports the structure of invested capital and sources of financing as of 31 December 2023 and as of 31 December 2022:

(In thousands of Euro and percentage annual change)	As of 31 December		Changes	
	2023	**2022**	**2023 vs 2022**	**% Variations**
Loans				
Net Fixed Capital (1)	365,884	366,600	(717)	(0%)
Net Operating Capital (2)	(41,225)	(34,366)	(6,859)	20%
Net Invested Capital	**324,659**	**332,235**	**(7,575)**	**(2%)**
Sources				
Equity	407,949	390,151	17,797	5%
Net indebtedness (3)	(83,290)	(57,917)	(25,373)	44%
Total sources of financing	**324,659**	**332,235**	**(7,576)**	**(2%)**

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

(2) Net Operating Capital is composed of: (i) Inventory, (ii) Trade Receivables, (iii) Other current assets, (iv) Trade payables, (v) Current tax liabilities, (vi) Current provisions for risks and charges and (vii) Other current liabilities.

(3) The net financial position consists of: (i) Current financial assets, (ii) Assets for derivative financial instruments, (iii) Cash and cash equivalents, (iv) Non-current financial liabilities, (v) Current financial liabilities, (vi) Liabilities for derivative financial instruments and (vii) Trade payables and other non-current payables.

Net fixed capital of TG S.p.A. came to Euro 365,884 thousand, down by Euro 717 thousand compared to Euro 366,600 thousand for the year ended 31 December 2022. This reduction is mainly attributable to the net effect of (i) lower tangible and intangible fixed assets following amortization and depreciation in the period, despite the Group investments in the development of new products and digital solution; (ii) an increase in transferred trade receivables due after 12 months (see "Other Non-Current Assets" section for details on the nature of the item); and (iii) an increase in the investments item due to the establishment of Technogym Arabia LLC.

Net operating capital of TG S.p.A. amounted to negative Euro 41,255 thousand, up by Euro 6,859 thousand compared to the negative balance of Euro 34,366 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 the joint effect of: (i) a decrease in the "Trade receivables" item of Euro 17,795 thousand, mainly due to the constant monitoring of the credit situation; (ii) a decrease in the "Trade payables" item of Euro 18,765 thousand; and (iii) an increase in the "Inventories" item of Euro 1,015 thousand. It should also be noted that: (i) the average days of collection of trade receivables went from 54 for the year ended 31 December 2022 to 33 for the year ended 31 December 2023 (the trade receivables turnover ratio went from 6.7 to 10.8); (ii) the DPO went from 140 for the year ended 31 December 2022 to 102 for the year ended 31 December 2023 (the trade payables turnover ratio went from 2.6 to 3.5); and (iii) the average number of days in inventory went from 46.08 for the year ended 31 December 2022 to 38.95 for the year ended 31 December 2023 (the inventory turnover ratio went from 7.81 to 9.24).

Equity of TG S.p.A. came to Euro 407,949 thousand, up by Euro 17,797 thousand compared to Euro 390,151 thousand for the year ended 31 December 2022. This increase in mainly due to the recognition of profit for the period of Euro 74,463 thousand, offset by the distribution of Euro 50,332 thousand in dividends. For more details see section 12 "Equity" of this document.

Net financial indebtedness of TG S.p.A. was positive and amounted to 83,290 thousand, up by Euro 25,373 thousand compared to the Euro 57,917 thousand in the year ended 31 December 2022. The increase is mainly due to an operating cash flow of Euro 100,337 thousand, offset by investments of Euro 27,029 thousand in tangible and intangible fixed assets, by the payment of Euro 15,356 thousand in taxes, of Euro 50,332 thousand in dividends and by the payment of Euro 7,682 thousand for leased assets according to the IFRS 16 accounting standard. The net financial indebtedness before the application of the standard would be positive by Euro 107 thousand, up by Euro 21,392 thousand compared to 31 December 2022, when the value was Euro 85,469 thousand. As of 31 December 2023, the Company has no bank debt.

Segment information of Technogym S.p.A.

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

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

A breakdown of revenues by geographical area is provided below:

(In thousands of Euro and percentage annual change)	Year ended 31 December		Changes	
	2023	2022	2023 vs 2022	%
Europe (without Italy)	236,884	214,423	22,461	10.5%
MEIA	93,587	88,460	5,127	5.8%
APAC	72,937	77,194	(4,257)	(5.5%)
Italy	76,928	63,659	13,269	20.8%
North America	54,387	42,736	11,651	27.3%
LATAM	21,736	17,860	3,876	21.7%
Total revenues	**556,459**	**504,332**	**52,127**	**10.3%**

1.4 RISK FACTORS

Financial risks

After a complex 2022 following volatility on the financial markets, 2023 marked a turnaround for the global financial markets, with an improvement in the main stock indexes and rise in bond prices. In this context, the Group continued to implement policies to closely monitor potential risks, while avoiding the adoption of speculative financial positions.

In particular, the financial risks to which Technogym is exposed connected to its activities are:

- credit risk, arising from commercial transactions or financing activities;
- risks related to supplier relations;
- liquidity risk, related to the availability of financial resources and access to the credit market;

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

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.

In 2023, the Group constantly monitored the recoverability of the value of receivables on which there is a buyback obligation. Given that defaults of approximately Euro 2.5 million were recorded during the financial year, after a careful analysis of the portfolio as of 31 December 2023, the Group assumed a default risk for the next financial year of around Euro 3.5 million out of a total portfolio of Euro 177 million, increasing the provision for write-downs on transferred receivables by a further Euro 297 thousand (185 thousand over 12 months and 122 thousand for the current portion). The balance of the provision for write-downs on transferred receivables at the end of the financial year is Euro 3,485 thousand (2.2 million over 12 months and 1.3 million for the current portion) and is able to absorb the amount of receivables with a probable risk of default.

Risks related to supplier relations

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

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

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

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

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

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.

Market risks

Exchange rate risk

The Group operates internationally and is therefore exposed to exchange rate risk with regard to business and financial transactions entered into in USD, GBP, AUD, BRL, RBL and 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 as to achieve net exposures to exchange rate risk which may be hedged more effectively and efficiently;
- Derivative financial instruments, to hedge net exposures of assets and liabilities denominated in foreign currencies;
- Derivative financial instruments used as cash flow hedges relating to highly probable future transactions (Cash Flow Hedge Highly Probable Transaction).

Interest rate risks

Interest rate risk is related to the use of short and medium/long-term credit lines. Variable rate loans expose the Group to the risk of fluctuations of cash flows due to interest. The Company does not use derivative instruments to hedge interest rate risks.

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.

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. In relation to the Russian market, Technogym, through its subsidiary Technogym AO, is providing local business improvement services to operators, whose revenues can be quantified at approximately 1% of the Group's total revenues. Technogym has also stopped exporting to Russia and during the financial year recognised provisions for risks and charges of Euro 1,925 thousand related to part of the liquidity present and which, following the conflict, is considered to be at risk should it be distributed to the parent company, taking into account the methods which are now under assessment.

Risks related to cyber attacks

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

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

1.5 INVESTMENTS AND ACQUISITIONS

In the 2023 financial year, the Group made investments in property, plant and equipment and intangible assets totalling Euro 36,179 thousand, up on the figure for 2022, where the value was Euro 34,964 thousand. The increase is due to the continuous investments made by the Group, aimed mainly at: (i) constantly updating and extending the Group's range of products and services, with a specific focus on the digitalisation of the offer and development of new content; (ii) adapting production infrastructure; (iii) optimising the Group's main production processes; and (iv) creating new showrooms and updating existing ones, both in Italy and overseas.

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

The investments made by the Group in the year ended 31 December 2023 and in the year ended 31 December 2022 are shown below, broken down by type:

(In thousands of Euro)	**Year ended 31 December 2023**	**Year ended 31 December 2022**
Property, plant and equipment	17,358	14,748
Intangible assets	18,821	20,216
Total investments	**36,179**	**34,964**

The table below shows the investments made by the Group in the year ended 31 December 2023 and in the year ended 31 December 2022, relating to the 'Property, plant and equipment' item, broken down by category:

(In thousands of Euro)	**Year ended 31 December 2023**	**Year ended 31 December 2022**
Land	486	405
Buildings and leasehold improvements	4,542	2,641
Plant and machinery	1,005	746
Production and commercial equipment	5,200	5,369
Other assets	2,502	2,185
Assets under construction and advances	3,623	3,402
Total investments in property, plant and equipment	**17,358**	**14,748**

Investments in property, plant and equipment include the purchase by Technogym S.p.A. of agricultural land, two apartments for use 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 particular, investments related to buildings and leasehold improvements refer to the new Technogym Experience Center of the branches in Australia, Asia and Benelux, as well as the opening and inauguration of new boutiques in New York and Abu Dhabi and investments made by the Technogym UK commercial branch for the upcoming inauguration of a store at "One Berkeley Street" in London.

The table below shows the investments made by the Group in the year ended 31 December 2023 and in the year ended 31 December 2022, relating to the 'Intangible assets' item, broken down by category:

(In thousands of Euro)	Year ended 31 December 2023	Year ended 31 December 2022
Development costs	4,085	4,173
Patents and intellectual property rights	7,043	6,495
Concessions, licences, trademarks and similar rights	182	506
Intangibles under development and advances	5,666	6,821
Other intangible assets	1,844	2,220
Total investments in intangible assets	**18,821**	**20,216**

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

1.6 TREASURY SHARES

On 6 November 2023, Technogym launched a share purchase plan following the authorisation approved by the Ordinary Shareholders' Meeting on 5 May 2023.

Purpose of the plan

The plan aims to: (i) operate on the market, in compliance with the current provisions in force, to contain abnormal price movements and to stabilise trading and price trends, in the face of any distorting phenomena linked to excessive volatility or poor trading liquidity; (ii) acquire a portfolio of treasury shares that can be available in order to fulfil obligations deriving from stock option plans, stock grants or any incentive programmes, for consideration or free of charge, intended for company representatives, employees or associates of Technogym or its group companies.

Operating methods and trading venue

The purchase transactions took place on the Euronext Milan regulated market, organized and managed by Borsa Italiana S.p.A. through the authorised intermediary Equita SIM S.p.A., appointed for the implementation of the Plan, which operates fully independently according to operating methods designed to ensure the equal treatment of shareholders established by the provisions of the applicable laws and regulations in force (including, without limitation, Art. 2357 of the Italian Civil Code, Art. 132 of Italian Legislative Decree no. 58 of 24 February 1998 ("TUF"), Art. 144-bis (1)(b) of the Issuing Regulations and the provisions of the Rules of the Markets organised and managed by Borsa Italiana S.p.A.).

Maximum number of treasury shares and maximum disbursement

The maximum number of treasury shares to be purchased through the execution of the Plan, on one or more occasions, including on a revolving basis, shall in any case not exceed 2,500,000 Technogym ordinary shares. The maximum disbursement for the execution of the Plan is set at a total of Euro 20 million.

Minimum and maximum consideration and quantity of shares purchased

Purchases of treasury shares are made under the price conditions in accordance with the provisions of Article 3(2) of the MAR Delegated Regulation, i.e. not higher than the highest price between that of the most recent independent transaction and the price of the highest current independent purchase offer at the trading venue where the purchase is made or in accordance with the regulations in force.

Purchases are made at a price per share that cannot deviate, neither up nor down, by more than 10% from the reference price recorded by the share in the stock exchange session prior to each individual transaction.

In accordance with the provisions of Art. 3(3) of the MAR Delegated Regulation, the quantity of shares purchased on each trading day shall not exceed 25% of the average daily volume of Technogym ordinary shares traded on the trading venue where the purchase is made, calculated on the basis of the average daily volume of exchanges in the 20 trading days preceding the date of purchase.

Plan Duration

The Plan began on 6 November 2023 and will last until the purchase of all the shares covered by the Plan and, in any case, no later than the period of 18 months from the approval of the Ordinary Shareholders' Meeting of 5 May 2023. The purchase of shares may in any case be partially implemented, interrupted and/or revoked at any time, subject to appropriate communication to the market in the manner and within the terms provided for under the applicable legislation.

It should be noted that the Plan is not aimed at reducing the share capital.

The Group communicates the transactions carried out under this Plan to Consob and the market, including through publication on its website, in accordance with the terms and procedures laid down in the applicable legislation.

Treasury shares in the portfolio

As of 31 December 2023, the treasury shares in the portfolio amounted to Euro 6.9 million, corresponding to 836,972 shares, equal to 0.42% of the share capital. The official market value at year-end was Euro 7.7 million.

1.7 RELATED PARTY TRANSACTIONS

Pursuant to Art. 5, paragraph 8, of Consob Regulation no. 17221/2010 concerning "Related Party Transactions" and subsequent Consob Resolution no. 17389/2010, in the financial year there are no Related Party Transactions that significantly influenced the Group's financial position or results as of and for the financial year ended 31 December 2023.

Related party transactions were regulated under market conditions, and were performed, where applicable, in respect of the appropriate internal procedure (which can be consulted on the website http://corporate.technogym.com/it, Governance section), which defines their terms and methods of verification and monitoring.

Information on relationships with related parties required by Consob Communication no. DEM/6064293 of 28 July 2006 are presented in the financial statements and in the "Related party transactions" note of the consolidated financial statements as of 31 December 2023.

1.8 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 18 March, the completion of the treasury share purchase plan, announced on 6 November 2023 following the authorisation approved by the Ordinary Shareholders' Meeting on 5 May 2023, was reported. Technogym purchased a total of 2,266,705 shares, equal to 1.13% of the shares that make up the share capital, for a total value of Euro 20 million.

In January, Technogym took part in the World Economic Forum in Davos, during which Erica Alessandri, member of the Technogym Board of Directors, contributed to an important project on the evolution of the health sector through digital innovation and Artificial Intelligence. On 29 February, Technogym Zurich opened, the new retail space in the heart of Zurich.

1.9 OUTLOOK

Despite an increasingly complex macroeconomic scenario, in the year just ended, Technogym demonstrated its ability to grow sustainably and profitably, in line with the plan presented at Investor Day the previous June.

Growth drivers are solid and expanding, first and foremost health through prevention (Exercise is Medicine), increasingly considered a priority by individuals, businesses and governments. While the reference market is showing mid-single-digit growth, Technogym has a higher growth rate thanks to its ability to innovate and to the large investments made in the digital ecosystem in 2023. This growth trend is also confirmed in the medium to long term, based on the current strategies, which are proving to be successful.

EBITDA increased not only in absolute terms but also as a percentage for the second consecutive year. The recovery of variable margins in 2023 will create a long-term benefit in terms of operating margins, allowing investments to be guaranteed for future growth.

Technogym also enjoys a positive cash flow situation, allowing it to consider all opportunities to create value. From the point of view of investments, vertical opportunities for the internalisation of certain activities and processes upstream of the supply chain are being assessed to improve product margins and reduce production costs.

In light of all these considerations and what has already been seen in the first few months of the year, Technogym is facing 2024 with ambition and confidence, aiming to transform people's lifestyles and continuing to contribute to changing the world.

2

CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2023

Technogym Group Consolidated Financial Statements

Consolidated statement of financial position

(In thousands of Euro)	Notes	As of 31 December			
		2023	*of which from related parties*	2022	*of which from related parties*
Assets					
Non-current assets					
Property, plant and equipment	4.1	171,560	9,407	164,122	9,094
Intangible assets	4.2	56,686		55,688	
Deferred tax assets	4.3	25,902		24,043	
Investments in joint ventures and associates	4.4	1,155		4,058	
Non-current financial assets		—		201	
Other non-current assets	4.5	82,350	—	73,544	13
Total non-current assets		**337,652**		**321,656**	
Current assets					
Inventories	4.6	103,560		100,671	
Trade receivables	4.7	119,793	41	110,824	(6)
Current financial assets	4.8	4,250	227	19,883	233
Assets for derivative financial instruments	4.9	172		637	
Other current assets	4.10	28,152	25	27,178	1,292
Cash and cash equivalents	4.11	224,730		205,358	
Total current assets		**480,657**		**464,551**	

(In thousands of Euro)	**Notes**	**As of 31 December**			
		2023	*of which from related parties*	**2022**	*of which from related parties*
Total assets		**818,309**		**786,207**	
Equity and liabilities					
Equity					
Share capital		10,066		10,066	
Share premium reserve		7,132		7,132	
Own shares		(6,922)		—	
Other reserves		34,230		37,698	
Retained earnings		236,397		225,438	
Profit (loss) attributable to owners of the parent		73,640		63,587	
Equity attributable to owners of the parent	4.12	**354,544**		**343,922**	
Capital and reserves attributable to non-controlling interests		5,640		1,716	
Profit (loss) attributable to non-controlling interests		3,528		288	
Equity attributable to non-controlling interests		**9,168**		**2,005**	
Total equity		**363,712**		**345,927**	
Non-current liabilities					
Non-current financial liabilities	4.13	69,959	8,788	66,431	8,540
Deferred tax liabilities	4.14	1,193		168	
Employee benefit obligations	4.15	2,621		2,600	
Non-current provisions for risks and charges	4.16	13,566		9,586	
Other non-current liabilities	4.17	44,771		38,415	
Total non-current liabilities		**132,110**		**117,201**	
Current liabilities					
Trade payables	4.18	155,384	575	173,559	1,002
Current tax liabilities	4.19	9,192		9,169	
Current financial liabilities	4.13	32,259	4,315	37,501	3,457
Liabilities for derivative financial instruments	4.20	2		77	
Current provisions for risks and charges	4.16	19,472		14,222	
Other current liabilities	4.21	106,178		88,552	
Total current liabilities		**322,486**		**323,080**	
Total equity and liabilities		**818,309**		**786,207**	

Consolidated income statement

(In thousands of Euro)	Notes	Year ended 31 December			
		2023	*of which from related parties*	2022	*of which from related parties*
Revenues					
Revenues	5.1	806,288	43	719,025	15,147
Other revenues and income	5.2	1,803	2	2,465	292
Total revenues		**808,091**		**721,490**	
Operating costs					
Purchases and use of raw materials, work in progress and finished goods	5.3	(269,845)	(1)	(248,077)	(123)
of which non-recurring income/(expenses)		—		*(18)*	
Cost of services	5.4	(213,569)	(2,645)	(195,308)	(2,368)
of which non-recurring income/(expenses)		*(1,613)*		*(725)*	
Personnel expenses	5.5	(167,666)	—	(145,214)	(311)
of which non-recurring income/(expenses)		*(1,764)*		*(1,442)*	
Other operating costs	5.6	(9,796)	(48)	(5,277)	(14)
of which non-recurring income/(expenses)		*(1,544)*		*(360)*	
Share of net result from joint ventures	5.7	4,403		1,768	
of which non-recurring income/(expenses)		*4,534*		—	
Depreciation and amortisation and impairment / write backs	5.8	(45,712)	(1,710)	(40,386)	(1,600)
Net provisions	5.9	(8,522)		(6,242)	
of which non-recurring income/(expenses)		*(3,423)*		*(8)*	
Net operating income		**97,383**		**82,753**	
Financial income	5.10	23,397	(39)	27,436	19
Financial expenses	5.11	(20,897)	(140)	(27,177)	(109)
Net financial expenses		**2,500**		**259**	
Income/(expenses) from investments	5.12	517		298	
Profit before tax		**100,400**		**83,309**	
Income taxes	5.13	(23,232)		(19,434)	
of which non-recurring income taxes		*(976)*		—	
Profit/(loss) for the period		**77,168**		**63,875**	
(Profit) Loss attributable to non-controlling interests		**(3,528)**		**(288)**	
Profit (loss) attributable to owners of the parent		**73,640**		**63,587**	
Earnings per share (in Euro)	5.14	**0.37**		**0.32**	

Consolidated statement of comprehensive income

(In thousands of Euro)	Notes	Year ended 31 December	
		2023	**2022**
Profit (loss) for the period (A)		**77,168**	**63,875**
Actuarial gains/(losses) on post-employment benefit obligations and Non-Compete Agreements	4.16	(69)	602
Tax effect - Actuarial gains (losses) on provisions for personnel and Non-Compete agreements		14	(151)
Total items that will not be reclassified to profit or loss (B1)		**(55)**	**451**
Exchange rate differences on the translation of foreign operations		(4,353)	1,425
Exchange rate differences for valuation of entities accounted for using the equity method	4.4	-	330
Gains (losses) on cash flow hedges	4.20	(521)	(3)
Tax effect - Gains (losses) on cash flow hedges		125	1
Total items that will be reclassified to profit or loss (B2)		**(4,749)**	**1,752**
Total Other comprehensive income, net of tax (B)=(B1)+(B2)		**(4,803)**	**2,203**
Total comprehensive income for the period (A)+(B)		**72,365**	**66,079**
of which attributable to owners of the parent		*68,837*	*65,790*
of which attributable to non-controlling interests		*3,528*	*288*

Consolidated cash flow statement

(In thousands of Euro)	Notes	Year ended 31 December	
		2023	2022
Cash flows from operating activities			
Consolidated Profit (loss) for the period	4.12	77,168	63,875
Adjustments for:			
Income taxes	5.13	23,232	19,434
Income/(expenses) from investments	5.12	(517)	(298)
Financial income/(expenses)	5.10 5.11	(2,500)	(259)
Depreciation, amortisation and impairment	5.8	45,712	40,386
Net provisions	5.9	6,215	8,435
Share of net result from joint ventures	5.7	(4,403)	(1,768)
Other non-monetary changes		1,030	500
Cash flows from operations before changes in working capital		**145,937**	**130,307**
Change in inventories	4.6	7,210	4,040
Change in trade receivables	4.7	(5,643)	(5,617)
Change in trade payables	4.18	(19,912)	13,857
Change in other assets and liabilities	4.10 4.15 4.16 4.17 4.21	3,588	(8,063)
Income taxes paid	4.3 4.14 4.18 5.13	(24,358)	(22,280)
Net cash inflow/(outflow) from operations (A)		**106,821**	**112,243**
of which from related parties		*(1,821)*	*11,015*
Cash flows from investing activities			
Investments in property, plant and equipment	4.1	(17,358)	(14,747)
Disposals of property, plant and equipment	4.1	820	327
Investments in intangible assets	4.2	(18,821)	(20,216)
Disposals of intangible assets	4.2	13	348
Dividends received from other entities	5.12	344	566
Dividends from investments in Joint Ventures	4.4	—	1,611
Sale/(Purchase) of subsidiaries, associates and other entities	4.4	4,182	—
Net cash inflow /(outflow) from investing activities (B)		**(30,819)**	**(32,112)**
of which from related parties		—	*1,611*
Cash flows from financing activities			
Reimbursement of leasing costs (IFRS 16)		(11,064)	(9,181)
Non-current financial liabilities (including the current portion)	4.13	—	4,006
Repayment of borrowings (including the current portion)	4.13	(11,735)	(54,848)
Net increase (decrease) in current financial liabilities	4.8 4.13	27,069	41,753
Dividends paid to shareholders		(51,324)	(32,173)
Purchase of own shares		(6,922)	—

(In thousands of Euro)	**Notes**	**Year ended 31 December**	
		2023	**2022**
Net financial income/(expenses)	4.9 4.20 5.10 5.11	3,040	(352)
Net cash inflow/(outflow) from financing activities (C)		**(50,936)**	**(50,795)**
of which from related parties		*(1,851)*	*(1,709)*
Net increase (decrease) in cash and cash equivalents (D)=(A)+(B)+(C)		**25,066**	**29,337**
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 31 December		25,066	29,337
Effects of exchange rate differences on cash and cash equivalents		(5,694)	1,715
Cash and cash equivalents at the end of the period		**224,730**	**205,358**

Statement of changes in consolidated shareholders' equity

(In thousands of Euro)	Share capital	Share premium reserve	Own shares	Other reserves					Retained earnings	Profit (loss) attributable to owners of the parent	**Equity attributable to owners of the parent**	Capital and reserves attributable to non-controlling interests	Profit (loss) attributable to non-controlling interests	**Equity attributable to non-controlling interests**	**Equity of Group and non-controlling interests**
				Translation reserve	Reserve for the adoption of IAS/ IFRS	IAS 19 reserve	Stock option reserve	Other							
As of 31 December 2021	**10,066**	**7,132**	**—**	**392**	**954**	**(115)**	**—**	**30,091**	**198,256**	**63,065**	**309,841**	**1,519**	**200**	**1,719**	**311,560**
Profit for the previous year	—	—	—	—	(12)	—	—	3,683	59,394	(63,065)	—	200	(200)	—	—
Total comprehensive income for the year	—	—	—	1,758	—	451	—	(3)	—	63,587	**65,794**	(3)	288	**285**	**66,079**
Dividends paid	—	—	—	—	—	—	—	—	(32,212)	—	**(32,212)**	—	—	—	**(32,212)**
Incentive plan (LTIP)	—	—	—	—	—	—	500	—	—	—	**500**	—	—	—	**500**
As of 31 December 2022	**10,066**	**7,132**	**—**	**2,150**	**942**	**336**	**500**	**33,771**	**225,438**	**63,587**	**343,923**	**1,716**	**288**	**2,004**	**345,927**
Profit for the previous year	—	—	—	—	(12)	—	—	2,302	61,297	(63,587)	—	288	(288)	—	—
Total comprehensive income for the year	—	—	—	(4,127)	—	(55)	—	(396)	—	73,640	**69,062**	(225)	3,528	**3,303**	**72,365**
Dividends paid	—	—	—	—	—	—	—	—	(50,332)	—	**(50,332)**	(992)	—	**(992)**	**(51,324)**
Purchase and sale of own shares	—	—	(6,922)	—	—	—	—	—	—	—	**(6,922)**	—	—	—	**(6,922)**
Increase in capital	—	—	—	—	—	—	—	—	—	—	—	2,116	—	**2,116**	**2,116**
Incentive plan (LTIP)	—	—	—	—	—	—	1,030	—	—	—	**1,030**	—	—	—	**1,030**
Other movements	—	—	—	(2,209)	—	—	—	—	(7)	—	**(2,217)**	2,736	—	**2,736**	**520**
As of 31 December 2023	**10,066**	**7,132**	**(6,922)**	**(4,187)**	**930**	**282**	**1,529**	**35,677**	**236,397**	**73,640**	**354,544**	**5,640**	**3,528**	**9,168**	**363,712**

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Technogym S.p.A. (hereinafter "Technogym", the "Company" or the "Parent company") and its subsidiaries (collectively the "Group" or the "Technogym Group") is a leader in the international fitness equipment market in terms of sales volumes and market shares. Management believes that the Technogym Group may be considered the key total wellness solution provider in the industry, owing to the quality and completeness of the offer of integrated solutions for personal wellness (composed mainly of equipment, services, digital content and solutions).

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

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

As of 31 December 2023, 33.78% of the Issuer's share capital was held by TGH S.r.l. a limited liability company incorporated under Italian law, whose share capital is 75%-owned by Oiren S.r.l. and 25%-owned by Path S.r.l., NIF Holding S.r.l. holds 4.38% of the Issuer's share capital (representing 3.27% of the total voting rights), while the remaining 61.84% of the Issuer's share capital was free float on Borsa Italiana's EXM (screen-based stock exchange).

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

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These Consolidated Financial Statements were approved by the Company's Board of Directors on 25 March 2024 and audited by PricewaterhouseCoopers S.p.A.

2 Summary of accounting standards

This section describes the accounting standards adopted for the preparation of these Consolidated Financial Statements for the year ended 31 December 2023 (hereinafter the "Consolidated Financial Statements"). These standards have been adopted for all the financial years presented, unless otherwise indicated.

2.1 BASIS OF PREPARATION

(i) Compliance with EU-IFRS

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

The Consolidated Financial Statements have also been prepared:

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

(ii) Historical cost approach

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

2.2 FORM AND CONTENT

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

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

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

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

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

Some items on the statement of financial position and the income statement for the year ended 31 December 2023 have undergone minor reclassifications in order to give a better presentation of these items. The figures to 31 December 2022 were then reclassified to enhance the comparison of information between the two years.

Technogym Germany GmbH will adopt the exemption, as provided for in Article 264 (3) of the German Civil Code (HGB), from the requirement to prepare financial statements for the year ended 31 December 2023.

Distinction between current and non-current assets and liabilities

The Group classifies an asset as current when:

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

All other assets that do not meet the above conditions are classified as non-current.

The Group classifies a liability as current when:

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

All other liabilities are classified as non-current.

2.3 CONSOLIDATION CRITERIA AND METHODOLOGIES

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

The following table lists the companies included in the scope of consolidation, including information about the method of consolidation applied, for the years ended 31 December 2023 and 2022.

Entity name	Year ended 31 December 2023				
	Registered office	% of control Dec 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 Arabia LLC	Saudi Arabia	70%	0%	SAR	28,600,000
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
FKB Equipamentos LTDA	Brazil	100%	100%	BRL	156,064,684
Technogym Canada Inc.	Canada	100%	100%	CAD	100,000
DWL	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%	EUR	463,382
Associates - Jointly controlled entities, consolidated using the equity method					
Wellink Srl	Italy	40%	40%	EUR	60,000
Wellness Explorers Srl	Italy	0%	50%	EUR	-
Physio Ag	Germany	32%	32%	EUR	73,000

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 this appraisal defined the value of the equity investment at Euro 10,390 thousand, of which 49% is 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 full consolidation has generated non-recurring income of Euro 4,066 thousand, deriving from the closure of the translation reserve (Euro 1,741 thousand) and the posting of Euro 2,325 thousand as a revaluation entry. This last item derives from the difference between the 49% of fair value of the investment, and the previous recognition value based on the equity consolidation method, of Euro 2,766 thousand. Finally, the operation generated a deferred 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:

(In thousands of Euro)	***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 identifiable net assets consolidated line-by-line	**8,371**
Restated fair value of the equity investment	10,390
Group share (49%) reclassified to Goodwill	**989**

Formation of Technogym Arabia LLC

During the year, the Saudi company Technogym Arabia LLC was formed, with 70% ownership and consolidated using the line by line method. Its objective is to expand the share of the local market.

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. This required the deconsolidation of the entity and the closure of the translation reserve on the income statement, to the value of Euro 468 thousand.

Liquidation of Wellness Explorer S.r.l.

Liquidation and deregistration from the Companies Register of the Italian company Wellness Explorer S.r.l., owned as to 50% and valued with the net equity method.

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

(i) Subsidiaries

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

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

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

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

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

(ii) Business combinations

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

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

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

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

(iii) Associates

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

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

The procedure for adopting the equity method is described below:

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

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

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

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

(iv) Joint arrangements

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

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

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

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

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

From 2023, the Group is no longer reporting this event, following the operations mentioned in note 4.4.

(v) Translation of the financial statements of foreign operations

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

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

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

Currency	As of 31 December	
	2023	2022
USD	1.105	1.067
GBP	0.869	0.887
JPY	156.330	140.660
CHF	0.926	0.985
AUD	1.626	1.569
AED	4.058	3.917
CNY	7.851	7.358
RUB	99.680	75.655
HKD	8.631	8.316
BRL	5.362	5.639
ZAR	20.348	18.099
SGD	1.459	1.430
CAD	1.464	1.444
DKK	7.453	7.437
SAR	4.144	4.000

Currency	Average for the year ended 31 December	
	2023	2022
USD	1.081	1.053
GBP	0.870	0.853
JPY	151.990	138.027
CHF	0.972	1.005
AUD	1.629	1.517
AED	3.971	3.867
CNY	7.660	7.079
RUB	92.416	72.476
HKD	8.465	8.245
BRL	5.401	5.440
ZAR	19.955	17.209
SGD	1.452	1.451
CAD	1.460	1.370
DKK	7.451	7.440
SAR	4.055	3.949

* 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.

2.4 VALUATION CRITERIA

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

Consolidated statement of financial position

Property, plant and equipment

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

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

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

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

Amortisation methods and periods

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

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

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

Intangible assets

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

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

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

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

Development costs

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

Amortisation methods and periods

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

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

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

Testing of long-term value impairment of assets

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

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

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

Leased assets

Leasing contracts are recognised in accordance with IFRS 16.

When entering into each contract, the Group:

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

On the start date of each contract, i.e. the date on which the asset becomes available for use, if the Group is the lessee it will recognise a right-of-use asset on the statement of assets and liabilities, and a lease liability representing the obligation to make payments for the duration of the leasing contract. The duration of the leasing contract is determined by considering the non-cancellable period, and, if there is reasonable certainty, also the periods of any optional extensions or non-use of options to terminate the contract early. The leasing liability is initially recognised at an amount equal to the current value of the following leasing payments, not yet made as of the commencement date: (i) fixed (or substantially fixed) payments net of any incentives due; (ii) variable payments based on indexes or rates; (iii) an estimate of the payment to be made by the lessee to guarantee the residual value of the leased asset; (iv) payment of the price for exercising the right to purchase, if the lessee is reasonably certain of doing so; and (v) payment of contractual penalties for terminating the lease if the lessee is reasonably certain of doing so. The current value of such payments is equal to the current value of the remaining future payments, discounted using the implicit interest rate for the leasing, or alternatively the Group's marginal financing rate. Subsequently, the asset consisting of the right of use is valued by applying the cost model, net of the depreciation and any reductions in accumulated value, adjusted to take into account any new valuations or modifications to the lease. Leasing charges are valued by increasing the book value to take into account the interest, reducing the book value to take into account payments made, and re-determining the book values to take into account any new valuations or modifications to the lease.

The assets are depreciated according to a period represented by the term of the lease contract, unless its duration is less than the useful life of the asset based on the rates applied to tangible assets, and there is the reasonable certainty of the ownership of the leased asset being transferred on the natural contractual expiry date. If the leasing contract transfers the ownership of the leased asset at the end of the lease term, or if the cost of the asset consisting of the right of use reflects the exercise of the option to buy, the amortisation period will be calculated on the basis of the criteria and rates used for tangible assets in accordance with IAS 16.

For lease contracts whose duration ends within 12 months from the date of initial application and for which there are no renewal options, and for contracts with low-value underlying assets, the lease charges are recognised on the income statement on a straight line basis throughout the duration of the respective contracts. "Tangible assets" include equipment leased to customers by the leasing company under operating leases according to IFRS 16.

Financial assets

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

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

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

Financial assets measured at amortised cost

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

On initial recognition, these assets are entered at fair value, including costs or income arising from the transaction directly attributable to the instrument. After initial recognition, the financial assets in question are measured at amortised cost, using the effective interest method. The amortised cost method is not used for assets - recognised at historical cost - of a short duration that render the effect of discounting negligible, nor for assets with no expiry or revocable credit.

Financial assets measured at fair value and recognised in comprehensive income

This category includes financial assets that meet both of the following conditions:
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets ("hold to collect and sell" business model); and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding ("SPPI Test").

This category includes share interests, that cannot qualify as control, and joint control, that are not held for trading, for which the fair value designation option has been exercised and recognised in comprehensive income.

On initial recognition, assets are recognised at fair value including costs or income arising from the transaction directly attributable to the instrument. Subsequently after initial recognition, the non-controlling, connecting and joint control interests are measured at fair value, and amounts identified as a contra-item in equity (other comprehensive income), must not be subsequently transferred to profit or loss, even in the case of disposal. The only component referable to equity instruments recognised in profit or loss is the relative dividends.

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

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

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

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

On initial recognition, the financial assets measured at fair value and recognised in profit or loss are recognised at fair value, without considering the costs or income arising from the transaction directly attributable to the instrument. At subsequent reporting dates, the assets are recognised at fair value and the effects are recognised in profit or loss.

Impairment of financial assets

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

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

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

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

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

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

Derecognition of financial assets and liabilities

Financial assets are derecognised when they satisfy one of the following conditions:
› the contractual right to receive cash flows from the financial asset has expired;
› the Group has substantially transferred all risks and rewards connected with the asset;
› the Group has neither transferred nor retained the risks and rewards associated with the financial asset but it has transferred the control.

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

Offsetting of financial assets and liabilities

The Group offsets financial assets and liabilities if and only if:
› there is an enforceable legal right to offset the recognised amounts in the financial statements;
› there is the intention to offset on a net basis or realise the asset and settle the liability simultaneously.

Inventories

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

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

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

Public grants

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

Cash and cash equivalents

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

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

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

Own shares

As provided for in IAS 32, when there is a repurchase of an entity's own equity instruments (own shares), these instruments are deducted directly from net equity in the item Own shares.

No profit or loss is posted on the income statement for the purchase, sale or cancellation of own shares.

The price paid or received, including any cost directly attributable to the equity operation, net of any connected tax benefit, is posted directly as a movement of net equity.

Financial liabilities and trade payables

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

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

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

Provisions for risks and charges

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

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

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

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

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

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

Employee benefits

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

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

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

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

Share-based payments

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

Measurement of fair value

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

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

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

Measurement of the fair value of financial instruments

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

Financial instruments are classified based on a hierarchy of levels that reflects the significance of the inputs used in determining the fair value (IFRS 13 - Fair value measurement).

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

Financial derivative instruments

Financial derivative instruments are recognised in accordance with IFRS 9.

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

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

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

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

a) fair value hedge: when the hedge concerns changes in the fair value of assets and liabilities recognised in the financial statements, the changes in the fair value of the hedging instrument and the hedging changes are recognised in profit or loss;
b) cash flow hedge: in the case of hedges intended to neutralise the risk of changes in cash flows originating from future obligations contractually defined on the reporting date, the changes in the fair value of the derivative recorded after initial recognition are recognised, only as regards the effective portion, in other comprehensive income and therefore in an equity reserve "Cash flow hedge reserve". When the economic effects arising from the hedging occur, the portion recognised in other comprehensive income is reversed to profit or loss. If the hedging is not fully effective, the change in the fair value of the hedging instrument referable to the ineffective portion is immediately recognised in profit or loss;
c) hedging of a net investment in a foreign operation (*net investment hedge*).

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

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

Consolidated income statement

Recognition of revenues

Revenues from contracts with customers are recognised when the following conditions occur:
› a contract with the customer has been identified;
› performance obligations have been identified in the contract;
› the price has been determined;
› the price has been allocated to individual contractual obligations;
› the contractual obligation has been met.

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

The Group transfers control of the asset or service over time, and therefore meets the contractual obligation and records revenues over time, if one of the following criteria are met:
› the customer simultaneously receives and consumes all of the benefits provided by the entity as the entity performs;
› the Group's performance creates or enhances an asset (for example works in progress) that the customer controls as the asset is created or enhanced;
› the Group's performance does not create an asset with an alternative use for the Group, and the Group has an enforceable right to payment for performance completed to date.

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

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

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

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

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

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

For contracts in which new goods are provided to customers with buyback clauses, to be exercised at fair value on the purchase of a new machine, the Group adjusts the sales revenues based on the historic probability of the buyback clause being utilised, and makes a contra-entry under Assets, to reflect the buyback obligation. It also adjusts the cost of sales by the same amount, by recognising a liability for the buyback obligation. Based on an analysis of the Group's historic buyback data, a 7-year timeframe is used, after which a comparison is made between the assets and liabilities for buyback obligations previously posted on the financial statements, and the buyback value for the year. The difference is entered on the income statement.

Regarding the information about operating segments (IFRS 8 "Operating segments"), see the paragraph "Sector information" in the management report.

Recognition of costs

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

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

Transactions in currency

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

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

Dividends

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

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

Income taxes

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

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

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

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

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

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

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

As of 31 December 2023 the Group had not entered any advances on the tax losses reported in Note 6.3.

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

Related parties

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

2.5 RECENTLY ISSUED ACCOUNTING STANDARDS

Accounting standards, amendments and IFRS interpretations applicable from 1 January 2023

The standards and amendments below, in force since 1 January 2023, have been adopted by Company but they have no significant effects for the Group:

- Amendments to IAS 12 - Income taxes: Internal tax reform - Rules of the Pillar Two model and Deferred taxes relative to assets and liabilities deriving from a single transaction, to specify how companies should treat deferred taxes on transactions such as leasing and decommissioning obligations, operations for which companies recognise both an asset and a liability. In particular, the amendment has clarified that the exemption does not apply and that companies are required to report the deferred taxes on these operations.
- IFRS 17 – Insurance contracts, which sets out the principles for the recognition, measurement, presentation and disclosure of insurance policies. This standard requires a company to measure its insurance contracts using updated assumptions and scenarios that reflect cashflows and uncertainties relative to these insurance contracts. In June 2020, the IASB issued amendments to IFRS 17, in order to assist companies in implementing IFRS 17 and to make it easier for them to explain their financial performance.
- Amendments to IFRS 17 - Insurance contracts: first application of IFRS 17 and IFRS 9 - Comparative information issued in December 2021, which includes a transitional option for the comparative information about the financial assets presented at the time of first application of this standard. The purpose of the changes is to help companies avoid temporary misalignments between the entries of financial assets and liabilities relative to insurance contracts, thus enhancing the comparative information available to stakeholders.
- Changes to IAS 1 - Presentation of financial statements and IFRS "Practise Statement 2", which requires companies to provide information about their material accounting standards rather than their main accounting standards, and provides a guide on how to apply the materiality concept to their reporting on accounting standards.
- Changes to IAS 8 - Accounting policies, changes in accounting estimates and errors: definition of accounting estimates, which clarifies how companies should distinguish the changes in accounting standards from the changes in their accounting estimates. According to the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

  The impacts of applying the amendments to IAS 12, effective from 1 January 2023, are shown in this document in paragraph 4.3 Deferred tax assets and liabilities. There are no changes to the financial reporting formats, but only a different representation of the advance and deferred taxes which relate to a single transaction.

Accounting standards, amendments and EU-approved IFRS and IFRIC interpretations which are not yet mandatory and not adopted in advance by the Group as of 31 December 2023

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

- Changes to IAS 1 – Presentation of financial statements: changes to the criteria for classifying liabilities with covenants as current or non-current, which requires companies to classify a liability as "non-current" when there is no unconditional right to defer the payment for at least twelve months from the reference date. The International Accounting Standards Board (IASB) has removed the requirement for the right to be "unconditional".

- Amendments to IAS 1 - Presentation of financial statements: Non-current liabilities with covenants, in which the IASB has confirmed that only the covenants that a company is required to meet as of the reporting date, or earlier, will affect the classification of a liability as current or non-current. Covenants referring to a later period do not affect this classification, but companies are required to disclose information which may help stakeholders to understand the possible risks of the liabilities becoming due within twelve months of the financial reporting date.
- Amendments to IFRS 16 – Leasing: Liabilities for sales with leasebacks, in order to improve the requirements for a sale and leaseback operation and specify the measurement of the resulting liabilities, to ensure that the seller-lessee does not recognise any part of the profit or loss related to the maintained right of use. These amendments will take effect from 1 January 2024.

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

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

- Amendments to IAS 21 – Effects of changes in foreign exchange rates: Lack of exchangeability, in order to provide a guide to specify when a currency is exchangeable and how to determine the exchange rate when it is not; the amendments specify when a currency can be converted into another currency and when it cannot be, and how an entity can estimate the spot rate when a currency is not exchangeable. In addition, when a currency is not convertible, the entity must provide information that allows the users of the financial reports to assess how the lack of exchangeability of a currency influences or is expected to influence its financial performance, financial position and cashflow.
- Amendments to IAS 7 - Statements of cashflow and IFRS 7 – Financial instruments: Disclosures of supplier finance arrangements, which add further disclosure requirements and "signposts" within the existing set of disclosure requirements, asking the entities to provide qualitative and quantitative information about their supplier finance arrangements. These amendments describe the characteristics of an arrangement whereby the entity must provide information with two reporting objectives: include in the notes to the financial statements information that allows stakeholders to assess how the supplier finance arrangements impact the liabilities and cashflow of an entity and to understand the effect of the supplier finance arrangements on the entity's exposure to liquidity risk and how the entity may be affected if the arrangements are no longer available.

There has been no early application of the accounting standards and/or interpretations whose application would be mandatory for the financial years starting after 1 January 2024, or which have not yet been approved by the EU.

3 Estimates and assumptions

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

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

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

› **Measurement of receivables**: the provision for bad debts reflects the estimates of the expected losses for the Group's receivables. Provisions for expected losses on receivables have been made, estimated based on past experience with reference to receivables with a similar credit risk, current and past amounts unpaid, as well as careful monitoring of the quality of receivables and current and estimated conditions of the economy and the reference markets. The estimates and assumptions are reviewed periodically and the effects of each change are recognised in profit or loss as they occur.

  Regarding the receivables transferred to third-party financial institutions, note that in 2023, there were defaults of approximately 2.5 million euros. Therefore, after a careful analysis of the portfolio to 31 December 2023, the Group has estimated for the next year a risk of default of approximately Euro 3.5 million, on a total portfolio of Euro 177 million. The provision for the risk on transferred bad debts has thus been increased by Euro 297 thousand (of which Euro 185 thousand after 12 months and Euro 122 thousand for the current portion). The balance of the provision for transferred bad debts at year-end was Euro 3,485 thousand (of which 2.2 million beyond 12 months and 1.3 million for the current portion) and this can absorb the total receivables for which the risk of default is considered probable.

› **Measurement of inventories**: obsolete stocks are periodically measured and written down if the net realisable value is lower than the carrying amount. Write-downs are calculated based on management's assumptions and estimates, arising from management's experience and past results.

› **Measurement of deferred taxes**: deferred taxes are measured based on expectations of taxable income expected in future years. The measurement of expected taxable income depends on factors that could vary in time and have significant effects on the measurement of deferred tax assets.

› **Income taxes:** the Group is subject to different laws on income tax in numerous jurisdictions. The determination of the Group's tax liabilities requires management to use measurements with reference to transactions with tax implications that are not certain at the end of the reporting period. The Group recognises liabilities that could arise from future audits by tax authorities based on the estimate of taxes due. If the outcome of the above audits differs from that estimated by management, significant effects on current and deferred taxes could be possible.

- **Development costs:** the Group capitalises costs for the development of new products and processes. Costs are capitalised based on management's judgement, which confirms the technical, financial and commercial feasibility of development projects. In determining amounts to capitalise, management makes some assumptions as to the generation of the project's expected future cash flows, consequent discount rates to apply and the expected useful life of capitalised costs. As of 31 December 2023, the net carrying amount of capitalised development costs was equal to Euro 22,616 thousand (Euro 22,375 thousand at 31 December 2022).
- **Impairment of assets**: assets are impaired when events or changes in circumstances lead to the assumption that the carrying amount in the financial statements can no longer be recovered. Events that may cause an impairment of an asset include changes in industrial plans, changes in market prices or a reduced use of plants. The decision to write-down an asset and quantify the write-down depends on management's evaluations of complex and highly uncertain factors, including the future trend of prices, the impact of inflation and technological progress on production costs, production profiles and conditions of demand and supply. The write-down is determined by comparing the carrying amount with the relative recoverable value, represented by the higher of the fair value, net of disposal costs, and value in use determined by discounting expected cash flows arising from use of the asset. Expected cash flows are quantified in the light of information available at the time of the estimate based on subjective judgements of the trend of future variables, such as prices, costs, rates of growth in demand, production profiles, and are discounted using a rate that takes into account the implied risk of the asset concerned.
- **Business combinations:** the recognition of business combinations implies attributing the difference between the purchase cost and net carrying amount to the assets and liabilities of the acquired company. For most assets and liabilities, the difference is attributed by recognising assets and liabilities at their fair value. The part which is not attributed, if positive, is recognised as goodwill, or if negative, recognised in profit or loss. In this process, the Group uses available information and, for more significant business combinations, external valuations.
- **Useful life of tangible and intangible assets** with a finite useful life: the depreciation is calculated based on the useful life of the asset. Useful life is determined when the asset is recognised in the financial statements. Valuations of the duration of useful life are based on past experience, market conditions and expectations of future events that could have an effect on the useful life, including technological changes. Consequently, the actual useful life may differ from the estimated useful life.
- **Employee benefits**: defined-benefit plans are measured based on uncertain events and actuarial assumptions that include discount rates, the expected returns on assets serving plans (if existing), the level of future remuneration, mortality rates, retirement ages and future trends in health expenses. The main assumptions used to quantify defined benefit plans are determined as follows: (i) the discount and inflation rates that represent the rates based on which obligations to employees could actually be carried out, are based on the rates that accrue on high-quality bonds and inflation expectations; (ii) the level of future remuneration is determined based on elements such as inflation expectations, productivity, career progress and seniority; (iii) the future cost of healthcare is determined based on elements such as the present and pass trend of healthcare costs, including assumptions concerning the inflation trend of costs, and changes in the health conditions of entitled parties; (iv) demographic assumptions the reflect the best estimate of the trend in variables, such as mortality, turnover and disability, and other variables relative to the entitled population. The differences in the value of net liabilities (assets) of employee benefit plans arising from changes in the actuarial assumptions used and the difference between actuarial assumptions previously adopted and those actually used occur normally and are defined as actuarial gains or losses. Actuarial gains and losses relative to defined benefit plans are recognised in other comprehensive income. The

actuarial assumptions as also adopted to determine obligations relative to other long-term benefits; for this purpose, the effects arising from changes to actuarial assumptions or characteristics of the benefit are recognised in full in profit or loss.

› **Measurement of provisions for risks**: the Group recognises a liability for disputes and lawsuits in progress when it is considered probable that there will be a financial outflow and when the amount of the resulting loss can be reasonably estimated. In the event a financial outflow is possible but the amount cannot be determined, this fact is disclosed in the notes to the financial statements. The causes may relate to complex legal and tax issues that are subject to different level of uncertainty, against which it is possible that the value of the funds may vary as a result of future developments in the ongoing proceedings. The Group monitors the status of pending litigation and consults with its own legal advisors and experts. Moreover, when selling the product, the Group makes provisions relating to estimated costs for product warranties. The estimate of this fund is calculated on the basis of historical information on the nature, frequency and average cost of warranty claims.
› **Fair value of financial instruments:** the fair value of unlisted financial instruments is determined according to commonly used financial valuation techniques that require basic assumptions and estimates. These assumptions might not occur according to expected times and procedures. Therefore Group estimates could deviate from final data.
› **Share-based payments**: the fair value of share-based payments is estimated by determining the most appropriate measurement model, which depends on the terms and conditions of the plan. This estimate also requires the determination of the most appropriate input for the measurement model, including the expected duration of the option or granted right, the volatility and return on dividends, and the related assumptions.
› **Estimates of variable amounts for returns and volume discounts:** the Group estimates the variables to include in the transaction price for the sale of returnable products. The Group has developed a statistical model for expected returns on sales. This model is based on historical data relative to each product, to obtain the percentages of expected returns. The percentages obtained are applied to determine the expected value of the variable consideration. For contracts in which new goods are provided to customers with buyback clauses, the Group adjusts the sales revenues based on the historic probability of the buyback clause being utilised, and makes a contra-entry under Assets, to reflect the buyback obligation. It also adjusts the cost of sales by the same amount, by recognising a liability for the buyback obligation. Based on an analysis of the Group's historic buyback data, a 7-year timeframe is used, after which a comparison is made between the assets and liabilities for buyback obligations previously posted on the financial statements, and the buyback value for the year. The difference is entered on the income statement.

4 Notes to the statement of financial position

4.1 PROPERTY, PLANT AND EQUIPMENT

The item "Property, plant and equipment" amounted to Euro 171,560 thousand at 31 December 2023 (Euro 164,122 thousand at 31 December 2022).

The following table shows the amounts and movements of "Property, plant and equipment for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	Land	Buildings and leasehold improvements	Plant and machinery	Production and commercial equipment	Other assets	Assets under construction and advances	Total
Historical cost at 1 January 2022	**13,077**	**171,151**	**29,657**	**85,836**	**33,351**	**1,559**	**334,631**
IFRS16 investments	—	22,381	—	—	1,954	—	24,336
Investments	405	2,641	746	5,369	2,185	3,402	14,748
IFRS16 disposals	—	(2,786)	—	—	3	—	(2,783)
Disposals	—	(448)	(24)	(169)	(935)	—	(1,576)
Impairment losses	—	—	—	—	—	—	—
Reclassifications	—	83	14	77	1,486	(1,652)	7
Exchange rate differences	—	276	—	(11)	(14)	—	252
Historical cost at 31 December 2022	**13,483**	**193,299**	**30,393**	**91,102**	**38,030**	**3,309**	**369,615**
Accumulated amortisation as of 1 January 2022	**—**	**(66,317)**	**(20,673)**	**(70,556)**	**(23,523)**	**—**	**(181,068)**
IFRS16 depreciation/amortisation	—	(6,768)	-	-	(2,785)	—	(9,553)
Depreciation and amortisation	—	(5,763)	(1,902)	(6,249)	(3,123)	—	(17,037)
IFRS16 disposals	—	843	-	-	311	—	1,154
Disposals	—	365	26	31	826	—	1,248
Reclassifications	—	—	—	—	—	—	—
Impairment losses	—	—	—	—	—	—	—
Exchange rate differences	—	(274)	-	20	19	—	(236)
Accumulated depreciation at 31 December 2022	**—**	**(77,913)**	**(22,549)**	**(76,754)**	**(28,276)**	**—**	**(205,492)**
Net values at 31 December 2022	**13,483**	**115,385**	**7,844**	**14,349**	**9,753**	**3,309**	**164,122**
Historical cost at 1 January 2023	**13,483**	**193,299**	**30,393**	**91,102**	**38,030**	**3,309**	**369,615**
IFRS16 investments	—	15,995	—	—	4,158	—	20,154
Investments	486	4,542	1,005	5,200	2,502	3,623	17,358
IFRS16 disposals	—	(4,861)	—	—	(812)	—	(5,674)

(In thousands of Euro)	Land	Buildings and leasehold improvements	Plant and machinery	Production and commercial equipment	Other assets	Assets under construction and advances	Total
Disposals	—	(1,364)	(439)	(514)	(1,315)	(780)	(4,412)
Impairment losses	—	—	—	—	—	—	—
Reclassifications	—	1,694	303	891	159	(3,058)	(10)
Exchange rate differences	—	(2,095)	—	(12)	(1,357)	(10)	(3,474)
Change in scope of consolidation	—	3,677	—	—	1,376	—	5,053
Historical cost at 31 December 2023	**13,969**	**210,887**	**31,262**	**96,668**	**42,741**	**3,084**	**398,610**
Accumulated amortisation as of 1 January 2023	**—**	**(77,913)**	**(22,549)**	**(76,754)**	**(28,276)**	**—**	**(205,492)**
IFRS16 depreciation/amortisation	—	(8,102)	—	—	(2,793)	—	(10,894)
Depreciation and amortisation	—	(5,812)	(1,914)	(5,753)	(2,575)	—	(16,053)
IFRS16 disposals	—	1,036	—	—	672	—	1,709
Disposals	—	1,365	426	328	1,472	—	3,591
Reclassifications	—	(355)	—	383	(20)	—	8
Impairment losses	—	—	—	—	—	—	—
Exchange rate differences	—	1,010	—	—	1,218	—	2,228
Change in scope of consolidation	—	(1,385)	—	—	(761)	—	(2,146)
Accumulated depreciation at 31 December 2023	**—**	**(90,155)**	**(24,036)**	**(81,796)**	**(31,063)**	**—**	**(227,049)**
Net values at 31 December 2023	**13,969**	**120,731**	**7,225**	**14,872**	**11,678**	**3,084**	**171,560**

The category “Buildings and leasehold improvements” mainly includes buildings used for production and commercial activities and the associated installations also at the complex called “Technogym Village”, used as corporate headquarters.

The increments relative to IFRS 16 relate to the right of use of boutique stores and offices at the commercial branches, mainly Technogym France for the new offices in Paris, and Technogym UK for the new offices in Bracknell, and for the opening of a new boutique in London.

“Plant and machinery” mainly includes production line assembly plants. “Production and commercial equipment” mainly refers to the moulds used for production and the equipment used for machine assembly. The item “other assets” mainly refers to stands, office machines and electronic machines. “Assets under construction” mainly relate to investments in production lines at the Group’s sites, which had yet been placed in service at year-end, and to moulds not yet available for use.

Investments for the year ended 31 December 2023 amounted to Euro 17,358 thousand, excluding the effects of IFRS 16, which refer to property leases, vehicle and forklift truck leasing contracts. Investments in Land (Euro 486 thousand) include the purchase by Technogym SpA of an agricultural plot and two apartments, purchased for use by employees as required; investments in Buildings and Leasehold improvements (Euro 4,542 thousand) mainly relate to the opening, extension and renovation of the boutique stores and offices of the commercial branches. Specifically, the Leasehold improvements related to the new Technogym Experience Centers of the branches in Australia, Asia and Benelux, and the opening and inauguration of new boutiques in New York and Abu Dhabi, as well as investments made by the commercial branch Technogym UK for the upcoming inauguration of a store at “One Berkeley Street” (London). The investments in Assets under construction (Euro 3,623 thousand) mainly refer to the upgrading of production lines. Investments in industrial and commercial equipment (Euro 5,200 thousand) largely relate to the purchase of moulds to cater for the ongoing expansion and upgrading of the product range. Investments in Plant and machinery (Euro 1,005 thousand) mainly relate to the set-up of new production lines.

Net disposals of property, plant and equipment for the year ended 31 December 2023 amount to Euro 4,785 thousand, compared to Euro 1,765 thousand as of 31 December 2022. As of 31 December 2023 and 2022, there was no property or instrumental asset that was subject to any kind of guarantee provided to a third party.

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

The table below shows the impact of IFRS 16 on the consolidated financial position to 31 December 2023 and for the year ended 31 December 2022.

(In thousands of Euro)	**As of 31 December**	
	2023	**2022**
Rights of use		
Buildings	36,410	32,209
Equipment	1,032	778
Cars	4,199	3,157
Total rights of use	**41,641**	**36,144**
Lease liabilities		
IFRS 16 Financial liabilities - Current	9,601	8,602
IFRS 16 Non-current financial liabilities	34,214	29,173
Total lease liabilities	**43,815**	**37,775**

The table below shows the impact of IFRS 16 on the consolidated income statement to 31 December 2023 and 31 December 2022.

(In thousands of Euro)	**As of 31 December**	
	2023	**2022**
Payment reversals		
Buildings	8,581	7,264
Equipment	455	249
Cars	2,046	2,217
Total payment reversals	**11,082**	**9,731**
Depreciation of rights of use		
Buildings	(8,102)	(6,768)
Equipment	(430)	(400)
Cars	(2,363)	(2,385)
Total depreciation	**(10,894)**	**(9,553)**
Interest		
Interest expense	(1,185)	(618)
Total interest	**(1,185)**	**(618)**

4.2 INTANGIBLE ASSETS

The item "Intangible assets" amounted to Euro 56,686 thousand at 31 December 2023 (Euro 55,688 thousand at 31 December 2022). The following table shows the amounts and movements of intangible assets for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	Goodwill	Development costs	Patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Intangibles under development and advances	Other intangible assets	Total
Historical cost at 1 January 2022	**—**	**38,061**	**39,447**	**1,797**	**9,124**	**1,120**	**89,756**
Investments	—	4,173	6,495	506	6,821	2,220	20,216
Disposals	—	(6,972)	(5,428)	(158)	—	(152)	(12,711)
Impairment losses	—	—	—	—	(23)	—	(23)
Reclassifications	—	4,533	332	-	(5,135)	263	(7)
Exchange rate differences	—	—	117	—	—	—	117
Historical cost at 31 December 2022	**—**	**39,796**	**40,963**	**2,144**	**10,789**	**3,451**	**97,350**
Accumulated amortisation as of 1 January 2022	**—**	**(16,969)**	**(19,923)**	**(1,116)**	**—**	**(843)**	**(39,058)**
Depreciation and amortisation	—	(7,139)	(7,249)	(238)	—	(222)	(14,847)
Disposals	—	6,688	5,427	106	—	143	12,363
Reclassifications	—	—	—	—	—	—	—
Exchange rate differences	—	—	(117)	—	—	—	(117)
Impairment losses	—	—	—	—	—	—	—
Accumulated depreciation at 31 December 2022	**—**	**(17,420)**	**(21,862)**	**(1,249)**	**—**	**(922)**	**(41,660)**
Net values at 31 December 2022	**—**	**22,375**	**19,101**	**895**	**10,789**	**2,529**	**55,688**
Historical cost at 1 January 2023	**—**	**39,796**	**40,963**	**2,144**	**10,789**	**3,451**	**97,350**
Investments	—	4,085	7,043	182	5,666	1,844	18,821
Disposals	—	(35)	(1,405)	(186)	(12)	—	(1,639)
Impairment losses	—	—	—	—	(146)	—	(146)
Reclassifications	—	4,582	1,690	35	(6,650)	346	3
Exchange rate differences	—	—	(57)	—	—	6	(51)
Change in scope of consolidation	989	—	—	—	12	—	1,002
Historical cost at 31 December 2023	**1,196**	**48,427**	**48,234**	**2,176**	**9,658**	**5,648**	**115,340**
Accumulated amortisation as of 1 January 2023	**(207)**	**(17,420)**	**(21,862)**	**(1,249)**	—	**(922)**	**(41,660)**
Depreciation and amortisation	—	(8,425)	(8,970)	(282)	—	(942)	(18,619)
Disposals	—	35	1,404	187	—	—	1,626
Reclassifications	—	—	18	(18)	—	—	—
Exchange rate differences	—	—	7	—	—	(8)	—

(In thousands of Euro)	Goodwill	Development costs	Patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Intangibles under development and advances	Other intangible assets	Total
Accumulated depreciation at 31 December 2023	**(207)**	**(25,810)**	**(29,402)**	**(1,363)**	**—**	**(1,871)**	**(58,654)**
Net values at 31 December 2023	**989**	**22,616**	**18,832**	**813**	**9,658**	**3,777**	**56,686**

The increase in "Goodwill" during the year can be attributed primarily to the change in the method of consolidation of the subsidiary Technogym Emirates LLC, following an amendment to the shareholders' agreements, which has given substantial control to the Group and entailed a transition from the equity method to line-by-line consolidation. This means that the equity investment has been eliminated from the consolidated financial statements and Goodwill has been posted at Euro 989 thousand. As no impairment indicators have been found, and because 12 months have not yet elapsed since this item was posted, the Group has not conducted a recoverability analysis under IAS 36.

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

Investments for the year ended 31 December 2023 amounted to a total of Euro 18,821 thousand. The investments in development costs (Euro 4,085 thousand) mainly relate to the costs incurred for the upgrading and expansion of the range of products and services; the investments in industrial patents and use of intellectual property (Euro 7,043 thousand) relate in part to the ERP migration project at Technogym France, and the Group-level upgrade of the ERP SAP system to incorporate tools which are more tailored to the consumer segment. Investments in Assets under construction and advances (Euro 5,666 thousand) mainly refer to the development of new products and lines, as well as software and supporting applications. The remainder of this item relates to other upgrades of software used by the Group.

Net disposals of intangible assets for the years ended 31 December 2023 and 2022 are not significant.

4.3 DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

“Deferred tax assets” amounted to Euro 31,359 thousand at 31 December 2023 (Euro 29,537 thousand at 31 December 2022), while the item “Deferred tax liabilities” amounted to Euro 6,650 at 31 December 2023 (Euro 5,662 thousand at 31 December 2022).

The following table shows the amounts and movements of deferred tax assets and liabilities for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	Values at 1 January 2022	Provisions	Utilisations	Reclassifications	Values at 1 January 2023	Provisions	Utilisations	Reclassifications	Values at 31 December 2023
Deferred tax assets									
Inventory write-down provision	4,624	708	(280)	—	5,052	220	(436)	—	4,836
Warranties provision	2,027	1,407	(1,095)	—	2,340	1,855	(1,200)	—	2,996
Accumulated amortisation of trademarks	451	40	(36)	—	455	165	(149)	—	471
Other provisions for risks	1,711	1,966	(1,462)	—	2,216	1,942	(1,796)	—	2,362
Provision for write-downs of receivables	1,349	774	(26)	—	2,097	66	(191)	—	1,971
Unrealised exchange losses	97	10	—	—	107	5	—	—	112
Post-employment benefits	302	66	(186)	—	182	6	(19)	—	169
Other	598	895	(245)	—	1,248	9	(211)	—	1,047
PNC fund	487	48	(138)	—	397	112	—	—	509
Provision for consolidated adjustments	1,826	1,515	(29)	—	3,312	228	(448)	—	3,092
Intercompany stock profit provision	6,760	—	(323)	—	6,437	1,544	—	—	7,982
Deferred tax assets IFRS 16	3,639	2,056	—		5,695	118	—		5,813
Total deferred tax assets	**23,873**	**9,485**	**(3,819)**	**—**	**29,537**	**6,313**	**(4,450)**	**—**	**31,359**
Deferred tax liabilities									
Provision for consolidated adjustments	(112)	(8)	18	—	(102)	(1,007)	—	—	(1,109)
Unrealised exchange gains	(55)	(149)	200	—	(5)	(173)	118	—	(61)
Others	(134)	(49)	121	—	(62)	(127)	164	—	(24)
Deferred tax liabilities IFRS 16	(3,593)	(1,899)	—	—	(5,493)	—	35	—	(5,458)
Total deferred tax liabilities	**(3,894)**	**(2,105)**	**339**	**—**	**(5,662)**	**(1,349)**	**317**	**—**	**(6,650)**
Total	**19,978**	**7,379**	**(3,480)**	**—**	**23,876**	**4,964**	**(4,132)**	**—**	**24,709**

The table shows the breakdown of these items with specific indications of the gross effect on deferred tax assets and liabilities of IFRS 16, as required by the amendment to IAS 12, which came into force during 2023. To give a better representation of the balance sheet items, we have also restated the value for the 2022 financial year. The effect of IFRS 16 on previous financial years has been included as a net amount within the item Deferred tax assets.

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

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

In addition, the Group had tax losses carried forward of Euro 17,486 thousand, not recognised in deferred tax assets at 31 December 2023. Total deferred tax assets were approximately Euro 2.6 million, which the Group has not made any provision for as they are not considered recoverable.

4.4 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The item "Investments in joint ventures and associates" amounts to Euro 1,155 thousand as of 31 December 2023 (Euro 4,058 thousand as of 31 December 2022).

The following table shows the amounts and movements of investments in joint ventures and associates for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	**Joint ventures**	**Associates**	**Total**
Values at 31 December 2021	**3,017**	**1,421**	**4,438**
Investments	—	—	—
Disinvestments	—	—	—
Impairment losses	—	—	—
Dividends	(2,478)	—	(2,478)
Net result	1,919	(151)	1,768
Exchange rate differences	330	—	330
Values at 31 December 2022	**2,788**	**1,270**	**4,058**
Investments	—	—	—
Disinvestments	—	—	—
Impairment losses	(22)	—	(22)
Dividends	—	—	—
Net result	—	(114)	(114)
Change in scope of consolidation	(2,766)	—	(2,766)
Exchange rate differences	—	—	—
Values at 31 December 2023	**—**	**1,155**	**1,155**

Details of movements relating to joint ventures are provided below.

(In thousands of Euro)	Values at 31 December 2022	Exchange rate differences	Investments	Disinvestments	Dividends	Net result	Change in scope of consolidation	Values at 31 December 2023
Technogym Emirates LLC	2,766	—	—	—	—	—	(2,766)	—
Wellness Explorers Srl	22	—	—	(22)	—	—	—	—
Total	**2,788**	**—**	**—**	**(22)**	**—**	**—**	**(2,766)**	**—**

The movements during the year refer to the changes in the consolidation of the equity investment in Technogym Emirates LLC, from the equity method to the line-by-line method, following an agreement with the majority shareholder, which called for a redefinition of corporate governance and enabled the Group to obtain substantial control over the company. In 2023, Wellness Explorers Srl ceased trading and exited the company's consolidation perimeter.

Details of movements relating to associates are provided below.

(In thousands of Euro)	Values at 31 December 2022	Exchange rate differences	Investments	Disinvestments	Dividends	Net result	Values at 31 December 2023
Wellink srl	209	—	—	—	—	9	218
Physio AG	1,060	—	—	—	—	(123)	936
Total	**1,270**	**—**	**—**	**—**	**—**	**(114)**	**1,155**

At 31 December 2023, the category "Associates" relates to the 40% shareholding in Wellink S.r.l., an Italian company that develops and implements custom projects for wellness centres, and to the 31.5% stake in Physio AG, a German company whose purpose is to consolidate the development and sale of the biocircuit platform on the German market.

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

(In thousands of Euro)	Wellink srl		Physio AG	
	As of 31 December		As of 31 December	
	2023	2022	2023	2022
Equity	395	372	(47)	348
Total revenues	677	638	907	1,301
Profit/(loss) for the period	22	(35)	(391)	(434)

4.5 OTHER NON-CURRENT ASSETS

The item "Other non-current assets" amounts to Euro 82,350 thousand at 31 December 2023 (Euro 73,544 thousand on 31 December 2022).

The following table provides details of "Other non-current assets" on 31 December 2023 and 2022.

(In thousands of Euro)	As of 31 December	
	2023	**2022**
Other non-current assets		
Transferred trade receivables due after 12 months	35,745	34,634
Provisions for transferred receivables - due after 12 months	(2,203)	(2,018)
Income tax receivables due after 12 months	5,085	4,191
Security deposits	2,333	2,403
Other receivables	—	61
Investments in other entities	712	597
Receivables for buy backs - due after 12 months	40,677	33,676
Total other non-current assets	**82,350**	**73,544**

"Transferred trade receivables due after 12 months", net of the relative bad debt provision, equal to Euro 33,542 thousand and Euro 32,616 thousand at 31 December 2023 and 2022 respectively, include the non-current portion of receivables arising from the sale of goods which, although transferred to third party financial institutions, are retained in the financial statements as they do not meet all the conditions required by IFRS 9 for their derecognition from assets. The financial liabilities include the amounts received from financial institutions in the form of advances for these transfers. The total provision for write-downs on transferred receivables is Euro 1.3 million for the current portion and Euro 2.2 million for the non-current portion. As explained at length in the paragraph "Estimates and assumptions", following an analysis of its receivables portfolio the Company increased its provision for bad debts by a total of Euro 297 thousand (of which Euro 185 thousand after 12 months), increasing it to an amount that would absorb the amount of any receivables for which the risk of default is considered probable.

"Income tax receivables due after 12 months", of Euro 5,085 relate to the "patent box" taxation scheme, the tax credit for investments in new business assets, and the tax credit for research and development.

"Security deposits" of Euro 2,333 thousand as of 31 December 2023 are recognised in respect of property leases, lease agreements for vehicles, and utilities.

"Receivables for buy backs due after 12 months" recognised in accordance with IFRS 15, relate to non-current assets for sales with the right of return, which may be exercised by certain categories of customer when new machinery is bought. For more details about the recognition criteria for this item, see paragraph 2.4 of this document "Valuation criteria" in the section "Recognition of revenues".

The following table shows the details of "investments in other entities" for the years ended 31 December 2023 and 31 December 2022.

(In thousands of Euro)	Registered office	% of control	Currency	As of 31 December	
				2023	2022
Entity name					
Qicraft Norway AS	Norway	10%	NOK	72	10
Qicraft Finland OY	Finland	10%	EUR	53	62
Qicraft Sweden AB	Sweden	10%	SEK	77	50
Fimex	Switzerland	5%	CHF	326	291
Pubblisole Spa	Italy	2%	EUR	100	100
Crit S.r.l.	Italy	1%	EUR	26	26
Other investments	n.a.	n.a.	n.a.	58	59
Total investments in other entities				**712**	**597**

Note that in August 2023, the British company Sandcroft Avenue Limited (owned as to 12.4%) was deregistered; therefore the financial receivable of Euro 251 thousand was closed and has already been fully written down.

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

4.6 INVENTORIES

The item "Inventories" amounts to Euro 103,560 thousand as of 31 December 2023 (Euro 100,671 thousand as of 31 December 2022). The following table gives a breakdown of this item of 31 December 2023 and 2022.

(In thousands of Euro)	As of 31 December	
	2023	2022
Inventories		
Raw materials (gross value)	22,339	22,139
Write-down provision	(2,373)	(2,562)
Total raw materials	**19,966**	**19,577**
Work in progress (gross value)	1,497	1,434
Write-down provision	(84)	(104)
Total work in progress	**1,413**	**1,330**
Finished goods (gross value)	103,286	102,336
Write-down provision	(21,105)	(22,572)
Total finished goods	**82,181**	**79,764**
Total inventories	**103,560**	**100,671**

The increase in the balance of Inventories as at 31 December 2023, compared to the previous year, is mainly linked to the change in the consolidation of the equity investment in TG Emirates LLC, from net equity to line-by-line, which produced an impact of Euro 4.6 million. Net of that effect, the stocks level was below that of 2022, mainly thanks to the notable sales during the final part of the year and the reduction in the purchase price of materials. This was partially offset by the rise in the level of parts stocks required to increase the level of customer service, and to meet the production requirements during the early part of 2024. Average inventory time fell from 77 days for the year ended 31 December 2022, to 71 days for the year ended 31 December 2023; the stock turnover ratio rose from 4.7 to 5.1.

The following table shows the amounts and movements of the inventory write-down provision for the years ended 31 December 2023 and 31 December 2022.

(In thousands of Euro)	Raw materials	Work in progress	Finished goods	**Total inventory write-down provision**
Values at 1 January 2022	**2,049**	**136**	**19,870**	**22,054**
Provisions	514	—	4,297	4,811
Utilisations	—	(31)	(1,661)	(1,692)
Reclassifications	—	—	—	—
Exchange rate differences	—	—	66	66
Values at 31 December 2022	**2,562**	**104**	**22,572**	**25,238**
Provisions	176	4	3,738	3,918
Utilisations	(365)	(24)	(5,501)	(5,890)
Reclassifications	—	—	—	—
Change in scope of consolidation	—	—	653	653
Exchange rate differences	—	—	(357)	(357)
Values at 31 December 2023	**2,373**	**84**	**21,105**	**23,562**

4.7 TRADE RECEIVABLES

The item "Trade receivables" amounted to Euro 119,793 thousand on 31 December 2023 (Euro 110,824 thousand on 31 December 2022) net of the bad debt provision.

The following table contains a breakdown of the trade receivables as of 31 December 2023 and 2022:

(In thousands of Euro)	**As of 31 December**	
	2023	**2022**
Trade receivables		
Trade receivables (gross value)	106,704	99,366
Provision for write-downs of receivables	(7,312)	(6,834)
Transferred trade receivables	21,682	19,461
Provision for write-downs on transferred receivables	(1,281)	(1,169)
Total trade receivables	**119,793**	**110,824**

The increase in the "Trade receivables" item during the year, of Euro 8,969 thousand, is mainly due to the rise in sales volumes, primarily in the BtoB segment, and to the improved product mix as well as the increase in sales of services and digital content. Average days to collect outstanding trade receivables fell from 45 for the year ended in 2022, to 43 for the year ended in 2023; the turnover ratio rose from 8.1 to 8.4.

Transferred trade receivables net of the relative provision, equal to Euro 20,401 thousand at 31 December 2023 and Euro 18,292 thousand at 31 December 2022, refer to the current portion of receivables arising from the sale of goods which, although they are transferred to financial institutions, are retained in the financial statements as they do not meet all the conditions required by IAS 9 for derecognition from assets. The total provision for write-downs on transferred receivables is Euro 1.3 million for the current portion and Euro 2.2 million for the non-current portion. As explained at length in the paragraph "Estimates and assumptions", following an analysis of its receivables portfolio the Company increased its provision for bad debts by a total of Euro 297 thousand (of which Euro 122 thousand after 12 months), increasing it to an amount that would absorb the amount of any receivables for which the risk of default is considered probable.

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

The following table contains a breakdown of trade receivables broken down by maturity as of 31 December 2023 and 2022:

(In thousands of Euro)	**Not overdue**	**Up to 30 days past due**	**Between 31 and 90 days past due**	**Between 91 and 180 days past due**	**Between 181 and 360 days past due**	**More than 360 days past due**	**Total**
At 1 January 2022	**81,708**	**15,712**	**5,233**	**1,020**	**445**	**123**	**104,242**
Trade receivables (gross value)	76,791	7,410	5,316	3,158	2,288	4,403	99,366
Provision for write-downs of receivables	—	(494)	(429)	(346)	(1,520)	(4,045)	(6,834)
Transferred trade receivables	19,461	—	—	—	—	—	19,461
Provision for write-downs on transferred receivables	(1,169)	—	—	—	—	—	(1,169)
As of 31 December 2022	**95,083**	**6,916**	**4,887**	**2,812**	**768**	**358**	**110,824**
Trade receivables (gross value)	86,626	9,545	2,256	1,594	2,609	4,074	106,704
Provision for write-downs of receivables	—	(206)	(453)	(935)	(1,887)	(3,831)	(7,312)
Transferred trade receivables	21,682	—	—	—	—	—	21,682
Provision for write-downs on transferred receivables	(1,281)	—	—	—	—	—	(1,281)
As of 31 December 2023	**107,027**	**9,340**	**1,803**	**658**	**721**	**243**	**119,793**

The following table reports the amounts and changes in the bad debt provision for the years ended 31 December 2023 and 2022:

(In thousands of Euro)	**Provision for write-downs of receivables**
Values at 31 December 2021	**7,133**
Net provisions	1,877
Utilisations	(1,020)
Exchange rate differences	13
Values at 31 December 2022	**8,003**
Net provisions	1,651
Utilisations	(1,342)
Change in scope of consolidation	493
Exchange rate differences	(211)
Values at 31 December 2023	**8,593**

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

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

Main customers

In accordance with IFRS 8, paragraph 34, for the years ended 31 December 2023 and 2022, the Company did not have any clients generating more than 10% of total revenues.

4.8 CURRENT FINANCIAL ASSETS

The item "Current financial assets" amounted to Euro 4,250 thousand at 31 December 2023 (Euro 19,883 thousand at 31 December 2022) and relates to restricted bank deposits with a term of 3-12 months. In accordance with IAS 7, as these assets are not readily available they were not included in Cash and cash equivalents.

4.9 ASSETS FOR DERIVATIVE FINANCIAL INSTRUMENTS

The item "Assets for derivative financial instruments" amounted to Euro 172 thousand at 31 December 2023 (Euro 637 thousand at 31 December 2022).

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

(In thousands of Euro)	As of 31 December	
	2023	**2022**
USD	143	552
GBP	11	85
AUD	4	—
CNY	14	—
CAD	— *	—
Total	**172**	**637**

* The approximated value is less than a thousand and amounts to Euro 139

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

(In thousands of Euro)	As of 31 December 2023			
	Currency	**Currency inflow**	**Currency**	**Currency outflow**
Forward	EUR	21,143	USD	23,550
Forward	EUR	1,935	JPY	300,000
Forward	EUR	1,025	CAD	1,500
Forward	**EUR**	**2,564**	**CNY**	**20,000**
Forward	EUR	4,632	GBP	4,000
Forward	EUR	1,846	AUD	3,000

(In thousands of Euro)	As of 31 December 2022			
	Currency	**Currency inflow**	**Currency**	**Currency outflow**
Forward	EUR	15,416	USD	16,000
Forward	EUR	3,884	JPY	550,000
Forward	EUR	3,169	AUD	5,000
Forward	EUR	5,421	CNY	40,000
Forward	EUR	10,197	GBP	9,000

The exposure to exchange rate risk is mainly managed using contracts for the forward sale of currency denominated in the sale currency of some markets in which the Group operates. However, at 31 December 2023, these contracts were not recorded on a hedge accounting basis, apart from a "Collar" hedging contract to protect a currency deposit.

4.10 OTHER CURRENT ASSETS

The item “Other current assets” amounts to Euro 28,152 thousand at 31 December 2023 (Euro 27,178 thousand At 31 December 2022). The following table contains a breakdown of the other current assets at 31 December 2023 and 2022:

(In thousands of Euro)	As of 31 December	
	2023	**2022**
Other current assets		
VAT receivables	7,055	4,876
Prepaid expenses	5,716	5,832
Advances to suppliers	1,945	2,443
Tax credits	2,967	3,545
Accrued income	750	321
Receivables from employees	95	124
Other receivables	1,989	2,384
Receivables for buy backs - within 12 months	7,634	7,654
Total other current assets	**28,152**	**27,178**

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

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

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

The tax credits relate to tax credits for investments in business assets, and to research and development.

“Receivables for buy backs due within 12 months”, recognised in accordance with IFRS 15, relate to current assets for sales with the right of return, which may be exercised when new machinery is bought.

For more details about the recognition criteria for this item, see paragraph 2.4 of this document “Valuation criteria” in the section “Recognition of revenues”.

4.11 CASH AND CASH EQUIVALENTS

The item “Cash and cash equivalents” amounted to Euro 224,730 thousand at 31 December 2023 (Euro 205,358 thousand at 31 December 2022).

The following table shows the amounts of cash and cash equivalents at 31 December 2023 and 2022.

(In thousands of Euro)	As of 31 December	
	2023	**2022**
Cash and cash equivalents		
Bank deposits	200,509	189,777
Cheques	374	128
Cash and cash equivalents	183	310
Term bank deposits <3 months	23,664	15,143
Total cash and cash equivalents	**224,730**	**205,358**

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

"Term bank deposits within 3 months" at 31 December 2023 represent temporary uses of surplus cash.

The following table shows the breakdown by currency of the item "Cash and cash equivalents" at 31 December 2023 and 2022.

(In thousands of Euro)	As of 31 December	
	2023	**2022**
AUD	4,239	4,929
BRL	268	59
CHF	480	355
CNY	4,437	8,934
EUR	153,979	121,240
GBP	12,735	10,443
HKD	985	529
JPY	2,450	4,798
MXN	3	9
RUB	6,729	5,722
SGD	98	78
USD	27,741	46,827
SAR	1,263	279
ZAR	529	215
AED	5,811	—
CAD	**2,310**	**—**
OTH	**675**	**942**
Total	**224,730**	**205,358**

As of 31 December 2023 and 2022 there were no restrictions or limitations on the use of the Group's bank deposits, cheques and cash and cash equivalents on hand.

4.12 EQUITY

The item "Equity" amounted to Euro 363,712 thousand at 31 December 2023 (Euro 345,927 thousand at 31 December 2022). The following table reports the details of equity at 31 December 2023 and 2022:

(In thousands of Euro)	As of 31 December	
	2023	**2022**
Equity		
Share capital	10,066	10,066
Share premium reserve	7,132	7,132
Own shares	(6,922)	—
Other reserves	34,230	37,698
Retained earnings	236,397	225,438
Profit (loss) attributable to owners of the parent	73,640	63,587
Equity attributable to owners of the parent	**354,544**	**343,922**
Capital and reserves attributable to non-controlling interests	5,640	1,716
Profit (loss) attributable to non-controlling interests	3,528	288
Equity attributable to non-controlling interests	**9,168**	**2,005**
Total equity of Group and non-controlling interests	**363,712**	**345,927**

The following table shows the amounts and movements of equity for the years ended 31 December 2023 and 2022:

(In thousands of Euro)	Share capital	Share premium reserve	Own shares	Other reserves					Retained earnings	Profit (loss) attributable to owners of the parent	**Equity attributable to owners of the parent**	Capital and reserves attributable to non-controlling interests	Profit (loss) attributable to non-controlling interests	**Equity attributable to non-controlling interests**	**Equity of Group and non-controlling interests**
				Translation reserve	Reserve for the adoption of IAS/ IFRS	IAS 19 reserve	Stock option reserve	Other							
As of 31 December 2021	**10,066**	**7,132**	**—**	**392**	**954**	**(115)**	**—**	**30,091**	**198,256**	**63,065**	**309,841**	**1,519**	**200**	**1,719**	**311,560**
Profit for the previous year	—	—	—	—	(12)	—	—	3,683	59,394	(63,065)	—	200	(200)	—	—
Total comprehensive income for the year	—	—	—	1,758	—	451	—	(3)	—	63,587	65,794	(3)	288	285	66,079
Dividends paid	—	—	—	—	—	—	—	—	(32,212)	—	(32,212)	—	—	—	(32,212)
Incentive plan (LTIP)	—	—	—	—	—	—	500	—	—	—	500	—	—	—	500
As of 31 December 2022	**10,066**	**7,132**	**—**	**2,150**	**942**	**336**	**500**	**33,771**	**225,438**	**63,587**	**343,922**	**1,716**	**288**	**2,004**	**345,927**
Profit for the previous year	—	—	—	—	(12)	—	—	2,302	61,297	(63,587)	—	288	(288)	—	—
Total comprehensive income for the year	—	—	—	(4,127)	—	(55)	—	(396)	—	73,640	69,062	(225)	3,528	3,303	72,365
Dividends paid	—	—	—	—	—	—	—	—	(50,332)	—	(50,332)	(992)	—	(992)	(51,324)
Purchase and sale of own shares	—	—	(6,922)	—	—	—	—	—	—	—	(6,922)	—	—	—	(6,922)
Increase in capital	—	—	—	—	—	—	—	—	—	—	—	2,116	—	2,116	2,116
Incentive plan (LTIP)	—	—	—	—	—	—	1,030	—	—	—	1,030	—	—	—	1,030
Other movements	—	—	—	(2,209)	—	—	—	—	(7)	—	(2,217)	2,736	—	2,736	520
As of 31 December 2023	**10,066**	**7,132**	**(6,922)**	**(4,187)**	**930**	**282**	**1,529**	**35,677**	**236,397**	**73,640**	**354,544**	**5,640**	**3,528**	**9,168**	**363,712**

Share capital

As of 31 December 2023, the "Share capital" of Euro 10,066 thousand, fully subscribed and paid in cash, amounted to 201,327,500 ordinary shares with no nominal value.

Own shares

On 6 November 2023, Technogym launched a programme of acquiring own shares, following the authorisation approved by the Ordinary Shareholders' Meeting on 5 May 2023. Since the programme was launched in 2023, the Parent Company has carried out operations on its own equity instruments, acquiring 836,972 own shares for a total of Euro 6,922 thousand, equal to 0.42% of the share capital. These transactions were booked directly under net equity, as required by IAS 32. .

Translation reserve

The "Currency translation reserve" is generated from the translation of the financial statements of foreign subsidiaries with a functional currency other than the euro. The main differences compared to the previous year are due to fluctuations in the US dollar, the rouble, the Japanese yen and the renminbi. "Other movements" show the impact of the change in the consolidation scope of Technogym Emirates, and the departure from the group of Technogym Manno, during the 2023 financial year.

Reserve for the adoption of IAS/ IFRS

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

IAS 19 reserve

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

Hedge Account reserve

As of 31 December 2023, the cash flow hedge reserve relates essentially to the effective component of a single active interest rate risk hedge (collar). For the 2023 financial year, the collar contract (to hedge a deposit in dollars) and the IRS contract (closed during the year) were treated according to the hedge accounting method. The negative fair value at 31 December 2023 amounted to Euro 524 thousand, as reported in the table below (Euro 399 thousand net of the tax effect).

(In thousands of Euro)	**CFH reserve**
Balance at 31 December 2021	**—**
Hedging instruments / Cash flow hedges	3
Tax effect – Hedging instruments / Cash flow hedges	(1)
Balance at 31 December 2022	**3**
Hedging instruments / Cash flow hedges	524
Tax effect – Hedging instruments / Cash flow hedges	(126)
Balance at 31 December 2023	**399**

Stock option reserve

At 31 December 2023, three incentive plans were in place for Technogym management: the 2021-2023 Performance Shares Plan, the 2022-2024 Performance Shares Plan, and the 2023-2025 Performance Shares Plan (the "Incentive Plans"). They were approved by the Board of Directors on 24 March 2021, 23 March 2022 and 25 March 2023 respectively.

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

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

The incentive plans for 2021-2023, 2022-2024 and 2023-2025 are based on granting the right to receive free shares if certain Company performance objectives are met. These incentive plans have:

› pre-determined performance objectives identified in the Company's economic/financial performance; for the 2023-2025 PSP only, they are also linked to ESG targets;
› adequate periods to accrue rights to obtain assigned shares (three-year vesting period);
› constraints on the transfer of shares, equal to 12 months from the date when they are assigned.

The shares will be assigned to the beneficiaries, subject to the conditions in the Incentive Plans being met, no later than 60 days following the approval of the Group's Consolidated Financial Statements to 31 December 2023, 31 December 2024 and 31 December 2025.

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

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

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

Capital and reserves attributable to non-controlling interests

The item "Capital and reserves attributable to non-controlling interests" rose by Euro 2,116 following the incorporation of the Saudi company Technogym Arabia LLC, which is 70% owned and fully consolidated.

Reconciliation between the Parent company's equity and net result for the year and the consolidated equity and net result for the year

The table below is a reconciliation of the net equity of Technogym SpA and the consolidated equity, including details of each item:

(In thousands of Euro)	2023		2022	
	Equity	Profit	Equity	Profit
Equity and result as reported in the Parent company's financial statements	**407,949**	**74,463**	**390,151**	**68,976**
Effect of consolidation of subsidiaries	133,506	24,926	125,007	30,912
Alignment of accounting policies of consolidated companies	33,414	4,305	31,903	2,232
Effect of elimination of values of investments	(203,333)	99	(193,310)	(17,867)
Elimination of intercompany dividends	(7,823)	(26,623)	(7,823)	(20,378)
Equity pertaining to minority interests	(9,168)	(3,528)	(2,005)	(288)
Group equity and results	**354,544**	**73,640**	**343,922**	**63,587**

4.13 FINANCIAL LIABILITIES

The items "Non-current financial liabilities" and "Current financial liabilities amounted to Euro 69,959 thousand and Euro 32,259 thousand at 31 December 2023 (respectively Euro 66,431 thousand and Euro 37,501 thousand at 31 December 2022 respectively). The following table shows the amounts of financial liabilities, current and non-current, at 31 December 2023 and 2022.

(In thousands of Euro)	As of 31 December	
	2023	**2022**
Non-current financial liabilities		
Bank loans due after 12 months – non-current portion	—	2,625
Other non-current financial liabilities	35,745	34,634
IFRS 16 Non-current financial liabilities	34,214	29,173
Total non-current financial liabilities	**69,959**	**66,431**
Current financial liabilities		
Bank loans due after 12 months – current portion	—	9,137
Other short-term borrowings	402	222
Current liabilities due to other lenders	21,682	19,461
Other current financial liabilities	575	79
IFRS 16 Financial liabilities - Current	9,601	8,602
Total current financial liabilities	**32,259**	**37,501**

On 31 December 2023, the Company's financial indebtedness with banks was zero, while the debts to other lenders are due to the countervalue of receivables assigned to third-party financial institutions that did not meet the derecognition criteria under IFRS 9.

Medium/long-term bank loans

The following table shows the movements of bank loans for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	Bank loans due after 12 months – non-current portion	Bank loans due after 12 months – current portion	Total loans
Values at 31 December 2021	**12,500**	**50,103**	**62,603**
Obtainment of loans	3,217	803	4,021
Repayments	—	(54,862)	(54,862)
Reclassification from long-term to short-term	(13,093)	13,093	—
Values at 31 December 2022	**2,625**	**9,137**	**11,762**
Obtainment of loans	—	—	—
Repayments	—	(11,762)	(11,762)
Reclassification from long-term to short-term	(2,625)	2,625	—
Values at 31 December 2023	**—**	**—**	**—**

The following shows the details of medium-long term bank loans at 31 December 2023 and 2022.

(In thousands of Euro)	Due date	Interest rate	As of 31 December			
			2023	of which current	2022	of which current
Bank loans						
Crédit Agricole Italia S.p.A.	2020-2023	Variable	—	—	8,333	8,333
Deutsche Bank	2022-2027	Fixed	—	—	3,428	803
Total bank loans			**—**	**—**	**11,762**	**9,137**

During 2023 the Group also strengthened its financing structure by taking out the following loan agreements, with the availability of credit lines that were not used during the year.

The medium-long term loan was granted by Cassa Depositi e Prestiti Spa on 15 June 2023 as an available line of credit totalling Euro 25,000 thousand. The loan expires on 15 June 2028 and includes an option to use, for two years from the date of signature. If the option is exercised, the loan will be repaid until the date of expiry. Otherwise it will be closed. The loan agreement requires the Company to comply with the following financial covenant: consolidated "Net financial position/EBITDA" ratio of no higher than 3.8, verified annually. As of 31 December 2023 the option had not been exercised.

Credit Agricole: the revolving loan was granted by Credit Agricole Italy on 2 May 2023 as an available line of credit totalling Euro 50,000 thousand. The loan expires on 2 May 2026, as to Euro 25,000 thousand, and a further 25,000 thousand is due on 28 April 2026, on which there is an option to renew for a further two years. The loan agreement requires the Company to comply with the following financial covenant: consolidated "Net financial position/EBITDA" ratio of no higher than 3.8, verified annually. As of 31 December 2023, the revolving loan had not been used.

Banco BPM: the revolving loan was granted by Banco BPM on 25 July 2023 as an available line of credit totalling Euro 15,000 thousand. The loan expires on 24 July 2026. The loan agreement requires the Company to comply with the following financial covenant: consolidated "Net financial position/EBITDA" ratio of no higher than 3.8, verified annually. As of 31 December 2023, the revolving loan had not been used.

Banco BPM: the revolving loan was granted by Banco BPM on 11 September 2023 as an available line of credit totalling Euro 15,000 thousand. The loan expires on 14 September 2026. The loan agreement requires the Company to comply with the following financial covenant: consolidated "Net financial position/EBITDA" ratio of no higher than 3.8, verified annually. As of 31 December 2023, the revolving loan had not been used.

Deutsche Bank: the revolving loan was granted by Deutsche Bank on 4 August 2023 as an available line of credit totalling Euro 15,000 thousand. The loan expires on 04 August 2027. The loan agreement requires the Company to comply with the following financial covenant: consolidated "Net financial position/EBITDA" ratio of no higher than 3.8, verified annually. As of 31 December 2023, the revolving loan had not been used.

Banca Popolare di Sondrio: the revolving loan was granted by Banca Popolare di Sondrio on 17 May 2023 as an available line of credit totalling Euro 25,000 thousand. The loan expires on 16 November 2024. The loan agreement requires the Company to comply with the following financial covenant: consolidated "Net financial position/EBITDA" ratio of no higher than 3.8, verified annually. As of 31 December 2023, the revolving loan had not been used.

Banca Popolare di Sondrio: the revolving loan was granted by Banca Popolare di Sondrio on 30 May 2023 as an available line of credit totalling Euro 5,000 thousand. The loan expires on 29 November 2024. The loan agreement requires the Company to comply with the following financial covenant: consolidated "Net financial position/EBITDA" ratio of no higher than 3.8, verified annually. As of 31 December 2023, the revolving loan had not been used.

Other short-term borrowings

The following table reports the details of "Other short-term borrowings" as of 31 December 2023 and 31 December 2022:

(In thousands of Euro)		As of 31 December	
	Currency	**2023**	**2022**
Other short-term borrowings			
BPER Luxembourg	**EUR**	183	85
Other short-term borrowings	**EUR**	218	136
Total other short-term borrowings		**402**	**222**

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

Liabilities due to other lenders

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

4.14 DEFERRED TAX LIABILITIES

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

4.15 EMPLOYEE BENEFIT OBLIGATIONS

The item "Employee benefit obligations" amounts to Euro 2,621 thousand at 31 December 2023 (Euro 2,600 thousand at 31 December 2022).

The following table shows the amounts and movements of employee benefit obligations for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	**Employee benefit obligations**
Values at 31 December 2021	**3,091**
Provisions	16
Financial expenses	25
Actuarial (gains)/losses	(274)
Reclassifications	—
Exchange rate differences	—
Utilisations	(258)
Values at 31 December 2022	**2,600**
Provisions	88
Financial expenses	75
Actuarial (gains)/losses	**45**
Reclassifications	—
Exchange rate differences	(1)
Utilisations	(186)
Values at 31 December 2023	**2,621**

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

4.16 PROVISIONS FOR RISKS AND CHARGES

The item "Provisions" at 31 December 2023 amounts to Euro 13,568 thousand for non-current financial liabilities and Euro 19,472 thousand for current financial liabilities (respectively, Euro 9,586 thousand and Euro 14,222 thousand at 31 December 2022). The following table shows the details of provisions for risks and charges, current and non-current, at 31 December 2023 and 2022.

(In thousands of Euro)	**As of 31 December**	
	2023	**2022**
Non-current provisions for risks and charges		
Warranties provision	6,676	5,754
Agents provision	1,022	894
Non-Competition Agreement provision	2,651	1,614
Rebates provision	2,158	568
Other provisions for risks and charges	992	611
Ongoing lawsuits provision	69	145
Total non-current provisions for risks and charges	**13,566**	**9,586**
Current provisions for risks and charges		
Warranties provision	6,813	5,861
Free Product Fund provision	1,275	866
Other provisions for risks and charges	11,384	7,495
Total current provisions for risks and charges	**19,472**	**14,222**

The following table shows the amounts and movements of provisions for risks and charges, current and non-current, for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	Warranties provision	Agents provision	Non-Competition Agreement provision	Rebates provision	Other provisions for risks and charges	Ongoing lawsuits provision	**Non-current provisions for risks and charges**	Warranties provision	Free Product Fund provision	Other provisions for risks and charges	**Current provisions for risks and charges**
Values at 31 December 2021	**4,772**	**1,087**	**1,990**	**456**	**604**	**43**	**8,952**	**4,955**	**199**	**6,580**	**11,734**
Provisions	3,746	123	465	236	152	102	4,825	1,731	725	6,517	**8,973**
Reclassifications	—	—	—	—	—	(1)	(1)	—	—	—	**—**
Exchange rate differences	10	—	—	—	(17)	—	(7)	(5)	(2)	22	**15**
Financial expenses	—	—	38	—	—	—	38	—	—	—	**—**
Actuarial (gains)/losses	—	(243)	(712)	—	—	—	(955)	—	—	—	—
Utilisations	(2,775)	(72)	(166)	(124)	(129)	—	(3,266)	(821)	(55)	(5,625)	**(6,501)**
Values at 31 December 2022	**5,754**	**894**	**1,614**	**568**	**610**	**145**	**9,586**	**5,860**	**868**	**7,492**	**14,222**
Provisions	3,357	138	1,014	1,509	544	58	6,620	4,191	1,196	9,841	15,229
Reclassifications	—	—	—	(16)	—	—	(16)	—	—	—	—
Exchange rate differences	(58)	—	—	(4)	(21)	—	(83)	(48)	(4)	(22)	**(73)**
Change in scope of consolidation	146	—	—	171	—	—	317	146	—	(20)	**127**

(In thousands of Euro)	Warranties provision	Agents provision	Non-Competition Agreement provision	Rebates provision	Other provisions for risks and charges	Ongoing lawsuits provision	**Non-current provisions for risks and charges**	Warranties provision	Free Product Fund provision	Other provisions for risks and charges	**Current provisions for risks and charges**
Financial expenses	–	–	57	–	–	–	57	–	–	–	–
Actuarial (gains)/losses	–	–	15	–	–	–	15	–	–	–	–
Utilisations	(2,523)	(10)	(49)	(70)	(141)	(134)	(2,928)	(3,336)	(785)	(5,907)	(10,028)
Values at 31 December 2023	**6,676**	**1,022**	**2,651**	**2,158**	**992**	**69**	**13,566**	**6,813**	**1,275**	**11,384**	**19,472**

Current and non-current warranties provisions are reasonably estimated by the Group on the basis of the contractual guarantees issued to customers and past experience; they cover the cost of parts and labour that the Group will incur in future years for repairing products under warranty, for which the sales revenues have already been recognised in the income statement of the year or of previous years. The increase, in both the current and non-current portions of the Fund, equal to Euro 1,875 thousand, relate to the legal sales warranty which depends on the increase in sales of finished products.

The "Agents' provision" and "Non-Compete Agreement provision" represent a reasonable estimate of the expenses that the Company would incur in the event of interruption of agency contracts. Those provisions were calculated by independent actuaries and were measured using the actuarial valuation of the projected unit of the credit, in accordance with IAS 37 and IAS 19. The increase mainly relates to the reclassification carried out by the subsidiary TG Germany, which was classified in the previous year under other payables for employees.

The "Rebates provision" and "Free Product Fund" represent the estimated non-monetary awards that the Company grants to customers on reaching specific purchasing targets. The total changes in these items, of Euro 1,998 thousand, are related to the increase in sales achieved by the Group.

The Other provisions for risks and charges mainly relate to employee bonuses, which have increased by Euro 492 thousand, for which the amount has not yet been confirmed, and new provisions of Euro 938 thousand made in respect of ongoing legal disputes. During the year, the Group also set aside Euro 1,925 thousand, which relates to some of the liquidity held at the Russian affiliate Technogym AO. Due to the limitations imposed by the Russian Federation as a result of the conflict in Ukraine, this amount is considered to be at risk should it be distributed to the parent company, taking into account the methods which are now under assessment.

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

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

The main demographic assumptions used by the actuary to analyse the employee benefits provisions and the no-competition provision for the years ended December 31 December 2023 and 2022 are as follows: (i) the probability of death is obtained by using tables determined by ISTAT in 2000 and reduced by 25%: (ii) the probabilities of disability/invalidity are those adopted in the INPS model; (iii) the retirement age for the general working population is assumed to be the reaching of the first retirement requirement applicable for Mandatory General Insurance; (iv) the probability of leaving employment for reasons other than death was determined from the probability of turnover in line with the historical trend;

in particular, an annual rate of 4% was considered for the year 2023 compared to the rate of 6% for 2022; (v) with regard to the probability of early retirement, an annual rate of 3% is applied, based on the historic trend, for 80% of the provision accumulated on the date of the request.

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

The valuations were conducted by quantifying future payments through the projection of the agents' provision accrued at the valuation date of the agents working for the Company until the estimated time (unpredictable) of termination of the contract with the company; once again the method used is the MAGIS. Regarding the demographic assumptions, the ISTAT 2011 mortality rates were considered; for disability, the INPS tables by age and gender were used, whereas for the retirement age, the requirement established by ENASARCO was used. The possibility of agents being released due to the termination of their relationship with the Company or for other causes was determined using estimates of annual frequency based on company data. The financial assumptions essentially refer to the discount rate which, at 31 December 2023 was chosen as the yield from the Iboxx Corporate AA index with 5-7 year duration, matching the collective agreement measured at 2.95%.

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

	As of 31 December	
	2023	**2022**
Annual technical discount rate	3.10%	3.60%
Annual inflation rate	2.50%	2.50%
Annual rate of TFR increase	3.31%	3.31%
Annual rate of commissions increase (for the valuation of agents' NCA)	3.00%	3.00%

As for the annual technical discount rate of 3.1%, the Iboxx Corporate AA was selected as the benchmark for the Eurozone, with duration a consistent with the average duration of the collective agreement.

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

(In thousands of Euro)	**As of 31 December**					
	2023			**2022**		
	-0.50% change	Carrying amount	0.50% change	-0.50% change	Carrying amount	0.50% change
Employee benefit obligations	95	2,621	(89)	81	2,600	(78)
Non-Competition Agreement provision	93	2,651	(86)	78	1,614	(72)
Total	**188**	**5,272**	**(175)**	**159**	**4,214**	**(150)**

4.17 OTHER NON-CURRENT LIABILITIES

The item "Other non-current liabilities" amounted to Euro 44,771 thousand on 31 December 2023 (Euro 38,415 thousand at 31 December 2022).

Other non-current liabilities mainly include:

› deferred income, amounting to Euro 1,879 thousand, related to revenues associated to long-term contracts for technical assistance. This item was recognised as contractual liabilities in accordance with IFRS 15;
› liabilities for sales with return rights, equal to Euro 40,677 thousand, identified pursuant to IFRS 15, in order to represent suspended costs associated with these sales;
› the long-term portion of the obligation to buy-back leased products, of Euro 2,035 thousand;
› trade payables due after 12 months, of Euro 143 thousand.

4.18 TRADE PAYABLES

The item "Trade payables" amounted to Euro 155,384 thousand at 31 December 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.

4.19 CURRENT TAX LIABILITIES

The item "Current tax liabilities" amounted to Euro 9,192 thousand at 31 December 2023 (Euro 9,169 thousand at 31 December 2022). The item income tax receivables amounted to Euro 2,967 thousand at 31 December 2023 (Euro 3,545 thousand at 31 December 2022) (see note 4.10).

4.20 LIABILITIES FOR DERIVATIVE FINANCIAL INSTRUMENTS

The item "Liabilities for derivative financial instruments" amounted to Euro 2 thousand at 31 December 2023 (Euro 77 thousand at 31 December 2022).

The following table shows the liabilities for derivative financial instruments by currency at 31 December 2023 and 2022.

(In thousands of Euro)	**As of 31 December**	
	2023	**2022**
Forward		
AUD	—	4
CNY	—	22
JPY	2	48
IRS	—	3
Total	**2**	**77**

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

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

For details of the types of forward contracts, see the itemised table in paragraph 4.9. Assets for derivative financial instruments.

For the 2023 financial year, the hedge accounting method was adopted only for the exchange rate collar. The net fair value of the collar at 31 December 2023 was positive at 83 thousand euros; the fluctuations during the period generated a cash flow hedge reserve of 524 thousand, as shown in the table below (Euro 399 thousand net of the tax effect).

(In thousands of Euro)	As of 31 December			
	2023 assets	**2022 assets**	**2023 liabilities**	**2022 liabilities**
Exchange rate hedging:				
Exchange rate hedges (current) – cash flow hedge	—	—	524	—
Tax effect – Exchange rate hedges (current) – cash flow hedge	—	—	(126)	—
Interest rate hedges:				
Interest rate hedges (current) – cash flow hedge	—	—	—	3
Tax effect - Interest rate hedges (current) – cash flow hedge	—	—	—	(1)
Total	**—**	**—**	**399**	**3**

4.21 OTHER CURRENT LIABILITIES

The item "Other current liabilities" amounted to Euro 106,178 at 31 December 2023 (Euro 88,552 thousand at 31 December 2022). The following table shows the amounts of other current liabilities at 31 December 2023 and 2022.

(In thousands of Euro)	As of 31 December	
	2023	**2022**
Other current liabilities		
Deferred income	38,180	27,294
Advances from clients	21,765	21,661
Payables to employees	13,062	11,984
VAT payables	11,727	9,391
Social security payables	5,242	4,053
Other liabilities	7,291	5,651
Accrued expenses	728	628
Payables for buy backs - due within 12 months	8,182	7,890
Total other current liabilities	**106,178**	**88,552**

"Deferred income" mainly refers to scheduled maintenance contracts on machines sold in previous years, for which the revenues are recognised according to the matching principle.

"Advances from customers" relates to advances and deposits received for supplies yet to be delivered. These items were recognised as contractual liabilities in accordance with IFRS 15.

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

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

The "Other liabilities" at 31 December 2023 and 2022 mainly relate to income taxes withheld on income from employment and self-employment to be paid in the following year.

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

The item "Payables for buy backs - due within 12 months" includes Euro 547 thousand relative to a short-term buyback obligation for leased products. The remainder of the item, of Euro 7,635 thousand, refers to liabilities for sales with return rights, identified pursuant to IFRS 15, in order to represent the suspended revenues associated with these sales.

For more details about the recognition criteria for this item, see paragraph 2.4 of this document "Valuation criteria" in the section "Recognition of revenues".

5 Notes to the income statement

5.1 REVENUES

The item "Revenues" amounts to Euro 806,288 thousand for the year ended 31 December 2023, an increase of Euro 87,263 thousand (12%) compared to Euro 719,025 thousand for the year ended 31 December 2022. The improvement in performance over the prior year can be attributed to strong growth across all the BtoB sub-segments: Clubs, Hospitality & Residential and Health, Corporate & Performance. The BtoC segment ended 2023 in line with the previous financial year.

The following table contains a breakdown of the revenues for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	**Year ended 31 December**	
	2023	**2022**
Revenues		
Revenues from the sale of products, spare parts, hardware and software	648,720	587,811
Revenues from transport and installation, after-sale and rental assistance	157,568	131,214
Total revenues	**806,288**	**719,025**

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

5.2 OTHER REVENUES AND INCOME

The item "Other revenues and income" amounted to Euro 1,803 thousand for the year ended 31 December 2023 (Euro 2,465 thousand for the year ended 31 December 2022). This item mainly consists of tax credits, rental income, compensation from suppliers and other income from non-core activities.

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

This item amounted to Euro 269,845 thousand for the year ended 31 December 2023 (Euro 248,077 thousand for the year ended 31 December 2022).

The following table contains details of the purchases and changes in raw materials, work in progress and finished goods for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	**Year ended 31 December**	
	2023	**2022**
Purchases and changes in raw materials, work in progress and finished goods		
Purchases and changes in raw materials	164,538	155,745
Purchases and changes in finished goods	103,804	86,701
Purchases and changes in packaging and cost of custom duties	2,310	5,740
Change in inventory of work in progress	(807)	(109)
Total purchases and changes in raw materials, work in progress and finished goods	**269,845**	**248,077**

The increase in this item depends on the Group's increased sales volumes, despite the fact that in the previous year the purchase price of materials fell, due to the inflationary effects of previous periods.

5.4 COST OF SERVICES

The item "Cost of services" amounted to Euro 189,192 thousand for the year ended 31 December 2023 (Euro 189,192 thousand for the year ended 31 December 2022).

The following table shows the amounts of cost of services for the years ended 31 December 2023 and 2022 restated.

(In thousands of Euro)	**Year ended 31 December**	
	2023	**2022**
Cost of services		
Transport, customs duties and installation	78,840	77,609
Technical assistance	24,220	21,154
Advertising	19,933	18,223
Rentals	8,301	7,811
Agents	10,159	8,477
Consulting services	12,385	10,493
Travel and business expenses	12,029	9,603
Outsourcing costs	7,037	7,937
Utilities	4,590	4,706
Maintenance costs	6,268	6,035
Other services	29,807	23,259
Total cost of services	**213,569**	**195,308**

The higher increases compared to 31 December 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. Additionally, the group is continuing to make marketing investments in order to achieve sustainable 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.

The following table shows the details of audit fees to the independent auditors for services provided to the Company for the years ended 31 December 2023 and 2022:

(In thousands of Euro)	Year ended 31 December	
	2023	**2022**
Audit fees		
Auditing of the accounts	1,045	994
Other services	9	43
Total audit fees	**1,054**	**1,037**

5.5 PERSONNEL EXPENSES

The item "Personnel expenses" amounted to Euro 167,666 thousand for the year ended 31 December 2023 (Euro 151,330 thousand for the year ended 31 December 2022).

The following table shows the amounts of personnel expenses for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	Year ended 31 December	
	2023	**2022**
Personnel expenses		
Wages and salaries	127,891	109,600
Social security contributions	29,116	25,561
Provisions for employee benefit obligations	3,289	3,103
Other costs	7,370	6,951
Total personnel expenses	**167,666**	**145,214**

The increase in this item compared to the previous year is mainly correlated to the increase in average workforce compared to the same period in the previous year, particularly the higher number of office staff compared to manual workers, a 6.6% wage increase (provided for in the national agreement for metalworkers) as well as the inflationary effect of adjusting the Payroll item. As at 31 December 2023, this item also includes non-recurring expenses referring to personnel expenses not linked to normal operations, of Euro 1,764 thousand, whereas on 31 December 2022 the amount was Euro 1,442 thousand.

The following table shows the average number of employees and the exact number of employees at the year-end broken down by category for the years ended 31 December 2023 and 2022.

(in number)	Year ended 31 December			
	2023		**2022**	
Number of employees	Average	Year-end	Average	Year-end
Managers	70	67	69	71
White-collar	1,572	1,607	1,431	1,456
Blue-collar	613	611	646	616
Total number of employees	**2,255**	**2,285**	**2,146**	**2,143**

5.6 OTHER OPERATING COSTS

The item "Other operating costs" amounted to Euro 9,796 thousand for the year ended 31 December 2023 (Euro 5,277 thousand for the year ended 31 December 2022).

The following table reports the amounts of other operating costs for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	Year ended 31 December	
	2023	**2022**
Other operating costs		
Other taxes and indirect taxes	2,484	2,180
Other costs and net provisions on leasing receivables	7,312	3,097
Total other operating costs	**9,796**	**5,277**

The item "Other costs and net provisions on leasing receivables" mainly refers to membership fees, certification costs, promotional and advertising product giveaways, and donations. It also includes the amount set aside by the Group to cover doubtful receivables posted on the financial statements, for which there is a buyback obligation. With regard to this last item, after a careful analysis of the portfolio to 31 December 2023, the Group has estimated a risk of default of approximately Euro 3.5 million for next year, on a total portfolio of Euro 177 million. The provision for bad debts has thus been increased by Euro 297 thousand (of which Euro 185 thousand after 12 months and Euro 122 thousand for the current quota); the balance of this provision will absorb the total receivables for which the risk of default is considered probable.

During the year, non-recurring costs of Euro 1,544 were posted in relation to indirect taxes from previous years.

5.7 SHARE OF NET RESULT FROM JOINT VENTURES

The item "Share of net result from joint ventures" amounted to Euro 4,403 thousand for the year ended 31 December 2023 (Euro 1,768 thousand for the year ended 31 December 2022). The difference compared to the previous financial year is due to the fact that in 2023, following the change in the scope of consolidation of Technogym Emirates, the IFRS 3 rules were applied in case of a future taking of control. 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 full consolidation has generated non-recurring income of Euro 4,066 thousand, deriving from the closure of the translation reserve (Euro 1,741 thousand) and the posting of Euro 2,325 thousand as a revaluation entry. The remainder relates to the share of Group net profit earned by the affiliates and/or subsidiaries, jointly (see note 4.4).

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

The item "Depreciation, amortisation and impairment losses/(write-backs)" amounted to Euro 45,712 for the year ended 31 December 2023 (Euro 40,386 thousand for the year ended 31 December 2022).

The following table shows the amounts of depreciation, amortisation and impairment losses/(write-backs) for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	Year ended 31 December	
	2023	**2022**
Depreciation, amortisation and impairment losses/(revaluations)		
Depreciation of property, plant and equipment	26,948	25,510
Amortisation of intangible assets	18,619	14,854
Impairment losses of property, plant and equipment	—	_
Impairment losses of intangible assets	146	23
Total depreciation, amortisation and impairment losses (revaluations)	**45,712**	**40,386**

For the tables of details regarding the breakdown of and changes in "Property, plant and equipment" and "Intangible assets" for the years ended 31 December 2023 and 2022, see notes 4.1 and 4.2.

5.9 NET PROVISIONS

The item "Net provisions" amounted to Euro 8,522 thousand for the year ended 31 December 2023 (Euro 6,242 thousand for the year ended 31 December 2022).

The following table shows the amounts of net provisions for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	Year ended 31 December	
	2023	**2022**
Net provisions		
Inventory write-down net provisions	468	1,645
Net allocations to bad debt provisions	2,129	2,167
Warranties net provisions	1,689	1,881
Other net provisions for risks and charges	3,131	572
Ongoing lawsuits net provisions	1,106	(23)
Total net provisions	**8,522**	**6,242**

For details of the breakdown and changes in these items, see paragraphs "4.6. Inventories", "4.7 Trade receivables" and "4.16. Provisions for risks and charges" in this document.

5.10 FINANCIAL INCOME

The item "Financial income" amounted to Euro 23,397 thousand for the year ended 31 December 2023 (Euro 27,436 thousand for the year ended 31 December 2022).

The following table shows the amounts of financial income for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	Year ended 31 December	
	2023	**2022**
Financial income		
Realised exchange gains	17,776	23,684
Unrealised exchange gains	1,053	2,483
Other financial income	44	184
Bank interest receivable	4,524	1,085
Total financial income	**23,397**	**27,436**

5.11 FINANCIAL EXPENSES

The item "Financial expenses" amounted to Euro 20,897 thousand for the year ended 31 December 2023 (Euro 27,177 thousand for the year ended 31 December 2022).

The following table shows the amounts of financial expenses for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	Year ended 31 December	
	2023	**2022**
Financial expenses		
Realised exchange losses	16,683	23,426
Unrealised exchange losses	1,593	1,872
Bank interest on financial loans	160	279
Bank interest and fees	741	552
Other financial expenses	1,719	1,048
Total financial expenses	**20,897**	**27,177**

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

5.12 INCOME/(EXPENSES) FROM INVESTMENTS

The item "Income/(expenses) from investments" amounted to Euro 517 thousand for the year ended 31 December 2023 (Euro 298 thousand for the year ended 31 December 2022).

(In thousands of Euro)	Year ended 31 December	
	2023	**2022**
Income/(expenses) from investments		
Revaluations/(impairment losses) investments	517	298
Total income/(expenses) from investments	**517**	**298**

The positive result for the current year refers to the adjustment of the value of minority shareholdings, in accordance with IFRS9. The valuation is made by adjusting the value of the equity investments to their fair value.

5.13 INCOME TAXES

The item "Income taxes" amounts to Euro 23,232 thousand for the year ended 31 December 2023 (Euro 19,434 thousand for the year ended 31 December 2022).

The following table shows the amounts of income taxes for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	Year ended 31 December	
	2023	**2022**
Income taxes		
Current taxes	24,452	23,555
Deferred taxes	(607)	(4,015)
Total income taxes for the year	**23,845**	**19,541**
Taxes relating to prior years	(613)	(107)
Total income taxes	**23,232**	**19,434**

Taxes relating to prior years mainly relate to the recalculation of the tax credit for R&D.

The following table shows the reconciliation between the theoretical tax rate and the actual tax rate for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	Year ended 31 December			
	2023	**%**	**2022**	**%**
Profit before tax	**100,400**		**83,309**	
Income tax calculated with theoretical tax rate	**24,036**	**24.0%**	**19,994**	**24.0%**
Effect of difference between local tax rate and theoretical tax rate	(1,725)	(1.7%)	(373)	(0.4%)
Fiscal effect of non-deductible expenses/revenues	4,128	4.1%	5,816	7.0%
Tax losses carried forward that are not recognised in deferred tax assets.	(57)	(0.1%)	(855)	(1.0%)
Other income taxes (IRAP)	2,189	2.2%	1,149	1.4%
Fiscal effect of tax relief	(935)	(0.9%)	(964)	(1.2%)
Deferred taxes TG Shanghai	—	0.0%	(1,703)	(2.0%)
Other minor effects	(3,790)	(3.8%)	(3,524)	(4.2%)
Income taxes of previous years	(613)	(0.6%)	(107)	(0.1%)
Total	**23,232**	**23.2%**	**19,434**	**23.3%**

5.14 EARNINGS PER SHARE

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

(In thousands of Euro)	Year ended 31 December	
	2023	**2022**
Earnings per share		
Profit for the period	73,640	63,587
Number of shares (in thousands)*	200,491	201,328
Total earnings per share	**0.37**	**0.32**

* The calculation does not include the own shares in portfolio

Also note that, even considering the diluting effects such as the allocation of shares according to the 2021-23 PSP, there are no significant differences between the basic share and the profit diluted by share.

6 Net financial position

Below is a restatement of the Group's net indebtedness as of 31 December 2023 and 2022, determined in accordance with the new ESMA Guidelines of 4 March 2021 (Consob notice no. 5/21 in reference to Consob Communication DEM/6064293 of 28 July 2006).

(In thousands of Euro)	**As of 31 December**	
	2023	**2022**
Net financial position		
A. Cash	201,066	190,215
B. Cash equivalents	23,664	15,143
C. Other current financial assets	4,421	20,520
D. Liquidity (A) + (B) + (C)	**229,151**	**225,878**
E. Current financial payables (including debt instruments, but excluding the current portion of non-current financial payables)	(32,261)	(28,441)
F. Current part of non-current financial payables	—	(9,137)
G. Current financial indebtedness (E) + (F)	**(32,261)**	**(37,578)**
H. Net current financial indebtedness (G) + (D)	**196,891**	**188,300**
I. Non-current financial payables (excluding the current portion and debt instruments)	(69,959)	(66,431)
J. Debt instruments	—	—
K. Trade payables and other non-current payables	(143)	(287)
L. Non-current financial indebtedness (I) + (J) + (K)	**(70,102)**	**(66,718)**
M. Total financial indebtedness (H) + (L)	**126,788**	**121,582**

The net financial position at 31 December 2023, which includes the effects of adopting IFRS 16, was positive by Euro 126,788 thousand, an increase of Euro 5,206 thousand compared to the balance of Euro 121,582 thousand for the year ended 31 December 2022.

The increase is mainly attributable to cash flow generated by operations of Euro 145.9 million, despite a negative impact deriving from the conversion of cash and cash equivalents into foreign currencies, of Euro 5.7 million, the payment of dividends of Euro 51.3 million and the treasury share purchase plan (Euro 6.9 million) announced on 6 November 2023, and the return to the usual seasonal trend in payments. The net financial position not including the effects of the IFRS 16 accounting standard amounts to Euro 170.6 million. On 31 December 2023 the Company had no bank borrowings.

At 31 December 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. It should also be noted that there are cash asset and cash equivalents at the Russian subsidiary, totalling approximately Euro 8.8 million, primarily resulting from earnings from previous years. The Group is taking all the steps necessary for the return of these sums, which must be approved by the local authorities prior to their transfer to the parent company.

7 Financial risk management

The main financial risks to which the Group is subject to are:
› credit risk, arising from commercial transactions or financing activities;
› risks related to supplier relations;
› liquidity risk, related to the availability of financial resources and access to the credit market;
› market risk, in particular:
  › currency risk, related to operations in areas using currencies other than the functional currency;
  › interest rate risk, related to the Group's exposure to financial instruments that accrue interests;
  › price risk, associated with changes in the prices of commodities.

7.1 CREDIT RISK

The operational management of credit risk is assigned to the Credit Management team, which operates on the basis of a credit policy that regulates: (i) customers' merit ratings, which are evaluated by the internally developed risk rating system, used for the management of credit limits and requests for bank or insurance guarantees to support extended payment terms; (ii) the involvement of institutionalised credit committees in operations completed under terms other than those normally applied by the Company; (iii) the use of credit insurance policies; (iv) the monitoring of the balance of outstanding receivables and their ageing, so that the amount of outstanding positions is not significant; (v) the monitoring of the related expected cash flows; (vi) the issuance of reminders; (vii) any recovery actions. The bad debt provision is calculated on percentages of past due, based on historical insolvency, with the exception of provision on specific credits in litigation. In relation to the breakdown of receivables by maturity, please see the Note "Trade receivables". For financing activities related to temporary excess of liquidity or for the stipulation of financial instruments (derivatives), the Group deals exclusively with counterparties with high credit standing. The amount of trade receivables represents the maximum theoretical exposure to credit risk of the Group at year-end.

Risks related to supplier relations

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

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

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

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

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

7.2 LIQUIDITY RISK

The Group's liquidity risk is closely monitored through specific controls by the parent company. In order to minimise the risk, the Group has implemented centralised treasury management with specific procedures that aim to optimise the management of financial resources and the needs of the Group companies. In particular, a set of policies and processes was adopted with the aim of optimising the management of financial resources to reduce liquidity risk: (i) maintenance of an adequate level of available liquidity; (ii) obtaining adequate credit lines; (iii) monitoring future liquidity in relation to the business planning process. For this type of risk, in the net financial indebtedness, the Group tends to finance investments and current commitments with both cash flow generated by operation and short-term credit lines.

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

(in thousands of Euro)	**Cash credit lines**	**Self-liquidating credit lines**	**Financial credit lines**	**Total**
As of 31 December 2023				
Credit lines	47,500	11,500	230,000	**289,000**
Utilisations	—	—	—	**—**
Credit lines available at 31 December 2023	**47,500**	**11,500**	**230,000**	**289,000**
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**

The table below contains the breakdown and maturity dates of the liability items to 31 December 2023 and 2022.

(In thousands of Euro)	Within 1 year	Between 1 and 5 years	Beyond 5 years	Total
Values at 31 December 2023				
Non-current financial liabilities	—	69,959	—	**69,959**
Other non-current liabilities	—	44,771	—	**44,771**
Trade payables	155,384	—	—	**155,384**
Current tax liabilities	9,192	—	—	**9,192**
Current financial liabilities	32,259	—	—	**32,259**
Liabilities for derivative financial instruments	2	—	—	**2**
Other current liabilities	106,178	—	—	**106,178**
Total	**303,014**	**114,730**	**—**	**417,744**
Values at 31 December 2022				
Non-current financial liabilities	—	63,166	3,266	**66,431**
Other non-current liabilities	—	38,415	—	**38,415**
Trade payables	173,559	—	—	**173,559**
Current tax liabilities	9,169	—	—	**9,169**
Current financial liabilities	37,501	—	—	**37,501**
Liabilities for derivative financial instruments	77	—	—	**77**
Other current liabilities	88,552	—	—	**88,552**
Total	**308,858**	**101,580**	**3,266**	**413,704**

On 31 December 2023, the Technogym Group had approximately Euro 277 million of undrawn credit lines, liquidity amounting to Euro 224.7 million and trade receivables of 119.8 million, giving a total of Euro 621.5 million, against payables and current commitments totalling Euro 303 million.

7.3 MARKET RISK

Exchange rate risk

The Group operates internationally and it is subject to currency risk, mainly in regards to commercial and financial transactions, especially in US dollars, GBP, YEN, CNY and AUD. To limit the exposure to exchange risk, the Group usually enters into forward contracts to cover between 70% and 80% of transactions in these currencies. In the year ending 31 December 2023, no exchange rate hedging derivative contract was recognised using the hedge accounting method.

Investments in foreign subsidiaries are not covered, as the currency positions are considered long-term.

The following table shows the trade receivables and payables, cash and cash equivalents and current financial liabilities broken down by currency at 31 December 2023 and 2022.

(In thousands of Euro)	EUR	GBP	USD	CNY	AUD	JPY	Other currencies	Total
Other non-current assets								
As of 31 December 2023	62,330	11,342	3,137	184	2,066	242	3,049	**82,350**
As of 31 December 2022	58,973	9,339	377	207	1,754	265	2,629	**73,544**
Non-current financial assets								
As of 31 December 2023	—	—	—	—	—	—	—	**—**
As of 31 December 2022	201	—	—	—	—	—	—	**201**
Trade receivables								
As of 31 December 2023	70,791	12,481	20,375	737	1,559	3,650	10,201	**119,793**
As of 31 December 2022	66,462	9,666	23,598	1,028	3,028	1,891	5,152	**110,824**
Cash and cash equivalents								
As of 31 December 2023	155,319	12,858	27,410	4,437	4,204	2,449	18,054	**224,730**
As of 31 December 2022	122,085	10,445	46,622	8,972	4,929	4,798	7,508	**205,358**
Current financial liabilities								
As of 31 December 2023	28,955	653	598	387	261	292	1,113	**32,259**
As of 31 December 2022	33,434	252	826	369	260	340	2,020	**37,501**
Trade payables								
As of 31 December 2023	130,848	9,962	8,491	878	1,464	1,509	2,231	**155,384**
As of 31 December 2022	146,858	8,020	12,000	1,317	2,385	1,333	1,645	**173,559**

For the purposes of the sensitivity analysis on the exchange rate, items in the financial position (assets and liabilities) denominated in foreign currency were identified. For the purposes of the analysis, two scenarios were considered that reflect an increase and a decrease respectively of 5% in the exchange rate between the currency of the balance sheet item and the Euro.

The following table shows the results of the analysis for the years ended 31 December 2023 and 2022.

(In thousands of Euro)			**2023 - Exchange risk**			
			+5%		**-5%**	
	Carrying amount	**of which subject to exchange risk**	**Gains / (losses)**	**Other movements in sales invoice ledger (RFV)**	**Gains / (losses)**	**Other movements in sales invoice ledger (RFV)**
Financial assets						
Cash and cash equivalents	224,730	69,591	(3,314)	—	3,663	—
Trade receivables	119,793	46,286	(2,204)	—	2,436	—
Non-current financial assets	—	—	—	—	—	—
Current financial assets	4,250	3,770	(180)	—	198	—
Assets for derivative financial instruments	172	—	—	—	—	—
Tax effect	—	—	1,590	—	(1,757)	—
			(4,108)	**—**	**4,540**	**—**

(In thousands of Euro)			2023 - Exchange risk			
			+5%		-5%	
	Carrying amount	**of which subject to exchange risk**	**Gains / (losses)**	**Other movements in sales invoice ledger (RFV)**	**Gains / (losses)**	**Other movements in sales invoice ledger (RFV)**
Financial liabilities						
Non-current financial liabilities	69,959	12,279	585	—	(646)	—
Current financial liabilities	32,259	2,625	125	—	(138)	—
Trade payables	155,384	20,872	994	—	(1,098)	—
Liabilities for derivative financial instruments	2	—	—	—	—	—
Tax effect			(475)	—	525	—
			1,228	—	(1,357)	—
Total increases (decreases) 2023			**(2,880)**		**3,183**	

(In thousands of Euro)			2022 - Exchange risk			
			+5%		-5%	
	Carrying amount	**of which subject to exchange risk**	**Gains / (losses)**	**Other movements in sales invoice ledger (RFV)**	**Gains / (losses)**	**Other movements in sales invoice ledger (RFV)**
Financial assets						
Cash and cash equivalents	205,358	83,453	(3,974)	—	4,392	—
Trade receivables	110,824	41,861	(1,993)	—	2,203	—
Non-current financial assets	201	—	—	—	—	—
Current financial assets	19,883	9,806	(467)	—	516	—
Assets for financial derivative instruments	637	637	(30)	—	34	—
Tax effect	—	—	1,804	—	(1,993)	—
			(4,661)	**—**	**5,151**	**—**
Financial liabilities						
Non-current financial liabilities	66,431	10,326	492	—	(543)	—
Current financial liabilities	37,501	725	35	—	(38)	—
Trade payables	173,559	23,740	1,130	—	(1,249)	—
Liabilities for derivative financial instruments	77	74	4	—	(4)	—
Tax effect			(463)	—	512	—
			1,197	—	(1,323)	—
Total increases (decreases) 2022			**(3,464)**		**3,828**	

Interest rate risk

Interest rate risk is related to the use of short and medium/long-term credit lines. Variable rate loans expose the Group to the risk of fluctuations of cash flows due to interest. The Company does not use derivative instruments to hedge interest rate risks.

For the purposes of the sensitivity analysis on changes in interest rate, items in the financial position (assets and liabilities) subject to fluctuations in interest rates were identified. For the purposes of the analysis, two scenarios were considered which reflect an increase and a decrease respectively of 20 basis points in the interest rate.

The following table shows the results of the analysis for the years ended 31 December 2023 and 2022.

(In thousands of Euro)			2023 - Interest Rate Risk			
			+ 20 bp		-20 bp	
	Carrying amount	**of which subject to Interest Rate Risk**	**Gains / (losses)**	**Other movements in RFV**	**Gains / (losses)**	**Other movements in RFV**
Financial assets						
Cash and cash equivalents	224,730	200,837	402	—	(402)	—
Trade receivables	119,793	—	—	—	—	—
Tax effect			(112)	—	112	—
			290	—	(290)	—
Financial liabilities			**—**	**—**	**—**	**—**
Non-current financial liabilities	69,959	47,371	(95)	—	95	—
Current financial liabilities	32,259	650	(1)	—	1	—
Trade payables	155,384	—	—	—	—	—
Tax effect			27	—	(27)	—
			(69)	—	69	—
Total increases (decreases) 2023			**221**	**—**	**(221)**	

(In thousands of Euro)			2022 - Interest Rate Risk			
			+ 20 bp		-20 bp	
	Carrying amount	**of which subject to Interest Rate Risk**	**Gains / (losses)**	**Other movements in RFV**	**Gains / (losses)**	**Other movements in RFV**
Financial assets						
Cash and cash equivalents	205,358	185,284	371	—	(371)	—
Trade receivables	110,824	—	—	—	—	—
Tax effect			(116)	—	116	—
			255	—	(255)	—
Financial liabilities			**—**	**—**	**—**	**—**
Non-current financial liabilities	66,431	31,519	(63)	—	63	—
Current financial liabilities	37,501	1,137	(2)	—	2	—
Trade payables	173,559	—	—	—	—	—
Tax effect			20	—	(20)	—
			(45)	—	45	—
Total increases (decreases) 2022			**210**	**—**	**(210)**	**—**

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

Price risk

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

Capital risk management

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

(In thousands of Euro)	**As of 31 December**	
	2023	**2022**
Net financial indebtedness (A)	(126,788)	(121,582)
Total equity (B)	363,712	345,927
Total capital (C)=(A)+(B)	**236,924**	**224,345**
Gearing ratio (A)/(C)	**(53.5%)**	**(54.2%)**

Financial instruments by category

As of 31 December 2023 and 2022, the carrying amount of financial assets and liabilities is the same as their fair value. IFRS 7 outlines three levels of fair value for the measurement of financial instruments recognised in the statement of financial position: (i) Level 1: quoted prices in an active market; (ii) Level 2: inputs other than quoted prices included within Level 1, that are observable directly (prices) or indirectly (derived from prices) in the market; (iii) Level 3: inputs not based on observable market data. During the year, there were no transfers between the three levels of fair value indicated in IFRS 7.

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

2023 *(In thousands of Euro)*	Financial assets			Total	Level 1	Level 2	Level 3	Total
	Amortised cost	**FV vs OCI**	**FV vs P&L**					
Other non-current assets	81,638	—	712	82,350	—	—	712	712
Non-current financial assets	—	—	—	—	—	—	—	—
Non-current financial assets	**81,638**	**—**	**712**	**82,350**	**—**	**—**	**712**	**712**
Trade receivables	119,793	—	—	119,793	—	—	—	—
Cash and cash equivalents	224,730	—	—	224,730	—	—	—	—
Assets for derivative financial instruments	—	83	89	172	—	172	—	172
Current financial assets	4,250	—	—	4,250	—	—	—	—
Other current assets	28,152	—	—	28,152	—	—	—	—
Current financial assets	**376,925**	**—**	**172**	**377,096**	**—**	**172**	**—**	**172**

2022 *(In thousands of Euro)*	Financial assets			Total	Level 1	Level 2	Level 3	Total
	Amortised cost	**FV vs OCI**	**FV vs P&L**					
Other non-current assets	72,947	—	597	73,544	—	—	597	597
Non-current financial assets	201	—	—	201	—	—	—	—
Non-current financial assets	**73,148**	**—**	**597**	**73,745**	**—**	**—**	**597**	**597**
Trade receivables	110,824	—	—	110,824	—	—	—	—
Cash and cash equivalents	205,358	—	—	205,358	—	—	—	—
Assets for derivative financial instruments	—	—	637	637	—	637	—	637
Current financial assets	19,883	—	—	19,883	—	—	—	—
Other current assets	27,178	—	—	27,178	—	—	—	—
Current financial assets	**363,243**	**—**	**637**	**363,880**	**—**	**637**	**—**	**637**

2023 *(In thousands of Euro)*	**Financial liabilities**			**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	Amortised cost	**FV vs OCI**	**FV vs P&L**					
Non-current financial liabilities	69,959	—	—	69,959	—	—	—	—
Other non-current liabilities	44,771	—	—	44,771	—	—	—	—
Non-current financial liabilities	**114,730**	**—**	**—**	**114,730**	**—**	**—**	**—**	**—**
Current financial liabilities	32,259	—	—	32,259	—	—	—	—
Trade payables	155,384	—	—	155,384	—	—	—	—
Liabilities for derivative financial instruments	—	—	2	2	—	2	—	2
Other current liabilities	106,178	—	—	106,178	—	—	—	—
Current financial liabil-ities	**293,821**	**—**	**2**	**293,822**	**—**	**2**	**—**	**2**

2022 *(In thousands of Euro)*	**Financial liabilities**			**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 liabil-ities	**299,612**	**3**	**74**	**299,689**	**—**	**77**	**—**	**77**

8 Non-financial risks

INTERNAL RISKS - EFFECTIVENESS OF PROCESSES

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

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

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

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

EXTERNAL RISKS - MARKET AND COUNTRY RISK

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

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

Management is 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 and is delivering local business improvement services; the revenues from this activity 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. Following the conflict, this is deemed at risk should it be distributed to the parent company, taking into account the methods in the course of assessment.

RISKS RELATED TO CYBER ATTACKS

The stepping-up of the digital transformation - both within the Company itself and towards the market - has been driven by the public health emergency, and this exposes the Group to potential cyber attacks (cyber risks). The Group has adopted a governance structure and cyber risk management model based on international standards, in order to put in place the best technological solutions and choose the best partners to defend its corporate assets. It has also taken out appropriate insurance cover.

In particular, a 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.

9 Related party transactions

The Group's transactions with related parties, identified based on criteria defined by IAS 24 – Related party disclosures – are carried out under normal market conditions.

The following table shows the amounts of related party transactions for the years ended 31 December 2023 and 2022 and the incidence on the related item in the financial statement.

(In thousands of Euro)	**Property, plant and equipment**		**Other non-current assets**		**Trade receivables**		**Current financial assets**		**Other current assets**		**Non-current financial liabilities**		**Trade payables**		**Current financial liabilities**	
Values at 31 December	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**
Technogym Emirates LLC	–	–	13	–	(22)	–	–	–	1,266	–	–	–	312	–	–	–
Pubblisole Spa	–	–	–	–	–	24	–	–	–	–	–	–	–	–	–	–
Consorzio Romagna Iniziative	–	–	–	–	–	–	–	–	26	25	–	–	16	–	–	–
Sandcroft Avenue Limited	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(39)	–
Wellink Srl	–	–	–	–	–	–	–	–	–	–	–	–	50	25	–	–
Alfin Srl	–	–	–	–	3	3	–	–	–	–	–	–	126	122	–	–
Via Durini 1 Srl	5,615	5,912	–	–	–	–	–	–	–	–	4,915	5,109	3	85	860	1,006
Starpool Srl	–	–	–	–	–	1	–	–	–	–	–	–	4	4	–	–
One On One Srl	–	–	–	–	9	11	–	–	–	–	–	–	232	191	–	–
Wellness Explorer Srl	–	–	–	–	3	–	–	–	–	–	–	–	–	–	–	–
Physio AG	–	–	–	–	1	3	–	–	–	–	–	–	113	37	–	–
Sobeat S.R.O.	3,479	3,496	–	–	–	–	–	–	–	–	3,625	3,679	145	–	2,636	3,309
Wellness Foundation	–	–	–	–	–	–	–	–	–	–	–	–	–	31	–	–
WF Srl	–	–	–	–	–	–	–	–	–	–	–	–	–	61	–	–
Uberti Società Semplice	–	–	–	–	–	–	–	–	–	–	–	–	–	20	–	–
SE Active	–	–	–	–	–	–	233	227	–	–	–	–	–	–	–	–
Total	**9,094**	**9,407**	**13**	**–**	**(6)**	**41**	**233**	**227**	**1,292**	**25**	**8,540**	**8,788**	**1,002**	**575**	**3,457**	**4,315**
Total Financial Statements	**164,122**	**171,560**	**73,544**	**82,350**	**110,824**	**119,793**	**19,883**	**4,250**	**27,178**	**28,152**	**66,431**	**69,959**	**173,559**	**155,384**	**37,501**	**32,259**
% on financial statements item	**5.5%**	**5.5%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**1.2%**	**5.3%**	**4.8%**	**0.1%**	**12.9%**	**12.6%**	**0.6%**	**0.4%**	**9.2%**	**13.4%**

(In thousands of Euro)	Revenues		Other revenues and income		Raw materials and work in progress		Cost of services		Personnel expenses		Other operating costs		Depreciation and amortisation		Financial income		Financial expenses	
Values at 31 December	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**
Technogym Emirates LLC	15,036	–	274	–	(122)	–	(328)	–	(273)	–	(3)	–	–	–	–	–	–	–
Pubblisole Spa	–	–	–	–	–	–	19	24	–	–	–	–	–	–	–	–	–	–
Consorzio Romagna Iniziative	–	–	–	–	–	–	(19)	(14)	–	–	–	–	–	–	–	–	–	–
Asso. Milano Durini Design	–	–	–	–	–	–	–	–	–	–	(2)	(3)	–	–	–	–	–	–
Sandcroft Avenue Limited	–	–	–	–	–	–	–	–	–	–	–	–	–	–	19	(39)	14	(8)
Fitkey South Africa Pty Ltd	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	5
Wellink Srl	–	–	–	–	–	–	(190)	(118)	–	–	–	–	–	–	–	–	–	–
Alfin Srl	2	–	–	–	–	–	(256)	(629)	(39)	–	–	–	–	–	–	–	–	–
Via Durini 1 Srl	–	–	–	–	–	–	(124)	(301)	–	–	(9)	(10)	(895)	(1,000)	–	–	(123)	(137)
Starpool Srl	–	2	–	–	–	–	(4)	(1)	–	–	–	–	–	–	–	–	–	–
One On One Srl	21	26	–	–	–	–	(657)	(1,036)	–	–	–	(34)	–	–	–	–	–	–
Enervit Spa	–	1	–	–	–	–	(3)	–	–	–	–	–	–	–	–	–	–	–
Alne Soc. Agr. S.r.l.	–	–	–	–	–	–	(2)	–	–	–	–	–	–	–	–	–	–	–
Wellness Explorer Srl	–	–	18	2	–	(1)	(325)	–	–	–	–	–	–	–	–	–	–	–
Physio Ag	88	14	–	–	–	–	(652)	(317)	–	–	–	–	–	–	–	–	–	–
Sobeat S.r.o.	–	–	–	–	–	–	171	157	–	–	–	–	(705)	(710)	–	–	–	–
Wellness Foundation	–	–	–	–	–	–	–	(49)	–	–	–	–	–	–	–	–	–	–
WF Srl	–	–	–	–	–	–	–	(300)	–	–	–	–	–	–	–	–	–	–
Uberti Società Semplice	–	–	–	–	–	–	–	(60)	–	–	–	(1)	–	–	–	–	–	–
Total	**15,147**	**43**	**292**	**2**	**(122)**	**(1)**	**(2,368)**	**(2,645)**	**(311)**	**–**	**(14)**	**(48)**	**(1,600)**	**(1,710)**	**19**	**(39)**	**(109)**	**(140)**
Total Financial Statements	**719,025**	**806,288**	**2,465**	**1,803**	**(248,077)**	**(269,845)**	**(189,192)**	**(213,569)**	**(151,330)**	**(167,666)**	**(5,277)**	**(9,796)**	**(40,386)**	**(45,712)**	**27,436**	**23,397**	**(27,177)**	**(20,897)**
% on financial statements item	**2.1%**	**0.0%**	**11.9%**	**0.1%**	**0.0%**	**0.0%**	**1.3%**	**1.2%**	**0.2%**	**0.0%**	**0.3%**	**0.5%**	**4.0%**	**3.7%**	**0.1%**	**-0.2%**	**0.4%**	**0.7%**

The relationship between the Group and related parties as of and for the years ended 31 December 2023 and 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.

These tables show the figures for Technogym Emirates LLC only for the 2022 financial year, as substantial control of this entity was acquired during this year. For more details of this item, see paragraph 2.3 Consolidation criteria and methodologies.

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT

The total amount of compensation and the related costs of the Board of Directors of the Company amounted to Euro 2,394 thousand for the year ended 31 December 2023 (Euro 2,457 thousand for the year ended 31 December 2022).

The total amount of compensation paid to key management amounted to Euro 2,789 thousand for the year ended 31 December 2023 (Euro 1,959 thousand for the year ended 31 December 2022). The following table shows the amounts of revenues for the years ended 31 December 2023 and 2022.

(in thousands of Euro)	**Year ended 31 December**	
	2023	**2022**
Fees for office	1,192	1,200
Non-monetary benefits	16	31
Bonuses and other incentives	1,162	678
Other fees	419	50
Total	**2,789**	**1,959**

10 Contingent liabilities

As of 31 December 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 arguments made by the local authority and the first rulings against it, as it believes that it has always operated in full compliance with local tax and customs provisions. Consequently, the decision was taken not to allocate any provision, as the risk of losing the appeal procedure is not deemed likely.

11 Commitments and guarantees

As of 31 December 2023 the Group issued guarantees to credit institutions on behalf of subsidiaries for Euro 20,656 thousand (Euro 21,521 thousand at 31 December 2022) and on behalf of related parties for Euro 3,707 thousand (Euro 3,840 thousand at 31 December 2022). The guarantees issued by the Group in favour of public institutions and other third parties amounted to Euro 2,062 thousand (Euro 2,030 thousand at 31 December 2022).

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

12 Non-recurring events and transactions

In the year ended 31 December 2023, net non-recurring expenses on EBITDA of Euro 386 thousand were recorded, generated mainly by the combination of: positive effects from 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 with a value of Euro 468 thousand; they have a negative impact on the costs of services item of Euro 1,613 thousand, personnel costs of Euro 1,764 thousand and other operating costs of Euro 1,544 thousand not attributable to normal operations. It should be remembered that the valuation of Technogym Emirates LLC is linked to its line-by-line consolidation starting from the current financial year, following a modification of the existing shareholder agreements, and not to an increase in the shares held by Technogym, amounting to 49%.

Non-recurring expenses on EBIT amounted to Euro 3,809 thousand. In addition to the values described above, the Group reported non-recurring expenses for provisions for risks and charges of Euro 3,423 thousand, of which Euro 1,925 thousand related to part of the liquidity held by the Russian affiliate 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 arrangements under assessment. The remainder of this item relates to pending litigation which is not attributable to the normal operations of the Group. .

Lastly, considering the tax effect on the measurement of the equity investment in Technogym Emirates LLC, amounting to Euro 976 thousand, the Group generated net non-recurring expenses of Euro 4,784 thousand compared to the Euro 2,554 of the previous financial year.

13 Significant events after the reporting period

On 18 March, Technogym announced the completion of its share purchase plan, announced on 6 November 2023 following the authorisation approved by the Ordinary Shareholders' Meeting on 5 May 2023. Technogym has thus acquired 2,266,705 shares equal to 1.13% of the share capital, with a total countervalue of 20 million euros.

In January, Technogym attended the World Economic Forum in Davos, when Erica Alessandri, a member of the Technogym Board of Directors, contributed to a major project on the evolution of the Health sector with digital innovation and AI. 29 February saw the launch of Technogym Zurich, a new retail space in the heart of Zurich.

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Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of
Technogym SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Technogym SpA (the "Company") and its subsidiaries (the "Group" or the "Technogym Group"), which comprise the consolidated statement of financial position as of 31 December 2023, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Technogym Group as of 31 December 2023 and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Revenue recognition *See notes to the consolidated financial statements, paragraph "Accounting policies" and note 5.1 – Revenues* Revenues of Technogym Group for the year ended as at 31 December 2023 amounted to Euro 806 million. Such financial statements item includes revenues from sales of wellness equipments, accessories, services and digital solutions made by Technogym Group in several distribution channels and geographical areas. General terms of sale drawn up by the Technogym Group are negotiated with the counterparty and may be amended and/or supplemented by specific clauses based on the type of customer. Moreover, sales contracts, especially those with leading international customers, are often long-term. As part of our audit of the consolidated financial statements as of 31 December 2023, we focused our attention on this financial statements area not only because of the magnitude of the amount, but because it is particularly complex and requires an in-depth analysis to ascertain the correct application of IFRS 15 - *Revenue from contracts with customers,* with particular reference of the revenues cut-off principle. This analysis is necessary as consequence of the fact that a single contract may include components of a different nature (for instance, the sale of a product and the provision of the maintenance service), with the consequent need to allocate to the single contractual obligations the total price inferable from the contract/sale order, and due to the existence, in contracts with specific international customers, of buy back clauses (i.e. sales with the obligation to buy back second-hand goods against the sale of a new machine), with the need to estimate, on a	With reference to the Revenue line item, our audit approach preliminarily provided for the update of our understanding and evaluation of the internal control system of the various companies of Technogym Group in relation to the sale process as well as, where deemed as efficient in the circumstances, the validation of its adequacy through tests on a sample basis on the effectiveness of the key controls implemented by the various companies of the Group. We also updated our understanding and analysed the general terms of sale and the main contractual clauses used and negotiated with customers, considering the related effects for the purpose of the appropriate revenue recognition through analysis of the documentation and discussion with management of the Group. In order to verify the existence of the sale revenues as well as the correct application of the cut-off principle and considering what emerged from the activities summarised above, we selected a sample of contracts/sale orders concluded during the year, we analysed the contractual clauses relevant in the circumstances and we verified the correct recognition and measurement of revenues from sales related to the selected transactions. Furthermore, we selected a sample of transactions recognised as revenues during the year and near the end of the reporting period, we obtained the supporting documentation (contracts/orders, transports documents, invoices) and we verified the correct revenue recognition and measurement. In particular, we focused our audit activity on the type of contracts that envisage, in addition to the sale of

historical/statistic basis, the probability of their implementation by the customers.	a product, also the provision of a service, in order to verify the appropriate method for the allocation of the total price under the contract to each performance obligation agreed with the customer. We also performed the external confirmations procedures on a sample basis in order to acquire evidence supporting trade revenues and receivables recognised in the consolidated financial statements in relation to the sale of products or the provision of services. In addition, we analysed the reasonableness of the estimate of the year-end monetary awards recognised to distributors as well as that of the non-monetary awards (i.e. free products) that the Group recognises to customers as a result of the achievement of specific sale volumes. Furthermore, we verified on a sample basis the invoices to be issued and the credit notes to be issued allocated in the financial statements, as well as the credit notes issued at the beginning of 2024, in order to ascertain that the sums allocated as increases in and adjustments to the revenues earned by the Group at year-end were correctly recognised within the cut-off date. Moreover, we reviewed the assumptions underlying the estimate prepared by the Group directors to determine the probability to implement the buy back clauses by customers, testing the correctness of the calculation and the accurate adjustment to the revenue from sale in order to consider the buy back obligation undertaken by the Group. Finally, we verified the accuracy and completeness of the information reported in the notes to the consolidated financial statements as of 31 December 2023.

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Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The directors of Technogym SpA are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/2005 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
The directors are responsible for assessing the Group's ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to

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continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

- We evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion on the consolidated financial statements.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No. 537/2014

On 16 February 2016, the shareholders of Technogym SpA in general meeting engaged us to perform the statutory audit of the Company's separate and consolidated financial statements for the years ending 31 December 2016 to 31 December 2024.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

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Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Technogym SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the consolidated financial statements, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Commission Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all significant respects, in compliance with the provisions of the Commission Delegated Regulation.

Due to certain technical limitations, some information included in the illustrative notes to the consolidated financial statements when extracted from the XHTML format to an XBRL instance may not be reproduced in an identical manner with respect to the corresponding information presented in the consolidated financial statements in XHTML format.

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

The directors of Technogym SpA are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Technogym Group as of 31 December 2023, including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998, with the consolidated financial statements of Technogym Group as of 31 December 2023 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of Technogym Group as of 31 December 2023 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

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Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

The directors of Technogym SpA are responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016. We have verified that the directors approved the non-financial statement. Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Bologna, 9 April 2024

PricewaterhouseCoopers SpA

Signed by
Roberto Sollevanti
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.

Certification of the financial statements of the Technogym Group pursuant to Article 81-ter of Consob Regulation No. 11971 of 14 May 1999 as amended

1. The undersigned Nerio Alessandri, as Chairman of the Board of Directors and Chief Executive Officer, and William Marabini as Financial Reporting Officer of Technogym S.p.A., pursuant to Article 154-bis, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, hereby certify:
   - that the financial statements are adequate, in relation to the characteristics of the company and
   - that the administrative and accounting procedures have been effectively applied in the preparation of the consolidated financial statements from 1 January to 31 December 2023.

   No significant findings emerged from our assessment of the system of internal financial reporting controls.

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

3. The Report on Operations includes a reliable operating and financial review of the Company and of the Group, the situation of the Issuer and all the companies in the consolidation perimeter, as well as a description of the main risks and uncertainties to which they are exposed.

Cesena, 25 March 2024

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

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SEPARATE FINANCIAL STATEMENTS 31 DECEMBER 2023

Technogym S.p.A. Financial statements

Statement of financial position

(in Euro)	Notes	As of 31 December			
		2023	***of which from related parties***	**2022**	***of which from related parties***
ASSETS					
Non-current assets					
Property, plant and equipment	1	54,429,643	*19,187,153*	58,634,809	*22,209,696*
Intangible assets	2	53,913,937		54,072,786	
Deferred tax assets	3	10,676,047		9,539,351	
Equity investments	4	194,543,817		189,088,399	
Non-current financial assets	5	27,271,687	*27,271,687*	29,919,399	*29,719,399*
Other non-current assets	5	64,476,983	*461,833*	58,705,709	*361,212*
TOTAL NON-CURRENT ASSETS		**405,312,113**		**399,960,452**	
Current assets					
Inventories	6	39,009,024		37,994,447	
Trade receivables	7	83,108,675	*26,985,793*	100,903,660	*49,146,394*
Current financial assets	8	13,549,153	*13,030,737*	24,009,898	*4,518,572*
Assets for derivative financial instruments	9	171,557		637,024	
Other current assets	10	18,149,453	*235,594*	18,213,255	*1,444,816*
Cash and cash equivalents	11	197,409,400		182,148,366	
TOTAL CURRENT ASSETS		**351,397,263**		**363,906,650**	
TOTAL ASSETS		**756,709,376**		**763,867,102**	

(in Euro)	Notes	As of 31 December			
		2023	*of which from related parties*	2022	*of which from related parties*
EQUITY AND LIABILITIES					
Equity					
Share capital		10,066,375		10,066,375	
Share premium reserve		7,132,311		7,132,311	
Own shares		(6,921,525)		—	
Other reserves		88,088,126		85,210,298	
Retained earnings		235,120,618		218,765,976	
Profit/(loss) for the period		74,462,610		68,976,174	
Equity		**407,948,516**		**390,151,134**	
Capital and reserves attributable to non-controlling interests		—		—	
Profit (loss) attributable to non-controlling interests		—		—	
Equity attributable to non-controlling interests		**—**		**—**	
TOTAL EQUITY	**12**	**407,948,516**		**390,151,134**	
Non-current liabilities					
Non-current financial liabilities	13	52,089,284	*14,841,855*	58,123,959	*18,282,845*
Deferred tax liabilities	14	—		—	
Employee benefit obligations	15	2,156,183		2,210,342	
Non-current provisions for risks and charges	16	8,876,530		6,853,435	
Other non-current liabilities	17	28,395,476		24,296,236	
TOTAL NON-CURRENT LIABILITIES		**91,517,473**		**91,483,973**	
Current liabilities					
Trade payables	18	129,990,678	*31,552,171*	148,756,384	*33,895,116*
Current tax liabilities	19	6,188,158		1,728,849	
Current financial liabilities	13	75,605,963	*51,976,557*	90,390,980	*59,915,824*
Liabilities for derivative financial instruments	20	1,544		76,981	
Current provisions for risks and charges	16	12,027,827	*220,315*	11,160,852	*64,938*
Other current liabilities	21	33,429,217	*2,774,717*	30,117,950	*4,489,223*
TOTAL CURRENT LIABILITIES		**257,243,387**		**282,231,995**	
TOTAL EQUITY AND LIABILITIES		**756,709,376**		**763,867,102**	

Income statement

(in Euro)	Notes	Year ended 31 December			
		2023	***of which from related parties***	2022	***of which from related parties***
REVENUES					
Revenues	22	540,714,023	*289,207,353*	485,473,367	*261,163,058*
Other revenues and income	23	15,744,715	*14,509,021*	18,859,196	*18,280,062*
Total revenues		**556,458,737**		**504,332,563**	
OPERATING COSTS					
Purchases and use of raw materials, work in progress and finished goods	24	(283,948,448)	*(102,547,356)*	(273,081,477)	*(89,534,432)*
of which non-recurring income/(expenses):		*(53)*		*(17,520)*	
Cost of services	25	(88,707,866)	*(7,413,853)*	(84,549,975)	*(3,884,967)*
of which non-recurring income/(expenses):		*(728,365)*		*(426,594)*	
Personnel expenses	26	(66,617,062)	*(1,301,381)*	(63,289,486)	*(774,064)*
of which non-recurring income/(expenses):		*(779,316)*		*(317,671)*	
Other operating costs	27	(17,173,550)	*(12,293,711)*	(5,347,297)	*(1,793,958)*
of which non-recurring income/(expenses):		*(66,240)*		*(150,000)*	
Share of net result from subsidiary		—		—	
of which non-recurring income/(expenses):		—		—	
Depreciation, amortisation and impairment / write backs	28	(34,261,612)	*(5,120,803)*	(31,663,846)	*(5,055,438)*
Net provisions	29	(3,671,554)	*(1,241,773)*	(5,921,449)	*(3,670,935)*
of which non-recurring income/(expenses):		*(796,420)*		—	
NET OPERATING INCOME		**62,078,646**		**40,479,033**	
Financial income	30	22,541,794	*1,890,956*	24,361,222	*660,338*
Financial expenses	31	(19,953,179)	*(2,494,588)*	(24,425,495)	*(1,657,466)*
of which non-recurring income/(expenses):		—		—	
Net financial expenses		**2,588,615**		**(64,273)**	
Income/(expenses) from investments	32	27,036,055	*26,622,550*	40,071,968	*20,377,745*
of which non-recurring income/(expenses):		—	—	—	—
PROFIT BEFORE TAX		**91,703,316**		**80,486,729**	
Income taxes	33	(17,240,706)		(11,510,555)	
of which non-recurring income taxes		—		—	
PROFIT/(LOSS) FOR THE PERIOD		**74,462,610**		**68,976,174**	
EARNINGS PER SHARE	**34**	**0.37**		**0.34**	

Statement of comprehensive income

(in Euro)	Notes	Year ended 31 December	
		2023	**2022**
Profit/(loss) for the year (A)		**74,462,610**	**68,976,174**
Actuarial gains/(losses) on post-employment benefit obligations	15	(44,740)	274,309
Tax effect - Actuarial gains/(losses) on post-employment benefit obligations		10,737	(65,834)
Actuarial gains/(losses) for the CNP provision	16	(15,251)	356,320
Tax effect - Actuarial gains/(losses) for the CNP provision		3,660	(85,517)
Total items later reclassified in income statement (B1)		**(45,594)**	**479,278**
Gains (losses) on cash flow hedging instruments		(521,124)	(3,314)
Tax effects - Gains (losses) on cash flow hedging instruments		125,070	795
Total items later reclassified in income statement (B2)		**(396,054)**	**(2,519)**
Total Other comprehensive income net of tax (B)=(B1)+(B2)		**(441,646)**	**476,759**
Total comprehensive income for the year (A)+(B)		**74,020,964**	**69,452,934**

Cash flow statement

(in Euro)	Notes	Year ended 31 December	
		2023	**2022**
Profit/(loss) for the period		**74,462,610**	**68,976,174**
Adjustments for:			
Income taxes		17,240,706	11,510,555
(Income)/expenses from investments		(27,036,055)	(40,071,968)
Financial (income)/expenses		(2,588,615)	64,273
Depreciation, amortisation and impairment		34,261,612	31,663,846
Net provisions		2,967,177	6,628,527
Other non-monetary changes		1,029,818	500,430
Cash flows from operations before changes in working capital		*100,337,252*	*79,271,837*
Change in inventories		(666,181)	6,185,903
Change in trade receivables		16,167,261	(9,627,301)
Change in trade payables		(19,090,851)	17,064,255
Change in other assets and liabilities		3,403,525	1,170,769
Income taxes paid		(15,355,816)	(12,899,523)
Net cash inflow/(outflow) from operations (A)		**84,795,190**	**81,165,939**
Cash flows from investing activities			
Investments in property, plant and equipment		(8,805,494)	(7,342,465)
Disposals of property, plant and equipment		194,931	98,286
Investments in intangible assets		(18,223,736)	(18,540,193)
Disposals of intangible assets		—	149,854
Dividends from investments in subsidiaries		26,622,550	16,288,475
Dividends from investments in joint ventures and associates		—	1,611,036
Sale/(Purchase) of equity investments		(550,195)	**1,591,000**
Net cash inflow /(outflow) from investing activities (B)		**(761,944)**	**(6,144,007)**

(in Euro)	Notes	Year ended 31 December	
		2023	**2022**
Cash flows from financing activities			
Reimbursement of leasing costs (IFRS 16)		(7,681,967)	(6,929,809)
Raising of loans		—	4,006,474
Repayment of loans		(11,761,651)	(54,847,823)
Net change in financial liabilities and assets		4,691,924	52,584,103
Dividends paid to shareholders		(50,331,875)	(32,172,880)
(Purchase) and sale of own shares		(6,921,525)	—
Net financial income/(expenses) (paid) collected		3,741,449	(478,533)
Net cash inflow/(outflow) from financing activities (C)		**(68,263,644)**	**(37,838,469)**
Net increase (decrease) in cash and cash equivalents (D)=(A)+(B)+(C)		**15,769,602**	**37,183,463**
Cash and cash equivalents at the beginning of the year		**182,148,366**	**145,004,423**
Increase/(decrease) in cash and cash equivalents from 1 January to 31 December		15,769,602	37,183,463
Effects of exchange rate differences on cash and cash equivalents		(508,567)	(39,520)
Cash and cash equivalents at the end of the year		**197,409,400**	**182,148,366**

Statement of change in equity

	Share capital	Share premium reserve	Own shares	Other reserves							Retained earnings	Profit/(loss) for the period	Total equity
				Legal reserve	Extraordinary reserve	Reserve for adoption of IAS/IFRS	IAS 19 reserve	Stock option reserve	Hedge Account reserve	Reserve for unrealised exchange gains			
At 1 January 2022	**10,066,375**	**7,132,311**		**2,013,275**	**26,211,773**	**51,321,074**	**(314,462)**	**–**	**–**	**1,331,014**	**188,288,038**	**66,360,772**	**352,410,170**
Profit for the previous year	–	–	–	–	3,990,409	(12,241)	–	–	–	(307,733)	62,690,337	(66,360,772)	–
Total comprehensive income for the year	–	–	–	–	–	–	479,278	–	(2,519)	–	–	68,976,174	69,452,934
Dividends paid	–	–	–	–	–	–	–	–	–	–	(32,212,400)	–	(32,212,400)
Incentive plan (LTIP)	–	–	–	–	–	–	–	500,430	–	–	–	–	500,430
As of 31 December 2022	**10,066,375**	**7,132,311**	**–**	**2,013,275**	**30,202,183**	**51,308,833**	**164,816**	**500,430**	**(2,519)**	**1,023,280**	**218,765,976**	**68,976,174**	**390,151,134**
Profit for the previous year	–	–	–	–	2,826,190	(12,241)	–	–	–	(524,292)	66,686,518	(68,976,174)	–
Total comprehensive income for the year	–	–	–	–	–	–	(45,592)	–	(396,054)	–	–	74,462,610	74,020,964
Dividends paid	–	–	–	–	–	–	–	–	–	–	(50,331,875)	–	(50,331,875)
Purchase and sale of own shares	–	–	(6,921,525)	–	–	–	–	–	–	–	–	–	(6,921,525)
Incentive plan (LTIP)	–	–		–	–	–	–	1,029,818	–	–	–	–	1,029,818
As of 31 December 2023	**10,066,375**	**7,132,311**	**(6,921,525)**	**2,013,275**	**33,028,372**	**51,296,592**	**119,223**	**1,530,248**	**(398,573)**	**498,988**	**235,120,618**	**74,462,610**	**407,948,516**

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

1 General information

Technogym S.p.A. (hereinafter "Technogym" or the "Company") is a legal entity established in Italy, with registered office located in Via Calcinaro 2861, Cesena (Forlì-Cesena); it is governed by Italian law.

The Company is among the world's top players in the fitness equipment industry, offering integrated solutions for the personal wellness (consisting mainly in equipment, services, and digital solutions) that can be personalised and adapted to specific needs of end users and professional operators. The Company offers a wide range of wellness, physical exercise and rehabilitation solutions to the major segments of fitness equipment market and to the overall wellness industry, and is characterised by technological innovations and attention to design and finishes. The Company's offer includes equipment that is highly regarded by end users and professional operators and has contributed, over time, to the positioning of the Technogym brand in the high-end bracket of the international market.

As of 31 December 2023, 33.78% of the Issuer's share capital was held by TGH S.r.l. a limited liability company incorporated under Italian law, whose share capital is 75%-owned by Oiren S.r.l. and 25%-owned by Path S.r.l., NIF Holding S.r.l. holds 4.38% of the Issuer's share capital (representing 3.27% of the total voting rights), while the remaining 61.84% of the Issuer's share capital was free float on Borsa Italiana's EXM (screen-based stock exchange).

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

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These Financial Statements were approved by the Company's Board of Directors on 25 March 2024 and audited in full by PricewaterhouseCoopers S.p.A.

2 Summary of accounting standards

This section describes the accounting standards adopted for the preparation of these Financial Statements for the year ended 31 December 2023 (the "Financial Statements"). These standards have been adopted for all the financial years presented, unless otherwise indicated.

2.1 BASIS OF PREPARATION

Compliance with EU-IFRS

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

The Financial Statements have also been prepared:

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

2.2 HISTORICAL COST APPROACH

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

2.3 FORM AND CONTENT

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

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

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

› the statement of financial position was prepared by classifying the assets and liabilities according to the "current and non-current" criterion;
› the statement of comprehensive income classifies costs and revenues according to their nature and indicates the profit or loss; it is supplemented by items which, as provided for by EU-IFRS, are directly recognised as equity, other than those relating to operations with the shareholders of the Company;
› the statement of cash flows has been prepared by presenting cash flows from operating activities according to the "indirect method".

The formats used best represent the financial position, performance and cash flows of the Company. Some items on the statement of financial position and the income statement for the year ended 31 December 2023 have undergone minor reclassifications in order to give a better presentation of these items. The figures to 31 December 2022 were then reclassified to enhance the comparison of information between the two years.

2.4 DISTINCTION BETWEEN CURRENT AND NON-CURRENT ASSETS AND LIABILITIES

The Company classifies an asset as current when:

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

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

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

All other liabilities are classified as non-current.

2.5 VALUATION CRITERIA

The accounting standards used in preparing the Financial Statements are the same as those used for preparing the Consolidated Financial Statements (paragraph 2.4) where applicable, except for the measurement of investments in subsidiaries and associates and dividends, as indicated below.

Equity investments

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

Subsidiaries are entities in which the Company holds the control, whether directly or indirectly, as stated in IFRS 10 – "Consolidated Financial Statements". Thus, control exists when the company has all three of the following:

- power over the investee;
- exposure or rights to variable returns (positive and negative) from its involvement with the investee;
- the ability to use its power over the investee to affect the amount of the investor's returns.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement, and therefore interests in the jointly controlled company.

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

At each reporting date, the Company reviews the carrying value of investments to determine if there are any indications of a loss of value and, in that case, performs an impairment test.

If there is objective evidence of loss of value, the recoverability is tested by comparing the carrying value of the asset with its recoverable value, represented by the higher value between the fair value (net of disposal costs) and the determined value in use.

The Company writes back the value of investments if the reasons for their write-down no longer apply.

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

2.6 RECENTLY ISSUED ACCOUNTING STANDARDS

Accounting standards, amendments and IFRS interpretations applicable from 1 January 2023

The standards and amendments below, in force since 1 January 2023, have been adopted by Company but they have no significant effects for the Group:

- Amendments to IAS 12 - Income taxes: Internal tax reform - Rules of the Pillar Two model and Deferred taxes relative to assets and liabilities deriving from a single transaction, to specify how companies should treat deferred taxes on transactions such as leasing and decommissioning obligations, operations for which companies recognise both an asset and a liability. In particular, the amendment has clarified that the exemption does not apply and that companies are required to report the deferred taxes on these operations.

› IFRS 17 – Insurance contracts, which sets out the principles for the recognition, measurement, presentation and disclosure of insurance policies. This standard requires a company to measure its insurance contracts using updated assumptions and scenarios that reflect cashflows and uncertainties relative to these insurance contracts. In June 2020, the IASB issued amendments to IFRS 17, in order to assist companies in implementing IFRS 17 and to make it easier for them to explain their financial performance.
› Amendments to IFRS 17 - Insurance contracts: first application of IFRS 17 and IFRS 9 - Comparative information issued in December 2021, which includes a transitional option for the comparative information about the financial assets presented at the time of first application of this standard. The purpose of the changes is to help companies avoid temporary misalignments between the entries of financial assets and liabilities relative to insurance contracts, thus enhancing the comparative information available to stakeholders.
› Changes to IAS 1 - Presentation of financial statements and IFRS "Practise Statement 2", which requires companies to provide information about their material accounting standards rather than their main accounting standards, and provides a guide on how to apply the materiality concept to their reporting on accounting standards.
› Changes to IAS 8 - Accounting policies, changes in accounting estimates and errors: definition of accounting estimates, which clarifies how companies should distinguish the changes in accounting standards from the changes in their accounting estimates. According to the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty".

Accounting standards, amendments and EU-approved IFRS and IFRIC interpretations which are not yet mandatory and not adopted in advance by the Group as of 31 December 2023

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

› Changes to IAS 1 – Presentation of financial statements: changes to the criteria for classifying liabilities with covenants as current or non-current, which requires companies to classify a liability as "non-current" when there is no unconditional right to defer the payment for at least twelve months from the reference date. The International Accounting Standards Board (IASB) has removed the requirement for the right to be "unconditional".
› Amendments to IAS 1 - Presentation of financial statements: Non-current liabilities with covenants, in which the IASB has confirmed that only the covenants that a company is required to meet as of the reporting date, or earlier, will affect the classification of a liability as current or non-current. Covenants referring to a later period do not affect this classification, but companies are required to disclose information which may help stakeholders to understand the possible risks of the liabilities becoming due within twelve months of the financial reporting date.
› Amendments to IFRS 16 – Leasing: Liabilities for sales with leasebacks, in order to improve the requirements for a sale and leaseback operation and specify the measurement of the resulting liabilities, to ensure that the seller-lessee does not recognise any part of the profit or loss related to the maintained right of use. These amendments will take effect from 1 January 2024.

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

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

› Amendments to IAS 21 – Effects of changes in foreign exchange rates: Lack of exchangeability, in order to provide a guide to specify when a currency is exchangeable and how to determine the exchange rate when it is not; the amendments specify when a currency can be converted into another currency and when it cannot be, and how an entity can estimate the spot rate when a currency is not exchangeable. In addition, when a currency is not convertible, the entity must provide information that allows the users of the financial reports to assess how the lack of exchangeability of a currency influences or is expected to influence its financial performance, financial position and cashflow.

› Amendments to IAS 7 - Statements of cashflow and IFRS 7 – Financial instruments: Disclosures of supplier finance arrangements, which add further disclosure requirements and "signposts" within the existing set of disclosure requirements, asking the entities to provide qualitative and quantitative information about their supplier finance arrangements. These amendments describe the characteristics of an arrangement whereby the entity must provide information with two reporting objectives: include in the notes to the financial statements information that allows stakeholders to assess how the supplier finance arrangements impact the liabilities and cashflow of an entity and to understand the effect of the supplier finance arrangements on the entity's exposure to liquidity risk and how the entity may be affected if the arrangements are no longer available.

There has been no early application of the accounting standards and/or interpretations whose application would be mandatory for the financial years starting after 1 January 2024, or which have not yet been approved by the EU.

3 Estimates and assumptions

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

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

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

- **Measurement of receivables**: the provision for bad debts reflects the estimates of the expected losses on the Company's receivables. Provisions for expected losses on receivables have been made, estimated based on past experience with reference to receivables with a similar credit risk, current and past amounts unpaid, as well as careful monitoring of the quality of receivables and current and estimated conditions of the economy and the reference markets. The estimates and assumptions are reviewed periodically and the effects of each change are recognised in profit or loss as they occur.

  Regarding the receivables transferred to third-party financial institutions, note that in 2023, there were defaults of approximately 2.5 million euros. Therefore, after a careful analysis of the portfolio to 31 December 2023, the Group has estimated for the next year a risk of default of approximately Euro 3.5 million, on a total portfolio of Euro 177 million. The provision for the risk on transferred bad debts has thus been increased by Euro 297 thousand (of which Euro 185 thousand after 12 months and Euro 122 thousand for the current portion). The balance of the provision for transferred bad debts at year-end was Euro 3,485 thousand (of which 2.2 million beyond 12 months and 1.3 million for the current portion) and this can absorb the total receivables for which the risk of default is considered probable.
- **Measurement of inventories**: obsolete stocks are periodically measured and written down if the net realisable value is lower than the carrying amount. Write-downs are calculated based on management's assumptions and estimates, arising from management's experience and past results.
- **Measurement of deferred taxes**: deferred taxes are measured based on expectations of taxable income expected in future years. The measurement of expected taxable income depends on factors that could vary in time and have significant effects on the measurement of deferred tax assets.
- **Income taxes**: the determination of the Company's tax liabilities requires Management to use measurements for transactions whose tax implications are uncertain on the reporting date. The Company recognises liabilities that could arise from future audits by tax authorities based on the estimate of taxes due. If the outcome of the above audits differs from that estimated by management, significant effects on current and deferred taxes could be possible.
- **Development costs:** the Group capitalises the costs for the development of new products and processes. Costs are capitalised based on Management's judgement, which confirms

the technical, financial and commercial feasibility of development projects. In determining the amounts to capitalise, Management makes certain assumptions about the project's expected future cash flows, the discount rates to be applied, and the expected useful life of the capitalised costs. As of 31 December 2023, the net carrying amount of capitalised development costs was equal to Euro 22,579 thousand (Euro 22,277 thousand at 31 December 2022).

- **Impairment of assets**: assets are impaired when events or changes in circumstances lead to the assumption that the carrying amount in the financial statements can no longer be recovered. Events that may cause an impairment of an asset include changes in industrial plans, changes in market prices or a reduced use of plants. The decision to write down an asset and quantify the write-down depends on management's evaluations of complex and highly uncertain factors, including future price trends and the impact of inflation and technological advances on the costs and models of production, and the conditions of demand and supply. The write-down is determined by comparing the carrying amount with the relative recoverable value, represented by the higher of the fair value, net of disposal costs, and value in use determined by discounting expected cash flows arising from use of the asset. Expected cash flows are quantified in the light of information available at the time of the estimate based on subjective judgements of the trend of future variables, such as prices, costs, rates of growth in demand, production profiles, and are discounted using a rate that takes into account the implied risk of the asset concerned.
- **Useful life of tangible and intangible assets with a finite useful life**: depreciation is calculated based on the useful life of the asset. Useful life is determined when the asset is recognised in the financial statements. Valuations of the duration of useful life are based on past experience, market conditions and expectations of future events that could have an effect on the useful life, including technological changes. Consequently, the actual useful life may differ from the estimated useful life.
- **Employee benefits**: defined-benefit plans are measured based on uncertain events and actuarial assumptions that include discount rates, the expected returns on assets serving plans (if existing), the level of future remuneration, mortality rates, retirement ages and future trends in health expenses. The main assumptions used to quantify defined benefit plans are determined as follows: (i) the discount and inflation rates that represent the rates based on which obligations to employees could actually be carried out, are based on the rates that accrue on high-quality bonds and inflation expectations; (ii) the level of future remuneration is determined based on elements such as inflation expectations, productivity, career progress and seniority; (iii) the future cost of healthcare is determined based on elements such as the present and pass trend of healthcare costs, including assumptions concerning the inflation trend of costs, and changes in the health conditions of entitled parties; (iv) demographic assumptions the reflect the best estimate of the trend in variables, such as mortality, turnover and disability, and other variables relative to the entitled population. The differences in the value of net liabilities (assets) of employee benefit plans arising from changes in the actuarial assumptions used and the difference between actuarial assumptions previously adopted and those actually used occur normally and are defined as actuarial gains or losses. Actuarial gains and losses relative to defined benefit plans are recognised in other comprehensive income. The actuarial assumptions as also adopted to determine obligations relative to other long-term benefits; for this purpose, the effects arising from changes to actuarial assumptions or characteristics of the benefit are recognised in full in profit or loss.
- **Measurement of provisions for risks**: the Company recognises a liability for disputes and lawsuits in progress when it is considered probable that there will be a financial outflow and when the amount of the resulting loss can be reasonably estimated. In the event a financial outflow is possible but the amount cannot be determined, this fact is

disclosed in the notes to the financial statements. The causes may relate to complex legal and tax issues that are subject to different level of uncertainty, against which it is possible that the value of the funds may vary as a result of future developments in the ongoing proceedings. The Company monitors the status of pending litigation and consults with its own legal advisors and experts. Moreover, when selling a product, the Company makes provisions to cover the estimated costs of product warranties. The estimate of this fund is calculated on the basis of historical information on the nature, frequency and average cost of warranty claims.

- Fair value of financial instruments: the fair value of unlisted financial instruments is determined according to commonly used financial valuation techniques that require basic assumptions and estimates. These assumptions might not occur according to expected times and procedures. Therefore Company estimates could deviate from final data.
- **Share-based payments**: the fair value of share-based payments is estimated by determining the most appropriate measurement model, which depends on the terms and conditions of the plan. This estimate also requires the determination of the most appropriate input for the measurement model, including the expected duration of the option or granted right, the volatility and return on dividends, and the related assumptions.
- **Estimate of variable prices relative to returns and discounts on volumes**: the Company estimates the variable prices to include in the transaction price for the sale of products with the right of return. The Company has developed a statistical model for expected returns on sales. This model is based on historical data relative to each product, to obtain the percentages of expected returns. The percentages obtained are applied to determine the expected value of the variable consideration. For contracts in which new goods are provided to customers with buyback clauses, the Group adjusts the sales revenues based on the historic probability of the buyback clause being utilised, and makes a contra-entry under Assets, to reflect the buyback obligation. It also adjusts the cost of sales by the same amount, by recognising a liability for the buyback obligation. Based on an analysis of the Group's historic buyback data, a 7-year timeframe is used, after which a comparison is made between the assets and liabilities for buyback obligations previously posted on the financial statements, and the buyback value for the year. The difference is entered on the income statement.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

1 Property, plant and equipment

The item "Property, plant and equipment" amounted to Euro 54,430 thousand at 31 December 2023 (Euro 58,634 thousand at 31 December 2022).

The following table shows the amounts and movements of "Property, plant and equipment for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	Land	Buildings and leasehold improvements	Plant and machinery	Production and commercial equipment	Other assets	Assets under construction and advances	Total
Historical cost at 1 January 2022	**3,105**	**73,518**	**22,252**	**72,083**	**18,106**	**304**	**189,367**
IFRS 16 investments	—	4,751	—	—	339	—	5,090
Investments	—	184	741	3,946	1,002	309	6,182
IFRS 16 disposals	—	—	—	—	—	—	—
Disposals	—	(83)	(24)	(33)	(297)	—	(437)
Reclassifications	—	83	14	77	48	(214)	7
Historical cost at 31 December 2022	**3,105**	**78,453**	**22,982**	**76,072**	**19,197**	**398**	**200,207**
Accumulated amortisation as of 1 January 2022	**—**	**(37,344)**	**(13,617)**	**(61,379)**	**(13,721)**	**—**	**(126,061)**
IFRS16 depreciation/amortisation	**—**	**(6,294)**	**—**	**—**	**(689)**	**—**	**(6,983)**
Depreciation and amortisation	—	(2,274)	(1,771)	(4,897)	(1,078)	—	(10,020)
IFRS16 disposals	—	843	—	—	311	—	1,154
Disposals	—	—	24	29	286	—	338
Accumulated depreciation at 31 December 2022	**—**	**(45,069)**	**(15,365)**	**(66,246)**	**(14,893)**	**—**	**(141,572)**
Net values at 31 December 2022	**3,105**	**33,384**	**7,617**	**9,826**	**4,305**	**398**	**58,634**
Historical cost at 1 January 2023	**3,105**	**78,453**	**22,982**	**76,072**	**19,197**	**398**	**200,207**
IFRS 16 investments	—	2,264	—	—	937	—	3,201
Investments	486	546	1,001	5,172	1,184	417	8,805
IFRS 16 disposals	—	(93)	—	—	(713)	—	(806)
Disposals	—	(68)	(435)	(500)	(584)	—	(1,588)
Impairment losses	—	—	—	—	—	—	—
Reclassifications	—	—	226	27	—	(255)	(3)
MRG	—	—	—	—	—	—	—
Historical cost at 31 December 2023	**3,591**	**81,103**	**23,773**	**80,770**	**20,021**	**560**	**209,817**
Accumulated amortisation as of 1 January 2023	**—**	**(45,069)**	**(15,365)**	**(66,246)**	**(14,893)**	**—**	**(141,572)**
IFRS16 depreciation/amortisation	—	(6,352)	—	—	(752)	—	(7,104)
Depreciation and amortisation	—	(1,448)	(1,815)	(4,238)	(1,271)	—	(8,772)
IFRS16 disposals	—	95	—	—	573	—	668
Disposals	—	68	426	322	576	—	1,393

(In thousands of Euro)	Land	Buildings and leasehold improvements	Plant and machinery	Production and commercial equipment	Other assets	Assets under construction and advances	Total
Accumulated depreciation at 31 December 2023	**—**	**(52,706)**	**(16,754)**	**(70,162)**	**(15,766)**	**—**	**(155,389)**
Net values at 31 December 2023	**3,591**	**28,396**	**7,019**	**10,608**	**4,255**	**560**	**54,430**

The category "Buildings and leasehold improvements" mainly includes buildings used for production and commercial activities and the associated installations also at the complex called "Technogym Village", used as corporate headquarters. "Plant and machinery" mainly includes production line assembly plants. "Production and commercial equipment" mainly refers to the moulds used for production and equipment used for machine assembly operations. "Assets under construction" mainly relate to investments in production lines at the Company's production sites that have not yet been placed in service at the end of the year and moulds not yet available for use.

Investments for the year ended 31 December 2023 amounted to a total of Euro 12,007 thousand. Investments in assets under construction (Euro 417 thousand), mainly refer to the renovation of production lines; investments in industrial and commercial equipment (Euro 5,172 thousand) mainly refer to the purchase of moulds for the continual expansion and renovation of production lines; investments in plant and machinery (Euro 1,001 thousand) chiefly concern the implementation of new production lines.

Net disposals of plant, property and equipment at 31 December 2023 were equal to Euro 333 thousand (Euro 1,056 thousand at 31 December 2022).

As of 31 December 2023 and 2022, there was no property or instrumental asset that was subject to any kind of guarantee provided to a third party.

The tables below show the impact of IFRS 16 on the financial position to 31 December 2023 and for the year ended 31 December 2022.

(In thousands of Euro)	**As of 31 December**	
	2023	**2022**
Rights of use		
Buildings	21,037	25,122
Equipment	231	354
Cars	1,196	1,029
Total rights of use	**22,464**	**26,505**

The net IFRS 16 effect amounts to Euro 22,464 thousand (Euro 26,505 at 31 December 2022); this relates to property leases with subsidiaries, and to leases for vehicles and fork lift trucks.

(In thousands of Euro)	**As of 31 December**	
	2023	**2022**
Lease liabilities		
IFRS 16 Financial liabilities - Current	7,227	6,688
IFRS 16 Non-current financial liabilities	16,344	20,865
Total lease liabilities	**23,571**	**27,553**

The tables below show the impact of IFRS 16 on the income statement to 31 December 2023 and 31 December 2022.

(In thousands of Euro)	**As of 31 December**	
	2023	**2022**
Payment reversals		
Buildings	6,912	6,573
Equipment	173	174
Cars	608	549
Total payment reversals	**7,692**	**7,296**

(In thousands of Euro)	**As of 31 December**	
	2023	**2022**
Depreciation of rights of use		
Buildings	(6,352)	(6,294)
Equipment	(160)	(162)
Cars	(592)	(527)
Total depreciation	**(7,104)**	**(6,983)**

(In thousands of Euro)	**As of 31 December**	
	2023	**2022**
Interest		
Interest expense	(653)	(716)
Total interest	**(653)**	**(716)**

2 Intangible assets

The item "Intangible assets" amounted to Euro 53,914 thousand at 31 December 2023 (Euro 54,073 thousand at 31 December 2022). The following table shows the amounts and movements of intangible assets for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	Development costs	Patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Intangibles under development and advances	Other intangible assets	Total
Historical cost at 1 January 2022	**37,810**	**32,892**	**1,706**	**9,124**	**522**	**82,054**
Investments	3,873	5,186	439	6,821	2,227	18,547
Disposals	(6,972)	(643)	(158)	—	(142)	(7,916)
Impairment losses	—	—	—	(23)	—	(23)
Reclassifications	4,533	332	—	(5,135)	263	(7)
Historical cost at 31 December 2022	**39,244**	**37,767**	**1,986**	**10,789**	**2,870**	**92,656**
Accumulated amortisation as of 1 January 2022	**(16,717)**	**(13,674)**	**(1,072)**	**—**	**(248)**	**(31,712)**
Depreciation and amortisation	(7,112)	(7,082)	(215)	—	(228)	(14,637)
Disposals	6,863	641	129	—	133	7,766
Accumulated depreciation at 31 December 2022	**(16,966)**	**(20,115)**	**(1,159)**	**—**	**(344)**	**(38,584)**
Net values at 31 December 2022	**22,777**	**17,652**	**827**	**10,789**	**2,526**	**54,073**
Historical cost at 1 January 2023	**39,244**	**37,767**	**1,986**	**10,789**	**2,870**	**92,656**
Investments	4,085	6,551	153	5,591	1,844	18,224
Disposals	(35)	(1,394)	(186)	—	—	(1,615)
Impairment losses	—	—	—	(146)	—	(146)
Reclassifications	4,582	1,725	—	(6,650)	346	3
Historical cost at 31 December 2023	**47,876**	**44,649**	**1,953**	**9,583**	**5,061**	**109,121**
Accumulated amortisation as of 1 January 2023	**(16,966)**	**(20,115)**	**(1,159)**	**—**	**(344)**	**(38,584)**
Depreciation and amortisation	(8,365)	(8,686)	(247)	—	(941)	(18,240)
Disposals	35	1,394	186	—	—	1,615
Accumulated depreciation at 31 December 2023	**(25,297)**	**(27,407)**	**(1,219)**	**—**	**(1,285)**	**(55,208)**
Net values at 31 December 2023	**22,579**	**17,242**	**733**	**9,583**	**3,776**	**53,914**

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

Investments for the year ended 31 December 2023 amounted to a total of Euro 18,224 thousand. The investments in development costs (Euro 4,085 thousand) mainly relate to the costs of updating and expanding the range of products and services. Investments in industrial patents and use of intellectual property (Euro 6,551 thousand) mainly relate to the development of the ERP SAP system for the consumer segment, and the upgrade of software used by the Company. Investments in intangibles under development and advances (Euro 5,591 thousand) mainly relate to the development of new products and the restyling of existing projects, software and supporting applications. Net disposals of intangible assets for the years ended 31 December 2023 and 2022 are not significant.

3 Deferred tax assets

The item "Intangible assets" amounted to Euro 10,676 thousand at 31 December 2023 (Euro 9,539 thousand at 31 December 2022).

The following table shows the amounts and movements of intangible assets for the years ended 31 December 2023 and 2022.

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

(In thousands of Euro)	Values at 1 January 2022	Provisions	Utilisations	Reclassifications	Values at 31 December 2022	Provisions	Utilisations	Reclassifications	Values at 31 December 2023
Deferred tax assets									
Inventory write-down provision	3,750	559	(141)	—	4,168	260	(332)	—	4,096
Warranties provision	2,056	1,402	(1,092)	—	2,366	1,790	(1,200)	—	2,957
Net unrealised exchange losses	—	—	—	—	—	5	4	—	9
PNC fund	478	48	(138)	—	387	69	43	—	500
Accumulated amortisation of trademarks	451	40	(36)	—	455	165	(149)	—	471
Other provisions for risks and charges	1,481	1,738	(1,366)	—	1,854	1,963	(1,719)	—	2,098
Provisions for Depreciation of other Receivables	1,296	30	(26)	—	1,300	75	(71)	—	1,304
Post-employment benefits	71	—	(71)	—	—	11	—	—	11
Total deferred tax assets	**9,582**	**3,818**	**(2,870)**	**—**	**10,531**	**4,338**	**(3,425)**	**—**	**11,444**

(In thousands of Euro)	Values at 1 January 2022	Provisions	Utilisations	Reclassifications	Values at 31 December 2022	Provisions	Utilisations	Reclassifications	Values at 31 December 2022
Prepaid tax liabilities									
- Unrealised exchange gains	(207)	(120)	200	—	(127)	—	—	—	—
Other liabilities	(676)	(249)	60	—	(865)	(80)	200	—	(127)
PNC fund	—	—	—	—	—	(73)	60	—	(865)
Total deferred tax liabilities	**(883)**	**(369)**	**260**	**—**	**(992)**	**(152)**	**260**	**—**	**(992)**
Total	**8,700**	**3,450**	**(2,610)**	**—**	**9,539**	**4,186**	**(2,610)**	**—**	**9,539**

4 Equity investments

The item "Equity" amounted to Euro 194,544 thousand at 31 December 2023 (Euro 189,088 thousand at 31 December 2022). The following table shows the amounts and movements of investments in joint ventures and associates for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	As of 31 December	
	2023	**2022**
Equity investments		
Investments in subsidiaries		
Investments in subsidiaries (gross value)	238,997	233,939
Provision for write-down of investments in subsidiaries	(45,771)	(46,202)
Total investments in subsidiaries	**193,226**	**187,737**
Investments in joint ventures and associates (gross value)	1,318	1,351
Provision for write-down of investments in joint ventures and associates	—	—
Total investments in *joint ventures* and subsidiaries	**1,318**	**1,351**
Total investments	**194,544**	**189,088**

The following table shows the amounts and movements of the gross value of investments for the years ended 31 December 2023 and 2022:

(In thousands of Euro)	**Gross values at 1 January 2022**	**Investments**	**Disposals**	**Gross values at 31 December 2022**	**Investments**	**Disposals**	**Change in scope of consolidation**	**Gross values at 31 December 2023**
Subsidiaries								
Technogym UK Ltd	28,995	—	—	28,995	—	—	—	28,995
Technogym Germany Gmbh	16,843	—	—	16,843	—	—	—	16,843
Technogym E.E. SRO	15,024	—	—	15,024	—	—	—	15,024
Technogym Benelux BV	12,503	—	—	12,503	—	—	—	12,503
Technogym USA Corp.	38,159	—	—	38,159	—	—	—	38,159
Technogym Shanghai Int. Trading Co. Ltd.	15,800	—	—	15,800	—	—	—	15,800
Technogym Australia Pty Ltd	7,621	—	—	7,621	—	—	—	7,621
Technogym Japan Ltd.	3,069	—	—	3,069	—	—	—	3,069
Technogym International BV	3,000	—	—	3,000	—	—	—	3,000
Technogym Trading SA	2,869	—	—	2,869	—	—	—	2,869
FKB Equipamentos LTDA	43,255	—	—	43,255	—	—	—	43,255
Technogym France Sas	1,267	—	—	1,267	—	—	—	1,267
Technogym Asia Ltd	1,161	—	—	1,161	—	—	—	1,161
Sidea S.r.l	700	—	—	700	—	—	—	700
Technogym Portugal Unipessoal Lda	5	—	—	5	—	—	—	5
TGB Srl	42,354	—	—	42,354	—	—	—	42,354
Technogym Emirates LLC	—	—	—	—	—	—	28	28
Amleto Aps	—			—	—	—	—	—
DWL Srl	10	216	(226)	—	—	—	—	—
TG Technogym SA	249	—	—	249	—	—	—	249
Technogym Saudi LLC	260	—	—	260	—	—	—	260
MyWellness Inc	0.09	—	—	0.09	—	—	—	0.09
Wellness Partners Ltd	803	—	—	803	—	—	—	803
Technogym Canada INC	—	—	—	—	68	—	—	68
Technogym Arabia LLC	—	—	—	—	4,962	—	—	4,962
Total subsidiaries	**233,948**	**216**	**(226)**	**233,939**	**5,030**	**—**	**28**	**238,997**
Joint ventures and associates								
Technogym Emirates LLC	28	—	—	28	—	—	(28)	—
Wellink S.r.l.	30	—	—	30	—	—	—	30
MPS Movimento per la Salute	124	—	(124)	—	—	—	—	—
T4ME Limited	400	—	(400)	—	—	—	—	—
Wellness Explorers Srl	5	—	—	5	—	(5)	—	—
Physio AG	1,288	—	—	1,288	—	—	—	1,288
Total joint ventures and associates	***1,875***	***—***	***(524)***	***1,351***	***—***	***(5)***	***(28)***	***1,318***

Investments in "Subsidiaries" at 31 December 2023 were equal to Euro 5,030 thousand, mainly attributable to: (i) a new investment of 4,692 thousand in the subsidiary Technogym Arabia; (ii) the contribution of Euro 68 thousand to the share capital of Technogym Canada INC.

The write-down relates to the liquidation of Wellness Explorer SRL, an Italian company.

Regarding the joint ventures and associates, the reduction relates to the change in the consolidation of the subsidiary Technogym Emirates LLC, following an amendment to the shareholders' agreements, giving material control to the Group and moving from the equity method to the line by line consolidation.

The following table shows the amounts and movements in the investments write-down provision for the years ended 31 December 2023 and 2022:

(In thousands of Euro)	Write-down provision at 1 January 2022	Provisions	Releases	Write-down provision at 31 December 2022	Provisions	Releases	Write-down provision at 31 December 2023
Technogym Usa	(13,734)	—	13,734	—	—	—	—
Technogym (Shanghai) International Trading Co., Ltd.	(6,119)	—	4,123	(1,996)	—	588	(1,408)
Technogym Australia	(580)	—	489	(91)	—	—	(91)
FKB EQUIPAMENTOS LTDA	(43,255)	—	—	(43,255)	—	—	(43,255)
Technogym Asia	(106)	—	—	(106)	—	106	(0)
Wellness Partners Ltd	(753)	—	—	(753)	(22)	—	(775)
TG Technogym SA	—	—	—	—	(143)	—	(143)
Technogym Saudi LLC	—	—	—	—	(99)	—	(99)
Total subsidiaries	**(64,548)**	**—**	**18,346**	**(46,202)**	**(264)**	**694**	**(45,771)**
Joint ventures and associates							
MPS Movimento per la Salute	(124)	—	124	—	—	—	—
T4ME Limited	(400)	—	400	—	—	—	—
Total joint ventures and associates	***(524)***	**—**	***524***	**—**	**—**	**—**	**—**

The following table lists the investments at 31 December 2023, with detailed information:

Entity name	Registered office	Stake held	Currency	Share capital at 31 December 2023 (in local currency)	Equity at 31 December 2023 (in local currency)	Profit/(loss) for the year at 31 December 2023 (in local currency)	Equity pro-quota at 31 December 2023 (€)	Net value in the financial statements at 31 December 2023 (€)
Subsidiaries								
Technogym E.E. SRO	Slovakia	100%	EUR	15,033,195	19,807,826	3,667,626	19,807,826	15,024,000
Technogym Asia Ltd.	China	100%	HKD	11,481,935	13,049,526	3,840,311	1,511,867	1,161,653
Technogym Shanghai Int. Trading Co. Ltd.	China	100%	CNY	132,107,600	115,092,921	13,523,132	14,659,838	14,391,762
Technogym Australia Pty Ltd	Australia	100%	AUD	11,350,000	12,609,846	792,589	7,753,703	7,530,273
Technogym Portugal Unipessoal Lda	Portugal	100%	EUR	5,000	710,139	359,558	710,139	5,000
Technogym International B.V.	Netherlands	100%	EUR	113,445	4,389,903	256,599	4,389,903	3,000,000
Sidea S.r.l	Italy	70%	EUR	150,000	7,445,437	1,767,133	5,211,806	699,500
FKB Equipamentos LTDA	Brazil	100%	BRL	156,064,684	6,234,083	(2,607,117)	1,162,685	–
DWL Srl	Italy	100%	EUR	200,000	942,790	(529,406)	942,790	–
Technogym Germany Gmbh	Germany	100%	EUR	1,559,440	4,537,957	2,652,874	4,537,957	16,843,000
Technogym UK Ltd	United Kingdom	100%	GBP	100,000	5,396,289	3,770,622	6,209,412	28,995,000
Technogym France Sas	France	100%	EUR	700,000	1,771,460	982,932	1,771,460	1,267,424
Technogym Benelux BV	Netherlands	100%	EUR	2,455,512	4,636,017	2,180,505	4,636,017	12,503,000
Technogym USA Corp.	United States	100%	USD	3,500,000	17,997,915	1,404,783	16,287,706	38,158,940
Technogym Trading S.A.	Spain	100%	EUR	2,499,130	5,968,267	1,953,107	5,968,267	2,869,130
Technogym Japan Ltd.	Japan	100%	JPY	320,000,000	1,025,779,350	67,977,959	6,561,628	3,068,792
TGB Srl	Italy	100%	EUR	96,900	22,826,222	97,504	22,826,222	42,354,077
TG Technogym SA (PTY) LTD	South Africa	100%	ZAR	4,345,000	2,160,042	(234,158)	106,157	106,157
MyWellness Inc	United States	100%	USD	100	(416,185)	(95,877)	(376,638)	87
Technogym Saudi LLC	Saudi Arabia	100%	SAR	1,145,000	669,102	(41,538)	161,471	161,471
Wellness Partners Ltd	United Kingdom	75%	EUR	463,382	37,765	(21,672)	28,324	28,323
Technogym Canada Inc.	Canada	100%	CAD	100,000	394,699	166,122	269,567	68,250
Technogym Arabia LLC	Saudi Arabia	70%	SAR	28,600,000	27,907,651	(692,349)	4,714,358	4,961,628
Technogym Emirates LLC	United Arab Emirates	49%	AED	300,000	47,086,344	19,650,160	5,685,495	28,188
Total subsidiaries								**193,225,655**
***Joint ventures* and associates**								
Wellink Srl	Italy	40%	EUR	60,000	394,600	22,298	157,840	30,161
Physio Ag	Germany	32%	EUR	73,000	(35,992)	(413,181)	(11,517)	1,288,000
Total joint ventures and associates								**1,318,161**

Equity investments are impairment-tested when there are indications of specific impairments, mainly where there is a significant loss for the year or when the performance is not in line with the provisions of the plan for those investees whose book value is higher than the share of net equity recognised on the accounts.

For investments with net carrying values exceeding the value of the relative share of equity, no indications of possible impairment were identified. In particular, for the subsidiaries Technogym Germany GmbH, Technogym UK Ltd and Technogym Benelux BV, the 2023 final balance was higher than the Plan forecasts. For TGB S.r.l., the difference between the cost of recognition and the share of equity related to the higher value attributed to Technogym Village.

On 31 December 2023 an impairment test was carried out on FKB Equipamentos LTDA; this subsidiary was already impairment-tested in the previous financial year and the equity value was still positive. Nevertheless, the Company has prudentially chosen to keep the value of the equity investment fully written-down and has also completely written off the credit positions with this subsidiary, totalling Euro 1,652 thousand; they consist of trade receivables of Euro 813 thousand and loans of Euro 839 thousand. The WACC used was 9.90%, with a g value of 0.

In line with IAS 36, the impairment test was carried out by comparing the recoverable value, net of the net financial position (NFP) at 31 December 2023 ("Economic Value") against the carrying amounts of the investments on the same date.

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

The calculation method is reported below:

Equity Value = V-NFP

where:

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

NFP = net financial position;
FCF = free cash flow, or cash flow generated by operations;
WACC = weighted average cost of capital;
n = explicit forecast period;
TV = present terminal value, i.e. the value deriving from cash flows generated outside the explicit forecast time horizon.

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

where:

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

FCFn = cash flow sustainable beyond the explicit forecast time horizon;
g = growth rate of the business beyond the hypothesised plan period;
WACC = weighted average cost of capital.

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

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

The growth rate g used was prudentially equal to zero.

In view of the positive results achieved in 2023 by Technogym Shanghai Int. Trading Co. Ltd and Technogym Asia, which has increased the fair value of these entities, the provision for write-down of the equity investments in Technogym Asia was released in full, along with part of the same provision previously made for Technogym Shanghai.

However, after comparing the recognition value of the equity investments against fair value, the Company prudentially made a partial write-down of the investments in the British company Wellness Partner and the affiliates Technogym SA (South Africa) and Technogym Saudi.

5 Non-current assets

The item "Non-current financial assets" amounted to Euro 27,272 thousand at 31 December 2023 (Euro 29,919 thousand at 31 December 2022). The item "Other non-current assets" amounted to Euro 64,477 thousand at 31 December 2023 (Euro 58,706 thousand at 31 December 2022).

The following table contains a breakdown of the "Non-current financial assets" and "Other non-current assets" at 31 December 2023 and 2022.

(In thousands of Euro)	**As of 31 December**	
	2023	**2022**
Non-current financial assets		
Loans to subsidiaries due after 12 months	27,272	29,919
Total non-current financial assets	**27,272**	**29,919**
Other non-current assets		
Transferred trade receivables due after 12 months	35,745	34,634
Provisions for transferred receivables - due after 12 months	(2,203)	(2,018)
Income tax receivables due after 12 months	4,112	3,334
Other receivables	225	155
Investments in other entities	237	246
Security deposits	149	122
Receivables for buy backs - due after 12 months	26,212	22,233
Total other non-current assets	**64,477**	**58,706**

"Transferred trade receivables due after 12 months" net of the relative bad debt provision, equal to Euro 33,542 thousand and Euro 32,616 thousand at 31 December 2023 and 2022 respectively, include the non-current portion of receivables arising from the sale of goods which, although transferred to third-party financial institutions, are retained in the financial statements as they do not meet all the conditions required by IFRS 9 for their derecognition from assets. The financial liabilities include the amounts received from financial institutions in the form of advances for these transfers. The total provision for write-downs on transferred receivables is Euro 1.3 million for the current portion and Euro 2.2 million for the non-current portion. As explained at length in the paragraph "Estimates and assumptions", following an analysis of its receivables portfolio the Company increased its provision for bad debts by a total of Euro 297 thousand (of which Euro 185 thousand after 12 months), increasing it to an amount that would absorb the amount of any receivables for which the risk of default is considered probable.

"Income tax receivables due after 12 months" relate to the patent box taxation rules as to Euro 3,762, while the remainder relates to a tax credit for investments in new business assets and R&D.

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

"Receivables for buy backs due after 12 months", which are recognised in accordance with IFRS 15, relate to non-current assets for sales with the right of return, which may be exercised by certain categories of customer when new machinery is bought. For more details of how this item is treated for accounting purposes, see paragraph 2.4 "Measurement criteria" in the section "Recognition of revenues".

The following table shows the details of investments in other entities for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	**Registered office**	**% of control**	**Currency**	**As of 31 December**	
				2023	**2022**
Entity name					
Pubblisole Spa	Italy	2.4%	EUR	100	100
Qicraft Finland OY(*)	Finland	10.0%	EUR	53	62
Crit S.r.l.	Italy	1.2%	EUR	26	26
Other investments	n.a.	n.a.	n.a.	59	59
Total investments in other entities				**237**	**246**

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

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

6 Inventories

The item "Inventories" amounts to Euro 39,009 thousand at 31 December 2023 (Euro 37,994 thousand at 31 December 2022).

The following table gives a breakdown of this item of 31 December 2023 and 2022:

(In thousands of Euro)	As of 31 December	
	2023	**2022**
Inventories		
Raw materials (gross value)	15,150	15,642
Write-down provision	(2,231)	(2,511)
Total raw materials	**12,919**	**13,131**
Work in progress (gross value)	191	183
Write-down provision	(76)	(98)
Total work in progress	**116**	**84**
Finished goods (gross value)	38,348	37,109
Write-down provision	(12,373)	(12,330)
Total finished goods	**25,975**	**24,779**
Total inventories	**39,009**	**37,994**

The increase of Euro 1,015 in the Inventories balance since 31 December 2022 is the result of the normal trend in stocks management implemented by the Company, based on the orders book. Average stock holding time fell from 46.08 days for the year ended 31 December 2022, to 38.95 days for the year ended 31 December 2023; the stock turnover ratio rose from 7.81 to 9.24.

The following table shows the amounts and movements of the inventory write-down provision for the years ended 31 December 2023 and 31 December 2022.

(In thousands of Euro)	**Raw materials**	**Work in progress**	**Finished goods**	**Total inventory write-down provision**
Values at 31 December 2021	**2,024**	**122**	**11,294**	**13,441**
Provisions	486	—	1,519	2,005
Utilisations	—	(24)	(482)	(507)
Reclassifications	—	—	—	—
Exchange rate differences	—	—	—	—
Values at 31 December 2022	**2,511**	**98**	**12,330**	**14,939**
Provisions	—	—	468	468
Utilisations	(279)	(22)	(426)	(728)
Reclassifications	—	—	—	—
Exchange rate differences	—	—	—	—
Values at 31 December 2023	**2,231**	**75**	**12,372**	**14,680**

7 Trade receivables

The item "Trade receivables" amounted to Euro 83,109 thousand on 31 December 2023 (Euro 100,904 thousand on 31 December 2022) net of the bad debt provision.

The following table contains a breakdown of the trade receivables as of 31 December 2023 and 2022:

(In thousands of Euro)	As of 31 December	
	2023	**2022**
Trade receivables		
Trade receivables (gross value)	63,856	83,903
Provision for write-downs of receivables	(1,148)	(1,291)
Transferred trade receivables	21,682	19,461
Provision for write-downs on transferred receivables	(1,281)	(1,169)
Total trade receivables	**83,109**	**100,904**

The reduction of Euro 17,795 thousand in the "Trade receivables" item is mainly due to the regular monitoring of the credit situation. The decrease in "Bad debt provisions" is mainly linked to the write-down in trade receivables of Euro 813 thousand due from a subsidiary. The remainder of the provision, of Euro 335 thousand, relates to doubtful receivables for which legal debt recovery proceedings have been started, and for some receivables due from customers with a lower likelihood of collection.

Transferred trade receivables net of the relative provision amounted to Euro 20,401 thousand at 31 December 2023, and to Euro 18,292 thousand at 31 December 2022. They refer to the current portion of receivables arising from the sale of goods which, although transferred to financial institutions, have been retained in the financial statements as they do not meet all the conditions required by IFRS 9 for derecognition from assets.

The total provision for write-downs on transferred receivables is Euro 1.3 million for the current portion and Euro 2.2 million for the non-current portion. As explained at length in the paragraph "Estimates and assumptions", following an analysis of its receivables portfolio the Company increased its provision for bad debts by a total of Euro 297 thousand (of which Euro 122 thousand after 12 months), increasing it to an amount that would absorb the amount of any receivables for which the risk of default is considered probable.

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

The following table contains a breakdown of trade receivables by maturity, as of 31 December 2023 and 2022.

(In thousands of Euro)	Not overdue	Up to 30 days past due	Between 31 and 90 days past due	Between 91 and 180 days past due	Between 181 and 360 days past due	More than 360 days past due	Total
As of 31 December 2021	**79,986**	**2,846**	**1,473**	**1,696**	**674**	**5,345**	**92,019**
Trade receivables (gross value)	77,561	1,790	1,355	919	674	1,603	83,903
Provision for write-downs of receivables	—	(10)	(33)	(29)	(229)	(989)	(1,291)
Transferred trade receivables	19,461	—	—	—	—	—	19,461
Provision for write-downs on transferred receivables	(1,169)	—	—	—	—	—	(1,169)
As of 31 December 2022	**95,852**	**1,780**	**1,323**	**890**	**445**	**615**	**100,904**
Trade receivables (gross value)	52,763	3,655	1,369	941	2,901	2,226	63,856
Provision for write-downs of receivables	—	(53)	(5)	(17)	(48)	(1,026)	(1,148)
Transferred trade receivables	21,682	—	—	—	—	—	21,682
Provision for write-downs on transferred receivables	(1,281)	—	—	—	—	—	(1,281)
As of 31 December 2023	**73,163**	**3,603**	**1,366**	**924**	**2,853**	**1,201**	**83,109**

The following table reports the amounts and changes in the bad debt provision for the years ended 31 December 2023 and 2022:

(In thousands of Euro)	Provision for write-downs of receivables
Values at 31 December 2021	**605**
Net provisions	736
Utilisations	(50)
Values at 31 December 2022	**1,291**
Net provisions	78
Utilisations	(220)
Values at 31 December 2023	**1,148**

The amounts allocated to the bad debt provision relate to write-downs on doubtful accounts.

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

Main customers

In accordance with IFRS 8, paragraph 34, for the years ended 31 December 2023 and 2022, the Company did not have any clients generating more than 10% of total revenues.

8 Current financial assets

The item “Current financial assets” amounted to Euro 13,549 thousand at 31 December 2023 (Euro 24,010 thousand at 31 December 2022) and mainly relates to receivables due from subsidiaries, having converted the type of restricted deposits with a term of 3-12 months into restricted bank deposits with a duration of less than 3 months - in line with IAS 7, these deposits, being readily available, have been included in Cash and cash equivalents.

The following table shows the amounts of current financial liabilities at 31 December 2023 and 2022:

(In thousands of Euro)	As of 31 December	
	2023	**2022**
Current financial assets		
Financial receivables from subsidiaries and other entities	13,031	4,518
Other financial receivables	518	116
Term bank deposits > 3 < 12 months	—	19,376
Total current financial assets	**13,549**	**24,010**

The following table shows the details of financial receivables from subsidiaries at 31 December 2023 and 2022:

(In thousands of Euro)	As of 31 December	
	2023	**2022**
Financial receivables from subsidiaries and other entities		
Cash pooling	9,777	947
Loans receivable	3,254	3,571
Total financial receivables from subsidiaries and other entities	**13,031**	**4,518**

The following table provides details of cash pooling arrangements at 31 December 2023 and 2022:

(In thousands of Euro)	**Currency**	**As of 31 December**	
		2023	**2022**
Cash pooling			
Technogym Australia Pty Ltd	AUD	—	848
Technogym Benelux	EUR	2,678	—
Technogym Asia	HKD	1,004	—
Technogym Japan	JPY	908	—
Technogym Usa CAD	CAD	518	99
Technogym Usa	USD	4,669	—
Total cash pooling		**9,777**	**947**

The following table shows the details of loans granted at 31 December 2023 and 2022:

(In thousands of Euro)	**Currency**	**Interest rate**	**As of 31 December**	
			2023	**2022**
Loans receivable				
FKB Equipamentos LTDA	EUR	Variable	839	469
MyWellness Inc	EUR	Variable	452	938
DWL Srl	EUR	Variable	1,345	1,200
TG Technogym SA	EUR	Variable	1,000	1,000
La Mariana	EUR	Variable	30	—
Technogym Saudi LLC	EUR	Variable	200	200
SE Active	EUR	Variable	227	233
Total loans granted			**4,093**	**4,040**

9 Assets for derivative financial instruments

The item "Assets for derivative financial instruments" amounted to Euro 172 thousand at 31 December 2023, while the balance was Euro 637 on 31 December 2022.

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

(In thousands of Euro)	As of 31 December	
	2023	**2022**
USD	143	552
GBP	11	85
AUD	4	—
CNY	14	—
CAD	— *	—
Total	**172**	**637**

* The approximated value is less than a thousand and amounts to Euro 139

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

(In thousands of Euro)	As of 31 December 2023				As of 31 December 2022			
	Currency	**Currency inflow**	**Currency**	**Currency outflow**	**Currency**	**Currency inflow**	**Currency**	**Currency outflow**
Forward	EUR	21,143	USD	23,550	EUR	15,416	USD	16,000
Forward	EUR	1,935	JPY	300,000	EUR	3,884	JPY	550,000
Forward	EUR	1,025	CAD	1,500	EUR	3,169	AUD	5,000
Forward	EUR	2,564	CNY	20,000	EUR	5,421	CNY	40,000
Forward	EUR	4,632	GBP	4,000	EUR	10,197	GBP	9,000
Forward	EUR	1,846	AUD	3,000				

The exposure to exchange rate risk is mainly managed using contracts for the forward sale of currency denominated in the sale currency of some markets in which the Group operates. However, at 31 December 2023, these contracts were not recorded on a hedge accounting basis, apart from a "Collar" hedging contract to protect a currency deposit.

10 Other current assets

The item “Other current assets” amounts to Euro 18,149 thousand at 31 December 2023 (Euro 18,213 thousand At 31 December 2022). The following table contains a breakdown of the other current assets at 31 December 2023 and 2022:

(In thousands of Euro)	As of 31 December	
	2023	**2022**
Other current assets		
VAT receivables	5,103	4,236
Prepaid expenses	4,016	4,454
Advances to suppliers	620	317
Tax credits	1,479	819
Accrued income	676	233
Other receivables	424	2,323
Receivables for buybacks - due within 12 months	5,831	5,831
Total other current assets	**18,149**	**18,213**

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

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

The tax credits of Euro 1,479 thousand mainly relate to tax credits for investments in research and the development of new business assets. The increase compared to the previous year essentially relates to the higher tax credit for R&D for the 2022 financial year.

“Receivables for buy backs due within 12 months”, recognised in accordance with IFRS 15, relate to current assets for sales with the right of return, which may be exercised when new machinery is bought. For more details about the recognition criteria for this item, see paragraph 2.4 of this document “Valuation criteria” in the section “Recognition of revenues”.

11 Cash and cash equivalents

The item "Cash and cash equivalents" amounted to Euro 197,409 thousand at 31 December 2023 (Euro 182,148 thousand at 31 December 2022).

The following table shows the amounts of cash and cash equivalents at 31 December 2023 and 2022.

(In thousands of Euro)	As of 31 December	
	2023	**2022**
Cash and cash equivalents		
Bank deposits	180,323	172,714
Cheques	81	54
Cash and cash equivalents	6	5
Term bank deposits <3 months	17,000	9,376
Total cash and cash equivalents	**197,409**	**182,148**

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

"Term bank deposits within 3 months" at 31 December 2023 represent temporary uses of surplus cash.

As of 31 December 2023 and 2022 there were no restrictions or limitations on the use of the Group's bank deposits, cheques and cash and cash equivalents on hand.

12 Equity

The item "Equity" amounted to Euro 407,949 thousand at 31 December 2023 (Euro 390,151 thousand at 31 December 2022). The following table reports the details of equity at 31 December 2023 and 2022.

(In thousands of Euro)	As of 31 December	
	2023	**2022**
Equity		
Share capital	10,066	10,066
Share premium reserve	7,132	7,132
Own shares	(6,922)	-
Other reserves	88,088	85,211
Retained earnings	235,121	218,766
Profit/(loss) for the period	74,463	68,976
Total equity	**407,949**	**390,151**

The following table shows the amounts and movements of equity for the years ended 31 December 2023 and 2022.

				Other reserves									
	Share capital	Share premium reserve	Own shares	Legal reserve	Extraordinary reserve	Reserve for the adoption of IAS/ IFRS	IAS 19 reserve	Stock option reserve	Hedge Account reserve	Unrealised exchange differences reserve	Retained earnings	Profit/(loss) for the period	**Total equity**
At 1 January 2022	**10,066,375**	**7,132,311**		**2,013,275**	**26,211,773**	**51,321,074**	**(314,462)**	**–**	**–**	**1,331,014**	**188,288,038**	**66,360,772**	**352,410,170**
Profit for the previous year	–	–	–	–	3,990,409	(12,241)	–	–	–	(307,733)	62,690,337	(66,360,772)	–
Total comprehensive income for the year	–	–	–	–	–	–	479,278	–	(2,519)	–	–	68,976,174	69,452,934
Dividends paid	–	–	–	–	–	–	–	–	–	–	(32,212,400)	–	(32,212,400)
Incentive plan (LTIP)	–	–	–	–	–	–	–	500,430	–	–	–	–	500,430
As of 31 December 2022	**10,066,375**	**7,132,311**	**–**	**2,013,275**	**30,202,183**	**51,308,833**	**164,816**	**500,430**	**(2,519)**	**1,023,280**	**218,765,976**	**68,976,174**	**390,151,134**
Profit for the previous year	–	–	–	–	2,826,190	(12,241)	–	–	–	(524,292)	66,686,518	(68,976,174)	–

	Share capital	Share premium reserve	Own shares	Other reserves							Retained earnings	Profit/(loss) for the period	**Total equity**
				Legal reserve	Extraordinary reserve	Reserve for the adoption of IAS/ IFRS	IAS 19 reserve	Stock option reserve	Hedge Account reserve	Unrealised exchange differences reserve			
Total comprehensive income for the year	–	–	–	–	–	–	(45,592)	–	(396,054)	–	–	74,462,610	74,020,964
Dividends paid	–	–	–	–	–	–	–	–	–	–	(50,331,875)	–	(50,331,875)
Purchase and sale of own shares	–	–	(6,921,525)	–	–	–	–	–	–	–	–	–	(6,921,525)
Incentive plan (LTIP)	–	–		–	–	–	–	1,029,818	–	–	–	–	1,029,818
As of 31 December 2023	**10,066,375**	**7,132,311**	**(6,921,525)**	**2,013,275**	**33,028,372**	**51,296,592**	**119,223**	**1,530,248**	**(398,573)**	**498,988**	**235,120,618**	**74,462,610**	**407,948,516**

12.1 SHARE CAPITAL

As of 31 December 2023, the “Share capital” of Euro 10,066 thousand, fully subscribed and paid in cash, amounted to 201,327,500 ordinary shares with no nominal value.

12.2 OWN SHARES

On 6 November 2023, Technogym launched a programme of acquiring own shares, following the authorisation approved by the Ordinary Shareholders’ Meeting on 5 May 2023. Since the programme was launched in 2023, the Parent Company has carried out operations on its own equity instruments, acquiring 836,972 own shares for a total of Euro 6,922 thousand, equal to 0.42% of the share capital. These transactions were booked directly under net equity, as required by IAS 32.

12.3 IAS 19 RESERVE

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

12.4 HEDGE ACCOUNT RESERVE

As of 31 December 2023, the cash flow hedge reserve relates essentially to the effective component of a single active interest rate risk hedge (collar). For the 2023 financial year, the collar contract (to hedge a deposit in dollars) and the IRS contract (closed during the year) were treated according to the hedge accounting method. The negative fair value at 31 December 2023 amounted to Euro 524 thousand, as reported in the table below (Euro 399 thousand net of the tax effect).

(In thousands of Euro)	**CFH reserve**
Balance at 31 December 2021	**—**
Hedging instruments / Cash flow hedges	3
Tax effect – Hedging instruments / Cash flow hedges	(1)
Balance at 31 December 2022	**3**
Hedging instruments / Cash flow hedges	524
Tax effect – Hedging instruments / Cash flow hedges	(126)
Balance at 31 December 2023	**399**

12.5 STOCK OPTION RESERVE

At 31 December 2023, three incentive plans were in place for Technogym management: the 2021-2023 Performance Shares Plan, the 2022-2024 Performance Shares Plan, and the 2023-2025 Performance Shares Plan (the "Incentive Plans"). They were approved by the Board of Directors on 24 March 2021, 23 March 2022 and 25 March 2023 respectively.

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

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

The incentive plans for 2021-2023, 2022-2024 and 2023-2025 are based on granting the right to receive free shares if certain Company performance objectives are met. These incentive plans have:

- pre-determined performance objectives identified in the Company's economic/financial performance; for the 2023-2025 PSP only, they are also linked to ESG targets;
- adequate periods to accrue rights to obtain assigned shares (three-year vesting period),
- a 12-month restriction on the transfer of shares, from the date when they are assigned.

The shares will be assigned to the beneficiaries, subject to the conditions in the Incentive Plans being met, no later than 60 days following the approval of the Group's Consolidated Financial Statements to 31 December 2023, 31 December 2024 and 31 December 2025.

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

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

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

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

(In thousands of Euro)	**As of 31 December 2023**	**Possible use**	**Quota available**
Equity			
Share capital	10,066	B	10,066
Share premium reserve	7,132	A-B-C	7,132
Own shares	(6,922)	---	0
Other reserves			
– Legal reserve	*2,013*	*B*	*2,013*
– Extraordinary reserve	*33,028*	*B*	*33,028*
– Reserve for the adoption of IAS	*51,297*	*B*	*51,297*
- IAS 19 reserve - TFR	*(99)*	*---*	*0*
- IAS 19 reserve - PNC	*218*	*B*	*218*
– Hedge Account reserve	*(399)*	*---*	*0*
- Net exchange gains reserve	*499*	*A-B*	*499*
– Stock option reserve	*1,530*	*A-B-C*	*1,530*
Retained earnings	235,121	A-B-C	235,121
Profit for the year	74,463	A-B-C	74,463
Total equity	**407,949**		**415,367**
Of which non-distributable			**104,637**
Of which distributable			**303,311**

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

13 Financial liabilities

The items "Non-current financial liabilities" and "Current financial liabilities amounted to Euro 52,089 thousand and Euro 75,606 thousand at 31 December 2023 (respectively Euro 58,124 thousand and Euro 90,391 thousand at 31 December 2022 respectively). The following table shows the amounts of financial liabilities, current and non-current, at 31 December 2023 and 2022.

(In thousands of Euro)	As of 31 December	
	2023	**2022**
Non-current financial liabilities		
Bank loans due after 12 months – non-current portion	—	2,625
Other non-current financial liabilities	35,745	34,634
IFRS 16 Non-current financial liabilities	16,344	20,865
Total non-current financial liabilities	**52,089**	**58,124**
Current financial liabilities		
Bank loans due after 12 months – current portion	—	9,137
Other short-term borrowings	71	48
Current liabilities due to other lenders	21,682	19,461
Financial payables to subsidiaries	46,626	55,057
IFRS 16 Financial liabilities - Current	7,227	6,688
Total current financial liabilities	**75,606**	**90,391**

On 31 December 2023, the Company's financial indebtedness with banks was zero, while debts to other lenders are due to the countervalue of receivables assigned to third-party financial institutions that did not meet the derecognition criteria under IFRS 9.

13.1 MEDIUM/LONG-TERM BANK LOANS

The following table shows the movements of bank loans for the years ended 31 December 2023 and 2022.

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

(In thousands of Euro)	Bank loans due after 12 months – non-current portion	Bank loans due after 12 months – current portion	**Total loans**
Values at 31 December 2022	**2,625**	**9,137**	**11,762**
Repayments	—	(11,735)	(11,735)
Reclassification from long-term to short-term	(2,625)	2,598	(28)
Values at 31 December 2023	**—**	**—**	**—**

The following shows the details of medium-long term bank loans at 31 December 2023 and 2022.

(In thousands of Euro)	**Due date**	**Interest rate**	**As of 31 December**			
			2023	**of which current**	**2022**	**of which current**
Bank loans						
Crédit Agricole Italia S.p.A.	2020-2023	Variable	—	—	8,333	8,348
Deutsche Bank	2022-2027	Fixed	—	—	3,428	789
Total bank loans			**—**	**—**	**11,762**	**9,137**

During 2023, the Company also strengthened its financing structure by taking out the following loan agreements, with the availability of credit lines that were not used during the year.

- Cassa Depositi e Prestiti: The medium-long term loan was granted by Cassa Depositi e Prestiti Spa on 15 June 2023 as an available line of credit totalling Euro 25,000 thousand. The loan expires on 15 June 2028 and includes an option to use, for two years from the date of signature. If the option is exercised, the loan will be repaid until the date of expiry. Otherwise it will be closed. As of 31 December 2023 the option had not been exercised.
- Credit Agricole: The revolving loan was granted by Credit Agricole Italy on 2 May 2023 as an available line of credit totalling Euro 50,000 thousand. The loan expires on 2 May 2026, as to Euro 25.000 thousand, and a further 25,000 thousand is due on 28 April 2026, on which there is an option to renew for a further two years. As of 31 December 2023, the revolving loan had not been used.
- Banco BPM: The revolving loan was granted by Banco BPM on 25 July 2023 as an available line of credit totalling Euro 15,000 thousand. The loan expires on 24 July 2026. As of 31 December 2023, the revolving loan had not been used.
- Banco BPM: The revolving loan was granted by Banco BPM on 11 September 2023 as an available line of credit totalling Euro 15,000 thousand. The loan expires on 14 September 2026. As of 31 December 2023, the revolving loan had not been used.
- Deutsche Bank: The revolving loan was granted by Deutsche Bank on 4 August 2023 as an available line of credit totalling Euro 15,000 thousand. The loan expires on 04 August 2027. As of 31 December 2023, the revolving loan had not been used.
- Banca Popolare di Sondrio: The revolving loan was granted by Banca Popolare di Sondrio on 17 May 2023 as an available line of credit totalling Euro 25,000 thousand. The loan expires on 16 November 2024. As of 31 December 2023, the revolving loan had not been used.
- Banca Popolare di Sondrio: The revolving loan was granted by Banca Popolare di Sondrio on 30 May 2023 as an available line of credit totalling Euro 5,000 thousand. The loan expires on 29 November 2024. As of 31 December 2023, the revolving loan had not been used.

13.2 OTHER SHORT-TERM BORROWINGS

The following table shows the details of other short-term borrowings at 31 December 2023 and 2022.

(In thousands of Euro)	**Currency**	**As of 31 December**	
		2023	**2022**
Other short-term borrowings			
Other short-term borrowings	EUR	71	48
Total other short-term borrowings	**71**	**48**	**48**

The other short-term borrowings mainly relate to amounts payable for the use of credit cards.

13.3 FINANCIAL PAYABLES TO SUBSIDIARIES

The following table shows the details of financial payables to subsidiaries at 31 December 2023 and 2022:

(In thousands of Euro)	**As of 31 December**	
	2023	**2022**
Financial payables to subsidiaries		
Cash pooling	40,278	55,058
Loans payable	2,000	—
Other financial liabilities	4,348	—
Total financial payables to subsidiaries	**46,626**	**55,058**

The following table provides details of cash pooling arrangements at 31 December 2023 and 2022:

(In thousands of Euro)	**Currency**	**As of 31 December**	
		2023	**2022**
Cash pooling			
Technogym UK Ltd	GBP	11,929	10,229
Technogym Germany Gmbh	EUR	6,108	5,856
Technogym Benelux BV	EUR	—	6,519
Technogym Trading S.A.	EUR	4,640	2,863
Technogym USA Corp.	USD	—	16,005
Technogym France	EUR	1,420	6,582
Technogym Japan	JPY	—	6,598
Technogym Canada	CAD	2,423	405

Technogym Australia		AUD	3,561	—
Technogym Benelux BE		EUR	7,071	—
Technogym E.E.		EUR	3,105	—
Technogym Arabia		SAR	22	—
Total cash pooling			**40,278**	**55,058**

The following table shows the details of loans received at 31 December 2023 and 2022:

(In thousands of Euro)	**Currency**	**Rate**	**As of 31 December**	
			2023	**2022**
Loans payable				
Sidea S.r.l	EUR	Variable	2,000	—
Total loans received			**2,000**	**—**

The following table shows the details of Other financial payables to subsidiaries at 31 December 2023 and 2022: in particular, note the balance due to Technogym Arabia in relation to the payment of share capital agreed in 2023:

(In thousands of Euro)	**Currency**	**Rate**	**As of 31 December**	
			2023	**2022**
Other financial payables to subsidiaries				
Technogym Arabia	SAR	Variable	4,348	—
Total other financial payables to subsidiaries			**4,348**	**—**

13.4 LIABILITIES DUE TO OTHER LENDERS

Current and non-current liabilities to other lenders refers to financing transactions guaranteed by the transfer of receivables arising from the sale of goods that, although transferred to third-party financial institutions, have been retained in the financial statements as they do not meet all the conditions required by IFRS 9 for derecognition from assets. See also note 5 "Other non-current assets" and note 7 "Trade receivables".

14 Deferred tax liabilities

For comments relating to the item "Deferred tax liabilities" please see paragraph 3.

15 Employee benefit obligations

The item "Employee benefit obligations" amounts to Euro 2,156 thousand at 31 December 2023 (Euro 2,211 thousand at 31 December 2022).

The following table shows the amounts and movements of employee benefit obligations for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	**Funds for personnel**
Values at 1 January 2022	**2,623**
Provisions	—
Financial expenses	25
Utilisations	(164)
Actuarial (gains)/losses	(274)
Values at 31 December 2022	**2,211**
Provisions	3
Financial expenses	75
Utilisations	(177)
Actuarial (gains)/losses	45
Values at 31 December 2023	**2,156**

Information about the actuarial valuation of provisions for employee benefit obligations is presented in note 16.

16 Provisions for risks and charges

The item "Provisions" at 31 December 2023 amounts to Euro 8,877 thousand for non-current financial liabilities and Euro 12,028 thousand for current financial liabilities (respectively, Euro 6,853 thousand and Euro 11,161 thousand at 31 December 2022). The following table shows the details of provisions for risks and charges, current and non-current, at 31 December 2023 and 2022.

(In thousands of Euro)	As of 31 December	
	2023	**2022**
Non-current provisions for risks and charges		
Warranties provision	4,377	3,974
Agents provision	862	733
Non-Competition Agreement provision	1,795	1,614
Rebates provision	1,843	533
Total non-current provisions for risks and charges	**8,877**	**6,853**
Current provisions for risks and charges		
Warranties provision	4,377	3,974
Free Product Fund provision	509	799
Other provisions for risks and charges	7,142	6,388
Total current provisions for risks and charges	**12,028**	**11,161**

The following table shows the amounts and movements of provisions for risks and charges, current and non-current, for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	Warranties provision	Agents provision	Non-Competition Agreement provision	Rebates provision	Ongoing lawsuits provision	**Non-current provisions for risks and charges**	Warranties provision	Free Product Fund provision	Provision to cover losses in investments	Other provisions for risks and charges	**Current provisions for risks and charges**
Values at 1 January 2022	**3,456**	**893**	**1,990**	**456**	**0**	**6,795**	**3,456**	**0**	**–**	**5,789**	**9,246**
Provisions	2,413	123	128	200	–	2,864	2,413	799	–	5,959	9,172
Financial expenses	–	–	19	–	–	19	–	–	–	–	–
Actuarial (gains)/losses	–	(243)	(356)	–	–	(599)	–	–	–	–	–
Utilisations	(1,896)	(39)	(166)	(124)	–	(2,225)	(1,896)	–	–	(5,362)	(7,257)
Values at 31 December 2022	**3,974**	**733**	**1,614**	**533**	**0**	**6,853**	**3,974**	**799**	**–**	**6,387**	**11,161**
Provisions	2,528	138	158	1,360	–	4,184	2,528	465	–	6,713	9,706
Financial expenses	–	–	56	–	–	56	–	–	–	–	–

(In thousands of Euro)	Warranties provision	Agents provision	Non-Competition Agreement provision	Rebates provision	Ongoing lawsuits provision	**Non-current provisions for risks and charges**	Warranties provision	Free Product Fund provision	Provision to cover losses in investments	Other provisions for risks and charges	**Current provisions for risks and charges**
Actuarial (gains)/losses	—	0.5	15	—	—	15	—	—	—	—	—
Utilisations	(2,125)	(9)	(49)	(50)	—	(2,233)	(2,125)	(755)	—	(5,959)	—
Values at 31 December 2023	**4,377**	**862**	**1,795**	**1,843**	**0**	**8,876**	**4,377**	**509**	**—**	**7,141**	**12,028**

The item "Product warranties provision" is reasonably estimated by the Company on the basis of the contractual guarantees issued to customers, and on past experience. It covers the cost of parts and labour that the Company will incur in future years for repairing products under warranty, for which the sales revenues have already been recognised in the income statement of the year or of previous years.

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

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

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

16.1 ACTUARIAL VALUATION OF EMPLOYEE BENEFIT OBLIGATIONS, NON-COMPETITION AGREEMENT PROVISION ACCORDING TO IAS 19 AND AGENTS' PROVISION ACCORDING TO IAS 37

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

The main demographic assumptions used by the actuary to analyse the employee benefits provisions and the no-competition provision for the years ended December 31 December 2023 and 2022 are as follows: (i) the probability of death is obtained by using tables determined by ISTAT in 2000 and reduced by 25%: (ii) the probabilities of disability/invalidity are those adopted in the INPS model; (iii) the retirement age for the general working population is assumed to be the reaching of the first retirement requirement applicable for Mandatory General Insurance; (iv) the probability of leaving employment for reasons other than death was determined from the probability of turnover in line with the historical trend; in particular, an annual rate of 4% was considered for the year 2023 compared to the rate of 6% for 2022; (v) with regard to the probability of early retirement, an annual rate of 3% is applied, based on the historic trend, for 80% of the provision accumulated on the date of the request.

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

The valuations were conducted by quantifying future payments through the projection of the agents' provision accrued at the valuation date of the agents working for the Company until the estimated time (unpredictable) of termination of the contract with the company; once again the method used is the MAGIS. Regarding the demographic assumptions, the ISTAT 2011 mortality rates were considered; for disability, the INPS tables by age and gender were used, whereas for the retirement age, the requirement established by ENASARCO was used. The possibility of agents being released due to the termination of their relationship with the Company or for other causes was determined using estimates of annual frequency based on company data. The financial assumptions essentially refer to the discount rate which, at 31 December 2023 was chosen as the yield from the Iboxx Corporate AA index with a duration of 5-7 years, consistent with the duration of the collective agreement of 2.95%.

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

	As of 31 December	
	2023	**2022**
Annual technical discount rate	3.10%	3.60%
Annual inflation rate	2.50%	2.50%
Annual rate of TFR increase	3.31%	3.31%
Annual rate of salary increase	0.00%	0.00%
Annual rate of commissions increase (for the valuation of agents' NCA)	3.00%	3.00%

As for the annual technical discount rate of 3.10%, the Iboxx Corporate AA was selected as the benchmark for the Eurozone, with duration consistent with the average duration of the collective agreement.

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

(In thousands of Euro)	**As of 31 December**					
	2023			**2022**		
	-0.50% change	Carrying amount	0.50% change	-0.50% change	Carrying amount	0.50% change
Employee benefit obligations	95	2,156	(89)	81	2,211	(78)
Non-Competition Agreement provision	93	1,795	(86)	78	1,614	(72)
Total	**188**	**3,951**	**(175)**	**159**	**3,825**	**(150)**

17 Other non-current liabilities

The item "Other non-current liabilities" amounted to Euro 28,395 thousand at 31 December 2023 (Euro 24,296 thousand at 31 December 2022).

Other non-current liabilities mainly include:

- medium-long term customer deposits of Euro 5 thousand;
- liabilities for sales with return rights, equal to Euro 26,212 thousand, identified pursuant to IFRS 15, in order to represent suspended costs associated with these sales;
- the long-term portion of the obligation to buy-back leased products, of Euro 2,036 thousand;
- trade payables due after 12 months, of Euro 143 thousand.

18 Trade payables

The item “Trade payables” amounted to Euro 129,990 thousand at 31 December 2023 (Euro 148,756 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.

19 Current tax liabilities

The item "Current tax liabilities" amounted to Euro 6,188 thousand at 31 December 2023 (Euro 1,729 thousand at 31 December 2022). Income tax receivables amounted to Euro 1,479 thousand at 31 December 2023 (Euro 819 thousand at 31 December 2022). For more details see note 10.

20 Liabilities for derivative financial instruments

The item "Liabilities for derivative financial instruments" amounted to Euro 2 thousand at 31 December 2023 (Euro 77 thousand at 31 December 2022).

The following table shows the liabilities for derivative financial instruments by currency at 31 December 2023 and 2022.

(In thousands of Euro)	As of 31 December	
	2023	2022
Liabilities for derivative financial instruments		
Forward		
AUD	—	4
CNY	—	22
JPY	2	48
IRS	—	3
Total	**2**	**77**

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

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

For details of the types of forward contracts, see the itemised table in paragraph 4.9. Assets for derivative financial instruments.

For the 2023 financial year, the hedge accounting method was adopted only for the exchange rate collar. The net fair value of the collar at 31 December 2023 was positive at 83 thousand euros; the fluctuations during the period generated a cash flow hedge reserve of 524 thousand.

(In thousands of Euro)	As of 31 December			
	2023 assets	2022 assets	2023 liabilities	2022 liabilities
Exchange rate hedging:				
Exchange rate hedges (current) – cash flow hedge	—	—	524	—
Tax effect – Exchange rate hedges (current) – cash flow hedge	—	—	(126)	—
Interest rate hedges:				
Interest rate hedges (current) – cash flow hedge	—	—	—	3
Tax effect - Interest rate hedges (current) – cash flow hedge	—	—	—	(1)
Total	**—**	**—**	**399**	**3**

21 Other current liabilities

The item "Other current liabilities" amounted to Euro 33,429 at 31 December 2023 (Euro 30,118 thousand at 31 December 2022). The following table shows the amounts of other current liabilities at 31 December 2023 and 2022.

(In thousands of Euro)	As of 31 December	
	2023	**2022**
Other current liabilities		
Deferred income	14,045	11,850
Advances from clients	907	550
Payables to employees	4,341	4,320
VAT payables	—	252
Social security payables	3,516	2,444
Other liabilities	3,970	4,462
Accrued expenses	271	172
Obligation to buyback from operational leases	6,379	6,067
Total other current liabilities	**33,429**	**30,118**

"Deferred income" mainly refers to scheduled maintenance contracts. "Advances from customers" concerns advances and deposits received for supplies yet to be delivered. These items were recognised as contractual liabilities in accordance with IFRS 15.

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

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

The "Other liabilities" at 31 December 2023 and 2022 mainly relate to income taxes withheld on income from employment and self-employment to be paid in the following year.

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

"Liabilities for buyback obligations within 12 months" includes the short-term portion of payables for sales with the right of return, equal to Euro 5,832 thousand; these are recognised according to IFRS 15, in order to represent the suspended revenues associated with these sales. The total balance on this item, current and non-current quota, like the respective asset, has increased compared to the previous year. The rest of this item relates to the obligation to buy back leased products, of Euro 547 thousand. For more details about the recognition criteria for this item, see paragraph 2.4 of this document "Valuation criteria" in the section "Recognition of revenues".

NOTES TO THE INCOME STATEMENT

22 Revenues

The total revenues of TG S.p.A. came to Euro 556,459 thousand, which is an increase of Euro 52,126 thousand (10.3%) compared to Euro 504,333 thousand in 2022. The increase for the year is due to higher volumes in the BtoB business and related segments, as well as an enhanced product mix.

The following table contains a breakdown of the revenues for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	**Year ended 31 December**	
	2023	**2022**
Revenues		
Revenues from the sale of products, spare parts, hardware and software	540,714	485,473
Revenues from transport and installation, after-sale and rental assistance	15,745	18,859
Total revenues	**556,459**	**504,333**

The following table shows the breakdown of revenues by geographical area for the years ended 31 December 2023 and 2022:

(In thousands of Euro and percentage of annual change)	**Year ended 31 December**		**Changes**	
	2023	**2022**	**2023 vs 2022**	**%**
Europe (without Italy)	236,884	214,423	22,461	10.5%
MEIA	93,587	88,460	5,127	5.8%
APAC	72,937	77,194	(4,257)	(5.5%)
Italy	76,928	63,659	13,269	20.8%
North America	54,387	42,736	11,651	27.3%
LATAM	21,736	17,860	3,876	21.7%
Total revenues	**556,459**	**504,332**	**52,127**	**10.3%**

23 Other revenues and income

The item "Other revenues and income" amounted to Euro 15,745 thousand for the year ended 31 December 2023 (Euro 18,859 thousand for the year ended 31 December 2022). Other income and revenues consist mainly of invoices to Group companies, rental income, and income from suppliers for compensation.

23.1 TAX CREDITS

Technogym recognised the following tax credits on the income statement for the three-year period 2021 - 2022 - 2023. The breakdown is given below:

(in thousands of Euro)	**2021**	**2022**	**2023**
Tax credit for advertising investments (Decree Law 50/2017 - Art. 57-bis)	49	43	23
Tax credit for investments in R&D, technological innovation, design and aesthetics (Law 160/2019 - Art. 1 paragraphs 198-209)	502	680	639
Tax credit for sanitisation and purchases of PPE (Decree Law 34/2020 - Art. 125) and (Decree Law 73/2021, Art. 32)	13	—	—
Tax credit for assets used in the business (Law 178/2020 - Art. 1 paragraphs 1054-1058)	57	116	132
Tax credit for assets used in the business 4.0 (Decree Law 178/2020 - Art. 1, paragraphs 1054-1058)	38	60	77
Energy credit for non-energy-intensive users (Decree Law 21/2022) - (Decree Law 50/2022) - (Decree Law 92/2022) - (Decree Law 115/2022) - (Decree Law 144/2022) - (Decree Law 176/2022)	—	191	226
Gas credit for non-gas-intensive companies (Decree Law 21/2022) - (Decree Law 50/2022) - (Decree Law 92/2022) - (Decree Law 115/2022) - (Decree Law 144/2022) - (Decree Law 176/2022)	—	23	75
Total credits per year	**947**	**1173**	**1172**

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

This item amounted to Euro 283,948 thousand for the year ended 31 December 2023 (Euro 273,081 thousand for the year ended 31 December 2022).

The following table reports the amounts of raw materials, semi-finished and finished goods for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	**Year ended 31 December**	
	2023	**2022**
Purchases and use of raw materials, work in progress and finished goods		
Purchases and changes in raw materials	150,614	144,422
Purchases and changes in finished goods	133,901	118,812
Purchases and changes in packaging and cost of custom duties	(535)	9,807
Change in inventory of work in progress	(31)	41
Total raw materials, semi-finished and finished goods	**283,948**	**273,081**

The increase in this item depends on the increased sales volumes, despite the fact that in the previous year the purchase price of materials fell, due to the inflationary effects of previous periods.

25 Cost of services

The item "Cost of services" amounted to Euro 88,708 thousand for the year ended 31 December 2023 (Euro 82,331 thousand for the year ended 31 December 2022).

The following table contains a breakdown of the cost of services for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	Year ended 31 December	
	2023	**2022**
Cost of services		
Transport, customs duties and installation	24,069	26,522
Technical assistance	6,221	4,593
Advertising	7,596	5,898
Rentals	5,892	5,265
Agents	4,610	3,961
Consulting services	6,780	7,015
Travel and business expenses	4,101	3,081
Outsourcing costs	7,433	8,046
Utilities	2,086	3,183
Maintenance costs	5,383	5,019
Other services	14,537	11,966
Total cost of services	**88,708**	**84,550**

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

The following table shows the details of audit fees to the independent auditors for services provided to the Company for the years ended 31 December 2023 and 2022:

(In thousands of Euro)	Year ended 31 December	
	2023	**2022**
Audit fees		
Auditing of the accounts	304	306
Other services	9	43
Total audit fees	**313**	**349**

26 Personnel expenses

The item "Personnel expenses" amounted to Euro 66,617 thousand for the year ended 31 December 2023 (Euro 65,508 thousand for the year ended 31 December 2022).

The following table shows the amounts of personnel expenses for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	Year ended 31 December	
	2023	2022
Personnel expenses		
Wages and salaries	47,255	44,362
Social security contributions	13,889	12,722
Provisions for employee benefit obligations	2,652	2,584
Other costs	2,821	3,622
Total personnel expenses	**66,617**	**63,289**

The increase in this item compared to the previous year is mainly correlated to the increase in average workforce compared to the same period in the previous year, particularly the higher number of office staff compared to manual workers, a 6.6% wage increase (provided for in the national agreement for metalworkers) as well as the inflationary effect of adjusting the Payroll item.

The following table shows the average number of employees and the exact number of employees at the year-end broken down by category for the years ended 31 December 2023 and 2022.

(in number)	Year ended 31 December			
	2023		2022	
	Average	Year-end	Average	Year-end
Number of employees				
Managers	57	54	58	60
White-collar	558	558	552	561
Blue-collar	249	246	259	252
Total number of employees	**864**	**858**	**869**	**873**

27 Other operating costs

The item "Other operating costs" amounted to Euro 17,174 thousand for the year ended 31 December 2023 (Euro 5,347 thousand for the year ended 31 December 2022).

The following table reports the amounts of other operating costs for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	Year ended 31 December	
	2023	**2022**
Other operating costs		
Other taxes and indirect taxes	788	788
Other costs and net provisions for risks on leasing receivables	16,386	4,559
Total other operating costs	**17,173**	**5,347**

The item "Other costs and net provisions on leasing receivables" mainly refers to membership fees, certification costs, promotional and advertising product giveaways, and donations. It also includes the amount set aside by the Group to cover doubtful receivables posted on the financial statements, for which there is a buyback obligation. With regard to this last item, after a careful analysis of the portfolio to 31 December 2023, the Group has estimated a risk of default of approximately Euro 3.5 million for next year, on a total portfolio of Euro 177 million. The provision for bad debts has thus been increased by Euro 297 thousand (of which Euro 185 thousand after 12 months and Euro 122 thousand for the current quota); the balance of this provision will absorb the total receivables for which the risk of default is considered probable.

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

The item "Depreciation, amortisation and impairment losses/(revaluations)" amounted to Euro 34,262 thousand for the year ended 31 December 2023 (Euro 31,664 thousand for the year ended 31 December 2022).

The following table shows the amounts of depreciation, amortisation and impairment losses/(write-backs) for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	**Year ended 31 December**	
	2023	**2022**
Depreciation, amortisation and impairment losses / (revaluations)		
Depreciation of property, plant and equipment	15,876	17,004
Amortisation of intangible assets	18,240	14,637
Impairment losses of intangible assets	146	23
Total depreciation, amortisation and impairment losses (revaluations)	**34,262**	**31,664**

For details regarding the breakdown of and changes in "Property, plant and equipment" and "Intangible assets" for the years ended 31 December 2023 and 2022, see paragraphs 1 and 2 of this document.

29 Net provisions

The item “Net provisions” amounted to Euro 3,672 thousand for the year ended 31 December 2023 (Euro 5,921 thousand of the opposite sign for the year ended 31 December 2022).

The following table shows the amounts of net provisions for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	**Year ended 31 December**	
	2023	**2022**
Net provisions		
Net provisions for assets held by third parties	653	641
Net allocations to bad debt provisions	1,303	3,777
Warranties net provisions	807	1,035
Other net provisions for risks and charges	742	469
Ongoing lawsuits net provisions	166	—
Total net provisions	**3,672**	**5,921**

For details of the breakdown and changes in these items, see paragraphs “7. Trade receivables” and “16. Provisions for risks and charges” in this document.

30 Financial income

The item "Financial income" amounted to Euro 22,542 thousand for the year ended 31 December 2023 (Euro 24,361 thousand for the year ended 31 December 2022).

The following table shows the amounts of financial income for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	Year ended 31 December	
	2023	**2022**
Financial income		
Realised exchange gains	16,495	21,324
Unrealised exchange gains	202	1,597
Other financial income	1,891	679
Bank interest receivable	3,954	761
Total financial income	**22,542**	**24,361**

31 Financial expenses

The item "Financial expenses" amounted to Euro 19,953 thousand for the year ended 31 December 2023 (Euro 24,425 thousand for the year ended 31 December 2022).

The following table shows the amount of financial expenses for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	**Year ended 31 December**	
	2023	**2022**
Financial expenses		
Realised exchange losses	15,037	20,364
Unrealised exchange losses	1,355	1,183
Bank interest on financial loans	160	279
Bank interest and fees	544	423
Other financial expenses	2,487	1,707
Provisions for the write-down of other financial receivables	370	469
Total financial expenses	**19,953**	**24,425**

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

The item "Provision for the write-down of financial receivables" of Euro 370 thousand includes the write-down of a loan granted to the subsidiary FKB Equipamentos LTDA, which was prudentially written-down after the impairment test, as explained at length in the paragraph "Equity investments".

32 Income/(expenses) from investments

The item “Income/(expenses) from investments” amounted to Euro 27,036 thousand for the year ended 31 December 2023 (Euro 40,072 thousand for the year ended 31 December 2022).

The following table shows the amounts of financial income / (expenses) for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	Year ended 31 December	
	2023	**2022**
Income/(expenses) from investments		
Other income/(expenses) from investments	26,623	21,753
Revaluations/(impairment losses) investments	414	18,319
Total income/(expenses) from investments	**27,036**	**40,072**

For details of the breakdown and changes in the item “Investments” for the years ended 31 December 2023 and 2022, see note 4.

The following table shows details of dividends from investments for the years ended 31 December 2023 and 2022:

(In thousands of Euro)	Year ended 31 December	
	2023	**2022**
Dividends from investments		
Sidea SRL	667	—
Technogym France	1,700	1,200
Technogym UK Ltd	5,174	2,562
Technogym Japan Ltd.	3,038	1,366
Technogym Germany Gmbh	4,050	—
Technogym Benelux BV	1,984	2,807
Technogym USA	4,749	5,643
Technogym Trading	1,555	782
Technogym E.E. Sro	3,036	3,540
Technogym Emirates LLC	670	2,478
Total dividends from investments	**26,623**	**20,378**

33 Income taxes

The item "Income taxes" amounts to Euro 17,241 thousand for the year ended 31 December 2023 (Euro 11,511 thousand for the year ended 31 December 2022).

The following table shows the amounts of income taxes for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	Year ended 31 December	
	2023	**2022**
Income taxes		
Current taxes	18,972	12,211
Deferred taxes	(997)	(990)
Total income taxes for the year	**17,975**	**11,221**
Taxes relating to prior years	(734)	290
Total income taxes	**17,241**	**11,511**

Taxes relating to prior years mainly relate to the recalculation of the tax credit for R&D.

The following table shows the reconciliation between the theoretical tax rate and the actual tax rate for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	Year ended 31 December			
	2023	**%**	**2022**	**%**
Profit before tax	91,703		80,487	
Income tax calculated with theoretical tax rate	22,009	24.0%	19,317	24.0%
Permanent decrease differences	(10,088)	(11.0%)	(13,001)	(16.2%)
Permanent increase differences	5,009	5.5%	4,704	5.8%
Other income taxes (IRAP)	2,852	3.1%	1,987	2.5%
CFC tax	0	0.0%	0	0.0%
Taxes relating to prior years	(734)	(0.8%)	290	0.4%
Other taxes	(1,808)	(2.0%)	(1,785)	(2.2%)
Total	**17,241**	**18.8%**	**11,511**	**14.3%**

34 Earnings per share

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

(In thousands of Euro)	**Year ended 31 December**	
	2023	**2022**
Earnings per share		
Profit for the period	74,463	68,976
Number of shares (in thousands)*	200,491	201,328
Total earnings per share	**0.37**	**0.34**

* The calculation does not include the own shares in portfolio

Also note that, even considering the diluting effects such as the allocation of shares according to the 2021-23 PSP, there are no significant differences between the basic share and the profit diluted by share.

35 Net financial position

The following table shows the details of net indebtedness of the Group at 31 December 2023 and 2022, determined in accordance with Consob communication of 28 July 2006 and in conformity with the recommendations contained in document no. 319 drafted by ESMA in 2013.

(In thousands of Euro)	**As of 31 December**	
	2023	**2022**
Net indebtedness		
A. Cash	180,409	172,772
B. Cash equivalents	17,000	9,376
C. Other current financial assets	13,721	24,647
D. Liquidity (A) + (B) + (C)	**211,130**	**206,795**
E. Current bank debt	(75,608)	(81,331)
F. Current portion of non-current debt	—	(9,137)
G. Current financial indebtedness (E) + (F)	**(75,608)**	**(90,468)**
H. Net current financial indebtedness (G) + (D)	**135,523**	**116,327**
I. Non-current financial payables (excluding the current part and debt instruments)	(52,089)	(58,124)
J. Debt instruments	—	—
K. Trade payables and other non-current payables	(143)	(287)
L. Non-current financial indebtedness (I) + (J) + (K)	**(52,233)**	**(58,411)**
M. Total financial indebtedness (H) + (L)	**83,290**	**57,916**

The net financial position at 31 December 2023, which includes the effects of adopting IFRS 16, was positive by Euro 83,290 thousand, an increase of Euro 25,374 thousand compared to the balance of Euro 57,916 thousand for the year ended 31 December 2022.

This increase is mainly explained by the rise in "Net current borrowings", which sees a change of 18,796 thousand compared to 2022 (113,327 thousand) and a change in "Cash and cash equivalents", which sees a change of 4,335 thousand compared to 2022 (206,795 thousand) despite the own-share buyback programme worth 6.9 million euros, announced on 6 November 2023 and the return to the usual seasonal trend of payments. On 31 December 2023 the Company had no bank borrowings.

36 Financial risk management

The main financial risks to which the Company is exposed to are:
- credit risk, arising from commercial transactions or financing activities;
- risks related to supplier relations;
- liquidity risk, related to the availability of financial resources and access to the credit market;
- market risk, in particular:
  - currency risk, related to operations in areas using currencies other than the functional currency;
  - interest rate risk, related to the Group's exposure to financial instruments that accrue interests;
  - price risk, associated with changes in the prices of commodities.

36.1 CREDIT RISK

The operational management of credit risk is assigned to the Credit Management team, which operates on the basis of a credit policy that regulates: (i) customers' merit ratings, which are evaluated by the internally developed risk rating system, used for the management of credit limits and requests for bank or insurance guarantees to support extended payment terms; (ii) the involvement of institutionalised credit committees in operations completed under terms other than those normally applied by the Company; (iii) the use of credit insurance policies; (iv) the monitoring of the balance of outstanding receivables and their ageing, so that the amount of outstanding positions is not significant; (v) the monitoring of the related expected cash flows; (vi) the issuance of reminders; (vii) any recovery actions. The bad debt provision is calculated on percentages of past due, based on historical insolvency, with the exception of provision on specific credits in litigation. In relation to the breakdown of receivables by maturity, please see the Note "Trade receivables". For financing activities related to temporary excess of liquidity or for the stipulation of financial instruments (derivatives), the Group deals exclusively with counterparties with high credit standing. The amount of trade receivables represents the maximum theoretical exposure to credit risk of the Group at year-end.

36.2 RISKS CONNECTED TO SUPPLIER RELATIONS

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

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

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

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

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

36.3 LIQUIDITY RISK

The Company's liquidity risk is closely monitored through specific controls by the parent company. In order to minimise the risk, the Group has implemented centralised treasury management with specific procedures designed to optimise the management of financial resources and the needs of the Group companies. In particular, a set of policies and processes was adopted with the aim of optimising the management of financial resources to reduce liquidity risk: (i) maintenance of an adequate level of available liquidity; (ii) obtaining adequate credit lines; (iii) monitoring future liquidity in relation to the business planning process. For this type of risk, in the net financial indebtedness, the Group tends to finance investments and current commitments with both cash flow generated by operation and short-term credit lines.

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

Credit lines	**Cash credit lines**	**Self-liquidating credit lines**	**Financial credit lines**	**Total**
As of 31 December 2023				
Credit lines	47,500	11,500	230,000	**289,000**
Utilisations	—	—	—	**—**
Credit lines available at 31 December 2023	**47,500**	**11,500**	**230,000**	**289,000**
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**

The table below contains the breakdown and maturity dates of the liability items to 31 December 2023 and 2022:

	Within 1 year	Between 1 and 5 years	Beyond 5 years	Total
Values at 31 December 2023				
Non-current financial liabilities	—	**52,089**	**—**	**52,089**
Other non-current liabilities	—	**28,395**	—	**28,395**
Trade payables	**129,991**	—	—	**129,991**
Current tax liabilities	**6,188**	—	—	**6,188**
Current financial liabilities	**75,606**	—	—	**75,606**
Liabilities for derivative financial instruments	**2**	—	—	**2**
Other current liabilities	**33,429**	—	—	**33,429**
Total	**245,216**	**80,485**	**—**	**325,700**
Values at 31 December 2022				
Non-current financial liabilities	—	57,940	184	58,124
Other non-current liabilities	—	24,296	—	24,296
Trade payables	148,756	—	—	148,756
Current tax liabilities	1,729	—	—	1,729
Current financial liabilities	90,391	—	—	90,391
Liabilities for derivative financial instruments	77	—	—	77
Other current liabilities	30,118	—	—	30,118
Total	**271,071**	**82,236**	**184**	**353,491**

At 31 December 2023, the Technogym Group had access to approximately Euro 277.0 million in unused lines of credit, out of liquid assets of Euro 225.2 million.

36.4 MARKET RISK

Exchange rate risk

The Company operates internationally and is thus exposed to currency risk in regards to commercial and financial transactions, especially in USD, GBP, JPY, CNY and AUD. To limit its exposure to exchange risk, the Group usually enters into spot or volume forward contracts, covering on average 70% and 80% of its transactions in these currencies. In the year ending 31 December 2023, no exchange rate hedging derivative contract was recognised using the hedge accounting method.

Investments in foreign subsidiaries are not covered, as the currency positions are considered long-term.

The following table shows the amounts and movements of investments in joint ventures and associates for the years ended 31 December 2023 and 2022.

(In thousands of Euro)	EUR	GBP	USD	CNY	AUD	JPY	Other currencies	Total
Other non-current assets								
As of 31 December 2023	64,359	—	—	—	—	—	118	**64,477**
As of 31 December 2022	58,597	—	—	—	—	—	109	**58,706**
Non-current financial assets								—
As of 31 December 2023	27,272	—	—	—	—	—	—	**27,272**
As of 31 December 2022	29,919	—	—	—	—	—	—	**29,919**
Trade receivables								—
As of 31 December 2023	61,320	6,036	11,106	(1,322)	987	859	4,123	**83,109**
As of 31 December 2022	64,593	5,091	18,757	2,355	4,016	4,306	1,787	**100,904**
Current financial assets								—
As of 31 December 2023	5,706	—	5,414	—	—	908	1,522	**13,549**
As of 31 December 2022	12,412	2	10,650	—	848	—	99	**24,010**
Cash and cash equivalents								—
As of 31 December 2023	148,068	12,735	26,859	186	4,170	2,195	3,196	**197,409**
As of 31 December 2022	114,658	10,443	44,078	3,418	4,588	4,291	672	**182,148**
Other current assets								—
As of 31 December 2023	17,242	7	482	0	0	14	405	**18,149**
As of 31 December 2022	15,918	9	620	—	0	6	1,660	**18,213**
Non-current financial liabilities								—
As of 31 December 2023	52,017	—	—	—	—	—	72	**52,089**
As of 31 December 2022	57,662	—	—	—	—	—	462	**58,124**
Current financial liabilities								—
As of 31 December 2023	52,950	11,929	0	—	3,561	—	7,166	**75,606**
As of 31 December 2022	56,840	10,190	16,005	—	—	6,598	758	**90,391**
Trade payables								—
As of 31 December 2023	118,164	1,011	7,570	2,062	117	63	1,003	**129,991**
As of 31 December 2022	137,060	593	8,516	2,010	64	55	458	**148,756**
Other current liabilities								—
As of 31 December 2023	30,494	262	2,537	38	28	20	51	**33,429**
As of 31 December 2022	25,227	289	4,183	(151)	640	(83)	14	**30,118**

For the purposes of the sensitivity analysis on the exchange rate, items in the financial position (assets and liabilities) denominated in foreign currency were identified. For the purposes of the analysis, two scenarios were considered that reflect an increase and a decrease respectively of 5% in the exchange rate between the currency of the balance sheet item and the Euro.

The following table shows the results of the analysis for the years ended 31 December 2023 and 2022.

(In thousands of Euro)			2023 - Exchange risk	
			+5%	-5%
	Carrying amount	**of which subject to exchange risk**	**Gains / (losses)**	**Gains / (losses)**
Financial assets				
Non-current financial assets	27,272	—	—	10
Cash and cash equivalents	197,409	48,823	(2,325)	2,490
Trade receivables	83,109	20,302	(967)	1,138
Current financial assets	13,549	7,843	(373)	413
Assets for derivative financial instruments	172	—	—	—
Tax effect	—	—	1,023	(1,130)
			(2,642)	2,911
Financial liabilities				
Non-current financial liabilities	52,089	72	3	(4)
Current financial liabilities	75,606	18,286	871	(962)
Trade payables	129,991	11,411	543	(600)
Liabilities for derivative financial instruments	2	—	—	—
Tax effect	—	—	(395)	437
			1,022	(1,130)
Total increases (decreases)			**(1,621)**	**1,781**

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

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

Interest rate risk

Interest rate risk is related to the use of short and medium/long-term credit lines. Loans at variable rates expose the Company to the risk of fluctuations of cash flows due to interest.

For the purposes of the sensitivity analysis on changes in interest rate, items in the financial position (assets and liabilities) subject to fluctuations in interest rates were identified. For the purposes of the analysis, two scenarios were considered which reflect an increase and a decrease respectively of 20 basis points in the interest rate.

The following table shows the results of the analysis for the years ended 31 December 2023 and 2022.

(In thousands of Euro)				**2023 - Interest Rate Risk**			
				+20pb		**-20pb**	
	Carrying amount	**of which subject to Interest Rate Risk**		**Gains / (losses)**	**Other movements in RFV**	**Gains / (losses)**	**Other movements in RFV**
Financial assets							
Cash and cash equivalents	197,409	197,409	–	395	–	(395)	–
Trade receivables	83,109	–	–	–	–	–	–
Current financial assets	13,549	13,549	–	27	–	(27)	–
Assets for derivative financial instruments	172	–	–	–	–	–	–
Tax effect	–	–	–	(118)	–	118	–
				304	–	(304)	–
Financial liabilities							
Non-current loans payable	52,089	42,356	–	(85)	–	85	–
Current loans payable	75,606	71,262	–	(143)	–	143	–
Trade payables	129,991	–	–	–	–	–	–
Other current liabilities	2	–	–	–	–	–	–
Tax effect	–	–	–	64	–	(64)	–
				(164)	–	164	–
Total increases (decreases)				**140**		**(140)**	

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

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

Price risk

The Company buys 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 whose settlement dates are consistent with the underlying commercial obligations.

Capital risk management

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

(In thousands of Euro)	As of 31 December	
	2023	2022
Net financial indebtedness (A)	(83,290)	(57,916)
Equity (B)	407,949	390,151
Total capital (C)=(A)+(B)	**341,659**	**332,235**
Gearing ratio (A)/(C)	**-19.4%**	**-17.4%**

Financial instruments by category

As of 31 December 2023 and 2022, the carrying amount of financial assets and liabilities is the same as their fair value. IFRS 7 outlines three levels of fair value for the measurement of financial instruments recognised in the statement of financial position: (i) Level 1: quoted prices in an active market; (ii) Level 2: inputs other than quoted prices included within Level 1, that are observable directly (prices) or indirectly (derived from prices) in the market; (iii) Level 3: inputs not based on observable market data. During the year, there were no transfers between the three levels of fair value indicated in IFRS 7.

The following tables show the financial assets and liabilities by category of financial instrument, in accordance with IFRS 7 and the fair value hierarchy level at 31 December 2023 and 2022.

2023 *(In thousands of Euro)*	**Financial assets**	**Available for sale**	**Financial assets at fair value**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	Amortised cost	**FV vs OCI**	**FV vs P&L**					
Other non-current assets	64,240	—	237	64,477	—	—	237	237
Non-current financial assets	27,272	—	—	27,272	—	—	—	—
Non-current financial assets	**91,512**	**—**	**237**	**91,749**	**—**	**—**	**237**	**237**
Trade receivables	83,109	—	—	83,109	—	—	—	—
Cash and cash equivalents	197,409	—	—	197,409	—	—	—	—
Current financial assets	13,549	—	—	13,549	—	—	—	—
Assets for derivative financial instruments	—	83	89	172	—	172	—	172
Other current assets	18,149	—	—	18,149	—	—	—	—
Current financial assets	**312,217**	**—**	**172**	**312,388**	**—**	**172**	**—**	**172**

2022 *(In thousands of Euro)*	**Financial assets**	**Available for sale**	**Financial assets at fair value**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	Amortised cost	**FV vs OCI**	**FV vs P&L**					
Other non-current assets	58,460	—	246	58,706	—	—	246	263
Non-current financial assets	29,919	—	—	29,919	—	—	—	—
Non-current financial assets	**88,379**	**—**	**246**	**88,625**	**—**	**—**	**246**	**246**
Trade receivables	100,904	—	—	100,904	—	—	—	—
Cash and cash equivalents	182,148	—	—	182,148	—	—	—	—
Current financial assets	24,010	—	—	24,010	—	—	—	—
Assets for derivative financial instruments	—	—	637	637	—	637	—	637
Other current assets	18,213	—	—	18,213	—		—	—
Current financial assets	**325,275**	**—**	**637**	**325,912**	**—**	**637**	**—**	**637**

2023 *(In thousands of Euro)*	**Financial liabilities**	**Available for sale**	**Financial assets at fair value**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	Amortised cost	**FV vs OCI**	**FV vs P&L**					
Non-current financial liabilities	52,089	—	—	52,089	—	—	—	—
Other non-current liabilities	28,395	—	—	28,395	—		—	—
Non-current financial liabilities	**80,485**	**—**	**—**	**80,485**	**—**	**—**	**—**	**—**
Current financial liabilities	75,606	—	—	75,606	—	—	—	—
Trade payables	129,991	—	—	129,991	—	—	—	—
Liabilities for derivative financial instruments	—	—	2	2	—	2	—	2
Other current liabilities	33,429	—	—	33,429	—	—	—	—
Current financial liabilities	**239,026**	**—**	**2**	**239,027**	**—**	**2**	**—**	**2**

2022 *(In thousands of Euro)*	**Financial liabilities**	**Available for sale**	**Financial assets at fair value**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	Amortised cost	**FV vs OCI**	**FV vs P&L**					
Non-current financial liabilities	58,124	—	—	58,124	—	—	—	—
Other non-current liabilities	24,296	—	—	24,296	—	—	—	—
Non-current financial liabilities	**82,420**	**—**	**—**	**82,420**	**—**	**—**	**—**	**—**
Current financial liabilities	90,391	—	—	90,391	—	—	—	—
Trade payables	148,756	—	—	148,756	—	—	—	—
Liabilities for derivative financial instruments	—	—	77	77	—	77	—	77
Other current liabilities	30,118	—	—	30,118	—	—	—	—
Current financial liabilities	**269,265**	**—**	**77**	**269,342**	**—**	**77**	**—**	**77**

37 Non-financial risks

INTERNAL RISKS - EFFECTIVENESS OF PROCESSES

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

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

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

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

EXTERNAL RISKS - MARKETS, COUNTRY RISK

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

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

In relation to the Russian market, Technogym, through its subsidiary Technogym AO, is providing local business improvement services to operators, whose revenues can be quantified at approximately 1% of the Group's total revenues.

RISKS RELATED TO CYBER ATTACKS

The stepping-up of the digital transformation - both within the Company itself and towards the market - has been driven by the public health emergency, and this exposes the Group to potential cyber attacks (cyber risks). The Group has adopted a governance structure and cyber risk management model based on international standards, in order to put in place the best technological solutions and choose the best partners to defend its corporate assets. It has also taken out appropriate insurance cover. In particular, a 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.

38 Related-party transactions

The Company's transactions with related parties, identified based on criteria defined in IAS 24 – Related party disclosures – are carried out under normal market conditions.

38.1 SUBSIDIARIES

The following table provides details of the transactions between the Company and its subsidiaries for the years ended 31 December 2023 and 2022, and the impact on the related item in the financial statements.

(in thousands of euros)	Revenues		Other revenues and income		Purchases and use of raw materials, work in progress and finished goods		Cost of services		Personnel expenses		Other operating costs		Depreciation and amortisation		Provisions		Financial income		Financial expenses		Income/(expenses) from investments	
Values at 31 December	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Technogym Spain	23,049	18,776	3,054	1,791	(974)	(372)	(31)	(3)	—	—	—	—	—	—	—	—	—	2	(123)	(8)	1,555	782
Technogym France	29,421	27,503	556	499	(656)	(670)	(27)	(2)	(78)	(84)	(711)	—	—	—	—	—	4	0	(0)	(1)	1,700	1,200
Technogym China	11,521	14,178	384	1,726	(168)	(186)	(68)	(31)	(286)	(319)	—	—	—	—	—	(2,829)	—	—	—	—	—	—
Technogym Japan	17,890	15,325	435	499	(121)	(235)	(10)	—	—	—	(2,219)	—	—	—	—	—	6	—	(2)	(4)	3,038	1,366
Technogym Asia	2,273	3,000	366	205	(6)	(10)	(99)	(12)	(423)	(95)	—	(742)	—	—	—	—	5	—	(1)	—	—	—
Technogym Australia	14,872	16,757	280	236	(250)	(293)	(140)	(132)	—	—	(3,381)	(846)	—	—	—	—	68	94	(23)	—	—	—
Technogym Canada	519	69	103	674	(21)	(2)	(0)	—	—	—	—	—	—	—	—	—	1	0	(33)	(1)	—	—
Technogym Portugal	3,204	2,673	689	47	(70)	(36)	(0)	(2)	—	—	—	(186)	—	—	—	—	—	—	—	—	—	—
Technogym Russia	126	2,497	10	106	(4)	(29)	—	—	317	320	—	—	—	—	(1,180)	—	—	—	—	—	—	—
Technogym U.K.	40,793	32,775	2,963	2,416	(1,723)	(1,966)	(139)	(25)	(272)	(243)	—	—	—	—	—	—	—	—	(611)	(130)	5,174	2,562
Technogym Germany	32,896	26,556	742	2,179	(1,506)	(1,525)	(192)	(30)	(58)	(117)	—	—	—	—	—	—	—	—	(196)	(24)	4,050	—
Technogym Benelux	24,190	21,670	1,931	3,285	(315)	(382)	(132)	(23)	(235)	(16)	—	—	—	—	—	—	82	—	(155)	(29)	1,984	2,807
Technogym Usa	48,233	38,572	1,550	3,494	(938)	(920)	(502)	(146)	12	—	(5,916)	—	—	—	—	—	61	3	(390)	(435)	4,749	5,643
Technogym E.E.	1,569	989	776	672	(92,349)	(80,329)	(0)	(0)	—	90	—	(0)	—	—	—	—	64	—	(3)	—	3,036	3,540
Fkb Equipamentos Ltda	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(78)	(736)	44	16	(370)	(469)	—	—
Sidea S.r.l	0	—	170	157	(2,772)	(1,934)	(89)	(25)	—	—	(1)	(1)	—	—	—	—	—	4	(52)	—	667	—
TGB	—	—	—	—	—	—	(248)	(248)	—	—	(0)	(9)	(4,121)	(4,160)	—	—	1,459	479	(396)	(447)	—	—
La Mariana srl	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1	—	—	—	—	—
TG Technogym SA	1,113	702	—	—	(151)	—	(573)	(522)	—	—	—	—	—	—	—	—	44	11	—	—	—	—
Focus Design Srl	—	—	—	—	—	(0)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
DWL Srl	1	15	—	0	(5)	—	(29)	(19)	—	—	—	—	—	—	—	—	56	12	—	—	—	—
MyWellness Inc	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	36	20	—	—	—	—
Technogym Saudi LLC	918	364	—	—	(161)	—	(2,198)	(477)	—	—	—	—	—	—	—	—	—	0	—	—	—	—

(in thousands of euros)	Revenues		Other revenues and income		Purchases and use of raw materials, work in progress and finished goods		Cost of services		Personnel expenses		Other operating costs		Depreciation and amortisation		Provisions		Financial income		Financial expenses		Income/(expenses) from investments	
Values at 31 December	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Technogym Arabia LLC	3	—	251	—	—	—	(100)	—	—	—	—	—	—	—	—		—		(0)		—	
Technogym Emirates LLC	14,408	14,808	246	274	(60)	(113)	(341)	(323)	(279)	(273)	(18)	—	—	—	—	—	0	—	(0)	—	670	2,478
Total	**267,001**	**237,228**	**14,507**	**18,262**	**(102,250)**	**(89,002)**	**(4,919)**	**(2,020)**	**(1,301)**	**(736)**	**(12,246)**	**(1,783)**	**(4,121)**	**(4,160)**	**(1,258)**	**(3,564)**	**1,930**	**641**	**(2,354)**	**(1,549)**	**26,623**	**20,378**
Total Financial Statements	**540,714**	**485,473**	**15,745**	**18,859**	**(283,948)**	**(273,081)**	**(88,708)**	**(82,331)**	**(66,617)**	**(65,508)**	**(17,174)**	**(5,347)**	**(34,262)**	**(31,664)**	**(3,672)**	**(5,921)**	**22,542**	**24,361**	**(19,953)**	**(24,425)**	**27,036**	**40,072**
% on financial statements item	**49%**	**49%**	**92%**	**97%**	**36%**	**33%**	**6%**	**2%**	**2%**	**1%**	**71%**	**33%**	**0%**	**13%**	**34%**	**60%**	**9%**	**0.026324157**	**12%**	**6%**	**98%**	**51%**

(in thousands of euros)	Property, plant and equipment		Non-current financial assets		Other non-current assets		Trade receivables		Current financial assets		Other current assets		Non-current financial liabilities		Trade payables		Current financial liabilities		Current provisions for risks and charges		Other current liabilities	
Values at 31 December	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Technogym Spain	—	—	—	—	30	14	5,291	3,950	—	—	26	—	—	—	186	54	4,640	2,863	—	—	86,589	96,993
Technogym France	—	—	—	—	25	13	2,573	2,250	—	—	24	—	—	—	93	51	1,420	6,582	—	—	2,141	(202,666)
Technogym China	—	—	—	—	32	15	(1,322)	2,354	—	—	27	—	—	—	4,906	4,578	—	—	—	—	38,248	(150,911)
Technogym Japan	—	—	—	—	—	4	860	4,306	908	—	—	—	—	—	45	48	—	6,598	—	—	19,667	(83,226)
Technogym Asia	—	—	—	—	—	—	613	1,412	1,004	—	—	—	—	—	112	5	—	—	43	—	4,812	3,941
Technogym Australia	—	—	—	—	24	12	987	4,016	—	848	23	—	—	—	110	64	3,561	—	—	—	27,518	639,733
Technogym Canada	—	—	—	—	—	—	222	748	—	—	—	—	—	—	36	3	2,423	405	—	—	7,191	5,862
Technogym Portugal	—	—	—	—	—	—	369	570	—	—	—	—	—	—	57	4	—	—	—	—	5,796	5,604
Technogym Russia	—	—	—	—	25	13	509	1,606	—	—	25	—	—	—	—	—	—	—	—	—	0,028	(0,060)
Technogym U.K.	—	—	—	—	38	19	5,726	4,749	—	—	37	—	—	—	713	436	11,929	10,229	40	31	249,578	279,358
Technogym Germany	—	—	—	—	—	—	2,751	4,278	—	—	—	—	—	—	183	129	6,108	5,856	—	15	122,979	89,343
Technogym Benelux	—	—	—	—	25	12	3,718	5,692	2,678	—	22	—	—	—	181	99	7,071	6,519	32	—	144,659	130,959
Technogym Usa	—	—	—	—	—	—	(2,515)	9,678	5,187	99	—	—	—	—	265	470	—	16,005	84	—	1,746,955	3,549,220
Technogym E.E.	—	—	—	—	—	—	1,109	860	—	—	—	—	—	—	20,469	26,037	3,105	—	—	—	6,200	6,200
Fkb Equipamentos Ltda	—	—	—	—	—	—	0	—	—	—	—	—	—	—	8	8	—	—	—	—	0,000	(0,000)
Sidea S.r.l	—	—	—	—	—	—	—	—	—	—	—	—	—	—	862	599	2,000	—	—	—	—	—
TGB	13,276	16,595	27,272	29,719	—	—	1,224	239	—	—	—	74	9,733	13,368	1,569	285	4,344	4,037	—	—	253,882	—
La Mariana srl	—	—	—	—	—	—	1	—	30	—	—	—	—	—	—	—	—	—	—	—	0,050	0,008
TG Technogym SA	—	—	—	—	—	—	1,770	701	1,000	1,000	—	—	—	—	408	199	—	—	—	—	3,377	(1,266)
DWL Srl	—	—	—	—	—	—	58	12	1,345	1,200	—	—	—	—	6	17	—	—	—	—	37,600	99,285
MyWellness Inc	—	—	—	—	—	—	28	48	452	938	—	77	—	—	—	—	—	—	—	—	—	—
Technogym Saudi LLC	—	—	—	—	—	—	1,347	450	200	200	—	1	—	—	415	117	—	—	—	—	0,000	0,433
Technogym Arabia LLC	—		—		—		258		—		—		—		100		4,370		—		3,618	
Technogym Emirates LLC	—	—	—	—	26	13	579	(102)	—	—	25	1,266	—	—	143	99	—	—	21	20	0,400	(3,520)
Total	**13,276**	**16,595**	**27,272**	**29,719**	**225**	**115**	**26,155**	**47,819**	**12,804**	**4,284**	**210**	**1,419**	**9,733**	**13,368**	**30,867**	**33,301**	**50,971**	**59,095**	**220**	**65**	**2,761**	**4,465**
Total Financial Statements	**54,430**	**58,635**	**27,272**	**29,919**	**64,477**	**58,706**	**83,109**	**100,904**	**13,549**	**24,010**	**18,149**	**18,213**	**52,089**	**58,124**	**129,991**	**148,756**	**75,606**	**90,391**	**12,028**	**11,161**	**33,429**	**30,118**
% on financial statements item	**24%**	**28%**	**100%**	**99%**	**0%**	**0%**	**31%**	**47%**	**95%**	**18%**	**0**	**8%**	**19%**	**23%**	**24%**	**22%**	**67%**	**65%**	**2%**	**1%**	**8%**	**15%**

38.2 JOINT VENTURES AND ASSOCIATES

The following table provides details of the transactions between the Company and its joint ventures and associates for the years ended 31 December 2023 and 2022, and of the impact on the related item in the financial statements.

The balances for the 2022 financial year of Technogym Emirates LLC, have been indicated in detail in the "Subsidiaries" section following the change to the scope of consolidation. See paragraph 4 for more details.

(In thousands of Euro)	Revenues		Other revenues and income		Purchases and use of raw materials, work in progress and finished goods		Cost of services		Personnel expenses		Other operating costs		Depreciation and amortisation		Provisions		Financial income		Financial expenses		Income/ (expenses) from investments	
Values at 31 December	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Wellness Venture	–	–	2	18	(1)	–	–	(325)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Wellink Srl	–	–	–	–	–	–	(118)	(190)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	**–**	**–**	**2**	**18**	**(1)**	**–**	**(118)**	**(515)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Financial Statements	**540,714**	**485,473**	**15,745**	**18,859**	**(283,948)**	**(273,081)**	**(88,708)**	**(82,331)**	**(66,617)**	**(65,508)**	**(17,174)**	**(5,347)**	**(34,262)**	**(31,664)**	**(3,672)**	**(5,921)**	**22,542**	**24,361**	**(19,953)**	**(24,425)**	**27,036**	**40,072**
% on financial statements item	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**1%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**

(In thousands of Euro)	Property, plant and equipment		Non-current financial assets		Other non-current assets		Trade receivables		Current financial assets		Other current assets		Non-current financial liabilities		Trade payables		Current financial liabilities		Current provisions for risks and charges		Other current liabilities	
Values at 31 December	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Wellness Venture	–	–	–	–	–	–	–	3	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Wellink Srl	–	–	–	–	–	–	–	–	–	–	–	–	–	–	25	50	–	–	–	–	–	–
Total	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**3**	**–**	**–**	**–**	**–**	**–**	**–**	**25**	**50**	**–**	**–**	**–**	**–**	**–**	**–**
Total Financial Statements	**54,430**	**58,635**	**27,272**	**29,919**	**64,477**	**58,706**	**83,109**	**100,904**	**13,549**	**24,010**	**18,149**	**18,213**	**52,089**	**58,124**	**129,991**	**148,756**	**75,606**	**90,391**	**12,028**	**11,161**	**33,429**	**30,118**
% on financial statements item	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**–**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**

38.3 OTHER RELATED PARTIES

The following table provides details of the transactions between the Company and "Other related parties" for the years ended 31 December 2023 and 2022, and the impact on the related item in the financial statements:

(In thousands of Euro)	Revenues		Other revenues and income		Purchases and use of raw materials, work in progress and finished goods		Cost of services		Personnel expenses		Other operating costs		Depreciation and amortisation		Provisions		Financial income		Financial expenses		Income/ (expenses) from investments	
Values at 31 December	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Pubblisole Spa	–	–	–	–	–	–	24	19	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Qicraft Finland OY	119	162	–	–	(7)	(3)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Consorzio Romagna Iniziative	–	–	–	–	–	–	(14)	(19)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Asso. Milano Durini Design	–	–	–	–	–	–	–	–	–	–	(3)	(2)	–	–	–	–	–	–	–	–	–	–
Sandcroft Avenue Limited	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	(39)	19	(8)	14	–	–
Alfin Srl	–	2	–	–	–	–	(629)	(256)	–	(39)	–	–	–	–	–	–	–	–	–	–	–	–
Via Durini 1 Srl	–	–	–	–	–	–	(301)	(124)	–	–	(10)	(9)	(1,000)	(895)	–	–	–	–	(137)	(123)	–	–
Starpool Srl	2	–	–	–	–	–	(1)	(4)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
One On One Srl	26	21	–	–	–	–	(1,036)	(657)	–	–	(34)	–)	–	–	–	–	–	–	–	–	–	–
Enervit Spa	1	–	–	–	–	–	–	(3)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Alne Soc. Agr. S.r.l.	–	–	–	–	–	–	–	(2)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Wellness Foundation	–	–	–	–	–	–	(49)	(49)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
WF Srl	–	–	–	–	–	–	(300)	(200)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Qicraft Norway AS (ex Norsk F)	421	464	–	–	(46)	(14)	(4)	(5)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Invest Fimex A.G	11,766	9,967	–	–	(134)	(103)	(1)	(1)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Qicraft Sweden AB (ex Svensk M)	9,872	13,318	–	–	(110)	(412)	(5)	(20)	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Core Athletic LLC	–	–	–	–	–	–	–	–	–	–	–	–	–	–	16	(107)	–	–	–	–	–	–
Uberti Società Semplice	–	–	–	–	–	–	(60)	(30)	–	–	(1)	–	–	–	–	–	–	–	–	–	–	–
Total	22,207	23,935	–	–	(297)	(532)	(2,377)	(1,350)	–	(39)	(48)	(11)	(1,000)	(895)	16	(107)	(39)	19	(140)	(109)	–	–
Total Financial Statements	**540,714**	**485,473**	**15,745**	**18,859**	**(283,948)**	**(273,081)**	**(88,708)**	**(82,331)**	**(66,617)**	**(65,508)**	**(17,174)**	**(5,347)**	**(34,262)**	**(31,664)**	**(3,672)**	**(5,921)**	**22,542**	**24,361**	**(19,953)**	**(24,425)**	**27,036**	**40,072**
% on financial statements item	**4%**	**5%**	**0%**	**0%**	**0%**	**0%**	**3%**	**2%**	**0%**	**0%**	**0%**	**0%**	**3%**	**3%**	**0%**	**2%**	**0%**	**0.000781938**	**1%**	**0%**	**0%**	**0%**
% on financial statements item	**10%**	**8%**	**0%**	**0%**	**0%**	**0%**	**1%**	**0%**	**0%**	**0%**	**0%**	**0%**	**8%**	**7%**	**0%**	**0%**	**1%**	**1%**	**0%**	**0%**	**0%**	**0%**

(In thousands of Euro)	Revenues		Other income and revenues		Purchases and use of raw materials, work in progress and finished goods		Cost of services		Personnel expenses		Other operating costs		Depreciation and amortisation		Provisions		Financial income		Financial expenses		Income/ (expenses) from investments	
Values at 31 December	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Pubblisole Spa	—	—	—	—	100	100	24	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(18,601)
Qicraft Finland OY	—	—	—	—	53	62	11	11	—	—	—	—	—	—	3	—	—	—	—	—	1,587	(2,635)
Crit S.r.l.	—	—	—	—	26	26	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Consorzio Romagna Iniziative	—	—	—	—	9	9	—	—	—	—	25	26	—	—	—	16	—	—	—	—	—	—
Sviluppo Impresa Romagna	—	—	—	—	50	50	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Sandcroft Avenue Limited	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(39)	—	—	—	—
Alfin Srl	—	—	—	—	—	—	3	3	—	—	—	—	—	—	122	126	—	—	—	—	—	—
Via Durini 1 Srl	5,912	5,615	—	—	—	—	—	—	—	—	—	—	5,109	4,915	85	3	1,006	860	—	—	—	—
Starpool Srl	—	—	—	—	—	—	1	—	—	—	—	—	—	—	4	4	—	—	—	—	—	—
One On One Srl	—	—	—	—	—	—	11	9	—	—	—	—	—	—	191	232	—	—	—	—	5,771	1,312
Wellness Foundation	—	—	—	—	—	—	—	—	—	—	—	—	—	—	31	55	—	—	—	—	—	—
WF Srl	—	—	—	—	—	—	—	—	—	—	—	—	—	—	61	61	—	—	—	—	—	—
Qicraft Norway AS (ex Norsk F)	—	—	—	—	—	—	41	38	—	—	—	—	—	—	25	2	—	—	—	—	0,963	(0,062)
Invest Fimex A.g	—	—	—	—	—	—	100	79	—	—	—	—	—	—	82	20	—	—	—	—	1,401	31,444
Qicraft Sweden AB (ex Svensk M)	—	—	—	—	—	—	642	1,184	—	—	—	—	—	—	37	17	—	—	—	—	3,706	12,474
Core Athletic LLC	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Uberti Società Semplice	—	—	—	—	—	—	—	—	—	—	—	—	—	—	20	8	—	—	—	—	—	—
Total	**5,912**	**5,615**	**0**	**0**	**237**	**246**	**831**	**1,324**	**—**	**—**	**25**	**26**	**5,109**	**4,915**	**660**	**544**	**1,006**	**821**	**—**	**—**	**13**	**24**
Total Financial Statements	**54,430**	**58,635**	**27,272**	**29,919**	**64,477**	**58,706**	**83,109**	**100,904**	**13,549**	**24,010**	**18,149**	**18,213**	**52,089**	**58,124**	**129,991**	**148,756**	**75,606**	**90,391**	**12,028**	**11,161**	**33,429**	**30,118**
% on financial statements item	**11%**	**10%**	**0%**	**0%**	**0%**	**0%**	**1%**	**1%**	**0%**	**0%**	**0%**	**0%**	**10%**	**8%**	**1%**	**0%**	**1%**	**1%**	**0%**	**0%**	**0%**	**0%**

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

The figures for Via Durini S.r.l 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.

39 Remuneration of directors and key management

The total amount of compensation and the related costs of the Board of Directors of the Company amounted to Euro 2,394 thousand for the year ended 31 December 2023 (Euro 2,457 thousand for the year ended 31 December 2022).

The total amount of compensation paid to key management amounted to Euro 2,789 thousand for the year ended 31 December 2023 (Euro 1,959 thousand for the year ended 31 December 2022). The following table shows the amounts of revenues for the years ended 31 December 2023 and 2022.

(in thousands of Euro)	**Year ended 31 December**	
	2023	**2022**
Fees for office	1,192	1,200
Non-monetary benefits	16	31
Bonuses and other incentives	1,162	678
Other fees	419	50
Total	**2,789**	**1,959**

40 Contingent liabilities

As of 31 December 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.

41 Commitments and guarantees

As of 31 December 2023 the Group issued guarantees to credit institutions on behalf of subsidiaries for Euro 20,656 thousand (Euro 21,521 thousand at 31 December 2022) and on behalf of related parties for Euro 3,707 thousand (Euro 3,840 thousand at 31 December 2022). The guarantees issued by the Group in favour of public institutions and other third parties amounted to Euro 2,062 thousand (Euro 2,030 thousand at 31 December 2022).

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

42 Non-recurring events and transactions

In the 2023 financial year, a non-recurring expense of Euro 2,370 thousand was recognised, linked primarily to staff severance payments, as well as other costs of extraordinary services not associated with ordinary operations. As of 31 December 2022, the non-recurring expenses amounted to Euro 912 thousand.

43 Significant events after the reporting period

On 18 March, Technogym announced the completion of its share purchase plan, announced on 6 November 2023 following the authorisation approved by the Ordinary Shareholders' Meeting on 5 May 2023. Technogym has thus acquired 2,266,705 shares equal to 1.13% of the share capital, with a total countervalue of 20 million euros.

In January, Technogym attended the World Economic Forum in Davos, when Erica Alessandri, a member of the Technogym Board of Directors, contributed to a major project on the evolution of the Health sector with digital innovation and AI. 29 February saw the launch of Technogym Zurich, a new retail space in the heart of Zurich.

Proposal for approval of the financial statements and allocation of profit for the 2023 financial year

Dear Shareholders,

the Financial Statements at 31 December 2023 closed with a net profit of Euro 74,462,610.30.

The Board of Directors proposes the distribution of a unit dividend of Euro 0.26 per share from the net profits for the 2023 financial year, inclusive of the statutory tax withholdings, for each ordinary share in circulation (net of the own shares held directly by the Company). As the Company's shares currently amount to 199,060,795.00, the total distributable amount would be Euro 51,755,806.70. Considering the 2024 calendar, approved by Borsa Italiana S.p.A., we propose authorising a payment of the dividend on 22 May 2024, with record date 21 May 2024 and coupon no. 7 detachment date 20 May 2024.

As the first point for consideration, also in view of the fact that the legal reserve (Art. 2430 of the Civil Code) is now at capacity, we propose that the net profits for the 2023 financial year, of Euro 74,462,610.30, be allocated as follows:

(i) the distribution of a gross unit dividend of Euro 0.26 per ordinary share with the right to payment on the record date, giving a total (based on the ordinary shares currently in circulation and net of the own shares held directly by the Company) of Euro 51,755,806.70;

(ii) the remainder, currently Euro 22,706,803.60, to the retained earnings reserve.

With regard to the second point, considering the accounting effects during the year and in order to maintain a specific connection between the equity items and the allocation of the reserves, we propose:

(i) to make the following allocations to the retained earnings reserve:
- the sum of Euro 12,240.87 from the reserve for the adoption of IAS;
- the sum of Euro 922,238.45 from the Extraordinary reserve;
- the sum of Euro 498,988.19 from the reserve for exchange gains;

for a total of Euro 1,433,467.51.

For further information, see the Annual Report, comprising the Draft Financial Statements and Consolidated Financial Statements to 31 December 2023, approved by the Board of Directors on 25 March 2024, the Report on Operations, and the certification required by Article 154-bis, paragraph 5 of Legislative Decree no. 58 of 24 February 1998, which will be filed and made available according to law, along with the Report of the Board of Statutory Auditors and Report of the Independent Auditors.

In view of the above, we therefore propose the following motion:

"The Shareholders' Meeting of Technogym S.p.A.,

- *having reviewed the Report on Operations;*
- *the Reports of the Board of Statutory Auditors and Independent Auditors PricewaterhouseCoopers S.p.A.;*
- *the Financial Statements at 31 December 2023, in the draft presented by the Board of Directors, with a net profit of Euro 74,462,610.30;*
- *having reviewed the Report of the Board of Directors,*

resolved

a) *to allocate the net profit for the year of Technogym S.p.A. equal to Euro 74,462,610.30 as follows:*
   - *(ii) the distribution of a gross unit dividend of Euro 0.26 per ordinary share with the right to payment on the record date, giving a total (based on the ordinary shares currently in circulation and net of the own shares held directly by the Company) of Euro 51,755,806.70;*
   - *(iii) the remainder, currently Euro 22,706,803.60, to the retained earnings reserve;*

b) *moreover, considering the accounting effects during the year and in order to maintain a specific connection between the equity items and the allocation of reserves, we propose:*
   - *(iii) to make the following allocations to the retained earnings reserve:*
     - › *the sum of Euro 12,240.87 from the reserve for the adoption of IAS;*
     - › *the sum of Euro 922,238.45 from the Extraordinary reserve;*
     - › *the sum of Euro 498,988.19 from the reserve for exchange gains;*

     for a total of Euro 1,433,467.51;

c) *that the dividend be paid on 22 May 2024, with record date 21 May 2024 and coupon no. 7 detachment date 20 May 2024."*

On behalf of the Board of Directors,
Chairman

Nerio Alessandri

BOARD OF STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2023 OF TECHNOGYM SPA, PREPARED PURSUANT TO ART. 153 OF ITALIAN LEGISLATIVE DECREE 58/1998 AND ART. 2429 OF THE ITALIAN CIVIL CODE

Dear Shareholders,

During the year ending 31 December 2023, the Board of Statutory Auditors of Technogym S.p.A. (hereinafter also "Technogym" or the "Company") performed its supervisory activities, taking into account the Consob communications and recommendations on the subject of corporate controls and activities of Boards of Statutory Auditors, the principles of conduct of Boards of Statutory Auditors of listed companies recommended by the Italian association of certified auditors and accounting professionals (CNDCEC) (most recently, with a document approved on 21 December 2023), as well as the guidance contained in the Corporate Governance Code of companies listed on the stock exchange.

With this Report, prepared in accordance with Art. 153 of Italian Legislative Decree 58/1998 and Art. 2429(2) of the Italian Civil Code, the Board of Statutory Auditors provides an account of the activities performed and related results.

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

The Company's Board of Directors, in its current composition, consists of 11 members and will remain in office until the date of the Shareholders' Meeting for approval of the financial statements as of 31 December 2023.

The financial statements of Technogym have been prepared on a going concern basis, in accordance with the IAS/IFRS International Accounting Standards, issued by the International Accounting Standards Board (IASB), approved by the European Union, and in force as of 31 December 2023.

We also inform you that these financial statements have been drawn up in compliance with the specific requirements of EU Regulation 2019/815 (the "ESEF Regulation") and, therefore, in XHTML format, and show, with specific reference to the consolidated financial statements of the Technogym Group as of 31 December 2023, the Inline XBRL markings of the information, according to the taxonomy indicated by the above-mentioned ESEF Regulation.

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

The financial statements are accompanied by the Report on Operations and the Corporate Governance Report, prepared in accordance with Art. 123-*bis* of the TUF, as well as the Consolidated Non-Financial Statement (hereinafter also NFS), pursuant to Italian Legislative Decree 254 of 30 December 2016, drafted by the Company in accordance with the Sustainability Reporting Standards of the Global Reporting Initiative (GRI). The financial statements file also contains the Report on the remuneration and compensation policy, comprising the 2024 remuneration policy and the report on remuneration paid in 2023.

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

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

The 2023 separate and consolidated financial statements of Technogym contain the required declarations of conformity by the Chief Executive Officer and the Financial Reporting Officer.

The year ending 31 December 2023 showed a profit for the year of Euro 74,462,610, compared with the profit of the previous year of Euro 68,976,174.

The Board of Directors of the Company approved the financial statements on 25 March 2024, along with the consolidated financial statements of the Technogym Group and the consolidated non-financial statement. The Shareholders' Meeting is set for 7 May 2024, within the terms of the law.

As pointed out by the directors in the annual Corporate Governance Report for 2023, prepared pursuant to Art. 123-*bis* of Italian Legislative Decree 58/1998 and approved by the Board on 25 March 2024, in 2023, the Board of Directors met 7 times, the Control, Risks and Sustainability Committee met 10 times, the Remuneration Committee met 4 times, while the Related Party Transactions Committee did not meet. The Board of Statutory Auditors took part in these meetings as specified below.

Director Cecilia La Manna holds the role of Lead Independent Director. The Independent Directors met twice in the absence of the other Directors (including once at the beginning of the 2024 financial year) to discuss issues relating to the 2023 financial year.

The Board of Statutory Auditors notes that, as of the date of this Report, the Russian-Ukrainian crisis and the Israeli-Palestinian crisis are ongoing, which are having well-known economic consequences for the world's markets.

In this regard, the Board of Statutory Auditors monitored developments in the economic framework during 2023 and, in this Report, has taken into account the provisions and recommendations issued by the competent authorities for the purposes of preparing the financial statements, showing the effects of the crisis, and the specific control activities required.

The Board of Statutory Auditors received information from the company on an ongoing basis regarding actions taken to deal with the effects of the crisis, such as measures to tackle the general inflationary effect and the possible application of measures linked to the sanctions package put in place by the European authorities in relation to the Russian market. In relation to this market, Technogym operates directly through its subsidiary Technogym AO and delivers local business improvement services; the revenues from this activity are approximately 1% of the Group's total revenues. Furthermore, during the 2023 financial year, the Company had started activities aimed at recovering the value of the investment and cash and cash equivalents held by the Russian subsidiary Technogym AO through the transfer of the company to local management. However, recent changes in Russian legislation currently prevent any management buyout transactions and, therefore, the transfer is currently blocked. With reference to the cash and cash equivalents held by the Russian subsidiary, activities aimed at their recoverability through the periodic payment of dividends were recently started, within the limits permitted by local legislation. The Company has also stopped exporting to Russia and has in any case recognised provisions for risks and charges related to part of the liquidity present and deemed at risk. However, these are not significant amounts and do not generate substantial impacts on the business continuity of the Company and the Group.

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

In view of the Company's growth prospects, the directors believe that there are no uncertainties in relation to the business as a 'going concern'.

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

During 2023, the Board of Statutory Auditors met 17 times. The Board of Statutory Auditors also attended:

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

The Board of Statutory Auditors also met periodically with the members of the Supervisory Body ("SB"), formed according to the provisions of Italian Legislative Decree 231/2001 and in this regard no relevant information emerged that needs to be highlighted in this report.

In most cases, the Board of Statutory Auditors held its meetings on the same day as those of the Control, Risks and Sustainability Committee and of the Supervisory Body, scheduling a section on topics to be discussed jointly in order to facilitate the exchange and consistency of information between those with significant internal control responsibilities and to make the best use of the corporate resources involved. Pursuant to Art. 19 of Italian Legislative Decree 39/2010, the Board of Statutory Auditors also performs the function of Internal Control and Audit Committee. The statutory audit tasks are presently carried out by the company PricewaterhouseCoopers S.p.A. (the "Independent Auditors" or "PwC"), appointed by a shareholders' meeting resolution on 16 February 2016, which took effect from commencement of negotiations for the nine-year period 2016-2024.

Most of the Technogym Group companies are subject to statutory auditing, of differing scope depending on their importance, by independent auditors belonging to the PwC network.

In the role of parent company, Technogym S.p.A. also prepares the consolidated financial statements.

As of the date of this report, the Company is a subsidiary of TGH S.r.l. (formerly Wellness Holding S.r.l.), which holds 33.78% of the share capital, which represents 50.5% of the voting rights; 6% of the share capital is held by NIF Holding (Italy) S.r.l.; and the remaining 60.22% of the capital is free float on Borsa Italiana's MTA (screen-based stock exchange).

The Company is not subject to management and coordination pursuant to Articles 2497 *et seq.* of the Italian Civil Code by TGH S.r.l., as confirmed by the Board of Directors on 14 February 2024 and as stated in the Corporate Governance Report, in which the non-existence of activities in which management and coordination is typically exercised is certified.

As regards the activities performed during the year - also in observance of the aforementioned Consob Communication DEM/1025564 of 6 April 2001, as amended - we report the following:

1. based on the information received and on the specific analyses conducted, we have verified compliance with the law, with the articles of association and with the principles of correct administration of the transactions having greater impact on the financial position of the Company.

We verified that said transactions were not manifestly imprudent or risky, in potential conflict of interest, conflicting with the resolutions passed by the Shareholders' Meeting or such as to jeopardise the integrity of the assets of the Company and, in this regard, based on the information obtained, we have no particular observations to report.

The main operating events of the year are described by the directors in the Report on Operations, to which reference should be made.

Specifically, during the financial year, the Group made a number of investments in tangible and intangible assets, as broken down in the Report on Operations and in the Notes to the financial statements. These were mainly aimed at the continuous updating and expansion of the Group's range of products and services – with a specific focus on the digitalisation of the offer and development of new content –, adapting the production infrastructure, optimising the main production processes, and creating new showrooms and updating existing ones.

Furthermore, during the financial year, a new agreement was signed with the shareholder that holds 51% of the share capital in Technogym Emirates LLC, a joint venture established in the United Arab Emirates to facilitate the distribution and sale of products and services, which required a redefinition of corporate governance. Indeed, following this agreement, the Group has held substantial control over that company since 1 January 2023. As a result, starting from that date, the Group has fully consolidated the subsidiary, which was previously accounted for using the equity method (by virtue of the 49% shareholding).

During the year ending 31 December 2023, changes to the scope of consolidation were made as detailed in the consolidated financial statements.

2. The Board of Statutory Auditors found no atypical or unusual transactions carried out with third parties or related parties (including Group companies) during 2023 and after the year end, pursuant to the indications provided by Consob with its Communication DEM/6064293 of 28 July 2006 ("Corporate reporting of listed issuers and issuers having financial instruments distributed amongst the public pursuant to Art. 116 of the TUF - Requirements pursuant to Art. 114(5) of Italian Legislative Decree 58/98").

3. The ordinary transactions initiated with Group companies and with related parties are described by the Directors in the Report on Operations and in the Notes, to which reference should be made, which stated that such transactions were carried out under normal market conditions and are appropriate and in accordance with the Company's interests.

   In this regard, the Board of Statutory Auditors points out that, in compliance with the provisions of Art. 2391-*bis* of the Italian Civil Code and the Related Party Regulation, the Board of Directors approved the Related Party Transactions Procedure, most recently amended on 17 February 2023 to reflect the changes to Regulation 17221 of 12 March 2010 with Consob Resolution 21624 of 10 December 2020 for the purposes of implementing EU Directive 2017/828 (Shareholder Rights Directive II) and appointed - most recently on 7 May 2021, following the appointment of the new Board of Directors by the Shareholders' Meeting held on 5 May 2021 - a special Related Party Transactions Committee within the Board itself.

   Specifically, this Procedure regulates the performance of transactions implemented directly by the Company, or through subsidiaries, with counterparties that fall within the definition of "related party" referred to in the international accounting standards in force; it also establishes the criteria for the distinction between transactions of greater importance, lesser importance, ordinary transactions or transactions involving small amounts, indicating the criteria and the methods for the relative regulation of the procedure.

   As stated in the Corporate Governance Report, in 2023 the Related Party Transactions Committee did not hold any meetings, as there was no need to do so.

With reference to related party transactions, the Board of Statutory Auditors considers the information provided by the Directors in the Report on Operations and in the Notes to be adequate.

4. The Board of Statutory Auditors notes that the equity investment impairment test is implemented according to an established and structured process, coordinated by the Financial Reporting Officer. The impairment procedure is reviewed annually and the method of performing the impairment test is subject to preliminary analysis and discussion in special meetings involving the Control, Risks and Sustainability Committee and the Board of Statutory Auditors, prior to the Board of Directors' approval of the financial statements in which the impairment test is performed.

   The Board of Statutory Auditors verified that the impairment test process for the 2023 financial statements was carried out in a manner consistent with the procedure most recently approved by the Board of Directors on 14 February 2024, and structured with several benchmarks to verify the final results, and has no comments to make in this regard.

5. The Independent Auditors today issued, pursuant to Art. 14 of Italian Legislative Decree 39/2010 and Art. 10 of EU Reg. 537/2014, the Reports for which it is responsible on the statutory financial statements and on the consolidated financial statements of Technogym S.p.A. as of 31 December 2023, in which it states that the statutory and consolidated financial statements of the Group provide a truthful and correct representation of the state of affairs as of 31 December 2023, of the profit and loss and of the cash flows for the year ended on that date, in conformity with the International Financial Reporting Standards adopted by the European Union and with the measures issued to implement Art. 9 of Italian Legislative Decree no. 38/05, and that the Report on Operations and some specific information contained in the Corporate Governance Report indicated in Art. 123-*bis*, paragraph 4 of Italian Legislative Decree 58/1998 are consistent with the statutory financial statements of Technogym S.p.A. and with the consolidated financial statements of the Group and are prepared in compliance with the rules of law.

   The opinion on the statutory and consolidated financial statements provided in the aforesaid Reports is in line with what is indicated in the Additional Report prepared by PwC and addressed to the Board of Statutory Auditors pursuant to Art. 11 of EU Reg. 537/2014.

   There are no findings or information requests, or statements issued pursuant to Art. 14(2)(d) and (e) of Italian Legislative Decree 39/2010 in the aforesaid Reports of the Independent Auditors.

   Also on today's date, the Independent Auditors:

   - sent to the Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee, the aforementioned Additional Report required by Art. 11 of EU Regulation 537/2014;

   - issued, pursuant to Art. 3(10) of Italian Legislative Decree 254/2016 and Art. 5 of Consob Regulation 20267/2018, the certification of conformity, in all significant aspects, of the Consolidated Non-Financial Statement ("NFS") prepared by the Company based on the requirements of the above-mentioned decree and on the standards and methodologies under the GRI Standards selected by the Company in the technical form of a limited audit. In this Report, the Independent Auditors stated that "*Based on the work undertaken, nothing has come to our attention leading us to assume that the Technogym Group NFS relating to the year ending 31 December 2023 was not prepared, in all of its significant aspects, in compliance with the requirements set forth in Articles 3 and 4 of the Decree and in the GRI Standards. Our conclusions on the Technogym Group NFS do not extend to the information contained in the "Taxonomy" section of the statement, required under Art. 8 of European Regulation 2020/852.*"

   The Board of Statutory Auditors received regular updates on the performance of the preliminary activities for the preparation of the NFS and oversaw compliance with the provisions of the aforementioned Decree within the scope of the functions assigned to it by the regulations and, in particular, monitored the adequacy of the procedures, processes and structures that oversee the production, reporting, measurement and representation of results and information of this nature.

Within the context of its supervisory duties on compliance with the law and articles of association, the Board of Statutory Auditors verified that the Company, in its NFS, has complied with the provisions of EU Regulation 2020/852 (Taxonomy Regulation) of 18 June 2020 on the establishment of a framework that identifies the sustainable investments and their significance and, in this regard, has no observations to report.

Pursuant to the Taxonomy Regulation, Technogym has:

- identified eligible activities;
- identified aligned activities in view of the substantial contribution criteria, DNSH (Do No Significant Harm) criteria and the criterion relating to Minimum Safeguards;
- calculated turnover, Capex and Opex KPIs.

Following this analysis, the eligible economic activities under the Taxonomy were defined. Technogym activities are eligible but not aligned under the Taxonomy.

In compliance with the provisions of Art. 19 of Italian Legislative Decree 39/2010 and Art. 150 of the TUF, the Board of Statutory Auditors periodically met with the Independent Auditors, initiating a productive exchange of information. In particular, the audit plan for the separate and consolidated financial statements, the methodology, and the audit approach used for the different significant areas were analysed. The Board of Statutory Auditors informed the Independent Auditors of its activities and reported on the relevant facts that came to its attention.

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

The Board of Statutory Auditors checked and monitored the independence of the Independent Auditors and received confirmation in writing that, during the period from 1 January 2023 at the time the statement was issued, it had not found situations that might jeopardise its independence from Technogym pursuant to Art. 6(2)(a) of EU Reg. 537/2014.

The Independent Auditors indicated in the Additional Report that during the audit of the financial statements of the Company and the consolidated financial statements of the Group for the year ending 31 December 2023, no significant failings in the internal control system for the financial reporting and/or in the accounting system were identified. Some areas for improvement in the internal control system, already identified in the previous financial years and to date partially resolved by the Company, concerning certain functions of the SAP information system referring to accounts receivable and access by some users to information systems were identified. These were discussed with company management and do not constitute significant shortcomings. With reference to these aspects, the Independent Auditors carried out specific testing activities again in 2023, which did not identify any exceptions, as well as some validity procedures with the aim of verifying the absence of impacts on the financial statements.

The Independent Auditors also specified in the Additional Report that they did not find any significant difficulties regarding the availability of the information required for the purposes of the audit activities and did not identify any significant uncertainties regarding the ability of the Company and the Group to continue as a going concern.

The Independent Auditors reported the audit services and the services other than auditing provided to the Company either directly or through entities belonging to its network, indicating the relevant remuneration and specifying that it had not provided any service prohibited to the auditor by the legislation in force.

The fees for auditing services for the year paid by Technogym to the Independent Auditors PricewaterhouseCoopers S.p.A., which amounted to a total of Euro 1,045,000 before Consob contributions and expenses, are provided by the directors in the Notes.

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

- the independence declaration issued by PricewaterhouseCoopers S.p.A. on today's date pursuant to Art. 6(2)(a) of European Regulation 537/2014 and pursuant to par. 17 of ISA Italia 260,

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

6. During the 2023 financial year and up to today's date, the Board of Statutory Auditors has not received any complaints or claims.

7. Over the course of the financial year and then at its end, the Board of Statutory Auditors issued favourable opinions on (i) the work plan proposed by the Internal Audit department, (ii) the assessment by the Control, Risks and Sustainability Committee on the correct use of accounting standards and on their uniformity for the purpose of preparing the consolidated financial statements, and on the impairment testing methodology adopted by the Company in compliance with the requirements of international accounting standards, (iii) the awarding of two assignments for support in connection with professional services other than auditing to the Independent Auditors, and (iv) the addition of fees under the contract with the Independent Auditors PwC in connection with the introduction of a new auditing standard.

   With reference to point (iii) above, it should be noted that in 2017, Technogym implemented an internal procedure to approve services to be awarded to the Independent Auditors and their network; the Board of Statutory Auditors issued, where necessary, its prior authorisation for the activities performed in order to protect the independence requirement of the auditor.

8. The Board of Statutory Auditors examined and oversaw, within its area of responsibility, compliance with the principles of correct administration and the adequacy of the organisational structure of the Company and its operation through direct observations, attending meetings of the board and of the board committees, collection of information from the corporate function managers, meetings with the Internal Audit manager and with the Control, Risks and Sustainability Committee, and with the managers of the Independent Auditors as well as with the Supervisory Body pursuant to Italian Legislative Decree 231/2001 and has no observations to report.

   During board meetings, the obligations to periodically report to the Board of Directors and to the Board of Statutory Auditors provided for by Art. 2381 of the Italian Civil Code and Art. 150 of Italian Legislative Decree 58/1998 were met.

9. With particular regard to the organisational and procedural controls implemented pursuant to Italian Legislative Decree 231/2001, also based on the content of the Corporate Governance Report prepared by the directors, the Board of Statutory Auditors reports that the Supervisory Body pursuant to Italian Legislative Decree 231/2001 has been established since 28 May 2013. The Supervisory Body, in its current collective composition, was renewed by the Board of Directors on 7 May 2021 until approval of the financial statements as of 31 December 2023. The Supervisory Body ensured that adequate reporting was carried out on the activities performed during the 2023 financial year, without finding any events or circumstances

requiring a mention in this Report. The Organisational Model was most recently updated and approved by the Board of Directors on 14 February 2024. The Board of Statutory Auditors also notes that the Company's Code of Ethics was most recently updated at the meeting of the Board of Directors on 3 March 2023.

10. The Board of Statutory Auditors continuously supervised, also in its capacity as the Internal Control and Audit Committee, pursuant to Art. 19(1)(c) of Italian Legislative Decree 39/2010, the adequacy and effectiveness of the internal control and audit system. The supervisory activity was conducted through (i) the information received during periodic meetings held with the Internal Audit Manager; (ii) the flows of information from the Control and Risks Committee (specifically, through the examination of the Report on the activity carried out, and on the adequacy of the internal control and risk management system); (iii) the information provided by the Supervisory Body established pursuant to Italian Legislative Decree 231/2001, with particular regard to that provided in the relevant periodic disclosure documents; (iv) the examination of the corporate documents and of the results of the work performed by the Independent Auditors. To the extent of its responsibility, no aspects have been identified that cast doubts on the adequacy and effectiveness of the internal control system considered as a whole.

11. The Board of Statutory Auditors reports that the Company (i) operates in compliance with the provisions introduced by Italian Law 262/2005, having appointed the Financial Reporting Officer and having adopted the relevant operating guidelines; (ii) has established the Internal Audit function, without ties of dependency on the operational functions, which is engaged in identifying any critical issues of the internal control system, promptly reporting them to the CRSC.

    In 2023, the Company continued its activities relating to the definition and implementation of the integrated risk management system, known as the Enterprise Risk Management (ERM) system. Specifically, in 2023, the Company carried out internal training and awareness-raising activities on the risk management and monitoring culture in line with the principles described in the Risk Policy with the aim of: i) promoting and supporting the adoption of a "risk-based approach" for the performance of business activities, ii) creating a common framework to identify and classify corporate risks, iii) defining behaviours and actions to mitigate them, and iv) providing an adequate monitoring and management system, as well as defining the role and responsibilities of the individual risk owners.

    The above-mentioned risk profile analyses are conducted with the assistance of the Internal Audit department. In its report, the Internal Audit department confirms that the Internal Audit and Risk Management System as a whole appears, to date, to be adequate for the requirements of control and the mitigation of the main risks associated with business activities, in line with the Company's strategic objectives. With reference to the management of logistics and stock management processes, in 2023 the improvement actions continued in line with what was planned by the Internal Audit department and already started in 2022. The Internal Audit department, having considered the ongoing improvement actions, will continue the monitoring process.

    In its report, the Control, Risks and Sustainability Committee assessed the organisational, administrative and accounting system as adequate overall, and considers that it is appropriately structured and controlled. In addition, also as a result of the meetings with the Internal Audit department, the Committee noted the positive developments of the logistics and stock management processes, although continuous monitoring is still required, with particular reference to the USA and North America area, and with the implementation of certain procedural measures and improvements.

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

12. The Board of Statutory Auditors declares that it has familiarised itself with, and verified, to the extent of its responsibility, the adequacy of the organisational structures, in terms of structure, procedures, competences and responsibilities, in relation to the size of the Company, and the nature and methods of pursuing its corporate purpose. It has also verified the adequacy of the internal audit and risk management system and the administrative and accounting system, and the consequent reliability in correctly representing the operational transactions through (i) the information acquired during meetings held with the Financial Reporting Officer and examination of the certificates issued on 25 March 2024 pursuant to Art. 154-*bis*, par. 5 of Italian Legislative Decree 58/1998 and Art. 81-*ter* of Consob Regulation 11971 of 14 May 1999, as amended ("Regulation for enacting Italian Legislative Decree 58 of 24 February 1998 concerning the rules and regulations of issuers", also called the "Issuers' Regulation"); (ii) the receipt of information from the managers of the competent corporate functions; and (iii) the examination of the corporate documents and results of the work performed by the Independent Auditors.

    In this regard, the Board of Statutory Auditors did not issue any notifications to the Board of Directors according to Art. 25-*octies* of Italian Legislative Decree no. 14 of 12 January 2019 (Business Crisis and Insolvency Code) and did not receive any notifications from the public creditors pursuant to and for the purposes of Art. 25-*novies* of Legislative Decree no. 14 of 12 January 2019.

    In view of the supervisory activities carried out, the Board of Statutory Auditors, to the extent of its responsibility, did not identify any critical issues with regard to the reliability of the administrative-accounting system for the purpose of correctly representing the operational transactions.

13. With particular reference to the supervisory activities concerning the financial reporting process pursuant to Art. 19(1)(a) of Italian Legislative Decree 39/2010, the Board of Statutory Auditors, in its capacity as the Internal Control and Audit Committee, acknowledges that when exchanging information, the Independent Auditors notified the Board of Statutory Auditors that the checks performed on the internal control system regarding the aforesaid process did not highlight any significant gaps worthy of mention in the Additional Report.

14. The Board of Statutory Auditors supervised the adequacy of the instructions given by the Company to its subsidiaries pursuant to Art. 114, paragraph 2 of Italian Legislative Decree 58/1998 and has no observations in this regard.

15. As previously reported, the Company complies with the Corporate Governance Code prepared by the Corporate Governance of Listed Companies Committee and promoted by Borsa Italiana.

16. The corporate governance system adopted by the Company is described in detail in the 2023 Corporate Governance Report.

    The Board of Statutory Auditors also reports that the Company's directors performed the annual verification of independence requirements, also in the presence of the Board of Statutory Auditors, during the Board of Directors meeting held on 14 February 2024. The results are provided in the Corporate Governance Report, to which reference is therefore made. The members of the Board of Statutory Auditors complied with the limit on the cumulative number of appointments laid down by Art. 144-*terdecies* of Consob Regulation 11971 of 14 May 1999, as amended.

    The Board of Statutory Auditors considers it appropriate to emphasise that it conducted its self-assessment process for the 2023 financial year, at the end of which a summary document was produced, which provides favourable evidence of the results of the assessment as concerns the independence requirements of the members of the Control Body, the methods of performing the activities for which it is responsible and the scope of the supervisory activities.

The Board of Statutory Auditors reports that, as stated in the Corporate Governance Report, the Company has adopted the organisational procedure on Internal Dealing (Delegated Regulation 522 and Delegated Regulation 523 of the European Commission) and the code of conduct that regulates the organisational procedure aimed at identifying the relevant parties, determining the method of communicating with them on their identification and regulating the associated obligations of disclosure to the Company and the market.

Together with the Chairman of the Board of Directors, the Board of Statutory Auditors received the Recommendations formulated by the Chairman of the Corporate Governance Committee of Borsa Italiana, in a letter dated 14 December 2023. The Board of Directors was informed of this at its meeting of 14 February 2024, highlighting the fact that, with reference to the recommendations, the Company has already adopted policies in line with the issues identified. The directors provided information on this in the Corporate Governance Report.

Moreover, it is acknowledged that the Board of Statutory Auditors performed compliance audits pertaining to the preparation of the draft separate and consolidated financial statements of the Group as of 31 December 2023, the respective Notes and the Report on Operations accompanying them, directly and with the assistance of departmental managers and through the information obtained from the Independent Auditors. Specifically, the Board of Statutory Auditors, based on its controls and the information provided by the Company, within the limits of its responsibility according to Art. 149 of Italian Legislative Decree 59/98 and it being understood that the statutory audit is performed by the Independent Auditors, acknowledges that, to the extent of its responsibility, the statutory financial statements and the consolidated financial statements of Technogym as of 31 December 2023 were prepared in compliance with the provisions of the law regulating their preparation and layout and with the International Financial Reporting Standards adopted by the European Union.

The separate and consolidated financial statements are accompanied by the required declarations of conformity signed by the Chief Executive Officer and the Financial Reporting Officer.

As mentioned, the Board of Statutory Auditors also verified that the Company complied with the obligations set forth in Italian Legislative Decree 254/2016 and that it drew up the Consolidated Non-Financial Statement as required by Articles 3 and 4 of the same Decree. On this point, the Board of Statutory Auditors reports that the Company made use of the exemption from the obligation to prepare the Individual Non-Financial Statement provided for in Art. 6(1) of Italian Legislative Decree 254/2016 since it had prepared the Consolidated Non-Financial Statement.

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

With regard to the above, having acknowledged the draft financial statements as of 31 December 2023, which ended with a profit for the year amounting to Euro 74,462,610, and the results of the work carried out by the Independent Auditors, considering everything contained in this Report, the Board of Statutory Auditors has no objections to make concerning approval of the draft financial statements and the resolution proposals submitted by the Board of Directors, including the proposal to distribute a unit dividend of Euro 0.26 per ordinary share before statutory deductions from net profit for the 2023 financial year and the allocation of the residual profit for the year to reserves.

Finally, it should be remembered that with the approval of these financial statements, the mandate granted to the Board of Directors expires and, therefore, you will also be required to make a decision regarding this matter.

9 April 2024

Board of Statutory Auditors

Prof. Francesca di Donato

Pier Paolo Caruso

Fabio Oneglia

This report has been translated into English from the Italian original solely for the convenience of international readers.

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of
Technogym SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Technogym SpA (the "Company"), which comprise the statement of financial position as of 31 December 2023, the income statement, the statement of comprehensive income, the statement of change in equity and the statement of cash flows for the year then ended and the notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of Technogym SpA as of 31 December 2023 and of the result of its operations and cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No.38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters	*Auditing procedures performed in response to key audit matters*
Revenue recognition *See notes to the financial statements, paragraph "Accounting policies" and note 22 – Revenues*	
Revenues of Technogym SpA for the year ended as at 31 December 2023 amounted to Euro 540.7 million. Such financial statements item includes revenues from the sales of wellness equipments, accessories, services and digital solutions made by Technogym SpA in several distribution channels and geographical areas. General terms of sale drawn up by Technogym SpA are negotiated with the counterparty and may be amended and/or supplemented by specific clauses based on the type of customer. Moreover, sales contracts, especially those with leading international customers, are often long-term. As part of our audit of the financial statements as of 31 December 2023, we focused our attention on this financial statements area not only because of the magnitude of the amount, but because it is particularly complex and requires an in-depth analysis to ascertain the correct application of IFRS 15 - *Revenue from contracts with customers*, with particular reference of the revenues cut-off principle. This analysis is necessary as consequence of the fact that a single contract may include components of a different nature (for instance, the sale of a product and the provision of the maintenance service), with the consequent need to allocate to the single contractual obligations the total price inferable from the contract/sale order, and due to the existence, in contracts with specific international customers, of buy back clauses (i.e. sales with the obligation to buy back second-hand goods against the sale of a new machine), with the need to estimate, on a historical/statistic basis, the probability of their implementation by the customers.	With reference to the Revenue line item, our audit approach preliminarily provided for the update of our understanding and evaluation of the internal control system of the Company in relation to the sale process, as well as the validation of its adequacy through tests on a sample basis on the effectiveness of the key controls implemented by the Company. We also updated our understanding and analysed the general terms of sale and the main contractual clauses used and negotiated with customers, considering the related effects for the purpose of the appropriate revenue recognition through analysis of the documentation and discussion with management of the Company. In order to verify the existence of the revenues from sales as well as the correct application of the cut-off principle considering what emerged from the activities summarised above, we selected a sample of contracts/sale orders concluded during the year, we analysed the contractual clauses relevant in the circumstances and we verified the correct recognition and measurement of revenue from sales related to the selected transactions. Furthermore, we selected a sample of transactions recognised as revenues during the year and near the end of the reporting period, we obtained the supporting documentation (contracts/orders, transports documents, invoices) and we verified the correct revenue recognition and measurement. In particular, we focused our audit activity on the type of contracts that envisage, in addition to the sale of a product, also the provision of a service, in order to verify the appropriate method for the allocation of the total price under the contract to each performance obligation agreed with the customer.

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	We also performed the external confirmation procedures on a sample basis in order to acquire evidence supporting trade revenues and receivables recognised in the financial statements in relation to the sale of products or the provision of services. In addition, we analysed the reasonableness of the estimate of the year-end monetary awards recognised to distributors as well as that of the non-monetary awards (i.e. free products) that the Company recognises to customers as a result of the achievement of specific sale volumes. Furthermore, we verified on a sample basis the invoices to be issued and the credit notes to be issued allocated in the financial statements, as well as the credit notes issued at the beginning of 2024, in order to ascertain that the sums allocated as increases in and adjustments to the revenues earned by the Company at year-end were correctly recognised within the cut-off date. Moreover, we reviewed the assumptions underlying the estimate prepared by the Company directors to determine the probability to implement the buy back clauses by customers, testing the correctness of the calculation and the accurate adjustment to the revenue from sale in order to consider the buy back obligation undertaken by the Company. Finally, we verified the accuracy and completeness of the information reported in the notes to the financial statements as of 31 December 2023.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No.38/2005 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 16 February 2016, the shareholders of Technogym SpA in general meeting engaged us to perform the statutory audit of the Company's separate and consolidated financial statements for the years ending 31 December 2016 to 31 December 2024. We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion on compliance with the provisions of Commission Delegated Regulation (EU) 2019/815

The directors of Technogym SpA are responsible for the application of the provisions of Commission Delegated Regulation (EU) 2019/815 concerning regulatory technical standards on the specification of a single electronic reporting format (ESEF - European Single Electronic Format) (hereinafter, the "Commission Delegated Regulation") to the financial statements, to be included in the annual report.

We have performed the procedures specified in auditing standard (SA Italia) No. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Commission Delegated Regulation

In our opinion, the financial statements have been prepared in XHTML format in compliance with the provisions of the Commission Delegated Regulation.

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Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/1998

The directors of the Company are responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Technogym SpA as of 31 December 2023, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/1998, with the financial statements of Technogym SpA as of 31 December 2023 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Technogym SpA as of 31 December 2023 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/2010, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Bologna, 9 April 2024

PricewaterhouseCoopers SpA
Signed by
Roberto Sollevanti
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.

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

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

We also confirm that the Individual Financial Statements:

› have been drawn up in accordance with the international accounting standards recognised in the European Union under Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002;
› correspond to the amounts shown in the Company's accounts, books and records;
› provide a fair and correct representation of the financial conditions, results of operations and cash flows of the Company and its consolidated subsidiaries.

The Report on Operations includes a reliable analysis of the business performance and results, and of the situation of the Issuer, as well as a description of its main risks and uncertainties.

Cesena, 25 March 2024

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

Corporate data

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