



**HALF-YEARLY
FINANCIAL
REPORT**

2022



TECHNOGYM GROUP

HALF-YEARLY FINANCIAL REPORT AS OF 30 JUNE 2022



The Wellness Company

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1. CORPORATE DATA

Registered office

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

Legal details

Authorised and subscribed share capital Euro 10,066,375
VAT number, Tax Code and CCIAA (Chamber of Commerce, Industry, Craft Trade and Agriculture) no.: 06250230965
Forlì Cesena R.E.A. registration no. 315187

Technogym stores

Cesena, Via Calcinaro 2861
Milan, Via Durini 1
New York, Greene Street, 70
Los Angeles, 131 N Robertson Blvd, CA 90048, United States.
Moscow, Piazza Rossa 3, GUM, 3rd floor/3rd line
Moscow, Vremena Goda, Kutuzovsky Ave, 48
Saint Petersburg, Bolshoy prospekt P.S. 49/18
London, c/o Harrods, Brompton Road 87-135
Madrid, Calle de Claudio Coello, 77
Munich, Neuturmstraße 5, 80331, Germany

www.technogym.com

Investor relations

investor.relations@technogym.com

Press Office

pressoffice@technogym.com

2. CORPORATE BODIES

Board of Directors

President and Chief Executive Officer	Nerio Alessandri
Deputy Chairperson	Pierluigi Alessandri
Directors	Erica Alessandri
	Francesca Bellettini (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
	Giuliano Boccanegra
	Riccardo Pinza

Officer in charge

	Massimiliano Moi
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Independent Auditors

	PricewaterhouseCoopers S.p.A.
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⁽¹⁾ Member of the Control and Risks Committee

⁽²⁾ Member of the Appointments and Remuneration Committee

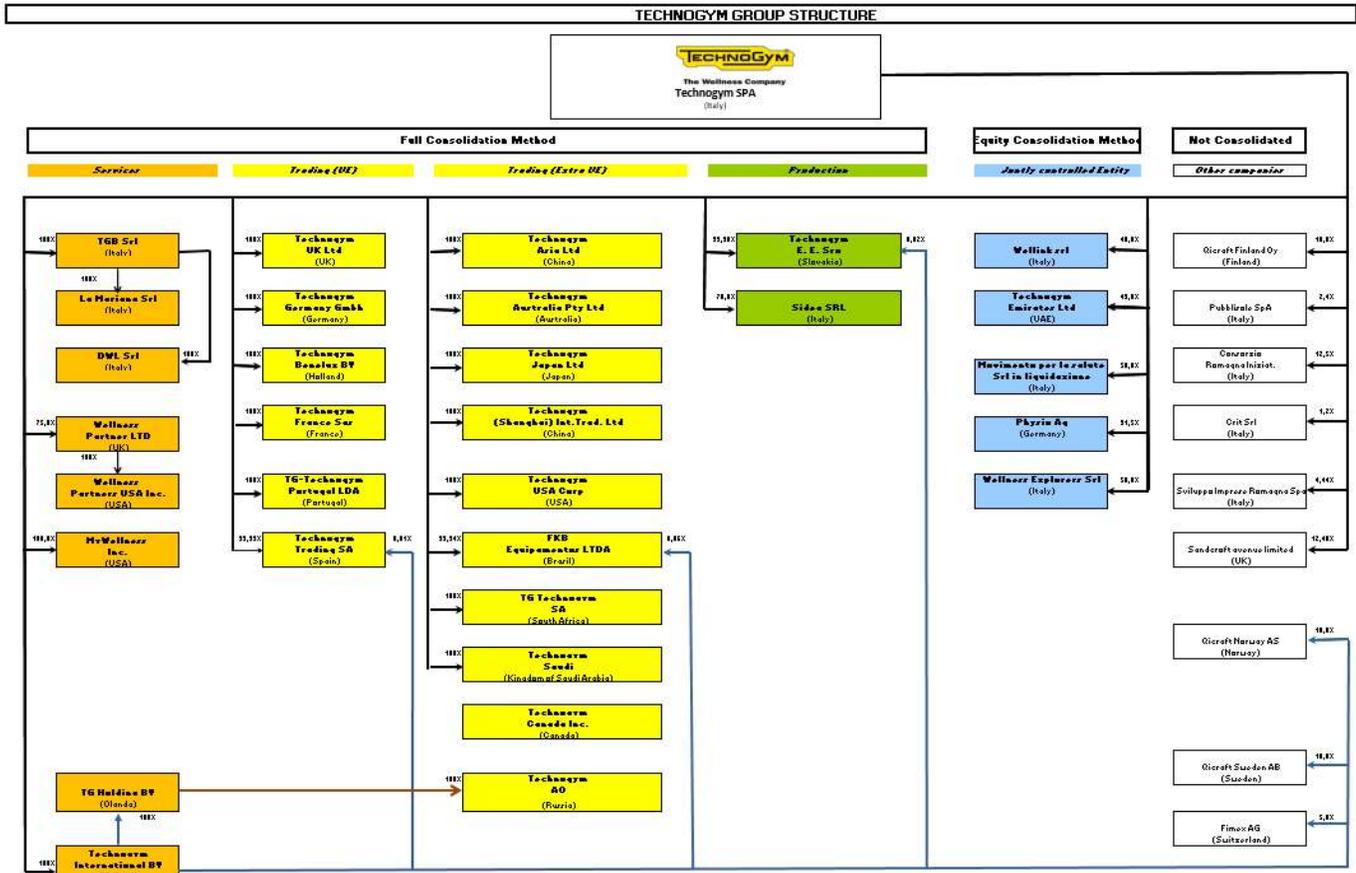
⁽³⁾ Member of the Related Party Transactions Committee

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

⁽⁵⁾ Lead Independent

⁽⁶⁾ Independent Director

3. GROUP ORGANISATIONAL CHART AS OF 30 JUNE 2022



4. INTERIM BOARD OF DIRECTORS' REPORT

Operating performance and comments on the economic and financial results

Macroeconomic scenario

“Starting from the first quarter of the year, the economic situation weakened in the main developed countries, initially due to the temporary deterioration in the pandemic and thereafter due to the consequences of Russia’s invasion of Ukraine”. This is how the Bank of Italy’s Economic Bulletin of July 2022 begins, highlighting what appears at the moment to be the most significant event, from the geopolitical and economic perspective, of all of 2022.

In the first quarter, activities in the largest advanced economies first reflected the deterioration in the epidemiological situation caused by the Omicron variant of the COVID-19 virus and the ensuing drastic containment measures enacted primarily by China and, subsequently, the re-accentuation of supply chain issues, emphasised by the outbreak of the war in Ukraine.

In the United States, GDP recorded a contraction of 1.6% in the first quarter of 2022, marking a sharp decline compared to +6.9% in the final quarter of last year, primarily as a result of the negative contribution of net exports and the change in stocks, against growth in household consumption and investments. The negative contribution of foreign trade, as well as stagnation in consumption, contributed to a decline in GDP in Japan as well, albeit less intense (-0.5% in the first quarter) than in the USA. In the United Kingdom, economic activity continued to grow, although at a more moderate rate than in the three previous quarters (+3.1% in the first quarter), reflecting the strong increase in investments and the acceleration of stocks, mitigated by foreign trade trends. Amongst the emerging countries, in China the measures to combat the pandemic imposed by local authorities in some of the largest production centres of the country starting from mid-March triggered a slowdown in activity, while in Russia GDP began to be impacted by the sanctions imposed by the international community.

During the second quarter, consumer confidence and the PMI indexes of the main economies were down, due to increasing tensions linked to the war in Ukraine as well as rising inflation. The United States, the United Kingdom and the Euro Area recorded significant declines in the manufacturing and services PMI indicators, which however remained above the expansion threshold of 50 points. In China, despite the gradual removal of restrictions starting at the end of May and the recovery in PMI indicators, there was a slowdown in activity in the course of the second quarter.

The sanctions imposed on Russia in response to its invasion of Ukraine and the numerous lockdowns decided upon by the local authorities to limit COVID-19 in China contributed to a strong slowdown in global trade in the first quarter (+1.2% compared to the previous period, vs +2.8% previously), thus slowing the process of recovery towards pre-pandemic levels that began over one year ago.

Within this context, inflation continued to rise, reaching the highest level of the last forty years in the United States as well as in the United Kingdom (9.1% respectively in June 2022). This growth is primarily linked to the acceleration of energy prices. Also in the Euro Area, inflation reached the record level of 8.6% in June, two-thirds of which linked to rising energy prices, both direct and indirect, in the form of increases in the bills paid by producers of other goods and services. This trend is linked in part to the sanctions imposed against the import of certain types of energy from Russia, as well as the uncertainty regarding future gas flows, which seem to have now become a veritable weapon to combat the European Union’s sanctions even more than international ones, due to the greater dependence of many European countries (first and foremost Italy and Germany) on Russian gas.

One example bearing witness to this is the evolution of the price of natural gas in the Dutch market: after the decline in the first half of June, which brought the commodity back to its lowest level since the start of the invasion of Ukraine (Euro 80 / MWh, a level which is however more than triple the 2021 average), the news of the reduction in flows from Russia to several European countries, including Italy and Germany, led to a rapid rise in the price, which reached Euro 170 / MWh in the first ten days of July. Before this last rise, prices and storage benefitted from milder temperatures and

sustained imports of liquefied natural gas - much higher than in past years - which in part offset decreased inflows from Russia.

Rising inflation has accelerated the monetary policy normalisation process. In the United States, the Federal Reserve applied conspicuous and repeated increases in the reference interest rate and announced a plan to reduce its balance sheet. Indeed, the Fed hiked the Fed Funds rate by 50 and 75 basis points, respectively, at its May and June meetings, reaching 1.5% / 1.75%, while making known that it would possibly hike rates again in July. The Fed's governing body also announced the initiation of Quantitative Tightening, or the reduction in the central bank's balance sheet starting from June by suspending its reinvestment of maturing securities (roughly 48 billion dollars in government bonds and mortgage-backed securities). The Bank of England also increased its benchmark rate - in May it finalised the fifth consecutive rise, reaching the rate of 1.25% - and continued to reduce its balance sheet. The ECB acted to combat increasing inflationary pressure, announcing the end of its financial asset purchase programme (APP) starting at the end of June along with an upcoming increase in interest rates at its July meeting, which will very likely be followed by another rate hike in September. In more developed countries, accommodating monetary policies are continuing to be applied in Japan. The scenario is different and more uneven in emerging countries, where while Brazil and India continue to pursue restrictive policies to limit inflation, in Russia and China policies remain accommodating to combat the slowdown in economic activity.

According to forecasts released by the OECD in June, global GDP growth will reach 3.0% in 2022, with a downward revision of 1.5 percentage points compared to the scenario from last December. This trend will be influenced by the repercussions of the war in Ukraine, the erosion of household buying power due to high inflation, as well as the negative impact of increasing uncertainty with respect to private investments. The downward correction was particularly pronounced for Russia, where GDP is expected to decline by 10 percent. Commodity procurement difficulties, logistics bottlenecks and inflationary pressures represent downside risks for all countries, to a particular extent for the Euro Area. In this context, growth of the Italian economy, which recorded modest progress in GDP in the first quarter, will also be at risk in light of the continuation of the war in Ukraine. The most recent projections see Italian GDP expanding by 3.2% in 2022, then followed by more modest growth (+1.3% and +1.7%) in the 2023 and 2024 two-year period.

In this context, profoundly impacted by external events, conditions in the international financial markets gradually deteriorated in the spring, reflecting all of the elements of uncertainty mentioned above. Stock prices declined, particularly in the United States and with reference to "growth" companies (during the first half of the year, the Nasdaq recorded a drop of 30%), and there was a significant increase in volatility (the VIX rose by roughly 66% during the half-year, reaching 29 points). As regards fixed income, the returns on public long and medium maturity securities increased with a growing yield spread between the various countries: the ten-year Bund saw its yield rise from negative territory to 1.33%, while the BTP with the same maturity saw its yield increase from 1.39% to 3.47%.

Currency market

Currency market movements in the period were affected by the monetary policy decisions made by the main central banks in the face of strong inflation caused primarily by the ongoing war in Ukraine. Moving on to the main currencies to which the Group is exposed, please note that in the first half of the year, the average exchange rate of the euro went down by 7.8% against the US dollar, reaching the break-even point in early July, while it rose by 2.3% against the British pound and by 8.7% against the Yen.

Industry scenario

Connectivity between personal devices and exercise machines, able to provide individual end users with a unique and integrated fitness experience, is becoming increasingly central to sector development.

In recent years, there was a further acceleration towards a hybrid training approach, where the end user can train anywhere, including at home, thus further validating the “Wellness on the Go” strategy launched by Technogym in 2012. This context led to growing interest on the part of all professional operators, such as clubs and hotels, to increase the digitalisation of their offer.

Increasing interest in health and a better lifestyle is also supporting the growth of market segments such as Health, luxury residences, where purchasers are increasingly attentive to the quality of the Wellness offering in their building, and the Corporate world, where there are already many companies investing to create work environments that meet the demands of new generations, also to incentivise a return to the office post-pandemic.

With specific reference to the fitness equipment sector, it is worth noting the unique positioning of Technogym, which is able to make the most of how demand is evolving in both the BtoC (business to client) and BtoB (business to business) segments. With the rapid resumption of BtoB activities, the group was able to consolidate its role as the preferred supplier of commercial customers with a Premium positioning, exploiting the only integrated equipment, software and content solution that can be adapted to both BtoC and BtoB locations.

Comments on the economic and financial results

The economic data recorded by the Group in the first half of 2022 are summarised below, and compared with the first half of the previous year:

<i>(In thousands of Euro and ratios)</i>	30 June 2022	30/06/2021	Changes	
			2022 vs 2021	%
Revenues	325,223	276,255	48,968	17.7%
Adjusted EBITDA ⁽¹⁾	51,826	47,972	3,855	8.0%
Adjusted EBITDA Margin ⁽¹⁾	15.9%	17.4%	(1.4%)	(8.2%)
Adjusted net operating income ⁽²⁾	30,304	27,747	2,557	9.2%
Adjusted net operating income margin ⁽²⁾	9.3%	10.0%	(0.7%)	(7.2%)
Adjusted group profit for the period ⁽³⁾	24,999	20,041	4,958	24.7%
Adjusted group profit margin ⁽³⁾	7.7%	7.3%	0.4%	6.0%

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

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

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

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

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

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

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

<i>(In ratios)</i>	Half year ended 30 June	
	2022	2021
ROS	8.8%	13.8%
Adjusted ROS	9.3%	10.0%
Adjusted EBITDA/financial expenses ratio ⁽³⁾	117.21	105.78

Total revenues came to Euro 325,223 thousand, up by Euro 48,968 thousand compared to Euro 276,255 thousand in the first half of 2021. The significant improvement in performance over the previous year (+17.7%) can be primarily ascribed to the strong growth in the volume of the BtoB business, as well as an increase in list prices. This contribution was mitigated by a natural contraction of the BtoC segment. With constant exchange rates, total revenues as of 30 June 2022 would have been equal to Euro 317,439 thousand (+14.9% compared to the first half of 2021).

Adjusted EBITDA came to Euro 51,826 thousand, up by Euro 3,855 thousand (+8%) compared to Euro 47,972 thousand in the first half of 2021. This performance is linked to the increase in sales volumes and higher list prices, which partially offset the cost increase relating to raw materials and logistics recorded throughout the first half of 2022. Furthermore, the business has returned to its normal seasonal trend, characterised by higher marketing costs for trade fairs and events in the first half of the year, as well as an increase in after-sale support activities with respect to last year, due to the re-opening of clubs under ordinary operating conditions. In this scenario, Technogym was able to achieve an adjusted EBITDA margin as of 30 June 2022 of 15.9% (17.4% as of 30 June 2021).

Adjusted net operating income came to Euro 30,304 thousand, up by Euro 2,557 thousand (+9.2%) compared to Euro 27,747 thousand in the first half of 2021, also influenced by the trends mentioned above. Net operating income was also affected by higher amortisation and depreciation compared to the first half of 2021, equal to Euro 944 thousand, relating to continuous investments made to digitalise the offer, both with reference to new technologies used and with regard to the development of content. Furthermore, Technogym continues to invest, pursuing its plan to expand and upgrade its boutique stores and offices at the sales branches. The **Adjusted ROS**, amounting to 9.3% for the half-year ended on 30 June 2022, was therefore down compared to 10% in the first half of the previous year. In this regard, it should be recalled that the trend of revenues in the different quarters of the year is linked primarily to customers' tendency to make their purchases in the second half of the year, and this makes it possible to record generally higher operational profitability in the second part of the year.

The **Group's Adjusted profit** came to Euro 24,999 thousand, up by Euro 4,958 thousand (+24.7%) compared to Euro 20,041 thousand in 2021. This trend is consistent with the performance mentioned above and benefits from the conversion of foreign currency items for Euro 2,174 thousand (Euro 35 thousand as of 30 June 2021). The Group's adjusted profit represents 7.7% of revenues, while in the first half of 2021 it was 7.3%.

In the half-year period ending on 30 June 2022, non-recurring expense of Euro 1,540 thousand was recognised, linked primarily to personnel expenses and the relative costs not associated with normal operations. As of 30 June 2021, non-recurring income of Euro 11,128 thousand was recorded linked to the capital gain obtained on the sale of shares held in Amleto APS (Exerp Group), in addition to non-recurring expenses of Euro 812 thousand.

The table below shows the consolidated statement of financial position in condensed and reclassified form, which reports the structure of invested capital and sources of financing as of 30 June 2022 and as of 31 December 2021:

<i>(In thousands of Euro)</i>	As of 30 June	As of 31 December
	2022	2021
Loans		
Net Fixed Capital ⁽⁴⁾	251,845	244,755
Net Operating Capital ⁽⁵⁾	8,219	(29,176)
Net Invested Capital	260,063	215,579
Sources		
Equity	306,471	311,560
Net financial position ⁽⁶⁾	(46,408)	(95,981)
Total sources of financing	260,063	215,579

⁽⁴⁾ Net fixed capital is composed of: (i) Property, plant and equipment; (ii) Intangible assets; (iii) Investments in joint ventures and associates; (iv) Deferred tax assets; (v) Non-current financial assets; (vi) Other non-current assets; (vii) Deferred tax liabilities; (viii) Employee benefit obligations; (ix) Non-current provisions for risks and charges; and (x) Other non-current liabilities (excluding trade payables maturing in more than 12 months).

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

⁽⁶⁾ The net financial position consists of: (i) Current financial assets; (ii) 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.

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

<i>(In ratios)</i>	As of and for the half year ended 30 June	As of and for the year ended 31 December
	2022	2021
ROE	7.7%	20.2%
ROI	11.1%	36.7%
Adjusted ROI	11.7%	31.2%
Net Financial Indebtedness /EBITDA ratio	0.91	0.81

Net fixed capital came to Euro 251,845 thousand, up Euro 7,090 thousand compared to Euro 244,755 thousand for the year ended 31 December 2021. This increase can be primarily attributed to higher group non-current assets compared to the end of the previous year, as well as an overall positive effect referring to the adjustment of equity investments measured at equity and at fair value for roughly Euro 765 thousand.

Net operating capital came to Euro 8,219 thousand, up by Euro 37,395 thousand compared to the value of Euro -29,176 thousand as of 31 December 2021. The change is mainly the result of the trend in net operating working capital, and is influenced in particular by: (i) an increase in the balance of the “Trade receivables” item of Euro 9,849 thousand, mainly due to the increase in turnover; (ii) a decrease in the “Trade payables” item of Euro 26,145 thousand due to payments made to suppliers due in the initial months of the current year, and (iii) an increase in the balance of “Inventories” item of Euro 2,523 thousand, due to primarily to the increase in the price of materials and transport costs. It should also be noted that: (i) the average number of days in inventory went from 92 for the year ended 31 December 2021 to 89 for the year ended 30 June 2022 (the inventory turnover ratio went from 3.9 to 4); (ii) the average days of collection of trade receivables and the turnover ratio, respectively equal to 50 and 7.2, remained the same as at the end of the previous year,

as the customer collection terms did not change; (iii) the DPO went from 146 for the year ended 31 December 2021 to 111 for the year ended 30 June 2022 (the trade payables turnover ratio went from 2.5 to 3.3).

The **Net financial position** was positive by Euro 46,408 thousand, down by 49,573 thousand compared to 95,981 thousand for the year ended 31 December 2021. This decrease was primarily related to the decline in cash and cash equivalents of Euro 106,729 thousand, as well as the payment of dividends. This negative effect was partially offset by an increase of Euro 32,542 thousand in current financial assets and an overall decrease in bank loans for a total of Euro 24,615 thousand.

Moreover, the group took out some committed credit lines, to support investments and cover any cash needs, which are mainly undrawn at present, as detailed below:

<i>(in thousands of Euro)</i>	Cash credit lines	Self-liquidating credit lines	Financial credit lines	Total
As of 30 June 2022				
Credit lines	7,382	17,641	259,644	284,667
Utilisations	-	-	(28,805)	(28,805)
Credit lines available at 30 June 2022	7,382	17,641	230,839	255,862

Group equity totalled Euro 306,471 thousand, down by Euro 5,089 thousand (-1.63%) compared to Euro 311,560 thousand in the year ended 31 December 2021. This decrease was due to the distribution of dividends for a total of Euro 32,212 thousand, offset in part by the recognition of the profit of Euro 23,459 thousand for the first half of 2022.

Segment reporting

The operating segment information was prepared in accordance with IFRS 8 “Operating Segments”, which requires the information to be reported consistently with the method adopted by the management when making operational decisions. The Group’s approach to the market follows a unique business model that offers an integrated range of ‘Wellness solutions’ and also pursues higher levels of operational efficiency through cross-production.

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

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

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

<i>(in thousands of Euro)</i>	Half year ended 30 June			
	2022	2021	22 vs 21	%
BtoC	83,842	97,216	(13,374)	(13.8%)
BtoB	241,380	179,038	62,341	34.8%
Total revenues	325,223	276,255	48,968	17.7%

Revenues as of 30 June increased significantly for the Commercial business (+34.8%), confirming the post-pandemic rebound that began to be observed already in the second half of last year. The same phenomenon underlies the natural decline in the BtoC segment (-13.8%), which recorded a slowdown especially in the European markets. It is worth noting the performance of the Hospitality & Residential segment, which was the best of the BtoB segment, taking advantage of the albeit still partial return of both business and leisure travel.

A breakdown of revenues by geographical area is provided below:

<i>(In thousands of Euro and percentage of total revenues)</i>	Half year ended 30 June			
	2022	2021	2022 vs 2021	%
Europe (without Italy)	150,824	127,848	22,976	18.0%
APAC	60,122	53,200	6,922	13.0%
North America	45,318	29,692	15,626	52.6%
MEIA	32,070	28,044	4,026	14.4%
Italy	29,388	31,535	(2,147)	(6.8%)
LATAM	7,501	5,936	1,565	26.4%
Total revenues	325,223	276,255	48,968	17.7%

From the geographical perspective, it is necessary to note in particular the performance of Europe and North America. In Europe (+18.0%), there has been a continued recovery of the Commercial segment, first and foremost for Clubs, making it possible to achieve significant growth in the UK, Germany, France, Benelux and Spain; Italy saw a decline for the period, although it did improve compared to the first quarter of the year, linked to the performance of the BtoC segment.

In North America (+52.6%) growth was supported by strong expansion in the Hospitality & Residential and Club segments.

Lastly, as far as APAC (+13.0%) is concerned, the growth of Australia, Japan, Hong Kong and certain markets covered by the distribution channel such as Thailand and Vietnam more than offset the performance of China, which was impacted by local restrictions aimed at containing the spread of COVID-19.

A breakdown of revenues by sales channel is provided below:

<i>(In thousands of Euro and percentage of total revenues)</i>	Half year ended 30 June			
	2022	2021	2022 vs 2021	%
Field sales	207,301	159,216	48,085	30.2%
Wholesale	77,822	68,612	9,210	13.4%
Inside sales	33,500	42,336	(8,836)	(20.9%)
Retail	6,600	6,091	0,509	8.4%
Total revenues	325,223	276,255	48,968	17.7%

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

The retail channel posted good performance, also thanks to the contribution of the new Munich boutique, while the only channel with a decline was Inside Sales, which includes teleselling and e-commerce, as it is primarily exposed to the general performance of the BtoC segment.

Risk factors

Risks related to the COVID-19 pandemic

In the first half of 2022, the largest advanced economies reflected the epidemiological situation caused by the Omicron variant of the COVID-19 virus and the ensuing containment measures enacted primarily in China.

Although uncertainty remains as to the evolution of the pandemic situation, it is important to highlight that since the application of the initial restrictive policies by the various governments in 2020, the group has always been able to take advantage of market opportunities, both during an initially more restrictive phase which resulted in lockdown situations and during often spotty phases of reopening.

In the first situation, Technogym modified its approach to inventories and increased BtoC investments to meet strong market demand. Specifically, it accelerated its product research and innovation phases, with a focus on digital services, developing the Technogym App with personalised training programmes, or with the launch of Technogym Live, which makes it possible to access a significant quantity of content from anywhere. During reopening phases in the various geographical areas and in the current situation, in which users are returning to fitness centres, on the other hand, Technogym has developed solutions and equipment which can be used to support the fastest possible resumption of the BtoB and clubs channels.

Furthermore, from the health perspective, Technogym has taken all of the necessary steps to minimise health risks for its workers.

Therefore, in light of the current situation and given the flexibility demonstrated by the group, no material risks linked to the COVID-19 pandemic are expected.

Financial risks

Financial markets continued to be volatile in 2022.

In this scenario, the Group implemented policies to monitor and mitigate potential risks, while avoiding the adoption of speculative financial positions.

Credit risk

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

Also in the first half of 2022, the Group constantly monitored the recoverability of the value of receivables on which there is a buyback obligation. On the basis of analyses of the transferred portfolio and the information available at the date on which these financial statements were drafted, the Group decided to leave the bad debt provision unchanged for the first half of the year, despite the general improvement in the portfolio and a reduction in overdue amounts.

Interest rate risks

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

Exchange rate risk

The Group operates internationally and is therefore exposed to exchange rate risk with regard to business and financial transactions entered into in USD, GBP, AUD, BRL, RBL and Yen. The Group puts in place exchange rate risk hedges based on the ongoing assessment of market conditions and the level of net exposure to the risk, combining the use of:

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

Liquidity risk and change in cash flows

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

Price risk

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

Risks related to supplier relations

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

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

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

Periodic performance checks are made, and controls carried out regarding compliance with current environmental and social regulations aimed at guaranteeing a stable supply chain. Technogym has also adopted a structured supply chain assessment process involving on-site audits and checks, which ensures continuous monitoring, and requires its suppliers to comply with the REACH and RoHS directives.

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

The processes that characterise the different areas of the Group business are carefully positioned in a well-structured system of responsibilities and procedures. The application of these procedures ensures the correct and homogeneous development of processes over time, irrespective of personal interpretations, also making provision for mechanisms of gradual improvement.

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

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

External risks - markets, country risk

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

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

Management is also continuously monitoring the developments in the conflict in Ukraine and the resulting embargos on the Russian market. It should be noted that the Group's Ukrainian operations are all through a local distributor, and the volumes are low. On the Russian market, Technogym operates directly through its subsidiary Technogym AO, whose revenues can be quantified at approximately 2% of the Group's total revenues. Technogym has also stopped exporting to Russia and does not have a significant financial, foreign currency or commercial exposure on the Russian market.

Risks related to cyber attacks

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

Research, innovation and development

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

The first half of 2022 saw the successful continuation of the circulation of Technogym Ecosystem on the market, the first and only cloud based platform in the wellness sector; it allows individual users to access their personal data and training programs and provides a complete range of (consumer and professional) apps to access their individual wellness programs, including via mobile devices. The platform makes it possible to connect final users, professional operators and Technogym products ("Wellness on the Go") in real time and in any environment, by aiming to offer, on the one hand, greater personalisation and general improvement in the wellness experience for users and, on the other, new opportunities for professional operators to widen their customer base and retain customers.

Within the Technogym Ecosystem, in the first half of 2022 TECHNOGYM launched new functions for the Technogym App, the Technogym training app, like Gym Setup, which allows users to set up their own personalised gym in the app by selecting the equipment available to them, and the Members Get Members campaign in which users can receive benefits by inviting their friends to join.

On the product front, in March Technogym launched TECHNOGYM RIDE, the Bike designed along with cycling champions to improve the athletic performance of cyclists at home and at the gym. With a 22" screen, Technogym Ride enables users to participate in an immersive indoor experience which, with just one log-in, with no installation or configuration difficulties, provides easy access to the preferred training apps and content of cyclists and fanatics alike.

In April, as part of the FIBO trade fair in Cologne, Technogym presented BIOSTRENGTH, the new strength training line that adapts to the individual user and that, thanks to patented technology that leverages artificial intelligence and scientific research, guarantees a result roughly 30% better than that achieved through classic training with equipment or free weights, without increasing training time. With a simple log-in, the user will be completely guided in the optimal performance of the exercise, setting the suitable weight, with the right range of motion, the correct posture and speed of execution and indicating the number of series and repetitions and optimal recovery times.

Medical and scientific research

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

During 2022, scientific collaborations were consolidated in Italy with the Oncology Institute of Romagna and the University Institute of Motor Sciences in Rome for research and study projects on the effects of exercise on cancer and diabetes. Studies are being carried out with the University of Padua on the effectiveness of the strength training performed with Biostrength.

The collaboration with the 'Exercise is Medicine' initiative of the American College of Sports Medicine (ACSM) is continuing in an increasingly organised manner. At the annual convention of the American College of Sports Medicine held in San Diego, Technogym organised a symposium entitled: 'The Role of New Technologies in Exercise is Medicine'. Virtual training seminars for sector specialists were organised with ACSM. The relationship continues with Edith Cowan University in Perth (Australia), where studies are continuing on the effects of strength training in patients with prostate cancer.

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

Investments and acquisitions

During the first half of 2022, the Group made investments in property, plant and equipment and intangible assets totalling Euro 16,000 thousand, up on the figure for the first half of 2021; these strategic investments are designed to develop the business, deferring investments not considered urgent.

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

The amounts of investments made by the Group in the half year ended 30 June 2022 and in the year ended 31 December 2021 are shown below, broken down by type:

<i>(In thousands of Euro)</i>	Half year ended 30 June	Year ended 31 December
	2022	2021
Property, plant and equipment	7,682	12,874
Intangible assets	8,318	16,596
Total investments	16,000	29,470

The table below shows the amounts of investments made by the Group in the half year ended 30 June 2022 and in the year ended 31 December 2021, relating to the item “Property, plant and equipment”, broken down by category:

<i>(In thousands of Euro)</i>	Half year ended 30 June	Year ended 31 December
	2022	2021
Buildings and leasehold improvements	398	1,416
Plant and machinery	264	1,038
Production and commercial equipment	2,466	5,672
Other assets	1,089	2,580
Assets under construction and advances	3,466	2,168
Total investments in property, plant and equipment	7,682	12,874

The table below shows the amounts of investments made by the Group in the half year ended 30 June 2022 and in the year ended 31 December 2021, relating to the item “Intangible assets”, broken down by category:

<i>(In thousands of Euro)</i>	Half year ended 30 June	Year ended 31 December
	2022	2021
Development costs	786	6,036
Patents and intellectual property rights	2,044	5,442
Concessions, licences, trademarks and similar rights	220	288
Intangibles under development and advances	5,138	4,738
Other intangible assets	130	91
Total investments in intangible assets	8,318	16,596

Investments in property, plant and equipment include 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, primarily at Technogym Benelux and China for the new offices in Rotterdam and Shanghai, respectively, and in Germany for the opening of the Munich boutique.

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

Related party transactions

There were no related party transactions that had a significant impact on the financial position or results of the Group as of and for the half year ended 30 June 2022, as such to require prior approval by the Board of Directors.

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

Information on relations with related parties, as required by Consob Communication no. DEM/6064293 of 28 July 2006, is presented in the financial statements and in the note "related party transactions" of the condensed half-yearly consolidated financial statements as of 30 June 2022.

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

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

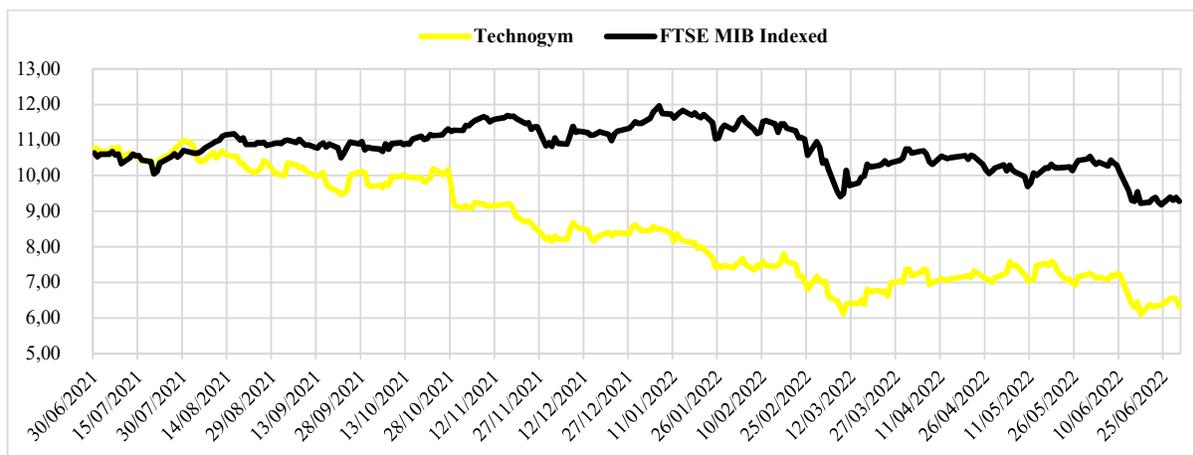
Information on shares

In this market context, some statistics concerning the performance of Technogym stock in 2022 are reported below. It should be noted that the company does not own nor did it hold, during the period, either through third parties or trust companies, treasury shares or shares or holdings in parent companies.

Share performance

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

Main stock market indicators (Euro)	
<i>Shares listing</i>	
Official price as of 3 January 2022	8.46
Official price as of 30 June 2022	6.33
Minimum closing price (January-June)	6.10
Minimum price in absolute terms	5.96
Maximum closing price (January-June)	8.57
Maximum price in absolute terms	8.67
<i>Stock market capitalisation</i>	
Stock market capitalisation as of 3 January 2022	1,702,224,013
Stock market capitalisation as of 30 June 2022	1,274,403,075
<i>Ordinary shares</i>	
No. outstanding shares	201,327,500



Shareholding structure

Shown below are the shareholders who, pursuant to art. 120 of the Italian Consolidated Law on Finance (T.U.F.), hold a significant shareholding as of 30 June 2022:

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

Share capital as of 30 June 2022 amounted to Euro 10,066,375, divided into 201,327,500 ordinary shares with no par value.

At the date of publication of this Financial Report, TGH S.r.l. held 33.78% of the Issuer's share capital (representing 50.5% of the total voting rights as a result of the increased voting rights), while the remaining 66.22% of the Issuer's share capital is free float on the EXM market managed by Borsa Italiana S.p.A.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In line with the "prestige" positioning that has always distinguished Technogym, in early July the company inaugurated a pop-up Technogym experience centre at Porto Cervo Waterfront, the luxury village that is home to a number of premium lifestyle brands. It is an experiential space designed to discover and live a 360° Wellness lifestyle. Every day, Technogym Master Trainers will be available for two training sessions, in the morning and the late afternoon, against the stunning backdrop of the Porto Cervo Marina.

In July 2022, Technogym submitted its expression of interest to the Organising Committee of the 2024 Paris Olympic Games to be an Official Supplier for the ninth time of the Olympic Games that will be held in the French capital in the summer of 2024.

Outlook

The first half of the year confirms the growth in the BtoB segments as already highlighted in the last quarters of last year. Individual health needs, which increased in the course of the pandemic, are supporting, along with a general resumption of pre-pandemic habits, the recovery of investments by professional operators, from Hotels to Residential contexts, from Clubs to Corporate, without overlooking the Health segment. This trend appears to be resilient in the face of recent macro events, such as the war in Ukraine, rising inflation and the introduction of more restrictive monetary policies.

In the second half of the year, the company's turnover is expected to continue on a path of double-digit growth, exploiting the unique characteristics of its business model, based not only on the broadest range of products and services in the sector, but also on the possibility of providing unique and customised training solutions, accessible on-the-go in more than 85 thousand centres all over the world, while also supporting all professional operators in the now necessary digitalisation of their offers. The unique nature of this product range as well as the continuous focus on the launch of new innovative training solutions like Biostrength will enable the company to pursue an improvement in profitability in the course of 2022 and the sustainability of its economic margins in the long term, which will be necessary to be able to continue to invest in innovation to support all of our current and future customers.

Other information

Events and references

Key events during the half year

In the first half of 2022, Technogym was a key player in numerous international events in the various market segments in which it operates. Some of the most significant include:

- On 1 March 2022, the Technogym flagship store in Milan hosted the launch of Technogym Ride, in collaboration with Giro d'Italia, an event for which Technogym is an Official Supplier;
- In March, the company inaugurated the new Technogym Building in Dubai. The building is located on the prestigious Jumeirah Road and is home to the Technogym Boutique, the Technogym Experience Center dedicated to sector operators and the new offices of Technogym Emirates;
- FIBO – the most important European fitness and wellness event, which is held in Cologne, Germany in April, during which Technogym launched the new Biostrength line;
- In May, Technogym inaugurated the new Munich boutique, located in the German city's luxury shopping district;
- IHRSA - the most important global fitness and wellness event that was held in Miami in 2022 and in which more than 300 exhibitors, 6,000 sector operators (including visitors and those registered for the convention) and 125 speakers participated;
- SALONE DEL MOBILE DI MILANO (MILAN FURNITURE FAIR) – the key reference event in the design world, with Technogym launching the new BIKE from the Personal collection, designed in partnership with Antonio Citterio. BIKE PERSONAL is also a professional bike, featuring the most innovative training programmes and a design that blends in effortlessly with any type of furnishing;
- RIMINI WELLNESS – the reference industry trade fair for the Italian market which was held in June.

During the entire half-year period, the company organised local events in its showrooms and boutiques. A cycle of events was dedicated to the presentation of Technogym to fanatics as well as technical and cycling experts, while another cycle of events named “Design Conversations”, dedicated to the community of architects and interior designers, saw the participation of the reference personalities in the world of design in the various countries.

Customer segments

Fitness and Wellness Clubs [BtoB]

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

All over the world, people are starting to train again in fitness clubs, with an enthusiasm and speed exceeding all expectations. After the concrete recovery in 2021, the recovery of the fitness club segment continued in the first half of 2022 as well, increasingly approaching pre-pandemic levels.

The pandemic accelerated the adoption of digital solutions by operators. Today, Clubs need to guarantee increasingly more connected and personalised experiences to their end users, thus boosting their interaction with the customer base. Providing an on-the-go training service is now indispensable to maintain a high level of customer retention, while also offering the possibility of developing new paid services, such as remote training sessions.

The hybrid model has now entered the sector culture; what consumers now demand is a completely personalised experience designed ad hoc to meet their needs and goals.

Through its solutions dedicated to the various market segments and thanks to the development of digital solutions, programmes, formats and content launched over recent years, Technogym plays a pivotal role in supporting operators throughout this strong market transformation, moreover exploiting a totally integrated ecosystem that maintains a strong focus on end users and their utmost satisfaction.

HCP (Health, Corporate & Performance) [BtoB]

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

In the corporate wellness sector, during the first half of 2022 the company set up a number of wellness centres, including at the headquarters of Banca Intesa San Paolo, Giorgio Armani, Allianz, Campari, Adidas, Oracle and many more in Italy. The Hong Kong airport, the offices of Deliveroo and Warner Brothers Company in the UK, L’Oreal in France, the Under Armour European headquarters in Amsterdam and the Cisco and Morgan Stanley headquarters in the USA.

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

As regards the Sport Performance world, in the initial months of the year Technogym set up a number of centres worldwide such as Marbella Sports & Padel Club in Spain, Les Pyramides in Paris and the Queensland Academy of Sport in Australia.

In the medical sector, Technogym was selected by the Memorial Sloan Kettering Cancer Center and Manhattan State Hospital of New York, Humansa in Hong Kong, Shimada Hospital and Nakamura Cardiovascular Clinic in Japan.

Hospitality & Residential [BtoB]

Technogym products are already present in the most prestigious hotels throughout the world, and in 2022 the brand remained a key reference for luxury hotels. In the Hospitality & Residential channel, TECHNOGYM is a partner of the most prestigious global groups, including Mandarin Oriental, Four Seasons, Marriott / Starwood, Hilton, Accor Hyatt and many more.

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

In Europe, some of the most important projects include the Amanzoe resort, part of the Aman resorts chain, in Greece, the legendary Dorchester Hotel in London and the renewal of the Shangri-La in Paris. Also in the Middle East, during the half-year Technogym set up wellness centres in major hotels such as Andaz, part of the Hyatt chain, in Doha, the So Hotel and Residence (Accor group) in Dubai and the new Lux and Anantara Veli resorts in the Maldives. A number of hospitality projects were also carried out in the United States, including the St. Regis in Boston and Atlanta's new Nobu Hotel.

The most prestigious cruise ships chose Technogym as partner for their on-board gyms; in the first few months of 2022, Technogym was awarded the contract as Supplier of the ships MSC World Classic and Escape and the Disney Cruise Dream and Fantasy.

Home-Consumer [BtoC]

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

In the first half of 2022, despite the natural downturn compared to 2021 linked to the recovery of physical activity in gyms, spas and hotels all over the world, home fitness turnover remained significantly above pre-pandemic levels, confirming how interest has risen for training at home even after the pandemic.

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

In the first half of 2022, Technogym inaugurated Technogym Dubai, the new building housing a boutique and the Technogym Experience Centre, located on Jumeirah Beach Road close to Burj Al Arab, in an exclusive shopping and luxury area. The new building is the largest Technogym Experience Centre abroad and the perfect place for consumers as well as sector operators to immerse themselves in the Technogym Experience, with its blend of design, innovative products, digital technologies, interior design and training.

Also as part of the Retail project, which calls for a number of openings all over the world, Technogym opened its boutiques in Munich and Copenhagen.

Partnerships

For many years now, the world's most prestigious sports clubs have worked with TECHNOGYM on the physical training of their athletes. In the first half of 2022, Technogym renewed its partnership with the McLaren team and with Giro d'Italia, also creating a jersey for the Giro Virtual.

In Italy, TECHNOGYM continues its football partnerships with Juventus, Inter, Milan and the Italian National Team. In basketball, TECHNOGYM continued its collaboration with Olimpia Milano in 2022 and also began to partner with the Bologna team Virtus. Thanks to its wide range of products, which are perfect for athletic training in all sports disciplines, top sports champions collaborating with TECHNOGYM include tennis star Rafael Nadal, the young champion Jannik Sinner, NBA star Marco Belinelli, the racer Andrea Dovizioso, fencing champion Bebe Vio and highly successful teams such as Ferrari and McLaren in Formula 1. In golf it is an Official Partner of the PGA (Professional Golfers Association), the organisation that manages the main professional golf tours in the United States, and it was also selected by the prestigious Italian Golf Clubs, Royal Park and Marco Simone, where the next Ryder Cup will take place in 2023.

Human Resources and Organisation

TECHNOGYM recognises the fundamental importance of human resources, their health, training, motivation and incentives. Development of their qualities and skills is considered essential for the implementation of the corporate strategy. In the first half of 2022, Technogym employed on average 2,156 staff, of whom 69 managers, 1,421 office staff and 667 blue-collar workers.

	Half year ended 30 June		Year ended 31 December	
	2022		2021	
(in number)	Average	Year-end	Average	Year-end
Number of employees				
Managers	69	67	68	69
White-collar	1,421	1,433	1,362	1,405
Blue-collar	667	650	659	681
Total number of employees	2,156	2,150	2,089	2,155

During the first half of 2022, in continuity with the "My Responsibility" project launched in 2020, activities continued to disseminate the Technogym Leadership Model. Training was concentrated on the Management Committee through the Leadership and Winning Teams project, in order to develop, evolve and consolidate leadership capabilities. The company management and Leaders at every level of the business were trained on the matter during training and thematic workshops as well as team and individual coaching.

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

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

In this regard, the services offered were expanded and confirmed, including a summer centre for the children of staff, managed by operators, with recreational activities overseen by specialised educators, for which Technogym made available a bonus equal to half of the weekly attendance fee.

Social responsibility, environment and safety

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

Sustainability objectives and commitments

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

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

This combination of factors makes our business model unique, and fosters our strategic alignment with the United Nations Sustainable Development Goals (SDGs). Technogym unquestionably contributes to achieving Goal 3 “Health and Wellbeing”, with specific reference to Target 3.4. “By 2030, reduce by one-third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being”.

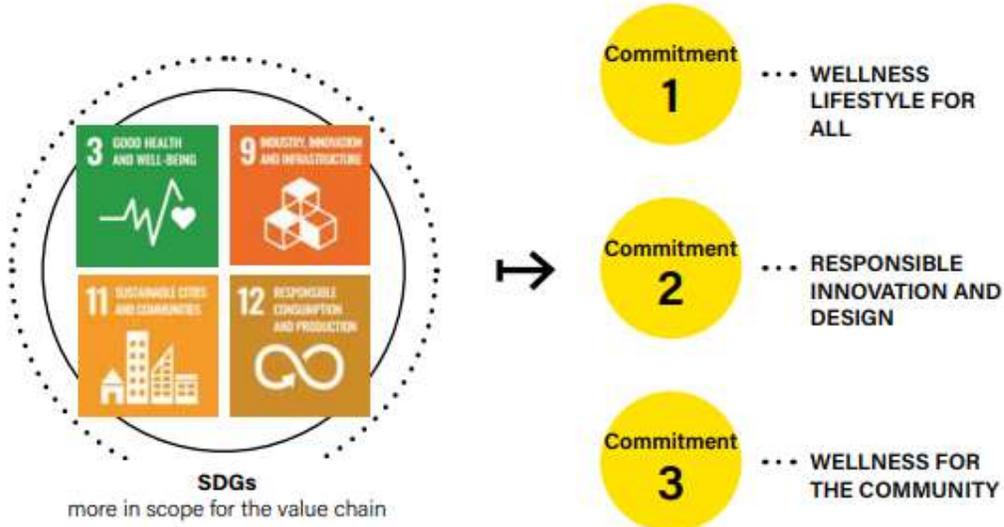
On the strength of the Group’s commitment to ESG (Environmental, Social, and Governance) issues and with a view to strengthening the alignment between the SDGs and its corporate strategy, Technogym undertakes to outline clear sustainability objectives and commitments. Specifically, Technogym defined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

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

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

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

Technogym's ESG commitments by 2025



WELLNESS LIFESTYLE FOR ALL



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

RESPONSIBLE INNOVATION AND DESIGN



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

WELLNESS FOR THE COMMUNITY



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

Furthermore, already in 2021 and during 2022 Technogym made every effort to improve the Group's level of disclosure and commitment regarding issues related to climate change, diversity and inclusion, and a responsible business approach.

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

Exercise is Medicine

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

Wellness Valley

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

In the first half of 2022, the important projects in which Technogym is working alongside the local healthcare system continued, such as the collaboration with the PRIME Center at the Oncology Institute of Romagna, to which Technogym donated a gym.

Furthermore, Technogym hosted training days at the Technogym Village aimed at general practitioners dedicated to training on prescribing physical exercise as a medicine for the treatment and prevention of a number of chronic diseases. Indeed, thanks to this innovative project Emilia Romagna is the first Italian region to have introduced the medical prescription for physical exercise within its healthcare system.

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

Technogym also collaborated with the Cesena Versari Macrelli Professional Institute, which established the innovative wellness lifestyle course of study; students were able to participate in practical sessions in the wellness centre at the Technogym Village.

Environment and safety

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

In line with these parameters, Technogym Village was built according to bio-architecture principles and criteria aimed at protecting the environment and saving energy, which has earned the company white certificates. The company also holds certification for the ISO 45001 occupational health and safety system, for the UNI EN ISO 9001 management system for Wellness equipment design, production, installation and assistance, and UNI EN ISO 14385 certification for functional rehabilitation equipment design, production, installation and assistance.

5. CONDENSED HALF-YEARLY CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position

<i>(In thousands of Euro)</i>	Notes	As of 30 June		As of 31 December	
		2022	<i>of which from related parties</i>	2021	<i>of which from related parties</i>
ASSETS					
Non-current assets					
Property, plant and equipment	5.1	157,524	9,177	153,563	8,498
Intangible assets	5.2	52,053		50,697	
Deferred tax assets		21,874		20,280	
Investments in joint ventures and associates	5.3	5,202		4,438	
Non-current financial assets		205		200	
Other non-current assets		61,121		62,871	
TOTAL NON-CURRENT ASSETS		297,978		292,049	
Current assets					
Inventories		111,071		108,548	
Trade receivables	5.4	114,091	677	104,242	1,963
Current financial assets		86,379		53,837	
Assets for derivative financial instruments	5.5	143		127	
Other current assets		39,843	39	29,984	475
Cash and cash equivalents		67,577		174,306	
TOTAL CURRENT ASSETS		419,104		471,044	
TOTAL ASSETS		717,082		763,092	
EQUITY AND LIABILITIES					
Equity					
Share capital		10,066		10,066	
Share premium reserve		7,132		7,132	
Other reserves		39,010		31,321	
Retained earnings		225,014		198,256	
Profit (loss) attributable to owners of the parent		23,459		63,065	
Equity attributable to owners of the parent		304,682		309,841	
Capital and reserves attributable to non-controlling interests		1,717		1,519	
Profit (loss) attributable to non-controlling interests		72		200	
Equity attributable to non-controlling interests		1,789		1,720	
TOTAL EQUITY	5.6	306,471		311,560	
Non-current liabilities					
Non-current financial liabilities	5.7	56,629	8,234	57,671	7,974
Deferred tax liabilities		210		301	
Employee benefit obligations		3,061		3,091	
Non-current provisions for risks and charges	5.8	9,655		8,952	
Other non-current liabilities		33,206		34,950	
TOTAL NON-CURRENT LIABILITIES		102,762		104,964	
Current liabilities					
Trade payables	5.9	133,624	691	159,769	640
Current tax liabilities		11,096		5,951	
Current financial liabilities	5.7	50,197	3,504	73,771	2,737
Liabilities for derivative financial instruments	5.7	58		41	
Current provisions for risks and charges	5.8	10,708		11,734	
Other current liabilities		102,165		95,302	
TOTAL CURRENT LIABILITIES		307,848		346,567	
TOTAL EQUITY AND LIABILITIES		717,082		763,092	

Consolidated income statement

<i>(In thousands of Euro)</i>	Notes	Half year ended 30 June			
		2022	<i>of which from related parties</i>	2021	<i>of which from related parties</i>
REVENUES					
Revenues	5.10	324,001	5,108	275,879	5,436
Other revenues and income		1,223	98	376	83
Total revenues		325,223		276,255	
OPERATING COSTS					
Purchases and use of raw materials, work in progress and finished goods	5.11	(108,221)	(78)	(91,026)	(34)
<i>of which non-recurring income/(expenses)</i>		(10)		(13)	
Cost of services	5.12	(90,535)	(1,099)	(69,937)	(458)
<i>of which non-recurring income/(expenses)</i>		(118)		(215)	
Personnel expenses	5.13	(72,924)	(140)	(64,825)	-
<i>of which non-recurring income/(expenses)</i>		(780)		(464)	
Other operating costs		(3,069)	(10)	(4,060)	(9)
<i>of which non-recurring income/(expenses)</i>		(26)		(120)	
Share of net result from joint ventures		420		11,880	
<i>of which non-recurring income/(expenses)</i>		-		11,128	
Depreciation, amortisation and impairment losses / (revaluations)		(18,810)	(796)	(17,841)	(769)
Net provisions		(3,320)		(2,384)	
<i>of which non-recurring income/(expenses)</i>		(607)		0	
NET OPERATING INCOME		28,764		38,063	
Financial income		12,950	(20)	5,574	7
Financial expenses		(10,995)	(62)	(6,057)	(78)
Net financial expenses		1,954		(483)	
Income/(expenses) from investments		298		426	
PROFIT BEFORE TAX		31,016		38,006	
Income taxes	5.14	(7,484)		(7,519)	
PROFIT/(LOSS) FOR THE PERIOD		23,532		30,487	
Profit/(loss) attributable to non-controlling interests		(72)		(130)	
Profit (loss) attributable to owners of the parent		23,459		30,357	
EARNINGS PER SHARE	5.15	0.12		0.15	

Consolidated statement of comprehensive income

<i>(In thousands of Euro)</i>	Half year ended 30 June	
	2022	2021
Profit (loss) for the period (A)	23,532	30,487
Actuarial gains/(losses) on post-employment benefit obligations and Non-Compete Agreements	-	-
Tax effect on actuarial gains/(losses) on post-employment benefit obligations and Non-Compete Agreements	-	-
Total items that will not be reclassified to profit or loss (B1)	-	-
Exchange rate differences on the translation of foreign operations	3,248	790
Exchange rate differences for valuation of entities accounted for using the equity method	344	178
Gains (losses) on cash flow hedges (hedge accounting)	-	-
Total items that will be reclassified to profit or loss (B2)	3,592	968
Total Other comprehensive income, net of tax (B)=(B1)+(B2)	3,592	968
Total comprehensive income for the period (A)+(B)	27,124	31,455
of which attributable to owners of the parent	27,055	31,324
of which attributable to non-controlling interests	69	131

Consolidated Statement of Cash Flows

<i>(In thousands of Euro)</i>	Notes	Half year ended 30 June	
		2022	2021
Cash flows from operating activities			
Consolidated Profit (loss) for the period		23,532	30,487
<i>Adjustments for:</i>			
Income taxes	5.14	7,484	7,519
(Income)/expenses from investments		(298)	(426)
Financial (income)/expenses		(1,954)	483
Depreciation, amortisation and impairment		18,810	17,841
Net provisions		3,320	2,384
Share of net result from joint ventures	5.3	(420)	(11,880)
Cash flows from operations before changes in working capital		50,474	46,407
Change in inventories		(3,335)	(19,509)
Change in trade receivables	5.4	(5,872)	(3,989)
Change in trade payables	5.9	(25,461)	15,507
Change in other assets and liabilities		834	4,338
Income taxes paid		(9,660)	(3,552)
Net cash inflow / (outflow) from operating activities (A)		6,980	39,202
<i>of which from related parties</i>		<i>(4,041)</i>	<i>5,358</i>
Cash flows from investing activities			
Investments in property, plant and equipment	5.1	(7,683)	(4,280)
Disposals of property, plant and equipment		827	374
Investments in intangible assets	5.2	(8,318)	(7,265)
Disposals of intangible assets		-	-
Dividends received from other entities		305	-
Sale/(Purchase) of subsidiaries, associates and other entities	5.3	-	29,484
Net cash inflow (outflow) from investing activities (B)		(14,869)	18,314
<i>of which from related parties</i>		<i>305</i>	<i>-</i>
Cash flows from financing activities			
Reimbursement of leasing costs (IFRS 16)		(4,347)	(3,487)
Non-current financial liabilities (including the current portion)	5.7	4,002	-
Repayment of borrowings (including the current portion)	5.7	(37,767)	(12,500)
Net increase (decrease) in current financial liabilities and assets		(32,357)	(21,844)
Dividends paid to shareholders	5.6	(31,604)	(44,292)
Payments of net financial expenses		744	2,661
Net cash inflow (outflow) from financing activities (C)		(101,330)	(79,462)
<i>of which from related parties</i>		<i>(857)</i>	<i>(847)</i>
Net increase (decrease) in cash and cash equivalents (D)=(A)+(B)+(C)		(109,219)	(21,946)
Cash and cash equivalents at the beginning of the year		174,306	202,065
Net increase (decrease) in cash and cash equivalents from 1 January to 30 June		(109,219)	(21,946)
Effects of exchange rate differences on cash and cash equivalents		2,489	348
Cash and cash equivalents at the end of the period		67,577	180,468

Consolidated statement of change in equity

(In thousands of Euro)

	Share capital	Share premium reserve	Other reserves	Retained earnings	Profit (loss) attributable to owners of the parent	Equity attributable to owners of the parent	Capital and reserves attributable to non-controlling interests	Profit (loss) attributable to non-controlling interests	Total equity
As of 1 January 2021	10,066	4,990	25,542	211,566	36,002	288,167	1,935	444	290,546
Profit for the previous year	-	-	5,023	30,981	(36,004)	-	444	(444)	-
Total comprehensive income for the year	-	-	967	-	30,357	31,324	1	130	31,455
Dividends paid	-	-	-	(44,322)	-	(44,322)	-	-	(44,322)
Increase in capital	-	-	-	-	-	-	-	-	-
Acquisition of minority interests	-	-	155	-	-	155	(861)	-	(706)
Other movements	-	-	-	-	-	-	-	-	-
Incentive plan (LTIP)	-	2,143	(2,143)	-	-	-	-	-	-
As of 30 June 2021	10,066	7,132	29,544	198,225	30,355	275,323	1,519	130	276,974
As of 1 January 2022	10,066	7,132	31,322	198,256	63,065	309,841	1,519	200	311,560
Profit for the previous year	-	-	4,093	58,971	(63,065)	-	200	(200)	-
Total comprehensive income for the year	-	-	3,595	-	23,459	27,055	(3)	72	27,124
Dividends paid	-	-	-	(32,212)	-	(32,212)	-	-	(32,212)
Increase in capital	-	-	-	-	-	-	-	-	-
Acquisition of minority interests	-	-	-	-	-	-	-	-	-
Other movements	-	-	-	-	-	-	-	-	-
Incentive plan (LTIP)	-	-	-	-	-	-	-	-	-
As of 30 June 2022	10,066	7,132	39,011	225,014	23,460	304,683	1,717	72	306,471

Notes to the Condensed Half-Yearly Consolidated Financial Statements

General information

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

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

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

Basis of presentation

The condensed half-yearly consolidated financial statements as of 30 June 2022 of the Technogym Group (the “**Condensed Half-Yearly Consolidated Financial Statements**”) were drafted on the basis of the going concern assumption and in compliance with the “*International Financial Reporting Standards*” (IFRS) issued by the “*International Accounting Standards Board*” (IASB) and approved by the European Union, as well as the legislative and regulatory provisions in force in Italy.

The Condensed Half-Yearly Consolidated Financial Statements were prepared in compliance with the provisions of IAS 34 “Interim Financial Reporting”. As permitted by this standard, the Condensed Half-Yearly Consolidated Financial Statements do not include all the information requested by IFRS for the drafting of the annual consolidated financial statements and, therefore, must be read together with the consolidated financial statements of the Technogym Group as of and for the year ended 31 December 2021 (the “**Consolidated financial statements**”).

The Condensed Half-Yearly Consolidated Financial Statements are composed of the statement of financial position, the income statement and statement of comprehensive income, the statement of cash flow, the statement of change in equity and related notes. In presenting these statements, the comparative data required by IAS 34 were reported (31 December 2021 for the statement of financial position, 30 June 2021 for the change in equity, income statement, statement of comprehensive income and statement of cash flow). The notes reported hereunder are shown in summary form and, therefore, do not include all the information requested for annual financial statements.

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

Accounting standards

The accounting standards and criteria adopted to prepare the half-yearly financial report as at 30 June 2022 conform to those used to draft the financial report as at 31 December 2021, to which reference should be made for more information.

The amendments to and interpretations of accounting standards in force from 1 January 2022 are described below:

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and Annual Improvements 2018-2020 (All issued 14 May 2020)

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

Accounting standards issued but not yet in force

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

- IFRS 17 Insurance Contracts (issued on 18 May 2017); including Amendments to IFRS 17
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Classification of Liabilities as Current or Non-current - Deferral of Effective Date
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

Scope and basis of consolidation

A list of the companies included in the scope of consolidation is provided below, including information about the method of consolidation, as of 30 June 2022:

Entity name	Registered office	Year ended 30 June 2022		Currency	Share capital
		% of control Jun-2022	% of control Dec-2021		
Subsidiaries - consolidated using the line-by-line method					
Technogym SpA	Italy	Parent company	Parent company	EUR	10,066,375
Technogym E.E. SRO	Slovakia	100%	100%	EUR	15,033,195
Technogym International BV	Netherlands	100%	100%	EUR	113,445
Technogym Germany Gmbh	Germany	100%	100%	EUR	1,559,440
Technogym France Sas	France	100%	100%	EUR	500,000
Technogym UK Ltd	United Kingdom	100%	100%	GBP	100,000
Technogym Trading SA	Spain	100%	100%	EUR	2,499,130
Technogym Usa Corp.	United States	100%	100%	USD	3,500,000
Technogym Benelux BV	Netherlands	100%	100%	EUR	2,455,512
Technogym Japan Ltd	Japan	100%	100%	JPY	320,000,000
Technogym Shanghai Int. Trading Co. Ltd	China	100%	100%	CNY	132,107,600
Technogym Asia Ltd	Hong Kong	100%	100%	HKD	11,481,935
Technogym Australia Pty Ltd	Australia	100%	100%	AUD	11,350,000
Technogym Portugal Unipessoal Lda	Portugal	100%	100%	EUR	5,000
FBK Equipamentos LTDA	Brazil	100%	100%	BRL	156,064,684
Sidea S.r.l	Italy	70%	70%	EUR	150,000
Technogym AO	Russia	100%	100%	RUB	10,800,000
TG Holding BV	Netherlands	100%	100%	EUR	300,000
Wellness Partners Ltd	United Kingdom	75%	75%	GBP	386,667
Wellness Partners USA Inc	United States	75%	75%	USD	1,000
TGB Srl	Italy	100%	100%	EUR	96,900
La Mariana Srl	Italy	100%	100%	EUR	76,500
TG Technogym SA (PTY) LTD	South Africa	100%	100%	ZAR	4,345,000
DWL	Italy	100%	100%	EUR	10,000
TECHNOGYM SAUDI LLC	Saudi Arabia	100%	100%	SAR	1,145,000
Technogym Canada	Canada	100%	0%	CAD	-
MyWellness Inc	United States	100%	100%	USD	100
Associates - jointly controlled entities, consolidated using the equity method					
Wellink Srl	Italy	40%	40%	EUR	60,000
Movimento per la Salute Srl	Italy	50%	50%	EUR	10,000
Technogym Emirates LLC	United Arab Emirates	49%	49%	AED	300,000
T4ME Limited	United Kingdom	0%	20%	GBP	-
Wellness Explorers Srl	Italy	50%	50%	EUR	10,000
Physio Ag	Germany	32%	32%	EUR	73,000

During the half-year ending 30 June 2022, the following changes occurred within the perimeter: (i) establishment of the company Technogym Canada Inc., a Canadian company with a view to consolidating presence in the Canadian market, consolidated line-by-line; (ii) the deconsolidation of the company T4ME Limited, an English company, after it was struck off from the “Companies House”, the UK business register.

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

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

Currency	As of 30 June		As of 31 December
	2022	2021	2021
USD	1.039	1.188	1.133
GBP	0.858	0.858	0.840
JPY	141.540	131.430	130.380
CHF	0.996	1.098	1.033
AUD	1.510	1.585	1.562
AED	3.862	4.364	4.160
CNY	6.962	7.674	7.195
RUB*	56.644	86.773	85.300
HKD	8.149	9.229	8.833
BRL	5.423	5.905	6.310
ZAR	17.014	17.011	18.063
SGD	1.448	1.598	1.528
CAD	1.343	1.7413	1.4463
SAR	3.9439	4.2389	4.247
DKK	7.439	7.436	7.436

Currency	Average for the period ended 30 June	Average for the year ended 31 December	
	2022	2021	2021
USD	1.094	1.205	1.183
GBP	0.842	0.859	0.860
JPY	134.281	132.631	129.877
CHF	1.032	1.094	1.081
AUD	1.521	1.576	1.575
AED	4.019	4.424	4.344
CNY	7.082	7.739	7.628
RUB*	85.037	87.456	87.153
HKD	8.562	9.351	9.193
BRL	5.557	6.069	6.378
ZAR	16.842	16.754	17.477
SGD	1.492	1.606	1.589
CAD	1.391	1.5040	1.1426
SAR	4.104	4.5213	4.435
DKK	7.440	7.436	7.437

*Please note that all exchange rates were obtained from the Bank of Italy's "exchange rate portal" website in continuity with previous years. As regards the ruble, since the exchange rate has been unavailable since the start of the Russia - Ukraine conflict, the figure provided by Bloomberg was used, which is the same as that published by the Central Bank of the Russian Federation (CBR). The impact of the conversion of the reporting of Technogym AO, the Russian subsidiary, using the CBR exchange rate in any event would not be significant.

Accounting policies

The accounting policies adopted for drafting the Condensed Half-Yearly Consolidated Financial Statements conform to those used to prepare the Consolidated Financial Statements.

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

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

Use of estimates

With reference to the description of the use of accounting estimates, please refer to the Consolidated Financial Statements as of 31 December 2021. It should be noted that certain valuation processes, especially the more complex ones such as the calculation of any impairment of non-current assets, are generally only carried out at the time of drafting of the annual financial statements, when all the necessary information is available, except for cases where there are indicators of impairment that call for an immediate valuation of any losses in value.

In the first half of 2022, there were no indicators or trigger events such so as to make impairment testing necessary.

Also in the first half of 2022, the Group conducted sensitivity analyses on the recoverability of the value of receivables on which there is a buyback obligation. An analysis was performed of the same sensitivity scenarios as those used as of December 2021, on the basis of which the Group decided to leave the bad debt provision unchanged for the first half of the year, despite the improvement in the portfolio and a reduction in overdue amounts.

Segment reporting

The operating segment information was prepared in accordance with IFRS 8 “Operating Segments”, which requires the information to be reported consistently with the method adopted by the management when making operational decisions. The Group’s approach to the market follows a unique business model that offers an integrated range of ‘Wellness solutions’ and also pursues higher levels of operational efficiency through cross-production.

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

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

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

<i>(in thousands of Euro)</i>	Half year ended 30 June			
	2022	2021	22 vs 21	%
BtoC	83,842	97,216	(13,374)	(13.8%)
BtoB	241,380	179,038	62,341	34.8%
Total revenues	325,223	276,255	48,968	17.7%

Revenues as of 30 June increased significantly for the Commercial business (+34.8%), confirming the post-pandemic rebound that began to be observed already in the second half of last year. The same phenomenon underlies the natural decline in the BtoC segment (-13.8%), which recorded a slowdown especially in the European markets. It is worth noting the performance of the Hospitality & Residential segment, which was the best of the BtoB segment, taking advantage of the albeit still partial return of both business and leisure travel.

A breakdown of revenues by geographical area is provided below:

<i>(In thousands of Euro and percentage of total revenues)</i>	Half year ended 30 June			
	2022	2021	2022 vs 2021	%
Europe (without Italy)	150,824	127,848	22,976	18.0%
APAC	60,122	53,200	6,922	13.0%
North America	45,318	29,692	15,626	52.6%
MEIA	32,070	28,044	4,026	14.4%
Italy	29,388	31,535	(2,147)	(6.8%)
LATAM	7,501	5,936	1,565	26.4%
Total revenues	325,223	276,255	48,968	17.7%

From the geographical perspective, it is necessary to note in particular the performance of Europe and North America. In Europe (+18.0%), there has been a continued recovery of the Commercial segment, first and foremost for Clubs, making it possible to achieve significant growth in the UK, Germany, France, Benelux and Spain; Italy saw a decline for the period, although it did improve compared to the first quarter of the year, linked to the performance of the BtoC segment.

In North America (+52.6%) growth was supported by strong expansion in the Hospitality & Residential and Club segments.

Lastly, as far as APAC (+13.0%) is concerned, the growth of Australia, Japan, Hong Kong and certain markets covered by the distribution channel such as Thailand and Vietnam more than offset the performance of China, which was impacted by local restrictions aimed at containing the spread of COVID-19.

A breakdown of revenues by sales channel is provided below:

<i>(In thousands of Euro and percentage of total revenues)</i>	Half year ended 30 June			
	2022	2021	2022 vs 2021	%
Field sales	207,301	159,216	48,085	30.2%
Wholesale	77,822	68,612	9,210	13.4%
Inside sales	33,500	42,336	(8,836)	(20.9%)
Retail	6,600	6,091	0,509	8.4%
Total revenues	325,223	276,255	48,968	17.7%

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

The retail channel posted good performance, also thanks to the contribution of the new Munich boutique, while the only channel with a decline was Inside Sales, which includes teleselling and e-commerce, as it is primarily exposed to the general performance of the BtoC segment.

Season-related aspects

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

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

In detail, revenues in the first half of 2020 and 2021 amounted to around 44% of annual revenues, respectively, while the remaining 56% was generated in the second half of both years.

Notes to the statement of financial position

The main line items of the financial statements are presented below and, with particular reference to assets, no accounting adjustments were considered necessary, following assessments made, in addition to those already representing the current situation and context. The company may review these assessments when preparing the 2022 Financial Statements, if there are significant changes in the external context, besides those known at present or that are reasonably foreseeable.

5.1 PROPERTY, PLANT AND EQUIPMENT

The item “Property, plant and equipment” amounted to Euro 157,524 thousand at 30 June 2022 (Euro 153,563 thousand at 31 December 2021).

The following table reports the details of property, plant and equipment as of 30 June 2022 and 31 December 2021:

<i>(In thousands of Euro)</i>	As of 30 June	As of 31 December
	2022	2021
Property, plant and equipment		
Land	13,078	13,077
Buildings and leasehold improvements	107,626	104,836
Plant and machinery	8,303	8,984
Production and commercial equipment	14,492	15,280
Other assets	10,055	9,827
Assets under construction and advances	3,970	1,559
Total property, plant and equipment	157,524	153,563

The table below shows the amounts of investments made by the Group in the half year ended 30 June 2022 and in the year ended 31 December 2021, relating to the item “Property, plant and equipment”, broken down by category, net of IFRS 16:

<i>(In thousands of Euro)</i>	Half year ended 30 June	Year ended 31 December
	2022	2021
Buildings and leasehold improvements	398	1,416
Plant and machinery	264	1,038
Production and commercial equipment	2,466	5,672
Other assets	1,089	2,580
Assets under construction and advances	3,466	2,168
Total investments in property, plant and equipment	7,682	12,874

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

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

The table below shows the impact of IFRS 16 on the consolidated financial position and performance for the half year ended 30 June 2022 and the year ended 31 December 2021:

<i>(In thousands of Euro)</i>	As of 30 June 2022	As of 31 December 2021
Rights of use		
Buildings	23,596	18,562
Equipment	941	1,142
Cars	3,589	3,315
Total rights of use	28,126	23,019

<i>(In thousands of Euro)</i>	As of 30 June 2022	As of 31 December 2021
Lease liabilities		
IFRS 16 Financial liabilities - Current	7,687	7,165
IFRS 16 Non-current financial liabilities	21,255	16,868
Total lease liabilities	28,943	24,033

The main increases referred to lease agreements entered into for the new offices of the commercial branches in Shanghai and Hong Kong, as well as the lease of an additional floor in the Via Durini building in Milan, where there is a Technogym experience center, with a showroom and offices in the same property.

The table below shows the impact of IFRS 16 on the consolidated financial position for the half year ended 30 June 2022 and 30 June 2021:

<i>(In thousands of Euro)</i>	Half year ended 30 June	
	2022	2021
Depreciation of rights of use		
Buildings	(2,518)	(2,338)
Equipment	(197)	(193)
Cars	(1,282)	(820)
Total depreciation	(3,997)	(3,351)

<i>(In thousands of Euro)</i>	Half year ended 30 June	
	2022	2021
Payment reversals		
Buildings	3,030	2,664
Equipment	127	84
Cars	1,190	739
Total payment reversals	4,347	3,487

<i>(In thousands of Euro)</i>	Half year ended 30 June	
	2022	2021

Interest		
Interest expense	(190)	(204)
Total interest	(190)	(204)

5.2 INTANGIBLE ASSETS

The item “Intangible assets” amounted to Euro 52,053 thousand at 30 June 2022 (Euro 50,697 thousand at 31 December 2021).

The following table reports the details of intangible assets as of 30 June 2022 and 31 December 2021:

<i>(In thousands of Euro)</i>	As of 30 June	As of 31 December
	2022	2021
Intangible assets		
Development costs	21,364	21,087
Patents and intellectual property rights	18,167	19,524
Concessions, licences, trademarks and similar rights	786	680
Intangibles under development and advances	11,258	9,124
Other intangible assets	478	282
Total Intangible assets	52,053	50,697

The table below shows the amounts of investments made by the Group in the half year ended 30 June 2022 and in the year ended 31 December 2021, relating to the item “Intangible assets”, broken down by category:

<i>(In thousands of Euro)</i>	Half year ended 30 June	Year ended 31 December
	2022	2021
Development costs	786	6,036
Patents and intellectual property rights	2,044	5,442
Concessions, licences, trademarks and similar rights	220	288
Intangibles under development and advances	5,138	4,738
Other intangible assets	130	91
Total investments in intangible assets	8,318	16,596

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

5.3 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The item “Investments in joint ventures and associates” amounts to Euro 5,202 thousand as of 30 June 2022 (Euro 4,438 thousand as of 31 December 2021). The following table details the composition and changes in investments in joint ventures and associates for the half year ended 30 June 2022:

<i>(In thousands of Euro)</i>	% of Ownership	Value	Investments	Dis-investments	Revaluations/ (Impairment losses)	Dividends	Net result	Exchange gains / (losses)	Value
									31/12/2021
Technogym Emirates LLC	49.00%	3,015	-	-	-	-	541	344	3,900
Wellink srl	40.00%	224	-	-	-	-	(2)	-	222
Wellness Explorers Srl	50.00%	2	-	-	-	-	(34)	-	(32)
Physio AG	31.50%	1,197	-	-	-	-	(84)	-	1,112
Total		4,438	-	-	-	-	420	344	5,202

The increase in this item in the first half of 2022 compared to 31 December of the previous year was due to the increase in the value of the equity investment in the joint venture Technogym Emirates LLC, referring to the result as of 30 June 2022 and the effect of the conversion of equity into foreign currency. The remainder of the item refers to the adjustment of the value of the equity investments in associates due to the result for the period.

5.4 TRADE RECEIVABLES

The item “Trade receivables” amounted to Euro 114,091 thousand on 30 June 2022 (Euro 104,242 thousand on 31 December 2021) net of the bad debt provision. The following table contains a breakdown of trade receivables as of 30 June 2022 and 31 December 2021:

<i>(In thousands of Euro)</i>	As of 30 June	As of 31 December
	2022	2021
Trade receivables		
Trade receivables (gross value)	101,377	94,979
Bad debt provision	(6,718)	(5,963)
Transferred trade receivables	20,601	16,395
Provision for write-downs on transferred receivables	(1,169)	(1,169)
Total trade receivables	114,091	104,242

The increase in the balance of “Trade receivables” during the reporting period is mainly due to a rise in sales as well as a product mix more focused on growth in BtoB, compared to BtoC which, although it did record positive results, experienced a natural decline compared to the previous year.

Transferred trade receivables net of the relative provision equal to Euro 19,432 thousand at 30 June 2022, and Euro 15,226 thousand at 31 December 2021 refer to the current portion of receivables arising from the sale of goods which, although they are transferred to third-party financial institutions, are retained in the financial statements as they do not meet all the conditions required by IAS 9 for derecognition from assets.

The financial liabilities include the amounts received from financial institutions in the form of advances for these transfers. Please note that the item “Other non-current assets” also includes receivables transferred for an amount of Euro 26,169 thousand, net of a bad debt provision of Euro 2,018 thousand.

5.5 FINANCIAL DERIVATIVE ASSETS

The item “Assets for derivative financial instruments” amounted to Euro 143 thousand at 30 June 2022 (Euro 127 thousand at 31 December 2021).

The following table shows assets for derivative financial instruments broken down by currency at 30 June 2022 and 31 December 2021:

<i>(In thousands of Euro)</i>	As of 30 June	As of 31 December
	2022	2021
AUD	73	-
GBP	24	-
JPY	45	33
USD	-	94
Total	143	127

Assets for derivative financial instruments are related to positive differences resulting from the fair value of “forward” contracts in place as of 30 June 2022 and 31 December 2021. They are listed in the table below:

<i>(In thousands of Euro)</i>	As of 30 June 2022			
	Currency	Currency inflow	Currency	Currency outflow
Forward	EUR	1,313	JPY	180,000
Forward	EUR	4,239	CNY	30,000
Forward	EUR	3,679	AUD	5,500
Forward	EUR	2,342	GBP	2,000
Forward	EUR	4,732	USD	5,000
Situation at 30.06.2022				
	As of 31 December 2021			
	Currency	Currency inflow	Currency	Currency outflow
Forward	EUR	13,446	USD	15,200
Forward	EUR	2,319	JPY	150,000
Forward	EUR	2,834	AUD	4,500
Forward	EUR	137	CNY	1,000
Forward	EUR	2,368	GBP	2,000
Situation at 31.12.2021				

5.6 EQUITY

The item “Equity” amounted to Euro 306,471 thousand at 30 June 2022 (Euro 311,560 thousand at 31 December 2021).

The following table reports the details of equity as of 30 June 2022 and 31 December 2021:

<i>(In thousands of Euro)</i>	As of 30 June	As of 31 December
	2022	2021
Equity		
Share capital	10,066	10,066
Share premium reserve	7,132	7,132
Other reserves	39,010	31,321
Retained earnings	225,014	198,256
Profit (loss) attributable to owners of the parent	23,459	63,065
Equity attributable to owners of the parent	304,682	309,841
Capital and reserves attributable to non-controlling interests	1,717	1,519
Profit (loss) attributable to non-controlling interests	72	200
Equity attributable to non-controlling interests	1,789	1,720
Total equity	306,471	311,560

Based on the resolution of the shareholders’ meeting of 4 May 2022, the profit for 2021 reported in the financial statements of the Parent Company Technogym S.p.A., equal to Euro 66,361 thousand, was allocated as follows:

- a total of Euro 32,212 thousand to shareholders as a dividend of Euro 0.16 per ordinary qualifying share;
- Euro 3,990 thousand to the extraordinary reserve;
- the remainder of Euro 30,158 thousand to the retained earnings reserve.

5.7 FINANCIAL LIABILITIES AND FINANCIAL DERIVATIVE INSTRUMENTS

The items “Non-current financial liabilities” and “Current financial liabilities” totalled Euro 56,629 thousand and Euro 50,197 thousand respectively as of 30 June 2022 and Euro 57,671 thousand and Euro 73,771 thousand as of 31 December 2021.

The following table reports the financial liabilities, current and non-current, as of 30 June 2022 and 31 December 2021.

<i>(In thousands of Euro)</i>	As of 30 June	As of 31 December
	2022	2021
Non-current financial liabilities		
Bank loans due after 12 months – non-current portion	7,187	12,500
Non-current liabilities due to other lenders	28,187	28,303
IFRS 16 Non-current financial liabilities	21,255	16,868
Total non-current financial liabilities	56,629	57,671
Current financial liabilities		
Bank loans due after 12 months – current portion	21,652	50,103
Other short-term borrowings	289	99
Current liabilities due to other lenders	20,601	16,395
Other current liabilities	(33)	9
IFRS 16 Financial liabilities - Current	7,687	7,165
Total current financial liabilities	50,197	73,771

The effect of IFRS 16 on non-current and current financial liabilities was equal to Euro 21,255 thousand and Euro 7,687 thousand respectively. As of 30 June 2022 the Group's financial debt was expressed at both variable and fixed interest rates.

Medium/long-term bank loans

The following table reports the movements of bank loans for the half year ended 30 June 2022.

<i>(In thousands of Euro)</i>	Bank loans due after 12 months – non-current portion	Bank loans due after 12 months – current portion	Total bank loans
Values at 1 January 2022	12,500	50,103	62,603
Taken out	3,217	786	4,003
Repayments	-	(37,767)	(37,767)
Reclassification from long-term to short-term	(8,530)	8,530	-
Values at 30 June 2022	7,187	21,652	28,840

The following table reports the details of medium/long-term bank loans as of 30 June 2022:

<i>(In thousands of Euro)</i>	Due date	Interest rate	As of 30 June		As of 31 December	
			2022	of which current	2021	of which current
Bank loans						
Unicredit S.p.A.	2020-2022	Variable	4,175	4,175	33,433	33,433
Crédit Agricole Italia S.p.A.	2020-2023	Variable	12,516	8,349	16,667	8,333
Banca Nazionale del Lavoro S.p.A.	2020-2023	Variable	8,339	8,339	12,504	8,335
Deutsche Bank	2022-2027	Fixed	3,809	788	-	-
Total bank loans			28,840	21,652	62,603	50,101

The following table reports the details of medium/long-term bank loans as of 30 June 2022 by maturity date:

<i>(In thousands of Euro)</i>	Residual debt	Of which current (H1-2023)	H1-2024	H1-2025	H1-2026	H1-2027	H1-2028
Unicredit S.p.A.	4,175	4,175	-	-	-	-	-
Crédit Agricole Italia S.p.A.	12,516	8,349	3,335	832	-	-	-
Banca Nazionale del Lavoro S.p.A	8,339	8,339	-	-	-	-	-
Deutsche Bank	3,809	788	793	802	811	614	-
Total	28,840	21,652	4,128	1634	811	614	-

For the above loans, no guarantees have been given.

As of 31 December 2021, all financial covenants relating to the loans in place, where applicable, were respected. Financial covenants did not have to be met as of 30 June 2022, as the testing date is the end of the year.

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

Other short-term borrowings

The following table reports the details of other short-term borrowings as of 30 June 2022 and 31 December 2021:

<i>(In thousands of Euro)</i>	Currency	As of 30 June	As of 31 December
		2022	2021
Other short-term borrowings			
BPER Luxembourg	EUR	134	-
Other short-term borrowings	EUR	155	99
Total other short-term borrowings		289	99

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

In particular, the Group uses short-term committed and uncommitted credit lines granted by leading banks, which accrue interest at a variable rate indexed to the Euribor plus a spread.

Current and non-current liabilities due to other lenders

Current and non-current liabilities to other lenders refers to financing transactions guaranteed by the transfer of receivables arising from the sale of goods that, although transferred to third-party financial institutions, have been retained in the financial statements as they do not meet all the conditions required by IFRS 9 for derecognition from assets.

Liabilities for derivative financial instruments

As of 30 June 2022, the Group has derivative contracts giving rise to financial derivative liabilities for Euro 58 thousand, while the item “Financial derivative liabilities” amounted to Euro 41 thousand as of 31 December 2021.

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

<i>(In thousands of Euro)</i>	As of 30 June	As of 31 December
	2022	2021
Forward		
CNY	32	-
AUD	-	37
GBP	-	4
USD	26	-
Total	58	41

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

For details of the types of “forward” contracts, see the table in paragraph 5.5 Assets for derivative financial instruments.

On 30 June 2022 the Group did not hold any derivatives treated according to hedge accounting rules.

5.8 PROVISIONS FOR RISKS AND CHARGES

The item “Provisions” at 30 June 2022 amounts to Euro 9,655 thousand for non-current financial liabilities and Euro 10,708 thousand for current financial liabilities (respectively, Euro 8,952 thousand and Euro 11,734 thousand at 31 December 2021).

The following table reports the details of provisions, current and non-current, as of 30 June 2022 and 31 December 2021:

<i>(In thousands of Euro)</i>	As of 30 June	As of 31 December
	2022	2021
Non-current provisions for risks and charges		
Warranties provision	5,247	4,772
Agents provision	1,078	1,087
Non-Competition Agreement provision	2,143	1,990
Rebates provision	450	456
Ongoing lawsuits provision	89	43
Other provisions for risks and charges	647	604
Total non-current provisions for risks and charges	9,655	8,952
Current provisions for risks and charges		
Warranties provision	5,457	4,955
Free Product Fund provision	350	199
Other provisions for risks and charges	4,901	6,580
Total current provisions for risks and charges	10,708	11,734

The increase in the items relating to the Warranties provision was primarily due to the increase in revenues from registered products during the year.

The decrease in the item Other current provisions for risks and charges is primarily linked to the provision for employee bonuses.

5.9 TRADE PAYABLES

The item “Trade payables” amounted to Euro 133,624 thousand at 30 June 2022 (Euro 159,769 thousand at 31 December 2021). Trade payables are mainly related to transactions for the purchase of raw materials, components and shipping services, manufacturing and technical assistance. These transactions are part of ordinary procurement management.

Notes to the income statement

5.10 REVENUES

In the half year ended 30 June 2022, the item “Revenues” totalled Euro 324,001 thousand (Euro 275,879 thousand in the half year ended 30 June 2021).

The following table reports the amounts of revenues for the half year ended 30 June 2022 and the half year ended 30 June 2021:

<i>(In thousands of Euro)</i>	Half year ended 30 June	
	2022	2021
Revenues		
Revenues from the sale of products, spare parts, hardware and software	263,620	232,162
Revenues from transport and installation, after-sale and rental assistance	60,381	43,717
Total revenues	324,001	275,879

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

5.11 PURCHASES AND CHANGES IN RAW MATERIALS, WORK IN PROGRESS AND FINISHED GOODS

In the half year ended 30 June 2022, the item “Raw materials, work in progress and finished goods” totalled Euro 108,221 thousand (Euro 91,026 thousand in the half year ended 30 June 2021).

The following table provides details of purchases and changes in raw materials, work in progress and finished goods for the half year ended 30 June 2022 and the half year ended 30 June 2021:

<i>(In thousands of Euro)</i>	Half year ended 30 June	
	2022	2021
Purchases and changes in raw materials, work in progress and finished goods		
Purchases and changes in raw materials	71,329	72,030
Purchases and changes in finished goods	36,376	17,844
Purchase of packaging and costs for custom duties	961	1,283
Change in inventory of work in progress	(445)	(131)
Total purchases and changes in raw materials, work in progress and finished goods	108,221	91,026

The increase in this item can primarily be ascribed to the increase in the Group’s sales volumes and is also linked to the rise in the prices for purchasing raw materials and finished products.

5.12 COST OF SERVICES

In the half year ended 30 June 2022, the item “Cost of services” totalled Euro 90,535 thousand (Euro 69,937 thousand for the half year ended 30 June 2021).

The following table reports the amounts of costs of services for the half year ended 30 June 2022 and the half year ended 30 June 2021:

<i>(In thousands of Euro)</i>	Half year ended 30 June	
	2022	2021
Cost of services		
Transport of sales, customs duties and installation	30,362	23,947
Technical assistance	9,787	5,896
Marketing expenses	9,887	7,562
Rentals	3,800	2,787
Agents	4,014	4,205
Consulting services	4,309	4,421
Transport of purchases	6,679	5,903
Travel and business expenses	1,009	452
Outsourcing costs	4,155	3,225
Utilities	2,228	1,773
Maintenance costs	2,860	2,370
Other services	11,445	7,397
Total cost of services	90,535	69,937

The higher increases compared to 30 June 2021 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 as well as more after-sales support activities.

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

5.13 PERSONNEL EXPENSES

In the half year ended 30 June 2022, the item “Personnel expenses” totalled Euro 72,924 thousand (Euro 64,825 thousand in the half year ended 30 June 2021).

The following table reports the amounts of personnel expenses for the half year ended 30 June 2022 and the half year ended 30 June 2021:

<i>(In thousands of Euro)</i>	Half year ended 30 June	
	2022	2021
Personnel expenses		
Wages and salaries	52,273	47,107
Social security contributions	13,386	12,543
Provisions for employee benefit obligations	1,500	1,418
Other costs	5,765	3,756
Total personnel expenses	72,924	64,825

The increase in this item compared to the previous year is mainly correlated with the increase in the workforce compared to the same period of the previous year. Please also note that this item includes non-recurring expenses referring to personnel expenses not linked to normal operations for Euro 780 thousand.

The following table reports the average and exact number of employees, broken down at 30 June 2022 and at 31 December 2021:

<i>(in number)</i>	Half year ended 30 June		Year ended 31 December	
	2022		2021	
	Average	Year-end	Average	Year-end
Number of employees				
Managers	69	67	68	69
White-collar	1,421	1,433	1,362	1,405
Blue-collar	667	650	659	681
Total number of employees	2,156	2,150	2,089	2,155

5.14 INCOME TAXES

In the half year ended 30 June 2022, the item “Income tax expenses” totalled Euro 7,484 thousand (Euro 7,519 thousand in the half year ended 30 June 2021).

The following table reports the amounts of Income taxes for the half year ended 30 June 2022 and the half year ended 30 June 2021:

<i>(In thousands of Euro)</i>	Half year ended 30 June	
	2022	2021
Income taxes		
Current taxes	8,542	7,589
Deferred taxes	(877)	(362)
Total income taxes for the year	7,665	7,227
Taxes relating to prior years	(181)	292
Total income taxes	7,484	7,519
<i>of which non-recurring income taxes</i>	-	-

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

5.15 EARNINGS PER SHARE

The following table reports the calculation of basic earnings per share for the half year ended 30 June 2022 and the half year ended 30 June 2021:

<i>(In thousands of Euro)</i>	Half year ended 30 June	
	2022	2021
Earnings per share		
Profit for the period	23,459	30,357
Number of shares	201,328	201,328
Total basic earnings per share	0.12	0.15

The basic earnings per share coincide with the diluted earnings per share. Technogym does not hold own shares. As concerns changes in the number of shares, reference is made to the paragraph “Information on shares” in the interim board of directors' report.

5.16 NET FINANCIAL POSITION

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

<i>(In thousands of Euro)</i>	As of 30 June	As of 31 December
	2022	2021
Net financial position		
A. Cash	62,324	169,120
B. Cash equivalents	5,253	5,186
C. Other current financial assets	86,522	53,964
D. Liquidity (A) + (B) + (C)	154,099	228,270
E. Current financial payables (including debt instruments, but excluding the current part of non-current financial payables)	(28,603)	(23,709)
F. Current part of non-current financial payables	(21,652)	(50,103)
G. Current financial indebtedness (E) + (F)	(50,255)	(73,812)
H. Net current financial indebtedness (G) + (D)	103,843	154,458
I. Non-current financial payables (excluding the current part and debt instruments)	(56,629)	(57,671)
J. Debt instruments	-	-
K. Trade payables and other non-current payables	(806)	(806)
L. Non-current financial indebtedness (I) + (J) + (K)	(57,435)	(58,477)
M. Total financial indebtedness (H) + (L)	46,408	95,981

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

The net financial position as of 30 June 2022, which includes the effects of adopting IFRS 16, was positive by Euro 46,408 thousand, down compared to Euro 95,981 thousand at the end of the previous year. This decrease is due to negative seasonal adjustments, with respect to cash flows, and the payment of dividends.

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

At 30 June 2022 there are no restrictions or limitations to the use of the cash of the Group, except for minor amounts relating to specific circumstances closely linked to commercial operations of certain Group entities. Please also note that as of 30 June 2022, the cash and cash equivalents at the Russian subsidiary amount to roughly Euro 8.3 million, primarily resulting from earnings from previous years. In this regard, the Group is preparing all documentation required for the recovery of roughly Euro 5 million, which will take place in part through the distribution of dividends and in part through the payment of the debit note recorded for 2021 relating to transfer pricing adjustments. This documentation will need to be approved by the local authorities prior to the transfer to the parent company.

The following table shows the amounts of credit lines available and used as of 30 June 2022 and 31 December 2021.

<i>(in thousands of Euro)</i>	Cash credit lines	Self-liquidating credit lines	Financial credit lines	Total
As of 30 June 2022				
Credit lines	7,382	17,641	259,644	284,667
Utilisations	-	-	(28,805)	(28,805)
Credit lines available at 30 June 2022	7,382	17,641	230,839	210,620
As of 31 December 2021				
Credit lines	7,382	17,641	293,241	318,264
Utilisations	-	-	(62,500)	(62,500)
Credit lines available at 31 December 2021	7,382	17,641	230,741	255,764

5.17 FAIR VALUE DISCLOSURE

As of 30 June 2022 and 31 December 2021, the book value of financial assets and liabilities is the same as their fair value.

IFRS 7 outlines three levels of fair value for the measurement of financial instruments recognised in the statement of financial position: (i) Level 1: quoted prices in an active market; (ii) Level 2: inputs other than quoted prices included within Level 1, that are observable directly (prices) or indirectly (derived from prices) in the market; (iii) Level 3: inputs not based on observable market data.

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

5.18 RISK DISCLOSURE

The main financial risks to which the Group is subject to are:

- credit risk, arising from commercial transactions or financing activities;
- liquidity risk, related to the availability of financial resources and access to the credit market;
- market risk, in particular:
 - a) currency risk, related to operations in areas using currencies other than the functional currency;
 - b) interest rate risk, related to the Group's exposure to financial instruments that accrue interests;
 - c) price risk, associated with changes in the prices of commodities.

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

Financial instruments by category

The following tables report the financial assets and liabilities by category of financial instrument and their level of fair value as of 30 June 2022 and 31 December 2021:

2022 (In thousands of Euro)	Financial assets	Financial assets at fair value	Financial assets at fair value	Total	Level 1	Level 2	Level 3	Total
	Amortised cost	FV vs OCI	FV vs P&L					
Other non-current assets	60,260	-	860	61,121	-	-	860	860
Non-current financial assets	205	-	-	205	-	-	-	-
Non-current financial assets	60,465	-	860	61,325	-	-	860	860
Trade receivables	114,091	-	-	114,091	-	-	-	-
Cash and cash equivalents	67,577	-	-	67,577	-	-	-	-
Assets for derivative financial instruments	-	-	143	143	-	143	-	143
Current financial assets	86,379	-	-	86,379	-	-	-	-
Other current assets	32,582	-	-	32,582	-	-	-	-
Current financial assets	300,629	-	143	300,772	-	143	-	143

2021 (In thousands of Euro)	Financial assets	Financial assets at fair value	Financial assets at fair value	Total	Level 1	Level 2	Level 3	Total
	Amortised cost	FV vs OCI	FV vs P&L					
Other non-current assets	61,894	-	977	62,871	-	-	977	977
Non-current financial assets	200	-	-	200	-	-	-	-
Non-current financial assets	62,094	-	977	63,071	-	-	977	977
Trade receivables	104,242	-	-	104,242	-	-	-	-
Cash and cash equivalents	174,306	-	-	174,306	-	-	-	-
Assets for derivative financial instruments	-	-	127	127	-	127	-	127
Current financial assets	53,837	-	-	53,837	-	-	-	-
Other current assets	29,984	-	-	29,984	-	-	-	-
Current financial assets	362,369	-	127	362,495	-	127	-	127

2022 (In thousands of Euro)	Financial liabilities	Financial liabilities carried at fair value	Financial liabilities carried at fair value	Total	Level 1	Level 2	Level 3	Total
	Amortised cost	FV vs OCI	FV vs P&L					
Non-current financial liabilities	56,629	-	-	56,629	-	-	-	-
Other non-current liabilities	33,687	-	-	33,687	-	-	-	-
Non-current financial liabilities	90,317	-	-	90,317	-	-	-	-
Current financial liabilities	49,716	-	-	49,716	-	-	-	-
Trade payables	133,624	-	-	133,624	-	-	-	-
Liabilities for derivative financial instruments	-	-	58	58	-	58	-	58
Other current liabilities	94,904	-	-	94,904	-	-	-	-
Current financial liabilities	278,244	-	58	278,302	-	58	-	58

2021 (In thousands of Euro)	Financial liabilities	Financial liabilities carried at fair value	Financial liabilities carried at fair value	Total	Level 1	Level 2	Level 3	Total
	Amortised cost	FV vs OCI	FV vs P&L					
	Non-current financial liabilities	57,671	-					
Other non-current liabilities	34,950	-	-	34,950	-	-	-	-
Non-current financial liabilities	92,620	-	-	92,620	-	-	-	-
Current financial liabilities	73,771	-	-	73,771	-	-	-	-
Trade payables	159,769	-	-	159,769	-	-	-	-
Liabilities for derivative financial instruments	-	-	58	58	-	58	-	58
Other current liabilities	95,302	-	-	95,302	-	-	-	-
Current financial liabilities	328,842	-	58	328,900	-	58	-	58

5.19 RELATED PARTY TRANSACTIONS

The Group's transactions with related parties, (hereinafter also "Related party transactions") identified based on criteria defined by IAS 24 – Related party disclosures, are primarily of a commercial nature and connected with transactions carried out on an arm's length basis. The table below details the equity balances of related party transactions as of 30 June 2022 and 31 December 2021:

(In thousands of Euro)	Property, plant and equipment		Trade receivables		Other current assets		Non-current financial liabilities		Trade payables		Current financial liabilities	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun	Dec	Jun
Technogym Emirates LLC	-	-	1962	579	447	-	-	-	298	257	-	-
CONSORZIO ROMAGNA INIZIATIVE Asso.Milano Durini Design	-	-	-	-	28	39	-	-	15	-	-	-
SANDCROFT AVENUE LIMITED	-	-	-	-	-	-	-	-	-	-	(20)	-
WELLINK SRL	-	-	-	-	-	-	-	-	67	47	-	-
ALFIN SRL	-	-	1	4	-	-	-	-	125	76	-	-
VIA DURINI I S.R.L.	5035	6058	-	-	-	-	4402	5347	(75)	0	789	852
STARPOOL S.R.L.	-	-	-	-	-	-	-	-	5	4	-	-
ONE ON ONE SRL	-	-	-	1	-	-	-	-	101	186	-	-
ALNE SOC. AGR. S.R.L.	-	-	-	-	-	-	-	-	2	-	-	-
Sobeat s.r.o.	3463	3120	-	-	-	-	3571	2887	-	-	1968	2653
WELLNESS FOUNDATION	-	-	-	-	-	-	-	-	-	-	-	-
WF S.R.L.	-	-	-	-	-	-	-	-	-	61	-	-
Physio AG	-	-	-	92	-	-	-	-	-	59	-	-
Wellness Explorers Srl	-	-	-	2	-	-	-	-	-	-	-	-
Total	8,498	9,177	1,963	677	475	39	7,974	8,234	640	691	2,737	3,504
Total Financial Statements	153,563	157,524	104,242	114,091	29,984	39,843	57,671	56,629	159,769	133,624	73,771	50,197
% on financial statements item	5.5%	5.8%	1.9%	0.6%	1.6%	0.1%	13.8%	14.5%	0.5%	0.5%	3.7%	7.0%

The table below details the income statement balances of related party transactions as of 30 June 2022 and 30 June 2021:

<i>(In thousands of Euro)</i>	Revenues		Other revenues and income		Raw materials and work in progress		Cost of services		Personnel expenses		Other operating costs		Depreciation and amortisation		Financial expenses	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun	Jun
Technogym Emirates LLC	5,427	5,024	83	89	(34)	(78)	(27)	(162)	-	(102)	-	-	-	-	-	-
PUBBLISOLE SPA	-	-	-	-	-	-	19	-	-	-	-	-	-	-	-	-
Asso.Milano Durini Design	-	-	-	-	-	-	-	-	-	-	(2)	(2)	-	-	-	-
SANDCROFT AVENUE LIMITED	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8)	-
FITKEY SOUTH AFRICA PTY LTD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3)	-
WELLINK SRL	-	-	-	-	-	-	(88)	(89)	-	-	-	-	-	-	-	-
ALFIN SRL	-	2	-	-	-	-	(125)	(63)	-	(39)	-	-	-	-	-	-
VIA DURINI I S.R.L.	-	-	-	-	-	-	(124)	(49)	-	-	(7)	(9)	(406)	(452)	(67)	(62)
STARPOOL S.R.L.	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ONE ON ONE SRL	9	3	-	-	-	-	(89)	(273)	-	-	-	-	-	-	-	-
Sobeat s.r.o.	-	-	-	-	-	-	91	80	-	-	-	-	(363)	(343)	-	-
WF S.R.L.	-	-	-	-	-	-	(100)	(100)	-	-	-	-	-	-	-	-
Uberti Società Semplice	-	-	-	-	-	-	(15)	(8)	-	-	-	-	-	-	-	-
Physio AG	-	79	-	-	-	-	-	(220)	-	-	-	-	-	-	-	-
Wellness Explorers Srl	-	-	-	9	-	-	-	(215)	-	-	-	-	-	-	-	-
Total	5,436	5,108	83	98	(34)	(78)	(458)	(1,099)	-	(140)	(9)	(10)	(769)	(796)	(78)	(62)
Total Financial Statements	275,879	324,001	376	1,223	(91,026)	(108,221)	(69,937)	(90,535)	(64,825)	(72,924)	(4,060)	(3,069)	(17,841)	(18,810)	(6,057)	(10,995)
% on financial statements item	2%	2%	22%	7%	0%	0%	1%	1%	0%	0%	0%	0%	4%	4%	1%	1%

The relationship between the Group and related parties as of and for the periods ended 30 June 2022, 31 December 2021 and 30 June 2021 are mainly commercial. Technogym Emirates LLC is a joint venture established by the Group with a company in the United Arab Emirates, in order to facilitate the distribution and sale of the Group's products and services in that region. Specifically, relations with this company are regulated by a series of agreements under which Technogym Emirates LLC has been delegated exclusive rights to distribute the Company's products in the UAE. In addition, Technogym Emirates LLC is required to respect certain conditions relating to marketing, distribution and sales and after-sales policies established by the Group. The transactions are regulated by orders issued from time to time based on an agreed product list that is updated periodically by the parties.

The figures for the companies Via Durini S.r.l and Sobeat S.r.o mainly refer to the adoption of IFRS 16 concerning property leased in favour of the group.

The relationship with One on One S.r.l. is related to collaborations aimed to implement and manage corporate wellness areas. For instance, the Group occasionally receives the support of One on One S.r.l. in order to offer a complete service to the end customers.

Transactions between the Group and One on One S.r.l. are regulated by agreements arranged from time to time based on the requests and needs of the end customer.

Relations with Wellink S.r.l. refer mainly to collaborations aimed at implementing personalised projects for wellness centres.

Remuneration of directors and key management

The total amount of compensation of the Board of Directors of the Company amounted to Euro 1,252 thousand for the half year ended 30 June 2022 (Euro 1,228 thousand for the half year ended 30 June 2021). In addition, the total amount of compensation for key management amounted to Euro 910 thousand for the half year ended 30 June 2022 (Euro 1,067 thousand for the half year ended 30 June 2021).

5.20 CONTINGENT LIABILITIES

As of 30 June 2022 there were no ongoing legal or tax proceedings against any Group companies and therefore, no particular provisions for risks and charges have been recognised, with the exception of the following described.

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

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

5.21 COMMITMENTS AND GUARANTEES

As of 30 June 2022 the Company issued guarantees to credit institutions on behalf of subsidiaries for Euro 3,469 thousand (Euro 3,632 thousand as of 30 June 2021), mainly Technogym Japan and Technogym Shanghai, and on behalf of related parties for Euro 3,944 thousand (Euro 3,447 thousand as of 30 June 2021), mainly Technogym Emirates. The guarantees issued by the Group in favour of public institutions and other third parties amounted to Euro 2,443 thousand (Euro 2,162 thousand at 30 June 2021).

5.22 SIGNIFICANT NON-RECURRING EVENTS AND TRANSACTIONS

In the half-year period ending on 30 June 2022, non-recurring expense of Euro 1,540 thousand was recognised, linked primarily to personnel expenses and the relative costs not associated with normal operations. As of 30 June 2021, non-recurring income of Euro 11,128 thousand was recorded linked to the capital gain obtained on the sale of shares held in Amleto APS (Exerp Group), in addition to non-recurring expenses of Euro 812 thousand.

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

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

5.24 SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In line with the “prestige” positioning that has always distinguished Technogym, in early July the company inaugurated a pop-up Technogym experience centre at Porto Cervo Waterfront, the luxury village that is home to a number of premium lifestyle brands. It is an experiential space designed to discover and live a 360° Wellness lifestyle. Every day, Technogym

Master Trainers will be available for two training sessions, in the morning and the late afternoon, against the stunning backdrop of the Porto Cervo Marina.

In July 2022, Technogym submitted its expression of interest to the Organising Committee of the 2024 Paris Olympic Games to be an Official Supplier for the ninth time of the Olympic Games that will be held in the French capital in the summer of 2024.

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

1. The undersigned, Nerio Alessandri, in his capacity as Chairman of the Board of Directors and Chief Executive Officer, and Massimiliano Moi as Financial Reporting Officer of Technogym S.p.A., pursuant to Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree 58 of 24 February 1998, hereby certify:

- the adequacy of administrative and accounting procedures in relation to the characteristics of the company and
- the effective implementation of the administrative and accounting procedures for the preparation of the half-yearly condensed consolidated financial statements, during the first half of 2022.

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

3. It is also certified that:

3.1 The Half-Yearly Condensed Financial Statements:

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

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

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

Cesena, 3 August 2022

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

FINANCIAL REPORTING OFFICER
Massimiliano Moi



REVIEW REPORT ON CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

To the shareholders of
Technogym SpA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of Technogym SpA and its subsidiaries ("Technogym Group") as of 30 June 2022, comprising the consolidated statement of financial position, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders' equity, the consolidated statement of cash flow and the related notes. The directors of Technogym SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

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

Conclusion

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

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June 2022 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Bologna, 4 August 2022

PricewaterhouseCoopers SpA

Signed by
Roberto Sollevanti
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

