



TECHNOGYM S.P.A.

REGISTERED OFFICE IN CESENA, VIA CALCINARO, 2861

SHARE CAPITAL EURO 10,000,000.00, FULLY SUBSCRIBED AND PAID-IN

ENROLMENT NUMBER IN THE BUSINESS REGISTER OF FORLÌ-CESENA 315187 AND TAX CODE
06250230965

**BOARD OF DIRECTOR'S REPORT ILLUSTRATING THE SOLE POINT ON THE AGENDA OF THE
EXTRAORDINARY SHAREHOLDERS' MEETING OF TECHNOGYM S.P.A. CALLED FOR 21 APRIL 2017 ON
SOLE CALL**

1. **Proposal to delegate to the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code, for a period of five years from the date of the resolution, the right to increase share capital, without consideration and divisible, also in several tranches, pursuant to Art. 2349 of the Italian Civil Code, with the issue of a maximum of 1,100,000 ordinary shares, for a maximum amount of Euro 55,000, at an issue value equal to the accounting par value of the shares at the execution date, to be fully attributed to capital, to be assigned to employees of Technogym S.p.A. and its subsidiaries who are beneficiaries of the plan for free assignment of rights to receive ordinary shares of the Company entitled “2017 - 2019 Performance Shares Plan”; consequent amendment of Art. 6 of the Articles of Association in force.**

Dear Shareholders,

This report is provided pursuant to Art. 125-*ter* of Legislative Decree no. 58 of 24 February 1998 (the “**Consolidated Law on Finance**”) and Art. 72 and Annex 3A of the Regulations implementing the Consolidated Law on Finance concerning the governance of issuers, adopted by CONSOB with resolution no. 11971 of 14 May 1999, as amended (the “**Issuers' Regulation**”).

The Board of Directors has called this Extraordinary Shareholders' Meeting to submit for your approval the proposal to delegate to the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code, for a period of five years from the date of the resolution, the right to increase share capital, without consideration and divisible, also in several tranches, pursuant to Art. 2349 of the Italian Civil Code, for a maximum amount of Euro 55,000 (fifty five thousand and 00/100 euros) with the issue of a maximum of 1,100,000 (one million one hundred thousand) ordinary shares, at an issue value equal to the accounting par value of the Technogym shares at the execution date, to be fully attributed to capital, to be assigned to employees of Technogym S.p.A. and its subsidiaries who are beneficiaries of the plan for free assignment of rights to receive ordinary shares of Technogym S.p.A. entitled “2017 - 2019 Performance Shares Plan” (the “**Plan**”), with the consequent amendment of Art. 6 of the Articles of Association in force.

1. **Reasons for the share capital increase**

The Board of Directors' meeting of 6 March 2017 resolved, *inter alia*, to submit to the examination and approval of the Ordinary Shareholders' Meeting an incentive and loyalty plan entitled the “2017 - 2019 Performance Shares Plan” (the “**Plan**”), reserved for employees and/or workers of Technogym S.p.A. (“**Technogym**” or the “**Company**”) or of Subsidiaries who hold managerial roles, including Key Management Personnel of the Company, to be implemented through the free assignment of Technogym ordinary shares (the “**Shares**”), on achievement of specific performance targets.

The details of the Plan are described in the specific report and in the information document drawn up pursuant to Art. 84-*bis* of the Issuers' Regulation – to which reference is made for more information – made available to the Shareholders for examination of the aforementioned point on the agenda of the Ordinary Shareholders' Meeting.

The Plan specifically regards the free assignment of rights which allow for, in the event of achievement of specific performance targets, the assignment of a number of Technogym Shares determined in accordance with the terms and conditions of the regulations defining the criteria, methods and terms of implementation of the Plan (the “**Regulations**”), which shall be approved by the Board of Directors as per the mandate granted by the Shareholders' Meeting. This, without prejudice to the fact that the number of Shares which may be assigned shall be determined based on achieving and/or exceeding said performance targets.

The shares that will be assigned pursuant to the Plan derive from the share capital increase to be carried out, pursuant to Art. 2349 of the Italian Civil Code, using profits or profit reserves, or treasury shares held by the Company.

Therefore, in order to ensure a sufficient supply of Shares to assign to employees of Technogym and its subsidiaries who are beneficiaries of the Plan in the event that the performance targets are reached – given that such amount is sufficient even if the Company does not use treasury shares – the Board of Directors intends to submit to your attention the proposal to delegate to the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code, the mandate to increase share capital for a period of five years from the date of the resolution, without consideration and divisible, also in several *tranches*, pursuant to Art. 2349 of the Italian Civil Code, for a maximum amount of Euro 55,000 (fifty five thousand and 00/100 euros) with the issue of a maximum of 1,100,000 (one million one hundred thousand) ordinary shares, at an issue value equal to the accounting par value of the Technogym shares at the execution date, to be fully attributed to capital, to be assigned to employees of Technogym S.p.A. and its subsidiaries who are beneficiaries of the Plan.

The reasons for adopting the Plan lie with the need to strengthen Technogym’s ability to retain key resources and attract people with the best skills as well as align the interest in the company performance of key resources of the Company with those of shareholders in creating sustainable value over time.

2. Characteristics of the share capital increase reserved to beneficiaries of the Plan

To execute the share capital increase for the purpose of the Plan, it is thus proposed to assign the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code, the right to increase share capital, without consideration and divisible, and also in several tranches, using profits or profit reserves to be allocated to such purposes and to be identified by the Board of Directors pursuant to Art. 2349 of the Italian Civil Code, for a maximum amount of Euro 55,000 (fifty five thousand and 00/100 euros) with the issue of a maximum of 1,100,000 (one million one hundred thousand) ordinary shares, at an issue value equal to the accounting par value of the Technogym shares at the execution date, to be fully attributed to capital.

The Plan shall be carried out over a time horizon of three years (2017 - 2019) and involves assigning the Beneficiaries the Rights within 18 months from the date of approval of the related Regulations and any assignment of the Shares to be carried out in 2019 following the verification of the performance targets. The total maximum number of Shares to be assigned to the Beneficiaries equals 1,100,000 (one million one hundred thousand).

The share capital increase pursuant to Art. 2349, paragraph 1 of the Italian Civil Code must be carried out using profits and/or profit reserves as resulting from the latest financial statements approved during the financial year prior to the assignment of the Shares. For that reason it is deemed that the instrument that is most technically effective to that end is assigning the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code, the right to increase the share capital, without consideration, for the purpose of the Plan.

The Board of Directors will also be assigned the right to identify, at the proper time and on a case-by-case basis the profits and/or profit reserves to be allocated for such purpose, with a mandate to make the appropriate accounting entries as a result of the issue transactions, in compliance with the provisions of law and accounting standards applicable at each time.

3. Characteristics of the newly-issued shares

The Shares being assigned to the beneficiaries of the Plan have regular dividend entitlement and, therefore, their related rights are assigned to each beneficiary starting from the time the beneficiary becomes the owner thereof, and shall be equipped with coupons valid at said date.

4. Amendments to Art. 6 of the Articles of Association

As a result of the proposed resolution that is being submitted for your approval, it will be necessary to supplement Art. 6 of the Articles of Association in force by including a clause relating to the Shareholders' Meeting resolutions assigning the mandate to the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code, of the right to increase the share capital, without consideration, pursuant to Art. 2349 of the Italian Civil Code, for the purpose of the 2017 - 2019 Performance Shares Plan.

It is noted that the proposed amendment to the Articles of Association in question does not assign the right of withdrawal to shareholders who do not contribute to its approval, as the conditions for any of the cases of withdrawal identified by Art. 2437 of the Italian Civil Code are not met.

Below the current text of Art. 6 of the Articles of Association of Technogym is shown alongside the version of the text that the Board of Directors proposes adopting, by including a specific new paragraph in Art. 6:

TEXT IN FORCE	TEXT PROPOSED
6.1 The share capital is determined at Euro 10,000,000.00 (ten million and 00/100 euros) and is divided into 200,000,000 (two hundred million) ordinary shares without indication of nominal value.	Unchanged
6.2 Shares are registered and indivisible.	Unchanged
6.3 Where, for any reason, a share belongs to several parties, the rights inherent in said share must be exercised by a joint representative	Unchanged

<p>appointed pursuant to Art. 2347, paragraph 1 of the Italian Civil Code.</p>	
<p>6.4 Payments on shares are requested by the Board of Directors according to the terms and methods it deems suitable. Shareholders that are late with their payments shall incur annual interest in the amount of the reference interest rate as defined by Art. 2 of Legislative Decree no. 231 of 9 October 2002, as subsequently amended, without prejudice to the provisions of Art. 2344 of the Italian Civil Code.</p>	<p>Unchanged</p>
<p>6.5 The Extraordinary Shareholders' Meeting may resolve on share capital increases which may also be executed through the contribution of assets in kind or receivables, through the issue of shares, including special categories of shares, to be assigned without consideration in application of Art. 2349 of the Italian Civil Code in favour of employees of the Company or its subsidiaries.</p>	<p>Unchanged</p>
<p>6.6 The role of shareholder requires the unconditional agreement with these Articles of Association and all the resolutions of the Shareholders' Meeting, even those prior to acquiring said role, taken in compliance with law and the Articles of Association in force <i>pro tempore</i>.</p>	<p>Unchanged</p>
<p>6.7 The Extraordinary Shareholders' Meeting of 30 March 2016 resolved to assign, pursuant to Art. 2443 of the Civil Code, the power to the Board of Directors to increase the share capital, for the period ending 31 December 2018, up to a maximum amount of Euro 100,000.00 (one hundred thousand and 00/100 euros), in one or more tranches, by allocating the corresponding maximum amount of profits (or profit reserves) pursuant to Art. 2349 of the Civil Code, and issuing ordinary shares or shares lacking voting rights, with no indication of nominal value, in the</p>	<p>Unchanged</p>

<p>number required, to employees of the Company or its Subsidiaries, as part of the Company's incentive plan entitled "Long Term Incentive Plan", in accordance with the terms, conditions and using the methods set out therein.</p>	
	<p><u>6.8 The Directors are granted the power for five years from 21 April 2017 to increase the share capital for the purpose of implementing the incentive and loyalty plan entitled "2017 - 2019 Performance Shares Plan", for a maximum of Euro 55,000 (fifty five thousand and 00/100 euros) with the issue of a maximum of 1,100,000 (one million one hundred thousand) new ordinary shares without indication of nominal value, with the same characteristics as those outstanding and regular dividend entitlement, at an issue value equal to the accounting par value of the Technogym shares at the execution date of this mandate by assigning the equivalent amount of profits and/or profit reserves as resulting from the latest financial statements approved pursuant to Art. 2349 of the Italian Civil Code, according to the terms, conditions and using the methods set out in said plan.</u></p>

If you agree with the proposal we have formulated, we submit the following proposed resolution for your approval.

"The Extraordinary Shareholders' Meeting of Technogym S.p.A.:

- *having examined the Report of the Board of Directors and the proposals set out therein;*
- *in light of the adoption of the Plan entitled "2017 - 2019 Performance Shares Plan";*
- *given that the Company's Articles of Association provide the right to assign profits and/or profit reserves to employees through the issue of shares reserved to them pursuant to Art. 2349, paragraph 1 of the Italian Civil Code*

resolves

- *to assign the Board of Directors, pursuant to Art. 2443 of the Italian Civil Code, for a period of five years from the date of this resolution, the power to increase the share capital without consideration, also in several tranches, for*

the purpose of implementing the plan entitled “2017 - 2019 Performance Shares Plan” for a maximum of Euro 55,000 (fifty five thousand and 00/100 euros) with the issue of a maximum of 1,100,000 (one million one hundred thousand) new ordinary shares without indication of nominal value, with the same characteristics as those outstanding and regular dividend entitlement, at an issue value equal to the accounting par value of the Technogym shares at the execution date of this mandate, through the assignment of the equivalent amount of profits or profit reserves as resulting from the latest financial statements approved in each case pursuant to Art. 2349 of the Italian Civil Code, according to the terms, conditions and using the methods set out in the 2017 - 2019 Performance Shares Plan;

- *to amend Art. 6 (six) of the Articles of Association by introducing a new last paragraph of Art. 6.8, reading as follows: “The Directors are granted the power for five years from 21 April 2017 to increase the share capital for the purpose of implementing the incentive and loyalty plan entitled “2017 - 2019 Performance Shares Plan”, for a maximum of Euro 55,000 (fifty five thousand and 00/100 euros) with the issue of a maximum of 1,100,000 (one million one hundred thousand) new ordinary shares without indication of nominal value, with the same characteristics as those outstanding and regular dividend entitlement, at an issue value equal to the accounting par value of the Technogym shares at the execution date of this mandate by assigning the equivalent amount of profits and/or profit reserves as resulting from the latest financial statements approved pursuant to Art. 2349 of the Italian Civil Code, according to the terms, conditions and using the methods set out in said plan”;*
- *to henceforth the Board of Directors, and, for the Board, also the pro tempore legal representatives, also severally, all the powers to make the changes to Art. 6 (six) of the Articles of Association in each case resulting from the resolutions, execution and finalisation of the delegated share capital increase, to that end fulfilling all the obligations and publicity required by law, as well as to carry out all formalities necessary so that the resolutions adopted are recorded in the competent Register of Companies, and to include in these resolutions any amendments, changes or additions that are necessary or in any event requested by the competent authorities, as well as all powers to fulfil the legal and regulatory obligations resulting from the resolutions adopted”.*

for the Board of Directors:
The Chairman
Nerio Alessandri