



TECHNOGYM S.P.A.

REGISTERED OFFICE IN CESENA, VIA CALCINARO, 2861

SHARE CAPITAL EURO 10,050,250.00 FULLY SUBSCRIBED AND PAID IN

REGISTRATION WITH THE FORLÌ-CESENA COMPANIES' REGISTER NO. 315187 - TAX CODE 06250230965

**EXPLANATORY REPORT BY THE BOARD OF DIRECTORS ON THE PROPOSAL SET OUT IN THE SOLE POINT OF THE EXTRAORDINARY SECTION OF THE AGENDA OF THE SHAREHOLDERS' MEETING OF TECHNOGYM S.P.A. CALLED FOR MAY 8, 2018 IN SINGLE CALL**

1. **Proposal to confer upon the Board of Directors, pursuant to art. 2443 of the Italian Civil Code, for a period of five years starting from the resolution date, the power to increase the share capital, free of charge, divisible and also in one or more tranches, pursuant to art. 2349 of the Italian Civil Code, by issuing max. no. 600,000 ordinary shares, for a max. Euro 30,000, for an issue value equal to the book value of the shares on the execution date to be fully credited to share capital, to be allocated to the employees of Technogym S.p.A. and its subsidiaries, that are the beneficiaries of the plan for the free award of the rights to receive ordinary shares of the Company also known as the “2018-2020 Performance Shares Plan”. Consequent amendments to article 6 of the current Articles of Association and elimination of paragraph 6.7.**

Dear Shareholders,

the present report is provided in accordance with art.125-*ter* of Legislative Decree no. 58 of February 24, 1998 (the “**Consolidated Finance Law**” or “**TUF**”) and with art. 72 of Annex 3A of the implementing Regulation of the TUF concerning regulations for issuers, adopted by CONSOB with its resolution no. 11971 of May 14, 1999 as amended (the “**Issuers' Regulations**”).

The Board of Directors convened you, in the extraordinary meetings, to submit for your approval the proposal to confer upon the Board of Directors, pursuant to art. 2443 of the Italian Civil Code, for a period of five years starting from the resolution date, the power to increase the share capital, free of charge, divisible and also in one or more tranches, pursuant to art. 2349 of the Italian Civil Code, for a maximum amount of Euro 30,000 (thirty thousand/00), by issuing a maximum number of 600,000 (six hundred thousand/00) ordinary shares, without par value, having the same characteristics as the outstanding ones, for an issue value equal to the book value of the Technogym shares on the execution date to be fully credited to share capital, to be allocated to the employees of Technogym S.p.A. and its subsidiaries, who are the beneficiaries of the plan for the free award of the rights to receive ordinary shares of the Company also known as the “2018-2020 Performance Shares Plan”, with the ensuing amendment of article 6 of the Articles of Association in force.

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

On March 28, 2018, the Board of Directors resolved, inter alia, to submit to the review and approval of the ordinary Shareholders' Meeting an incentive and loyalisation plan called “2018-2020 Performance Shares Plan” (the “**Plan**”) reserved to employees and/or contractors of Technogym S.p.A. (“**Technogym**” or the “**Company**”) or of Subsidiaries (the “**Beneficiaries**” and, each, the “**Beneficiaries**”), who hold managerial offices, including Key Managers of the Company, to be implemented by free award of right of ordinary Technogym shares (the “**Shares**”), upon reaching determined performance targets.

The details of the Plan are described in the dedicated illustrative report and in the information document prepared in accordance with art. 84-*bis* of the Issuers' Regulations - to which reference is made for additional information - made available to the Shareholders for the examination of the related point in the agenda of the ordinary part of the Shareholders' Meeting.

The Plan specifically pertains to the free allotment of rights that allow, if certain performance targets are attained, the award of a number of ordinary Technogym Shares (the “**Rights**”) determined according to the terms and conditions according to the regulation pertaining to the definition of the criteria, of the procedures and of the terms for the implementation of the Plan (the “**Regulation**”) which will be approved by the Board of Directors exercising the powers delegated by the Shareholders’ Meeting. The number of Shares to be awarded shall be determined according to the level of achievement and/or exceedance of the aforesaid performance targets.

The shares to be allotted according to the Plan shall derive from a share capital increase to be carried out by using, in accordance with art. 2349 of the Italian Civil Code, earnings or retained earnings, or else treasury shares held by the Company.

Thus, to assure a sufficient quantity of Shares to be awarded to the Beneficiaries who are employees of the Company and/or of the subsidiaries if the performance targets are achieved - so that said amount is sufficient even if the Company does not use treasury shares for this category of beneficiaries - the Board of Directors intends to submit for your attention the proposal to delegate to the Board of Directors, in accordance with art. 2443 of the Italian Civil Code, the power to increase the share capital by bonus issue for a period of five years from the date of the resolution, free of charge, divisibly and also in one or more tranches, pursuant to art. 2349 of the Italian Civil Code, for a maximum amount of Euro 30,000 (thirty thousand/00), by issuing a maximum number of 600,000 (six hundred thousand/00) ordinary shares, without par value, having the same characteristics as the outstanding ones, for an issue value equal to the book value of the Technogym shares on the execution date to be fully credited to share capital, to be allocated to the Beneficiaries who are employees.

The reasons for the adoption of the Plan reside in the need to strengthen the ability of Technogym to withhold key resources and attract people with top skills as well as to align the interest of key human resources in the company’s performance with that of the shareholders so as to create sustainable value over time.

## **2. Characteristics of the bonus issue reserved to beneficiaries of the Plan**

For the execution of the bonus issue in the service of the Plan, therefore, we propose to confer upon the Board of Directors, pursuant to art. 2443 of the Italian Civil Code, the power to increase the share capital, free of charge, divisibly and also in one or more tranches, drawing from the earnings or retained earnings to be allocated for this purpose and to be identified by the Board of Directors, pursuant to art. 2349 of the Italian Civil Code, for a maximum amount of Euro 30,000 (thirty thousand/00), by issuing a maximum number of 600,000 (six hundred thousand/00) ordinary shares, without par value, having the same characteristics as the outstanding ones, for an issue value equal to the book value of the Technogym shares on the execution date to be fully credited to share capital.

The Plan spans a time horizon of 3 years (2018-2020) and calls for:

- the award of the Rights to the Beneficiaries, to be carried out no later than 12 (twelve) months from the date of approval of the Regulation; and

- the allotment of the Shares to be carried out in 2021 following verification of the performance targets.

The total maximum number of Shares to be allotted to the Beneficiaries is 600,000 (six hundred thousand/00).

The share capital increase in accordance with art. 2349, paragraph 1, of the Italian Civil Code shall take place through the use of earnings and/or retained earnings as they result from the last financial statements approved during the year that provides for the allotment of the Shares. For this reason, it is deemed that the technically most effective instrument for this purpose is the conferral to the Board of Directors, in accordance with art. 2443 of the Italian Civil Code, of the power to increase, free of charge, the share capital serving the Plan.

To the Board of Directors shall also be given the power to identify in due course and from time to time the earnings and/or the retained earnings to be used for this purpose, with the mandate to provide for the appropriate accounting entries consequent to issue transactions, in compliance with the provisions of law and with the accounting standards applicable from time to time.

### **3. Characteristics of the newly issued shares**

The Shares to be allotted to the Beneficiaries shall be ordinary, shall be entitled to regular dividends and, therefore, the rights related thereto shall be each Beneficiary's starting from the time when (s)he shall become their holder and they shall have the coupons current on that date.

### **4. Amendments to article 6 of the Articles of Association**

As a consequence of the proposed resolution submitted for your approval, it will be necessary to supplement article 6 of the Articles of Association in force by the insertion of a clause relating to the shareholders' resolution to delegate the Board of Directors, in accordance with art. 2443 of the Italian Civil Code, the authority to increase the share capital free of charge in accordance with art. 2349 of the Italian Civil Code in the service of the 2018-2020 Performance Shares Plan.

On the occasion of said amendment, moreover, we propose eliminating the provision of paragraph 6.7 of article 6 that illustrates the resolution whereby the Board of Directors on October 31, 2018 resolved to increase the share capital in accordance with art. 2443 and art. 2349 of the Italian Civil Code for a maximum nominal amount of Euro 50,250.00 (fifty thousand two hundred fifty point zero zero), implementing the authority delegated to it by the Shareholders' Meeting of March 30, 2016. Since this clause describes a corporate event that has already occurred and whose effects have been exhausted, replacing it with the new provision of the powers which the Shareholders will delegate to the Board of Directors and consequently re-numbering the paragraphs.

The proposed amendment in question does not entitle shareholders who should disagree with its approval to withdraw, as it does not match any of the cases of withdrawal identified by art. 2437 of the Italian Civil Code.

The current text of article 6 of the Corporate Articles of Association of Technogym compared to the text in the version the Board of Directors proposes to adopt, by inserting a new dedicated paragraph to article 6 thereof:

CURRENT TEXT	PROPOSED TEXT
6.1 The share capital is calculated at Euro 10,050,250.00 (ten million fifty thousand two hundred fifty point zero zero) and is subdivided into 201,005,000 (two hundred one million five thousand) ordinary shares with no nominal value.	Unchanged
6.2 Shares shall be registered and indivisible.	Unchanged
6.3 If, for any reason, a share belongs to multiple parties, the rights pertaining to each share shall be exercised by a common representative appointed in accordance with article 2347, paragraph 1, of the Italian Civil Code.	Unchanged
6.4 Payments on the shares are requested by the board of directors in the terms and ways it shall deem appropriate. Shareholders who delay payments shall be charged the annual interest in the measure of the reference rate as defined in art. 2 of Legislative Decree no. 231 of October 9, 2002, as amended, subject to the provisions of art. 2344 of the Italian Civil Code.	Unchanged
6.5 The extraordinary shareholders' meeting may resolve capital increases, which may also be executed by transfers of assets in kind or receivables, by the issue of shares, also of special categories, also be allotted free of charge in accordance with art. 2349 of the Italian Civil Code in favor of the employees of the Company or of subsidiaries.	Unchanged
6.6 Being a shareholder entails unconditional acceptance of the present articles of association and of all the resolutions of the shareholders' meeting, even those passed before the shareholder acquired any shares, passed in	Unchanged

<p>accordance with the laws and with the articles of association in force at the time.</p>	
<p>6.7 On October 31, 2017, the Board of Directors, by virtue of the powers attributed to it by the extraordinary Shareholders' Meeting of March 30, 2016, resolved to increase the share capital free of charge, in accordance with articles 2443 and 2349 of the Italian Civil Code, for a maximum nominal amount of Euro 50,250.00 (fifty thousand two hundred fifty point zero zero), by allocating to capital, for the corresponding amount, the amount recorded in the Financial Statements under the entry "Stock option plan reserve", with the issue of 1,005,000 (one million five hundred thousand) new ordinary shares without nominal value, entitled to regular dividends and having the same characteristics as those outstanding on the date of the issue, to be allotted to employees who are beneficiaries of the Company Plan called "Long Term Incentive Plan".</p>	<p><del>6.7 On October 31, 2017, the Board of Directors, by virtue of the powers attributed to it by the extraordinary Shareholders' Meeting of March 30, 2016, resolved to increase the share capital free of charge, in accordance with articles 2443 and 2349 of the Italian Civil Code, for a maximum nominal amount of Euro 50,250.00 (fifty thousand two hundred fifty point zero zero), by allocating to capital, for the corresponding amount, the amount recorded in the Financial Statements under the entry "Stock option plan reserve", with the issue of 1,005,000 (one million five hundred thousand) new ordinary shares without nominal value, entitled to regular dividends and having the same characteristics as those outstanding on the date of the issue, to be allotted to employees who are beneficiaries of the Company Plan called "Long Term Incentive Plan".</del></p>
<p>6.8 The Directors have the authority, for five years from April 21, 2017, to increase the shareholders' equity in the service of the implementation of the incentive and loyalisation plan called "2017-2019 Performance Shares Plan" for a maximum amount of Euro 55,000.00 (fifty-five thousand point zero zero) with the emission of a maximum number of 1,100,000.00 (one million one hundred thousand point zero zero) new ordinary shares without indication of the nominal value, having the same characteristics as the outstanding ones, with regular dividends, at an issue value equal to the book value of the Technogym shares on the execution date of the present delegation of powers by allotment of a corresponding amount of earnings and/or retained earnings as they result from the last approved financial statements in accordance with art. 2349 of the Italian Civil Code, in the terms, at the conditions and</p>	<p>6.7 Unchanged with the exception of the re-numbering.</p>

<p>according to the procedures prescribed by the plan itself.</p>	
	<p><u><i>6.8 The extraordinary Shareholders' Meeting of May 8, 2018 resolved to attribute, pursuant to art. 2443 of the Italian Civil Code, to the Board of Directors the authority, for the period of five years from May 8, 2018, to increase the share capital in the service of the implementation of the incentive and loyalisation plan called "2018-2020 Performance Shares Plan" for a maximum amount of Euro 30,000 (thirty thousand point zero zero) with the emission of a maximum number of 600,000 (six hundred thousand point zero zero) new ordinary shares without indication of the nominal value, having the same characteristics as the outstanding ones, with regular dividends, at an issue value equal to the book value of the Technogym shares on the execution date of the present delegation of powers by allotment of a corresponding maximum amount of earnings and/or retained earnings as they result from the last approved financial statements in accordance with art. 2349 of the Italian Civil Code, in the terms, at the conditions and according to the procedures prescribed by the plan itself.</i></u></p>

If you agree with the proposal we have illustrated, we kindly ask you to approve the following draft resolution.

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

- *having examined the Explanatory Report of the Board of Directors and the proposals contained therein;*
- *in light of the adoption of the Plan called "2018-2020 Performance Shares Plan";*
- *in view of the provision in the Articles of Association of the Company of the power to allocate earnings and/or retained earnings to employees by issuing shares reserved to them, in accordance with art. 2349, paragraph 1, of the Italian Civil Code*

***resolves***

- *to attribute to the Board of Directors the authority, in accordance with art. 2443 of the Italian Civil Code, for the period of five years from the date of the present resolution, to increase the share capital also in multiple tranches, in the service of the implementation of the plan called “2018-2020 Performance Shares Plan” for a maximum amount of Euro 30,000 (thirty thousand/00) with the emission of a maximum number of 600,000 (six hundred thousand/00) new ordinary shares without indication of the nominal value, having the same characteristics as the outstanding ones, with regular dividends, at an issue value equal to the book value of the Technogym shares on the execution date of the present delegation of powers by allocation of a corresponding maximum amount of earnings and/or retained earnings as they result from the last approved financial statements in accordance with art. 2349 of the Italian Civil Code, in the terms, at the conditions and according to the procedures prescribed by the 2018-2020 Performance Shares Plan;*
- *to amend article 6 (six) of the Articles of Association by (i) deleting the old paragraph 6.7 with consequent re-numbering of the following paragraph from 6.8 to 6.7 and (ii) introducing a new last paragraph 6.8 with the following content: “The Shareholders’ Meeting of May 8, 2018 resolved to attribute, in accordance with art. 2443 of the Italian Civil Code, to the Board of Directors the authority, for the period of five years from May 8, 2018, to increase the share capital in the service of the implementation of the incentive and loyalisation plan called “2018-2020 Performance Shares Plan” for a maximum amount of Euro 30,000 (thirty thousand point zero zero) with the emission of a maximum number of 600,000 (six hundred thousand point zero zero) new ordinary shares without indication of the nominal value, having the same characteristics as the outstanding ones, with regular dividends, at an issue value equal to the book value of the Technogym shares on the execution date of the present delegation of powers by allocation of a corresponding maximum amount of earnings and/or retained earnings as they result from the last approved financial statements in accordance with art. 2349 of the Italian Civil Code, in the terms, at the conditions and according to the procedures prescribed by the plan itself.”;*
- *to hereby vest the Board of Directors, and for it the pro tempore legal representatives, also separately from each other, with all power to amend article 6 (six) of the Articles of Association from time to time with the changes consequent to the resolutions, to the execution and to the completion of the delegated capital increase, fulfilling for this purpose all the obligations and publicity requirements prescribed by applicable laws and regulations, and to complete all necessary formalities so that the adopted resolutions are recorded in the competent Register of Companies, and to introduce in the present resolutions any modifications, variations or additions that may be necessary or otherwise required by the competent authorities, as well as with every power to fulfill the legal and regulatory requirements consequent to the adopted resolutions.”*

on behalf of the Board of Directors  
The Chairman  
Nerio Alessandri