



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 POINT
4 OF THE ORDINARY SECTION OF THE AGENDA OF THE SHAREHOLDERS' MEETING OF
TECHNOGYM S.P.A. CALLED FOR MAY 8, 2019 IN SINGLE CALL**

Appointment of the Board of Statutory Auditors for three years:

1. Appointment of the members and the Chairman of the Board of Statutory Auditors.

2. Resolution on the compensation of the standing members of the Board of Statutory Auditors.

Dear Shareholders,

with the Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2018, the term of office of the Board of Statutory Auditors, appointed by the Shareholders' Meeting on March 16, 2016, is coming to an end. You have, therefore, been called in ordinary session to discuss and resolve on the appointment of the Board of Statutory Auditors for the 2019-2021 period. In particular, you have been called: (i) to appoint three Standing Auditors and two Alternate Auditors, and to choose the Chairman of the Board of Statutory Auditors, and (ii) to set the compensation for the standing members of the Board of Statutory Auditors.

1. Appointment of the members and the Chairman of the Board of Statutory Auditors

You are reminded that the appointment of the Board of Statutory Auditors takes place pursuant to the applicable legal and regulatory provisions and to the procedure indicated in Art. 29 of the Articles of Association, published on the website of the Company www.technogym.com in the section *Investor Relations/Governance/Documenti societari*, to which we refer. In any case, you are reminded of the following rules on the composition of the Board of Statutory Auditors and the procedures for the deposit of lists and the voting.

The Board of Statutory Auditors consists of three standing and two alternate auditors. They remain in office until the Shareholders' Meeting called for the approval of the financial statements for the third year of office and they may be re-elected. The members of the Board of Statutory Auditors must meet the requirements of integrity, professionalism, independence and must respect the limit on the accumulation of positions set by the legal and regulatory provisions in force. With regard to the professionalism requirements, you are reminded that at least one Standing Auditor and one Alternate Auditor must be listed in the register of Independent Auditors and have carried out auditing activities for no less than three years, while the Auditors not listed in the register of Independent Auditors must have at least three years' experience in the exercise of the activities and functions indicated by the legal and regulatory provisions in force, as specified by Art. 27.3 of the Articles of Association.

The Board of Statutory Auditors is elected by the ordinary Shareholders' Meeting, based on lists presented by shareholders, in which the candidates must be given a sequential number, which cannot exceed the number of members to be elected.

Within the Board of Statutory Auditors, gender balance (male and female) must be ensured pursuant to the legal and regulatory provisions in force: therefore, at least one-third of the Auditors elected, rounding up, must belong to the less represented gender.

The lists are divided into two sections: one for candidates for the office of Standing Auditor, the other for candidates for the office of Alternate Auditor. The first candidates of each section must be listed in the register of Independent Auditors and have carried out auditing activities for no less than 3 (three) years. The other candidates, if they do not meet this requirement, must meet the other

professionalism requirements specified by the legal and regulatory provisions in force. If these obligations are not fulfilled, the list is considered as if it had not been presented.

Any list presenting with three or more candidates (considering both sections) must include candidates of both genders, so that at least one-third (rounding up) of the candidates to the office of Standing Auditor and at least one candidate to the office of Alternate Auditor (if the list also includes candidates to the office of Alternate Auditor) belong to the less represented gender. If these obligations are not fulfilled, the list is considered as if it had not been presented.

Each shareholder, shareholders participating in a Shareholders' agreement related to the Company as set forth in Art. 122 of the Consolidated Finance Law, the parent company, the subsidiaries and the companies subject to common control and other companies with which there is affiliation, even indirect, pursuant to the legal and regulatory provisions in force, cannot present or take part in the presentation, not even through a third party or trust company, of more than one list and cannot vote for different lists.

Each candidate may appear only on one list, being otherwise deemed ineligible.

The lists must be filed at the offices of the Company, following the procedures specified in the call notice, at least 25 days before the date set for the Shareholders' Meeting that is, by April 13, 2019. They must be accompanied by:

- a) information on the identity of the shareholders presenting the lists, accompanied by the total percentage interest held in the share capital. The documentation proving ownership of the minimum interest needed for the presentation of the list (1% of the total shares with voting rights in the ordinary Shareholders' Meeting, based on the shares registered on the day the lists are deposited at the Company) may be provided to the Company even after the deposit, but not less than twenty-one days before the date set for the Shareholders' Meeting (i.e. by April 17, 2019);
- b) a statement of the shareholders other than those holding, alone or jointly, a controlling interest or a relative majority, stating the absence of affiliation, even indirect, pursuant to the legal and regulatory provisions in force, with the latter (taking into account the guidelines provided by CONSOB in its Communication No. DEM/9017893 issued on February 26, 2009);
- c) exhaustive information on the personal and professional characteristics of the candidates, indicating the administrative and control positions held in other companies, with a statement by the candidates to the effect that all requirements set by the legal and regulatory provisions in force and by the Articles of Association, including those of integrity, professionalism, independence, and those related to the accumulation of positions, have been met, and that they accept the candidature and, if elected, the office;
- d) any other additional or different statement, information and/or document required by the legal and regulatory provisions in force.

If these obligations are not fulfilled, the list is considered as if it had not been presented.

If no list is presented by the end of the period set for the deposit or if only one list is presented, or only lists presented by shareholders considered to be affiliated pursuant to the legal and regulatory provisions in force, other lists may be presented for three days after that date. In this case, the minimum threshold set for the presentation of the lists is reduced by half. The Company will announce these circumstances without delay, following the procedures set by the laws and regulations in force.

The lists deposited will be made available to the public at the registered office, on the Company's website and in other ways specified by the applicable laws and regulations, as indicated above, at least twenty-one days before the day set for the Shareholders' Meeting.

Pursuant to the Articles of Association, if multiple lists are presented and admitted to the vote, the election of the members of the Board of Statutory Auditors takes place as follows:

- (i) two Standing Auditors and one Alternate Auditor are taken from the list that has obtained the highest number of votes, in the progressive order with which they appear in the corresponding sections of the list; the remaining Standing Auditor and the remaining Alternate Auditor are taken, based on the progressive order with which they appear in the corresponding sections of the list, from the list that obtained the second highest number of votes, votes given by shareholders who are not related in any way, not even indirectly, pursuant to the legal and regulatory provisions in force with the shareholders who have presented or voted the list that obtained the highest number of votes;
- (ii) if two lists obtain the same number of votes, priority is given to the list presented by the shareholders with the largest interest or, subordinately, by the largest number of shareholders;
- (iii) if, at the end of the voting, the composition of the Board of Statutory Auditors does not comply with the legal and regulatory provisions in force on gender balance, among the candidates to the office of Standing Auditor, the candidate of the most represented gender elected last in progressive order in the corresponding section of the list that obtained the highest number of votes shall be excluded and replaced by the first unelected candidate of the less represented gender of this section according to the progressive order. If, after this substitution, the composition of the Board of Statutory Auditors still does not comply with the legal and regulatory provisions on gender balance in force, the replacement shall take place with resolution of the Shareholders' Meeting, taken by the relative majority of the votes there represented, after presentation of candidatures belonging to the less represented gender.
- (iv) if the number of candidates elected on the basis of the lists presented is less than the number of the Auditors to be elected, the remaining Auditors are elected by the Shareholders' Meeting with the relative majority of the votes there represented and in any case in a way to ensure compliance with the legal and regulatory provisions in force on gender balance. If different candidates obtain the same number of votes, a second ballot shall take place at the Shareholders' Meeting, and the candidate who obtains most votes shall prevail.

If a single list is presented, the Shareholders' Meeting shall vote on this list and, if the relative majority of the votes there represented is obtained, all members of the Board of Statutory Auditors shall be taken from this list in compliance with the legal and regulatory provisions in force, also in regard to gender balance.

If (a) no list is presented or (b) if a single list is presented and this does not obtain the relative majority of the votes represented at the Shareholders' Meeting or (c) if it is not possible for any reason to appoint the Board of Statutory Auditors with the procedures specified by the Articles of Association, the members of the Board of Statutory Auditors are appointed by the ordinary Shareholders' Meeting with the relative majority of the votes there represented, without application of the list voting mechanism, and, in any case, in a way to ensure compliance with the legal and regulatory provisions in force on gender balance.

The Standing Auditor elected by the minority is chosen as the Chairman of the Board of Statutory Auditors, unless a single list was voted or no list was presented; in these cases, the Chairman of the Board of Statutory Auditors is appointed by the Shareholders' Meeting with the relative majority of the votes there represented.

In light of the above, the Shareholders' Meeting is invited, pursuant to the applicable legal and regulatory provisions and the Articles of Association, to appoint the members of the Board of Statutory Auditors and its Chairman, for the 2019-2021 period, and therefore until the Shareholders' Meeting called to approve the financial statements for the last of those years.

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2. Resolution on the compensation of the standing members of the Board of Statutory Auditors.

Pursuant to Art. 2402 of the Civil Code and Art. 27 of the Articles of Association, the Shareholders' Meeting sets the compensation due to the Standing Auditors.

You are reminded that the annual gross compensation of the outgoing members of the Board of Statutory Auditors had originally been set by the ordinary Shareholders' Meeting held on March 16, 2016 at Euro 30,000 for the Chairman and Euro 20,000 for the other Standing Auditors.

The Shareholders' Meeting is invited to set the remuneration of the standing members of the Board of Statutory Auditors – based on the proposals that may be made by the Shareholders also during the execution of the Shareholders' Meeting.

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on behalf of the Board of Directors
The Chairman
Nerio Alessandri