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REMUNERATION REPORT
In accordance with Article 123-ter of the Consolidated Finance Law (TUF)

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FOREWORD

The present remuneration report was prepared in accordance with Article 123-*ter* of Italian Legislative Decree no. 58/1998 (the “**Consolidated Finance Law**” or “**TUF**”), and in accordance with Article 6 of the Corporate Governance Code for companies listed on Borsa Italiana S.p.A.

Section I of the report provides the market with information about the remuneration policy of Technogym S.p.A. (the “**Company**” or “**Technogym**”), as approved by the Board of Directors - upon the proposal of the Appointments and Remuneration Committee - on 27 March 2019, following the entry into force of the CONSOB regulatory provisions for the implementation of Article 123-*ter* of the TUF.

The remuneration policy describes (i) the policy adopted by the Company with regard to remuneration of members of the Board of Directors (the “**Directors**”), distinguishing between executive and non-executive Directors, and of the Key Managers of the Company, i.e. individuals who have the power and responsibility - directly or indirectly - for planning, managing and controlling Company activities according to the definition in Annex 1 of the CONSOB Regulation for Related Party Transactions adopted with resolution no. 17221 of 12 March 2010 (the “**Key Managers**”) with reference to the next financial year as a minimum, and (ii) the procedures used for the adoption and implementation of the Policy.

Also represented are the procedures adopted by the Company to prepare and approve the Remuneration Policy, as well as the bodies and parties responsible for its implementation.

The Policy may be revised and updated by the Board of Directors, under the proposal of the Appointments and Remuneration Committee, which periodically assesses its adequacy, overall consistency and practical application.

Section II of the report provides details of the individual items that comprise the remuneration of the Directors and Statutory Auditors of the Company, as well as a line by line representation of the compensation paid to these individuals in 2018, for any reason and in any form, by the Company and by its subsidiaries, as well as by the associates. Section II also provides information about the compensation of Key Managers at an aggregate level.

SECTION I

COLLECTIVE BODIES AND PARTIES INVOLVED IN THE PREPARATION AND APPROVAL OF THE REMUNERATION POLICY

The Remuneration Policy is defined through a process involving the Board of Directors (the “**Board**” or also “**Board of Directors**”), the Appointments and Remuneration Committee (the “**Committee**”) and the Ordinary Shareholders’ Meeting of the Company (the “**Shareholders’ Meeting**”). The Board of Directors, on the basis of the proposal formulated by the Committee established within it, defines the general policy for the remuneration of Directors and Key Managers. The Board then implements the Remuneration Policy, determining, consistently with the policy, the remuneration of Directors holding specific offices, under the proposal of the Committee and with the input of the Board of Statutory Auditors in accordance with Article 22 of the Articles of Association. The Committee, in accordance with the recommendations contained in Article 6 of the Corporate Governance Code, has the duty of assisting the Board of Directors, formulating proposals and providing advice, in the assessments and in the decisions pertaining to the composition of the Board of Directors and the remuneration of Directors and Key Managers. The composition and the duties of the Committee are described in detail in paragraph B) below.

A. APPOINTMENTS AND REMUNERATION COMMITTEE

With its resolution of 16 March 2016, the Board established, with effect from the first day of trading of the shares on the stock market (i.e. from 3 May 2016), the Appointments and Remuneration Committee, approving the related internal regulation that governs the composition, duties and operating procedures of the Committee.

During the board meeting of 15 May 2018, the Company Board of Directors, appointed by the Ordinary Shareholders' Meeting of 8 May 2018, appointed the new members of the internal board committees. As a result, the Appointments and Remuneration Committee in office, on the date of approval of the remuneration policy on 27 March 2019, consists of the following three non-executive directors, two of which are independent: Vincenzo Giannelli (independent director, appointed as Chairman), Riccardo Pinza (non-independent director, appointed as Deputy Chairman of the Committee) and Andrea Giuseppe Zocchi (independent director). It should be noted that, in its capacity as a committee established within the Board of Directors, the Appointments and Remuneration Committee has the same duration as the Board itself and, therefore, its expiry date coincides with the date of approval of the financial statements for the year ended 31.12.2020, unless otherwise decided. With regard to appointments, the Appointments and Remuneration Committee has the following tasks:

- a) to express opinions to the Board of Directors on the size and composition of the Board and make recommendations on the professional profiles whose presence on the Board of Directors is believed to be appropriate;
- b) to make recommendations to the Board of Directors on the maximum number of positions of director or statutory auditor in other listed companies in regulated markets (including abroad), in financial, banking and insurance companies or large companies, which may be considered consistent with the effective performance of the office of director of the Issuer, taking into account the participation of directors in the committees established within the Board of Directors;

- c) to make recommendations to the Board of Directors if difficulties arise in the application of the non-competition obligation specified for directors under Article 2390 of the Italian Civil Code, if the Company Shareholders' Meeting has authorised, in general terms and in advance, deviations from this prohibition to meet organizational needs;
- d) to propose to the Board of Directors candidates to the office of director in co-optation cases, if it becomes necessary to replace independent directors; and
- e) to carry out a preliminary analysis for the preparation of a succession plan for executive directors of the Company, if the Board of Directors decides to adopt such a plan.

With regard to remuneration, the Appointments and Remuneration Committee has also been assigned the following tasks:

- a) to make proposals to the Board of Directors on the remuneration policy for Directors and Key Managers;
- b) to assess at regular intervals the appropriateness, overall consistency and practical application of the remuneration policy for Directors and Key Managers, making use, in this regard, of the information provided by the delegated Directors;
- c) to make proposals or express opinions to the Board of Directors on the remuneration of Executive Directors and the other Directors holding specific offices, as well as on the specification of performance objectives for the variable component of such remuneration, and to monitor the application of the decisions adopted by the Board of Directors, verifying, in particular, the actual achievement of the performance objectives.

The Appointments and Remuneration Committee may access corporate information and functions as necessary for the performance of its tasks and may make use of external consultants, to the extent specified by the Board of Directors.

B. NAME OF ANY INDEPENDENT EXPERTS WHO CONTRIBUTED TO THE PREPARATION OF THE REMUNERATION POLICY

For the purposes of defining the Remuneration Policy, market practices are also analysed through data provided by independent experts (in particular the Consulting firm Pirola Pennuto Zei e Associati) in aggregate form and without making specific reference to other companies.

C. AIMS OF THE REMUNERATION POLICY, UNDERLYING PRINCIPLES AND ANY CHANGES TO THE REMUNERATION POLICY COMPARED TO THE PREVIOUS YEAR

The Company Remuneration Policy is also defined in line with the recommendations of the Corporate Governance Code with the goal of:

- i) attracting, retaining and motivating persons who have the individual and professional qualities required to achieve corporate business development objectives and to promote the creation of value for Shareholders in the medium-long term;
- ii) aligning the interests of management with those of the Company and of the Shareholders in the medium-long term.

Substantially adhering to the recommendations of the Code, the Remuneration Policy is therefore based on the following criteria:

- a) the fixed and variable components of remuneration are adequately balanced according to the strategic objectives and risk management policy of the Company, also taking into account the business segment in which it operates and the characteristics of the business activity carried out as well as the role played;
- b) there are maximum limits to the payment of the variable part (short and medium-long term), differentiated according to the role played by the individual within the Company and to his/her ability to affect the results in the reference market. The short-term variable component (MBO 2019) must not exceed 56% of gross annual earnings, whereas the long-term variable component (LTIP) at the end of the three-year cycle must not exceed 75% of the gross annual earnings of the individual beneficiary.
- c) the fixed component is sufficient to compensate the performance of Directors and Key Managers if the variable component is not paid out because of the failure to attain the performance objectives indicated by the Board;
- d) performance objectives - i.e. the operating results and any other specific objectives connected to the payment of the variable components (including the objectives defined for stock-based compensation plans) - as better defined below, are predetermined, measurable and connected to the aim of creating value for Shareholders in the medium-long term;
- e) the variable component of compensation comprises a portion tied to short-term criteria (Management by Objectives - MBO) and a portion tied to long-term criteria (Long Term Incentive Plan - LTIP). The latter, in terms of relevance, represents at least 48% of the annual variable pay and is deferred by an appropriate time period because it is tied to the achievement of long-term objectives. The duration of the deferral is consistent with the characteristics of the business activity carried out and with the related risk profiles;
- f) for non-executive and independent Directors, remuneration is aimed at recognizing the required effort and does not include performance-related variable components.

With reference to indemnities for termination of the office of director, please refer to paragraph K).

Furthermore, a new long-term plan for the three-year period 2018-2020 was implemented, in addition to the previously approved 2017-2019 plan, whose terms and conditions are described in the Information Document prepared in accordance with Article 84-*bis* and Model no. 7 of Annex 3A of the Regulation adopted by CONSOB with its resolution no. 11971 of 14 May 1999. In addition, an LTIP plan is being examined for the 2019-2021 time period, whose terms and conditions are described in paragraph D.1.2 below.

D. DESCRIPTION OF THE POLICIES PERTAINING TO FIXED AND VARIABLE REMUNERATION COMPONENTS, WITH PARTICULAR REGARD TO THE INDICATION OF THE RELATIVE WEIGHT WITHIN THE SCOPE OF OVERALL COMPENSATION AND DISTINGUISHING BETWEEN VARIABLE AND SHORT AND MEDIUM-LONG TERM COMPONENTS

Taking into account the criteria and aims pursued by the Remuneration Policy, the compensation package granted to Directors and Key Managers generally comprises the following components:

- i) fixed part, which has to remunerate the assigned responsibilities, experience and distinctive competencies held, and must be in line with best market practices, to assure an adequate retention level;
- ii) annual variable part, which has to ensure a direct connection between remuneration and performance results and is aimed at rewarding the achievement of corporate and individual objectives (“MBO” - Management by Objectives) and/or one-off bonuses tied to extraordinary results and/or project commitments (bonuses). This compensation component is provided solely for Key Managers;
- iii) long-term variable part (LTIP, as better described below), which ensures growth in the value of the business and the achievement of results that are sustainable over time, including beyond those defined each year in the budget, the retention of key resources and the alignment of management objectives with those of Shareholders. This remuneration component pertains solely to Key Managers, as described below;
- iv) for some positions, a retention plan may be defined, which rewards long service in the company independently of corporate or individual performance indicators through the payment of bonuses on predetermined dates;
- v) the overall compensation package is supplemented through an adequate offer of benefits, in accordance with the practices of the reference market.

Note that the medium-long term variable part of the compensation described in point (iv) above can be paid in the form of equity or through equity-based instruments, making beneficiaries more active participants in the effective creation of value transferred to the share price.

A detailed description follows of the short and medium-long term incentive policies implemented and/or expected to be implemented in 2019 by the Company, represented by a variable monetary component (MBO Plan) and a variable component based on financial instruments (LTIP).

D.1.1 MBO PLAN FOR KEY MANAGERS

The annual variable component of remuneration is calculated according to procedures established in the 2019 MBO Plan; this Plan is defined on the basis of targets to be achieved during the year and parameters (KPIs) against which the targets will be measured.

The MBO Plan has a short-term incentivizing function and is aimed at achieving the annual quantitative and qualitative results. The guidelines and policies for the bonus system are defined by the Chairman of the Board of Directors in line with the Company’s Development Strategy. The key financial indicators which make it possible to assess corporate performance in order to identify the variable compensation allotted to Key Managers are mainly EBIT and the Free Cash Flow of the Group. Hence, allocation of the bonus is subject to achievement of the Group’s targets.

There are also targets connected to the economic performance of the individual’s unit/function, as well as to targets tied to specific parameters and adjusted according to the achievement of the individual KPIs.

The bonus, if due, only following approval of the financial statements and on the basis of the economic and financial indicators determined at the end of 2019, will be paid at the same time as the payment of earnings for April 2020 (if the final balance is not complete, the payment will occur in the subsequent months). In any case, the actual payment of the bonus depends on the continued service of the beneficiary as of 30/04/2020.

The main conditions of the 2019 Technogym MBO & Bonus Plan are set out below:

Recipients	Gate (system activation)	Entry threshold (minimum bonus)	Weight of the Objectives
Key Managers	Group EBIT and FCF	Minimum score for corporate and individual objectives	80% Group KPIs 20% Individual KPIs

The value of the annual bonus has a lower weight than the gross annual earnings and must be no higher than 56% of gross annual earnings in the case of overperformance of the beneficiary.

D.1.2 LTIP PLANS

Since 2016, the company has implemented two Long Term Incentive Plans (LTIP), one for 2017-2019 and the other for 2018-2020. For details of the plans, please refer to the relevant information documents approved by the Shareholders' Meetings on 21 April 2017 and 8 May 2018, respectively.

A new long-term incentive plan for the 2019-2021 period is currently being examined; it is based on the granting of the right to receive shares free of charge if specific Company performance objectives are achieved.

This incentive plan for 2019-2021 is characterized by:

- (i) Predetermined performance objectives, identified in the economic and financial performance of the Company, calculated with reference to:
 - the Cumulative Net Profit for 2019-2021, and
 - the arithmetic mean of the stock market price of Technogym ordinary shares in the three months preceding the closing date of the Vesting Period (December 2021, and January and February 2022);
- (ii) Adequate periods of accrual of the right to obtain the allotted shares (three-year vesting period),
- (iii) Non-transferability of shares for 6 months from the date of their allocation.

The plan beneficiaries will be identified by the Board of Directors from among the Key Managers of the Group as well as other employees or contractors of the Company or of the Group who hold positions deemed strategic by the Company.

The number of shares allotted by the Board of Directors at the end of the vesting period is determined according to the achievement of the performance objectives on the basis of the percentage of the gross annual earnings predetermined by the Board of Directors and provided that 95% of the performance objective is achieved. The shares shall be assigned to the beneficiaries, subject to the fulfilment of the conditions set out in the Plan, no later than the 60th day after approval of the Group consolidated financial statements for the year ended 31/12/2021. At the time of the allocation, the Board of Directors will have the right to grant the beneficiary a sum of money equal to the value of the shares to which (s)he would have been entitled according to the criteria indicated in the Plan if, for reasons of a regulatory nature, the assignment of financial instruments to the beneficiary is not allowed.

Since the Plan is aimed at loyalty and retention, termination of the employment relationship for reasons other than those of a “good leaver” shall void all rights that beneficiaries would be entitled to under the plan.

The variable remuneration component for plan beneficiaries at the end of the three-year cycle must not exceed 75% of gross annual earnings.

D.2. REMUNERATION POLICY WITH REFERENCE TO INDIVIDUAL SIGNIFICANT POSITIONS

D.2.1 REMUNERATION OF THE CHAIRMAN/CHIEF EXECUTIVE OFFICER

Fixed part

The remuneration of the Chairman/Chief Executive Officer is mainly represented by the fixed component in accordance with the limits set by the resolution of the Shareholders’ Meeting, also considering the powers assigned to him/her.

Annual variable part

The Chairman/Chief Executive Officer shall not participate in the annual variable incentive plans.

Medium/long-term incentives

The Chairman/Chief Executive Officer shall not participate in medium-long term variable incentive plans.

Benefits

Non-monetary benefits include use of a company car and mobile phone as well as the stipulation, solely at the Company’s exclusive expense, of all the most appropriate insurance policies to cover the civil liability of directors and officers, the so-called “D&O” (Directors’ and Officers’ Liability Insurance), and insurance coverage for the reimbursement of medical expenses as well as for occupational and non-occupational accidents.

D.2.2 REMUNERATION OF THE DEPUTY CHAIRMAN

Fixed part

The remuneration of the Deputy Chairman is mainly represented by the fixed component in accordance with the limits set by the resolution of the Shareholders’ Meeting, also considering the powers assigned to him/her.

Annual variable part

The Deputy Chairman shall not participate in annual variable incentive plans.

Medium/long-term incentives

The Deputy Chairman shall not participate in medium-long term variable incentive plans according to what is described in the previous paragraph D.1.2.

Benefits

Non-monetary benefits include use of a company car and mobile phone as well as the stipulation, solely at the Company's exclusive expense, of all the most appropriate insurance policies to cover the civil liability of directors and officers, the so-called "D&O" (Directors' and Officers' Liability Insurance), and insurance coverage for the reimbursement of medical expenses as well as for occupational and non-occupational accidents.

D.2.3 REMUNERATION OF EXECUTIVE DIRECTORS

Fixed part

The fixed component of the Executive Directors' remuneration is approved by the Shareholders' Meeting and by the Board of Directors in accordance with Article 2389, paragraph 3 of the Italian Civil Code and comprises a predetermined gross annual compensation for the Director's entire term in office, commensurate with the required commitment, and to be paid *pro rata temporis*, based on the actual term in office.

Annual variable part

Executive Directors shall not participate in annual variable incentive plans.

Medium/long-term incentives

Executive Directors shall not participate in medium-long term variable incentive plans.

Benefits

The non-monetary benefits generally recognized to Executive Directors include an insurance policy to cover the civil liability of directors and officers, the so-called "D&O" (Directors' and Officers' Liability Insurance).

D.2.4 REMUNERATION OF NON-EXECUTIVE DIRECTORS

The remuneration of non-executive Directors and independent Directors is determined in a fixed amount and is commensurate with the required effort, including in relation to participation in auxiliary committees. In compliance with principle 6.C.4 of the Code, the remuneration of non-executive Directors is therefore not tied to the operating results achieved by the Company.

The Company also stipulates, at its own expense and for the benefit of non-executive Directors, insurance policies to cover the civil liability of directors and officers, the so-called "D&O" (Directors' and Officers' Liability Insurance).

D.2.5 REMUNERATION OF KEY MANAGERS

Fixed part

The fixed part of the compensation is consistent with the remuneration identified by the Company as being in line with the market and is broken down in such a way as to adequately remunerate the skills, effort and the activities performed by the Managers on a continuous basis.

The total fixed remuneration of Managers may include a housing allowance as well as, for Managers who serve as Directors in subsidiaries, additional compensation and indemnities specific to the office so as to adequately remunerate the effort required.

Annual variable part

Key Managers shall participate in the MBO 2019 annual incentive plan as described in paragraph D.1.1 and/or one-off bonuses tied to extraordinary results and/or project commitments (bonuses).

Medium/long-term incentives

In order to contribute to value creation in the medium-long term, Key Managers are also recipients of the long-term incentive plans (LTIP) described in paragraphs C) and D.1.2.

Benefits

All Managers are also allocated a series of benefits, including, in particular, a company car and mobile phone. All Managers have the following insurance coverage: D&O (Directors' and Officers' Liability Insurance), life insurance policies, and insurance coverage for the reimbursement of medical expenses as well as for occupational and non-occupational accidents.

E. ADOPTED POLICY WITH REGARD TO NON-MONETARY BENEFITS

The allocation of non-monetary benefits is provided for; these are defined in line with normal practice and consistently with respect to the office and role held. Non-monetary benefits include use of a car, life insurance policies, accident insurance policies and supplementary health coverage.

For a description of non-monetary benefits, please refer to the information provided for each position in paragraph D) above.

With reference to the variable components, a description of the performance objectives on the basis of which they are assigned, distinguishing between short and medium-long term variable components, and information on the connection between the change in results and the change in remuneration, please refer to the description in paragraph D) above.

F. WITH REFERENCE TO THE VARIABLE COMPONENTS, A DESCRIPTION OF THE PERFORMANCE OBJECTIVES ON THE BASIS OF WHICH THEY ARE ASSIGNED, DISTINGUISHING BETWEEN SHORT AND MEDIUM-LONG TERM VARIABLE COMPONENTS, AND INFORMATION ON THE CONNECTION BETWEEN THE CHANGE IN RESULTS AND THE CHANGE IN REMUNERATION

Please refer to the description in paragraph D) above.

G. CRITERIA APPLIED TO ASSESS THE PERFORMANCE OBJECTIVES ON WHICH THE ALLOCATION OF SHARES, OPTIONS, OTHER FINANCIAL INSTRUMENTS OR OTHER VARIABLE REMUNERATION COMPONENTS ARE BASED

In relation to the criteria applied to assess the performance objectives on which the allocation of shares, options, other financial instruments or other variable remuneration components are based, these shall be based on the operating results and profitability achieved by the Group and on the performance of Company stock.

H. INFORMATION AIMED AT SHOWING THE CONSISTENCY OF THE REMUNERATION POLICY WITH THE PURSUIT OF THE LONG-TERM INTERESTS OF THE COMPANY AND WITH THE RISK MANAGEMENT POLICY

As described in paragraphs C) and D) above, the Remuneration Policy aims to create value for the Company and its Shareholders in a sustainable way.

In line with this purpose, the remuneration of Executive Directors and Key Managers is structured in such a way as:

- i) to balance the fixed and variable remuneration with the goal of creating value for the Company in a sustainable way;
- ii) to relate the variable remuneration to the achievement of operating and financial objectives aligned with value creation and the actual results achieved by the Company;
- iii) to provide adequate remuneration in order to attract, motivate and retain persons who have the individual and professional qualities necessary to pursue and achieve the business development objectives of the Company and of the Technogym Group.

I. VESTING PERIOD, DEFERRED PAYMENT SYSTEMS, WITH AN INDICATION OF THE DEFERRAL PERIODS AND CRITERIA APPLIED TO DETERMINE THESE PERIODS AND CORRECTION MECHANISMS EX POST

Please refer to the description in paragraph D) above.

J. INFORMATION ON THE CLAUSES FOR MAINTAINING FINANCIAL INSTRUMENTS IN THE PORTFOLIO AFTER THEIR ACQUISITION, WITH AN INDICATION OF THE MAINTENANCE PERIODS AND CRITERIA APPLIED TO DETERMINE THESE PERIODS

The Remuneration Policy adopted by the Company provides mechanisms for maintaining financial instruments in the portfolio after their acquisition.

Mechanisms for share maintenance for a period of not less than 6 months from allocation are provided for both the existing LTIP and the LTIP currently being defined.

K. POLICY PERTAINING TO PAY IN THE CASE OF CESSATION OF OFFICE OR TERMINATION OF THE EMPLOYMENT RELATIONSHIP

Although it is not a typical practice of the Company, agreements may be stipulated with Directors and/or Key Managers which regulate ex ante the financial aspects in the case of cessation of office, or relating to the possible early termination of the employment relationship at the initiative of the Company or the interested party.

In addition, non-competition agreements may be stipulated with Key Managers in compliance with the provisions and legal limits in force.

L. INFORMATION ABOUT INSURANCE COVERAGE, THAT IS SOCIAL SECURITY OR PENSION, OTHER THAN MANDATORY COVERAGE

As indicated in paragraph E) above, non-monetary benefits may include insurance policies to cover the civil liability of directors and officers, the so-called “D&O” (Directors’ and Officers’ Liability Insurance),

life insurance policies, accident policies, supplementary health coverage, and coverage of another nature to be assessed from time to time.

M. REMUNERATION POLICY FOLLOWED WITH REFERENCE TO: (I) INDEPENDENT DIRECTORS, (II) PARTICIPATION IN COMMITTEES AND (III) THE PERFORMANCE OF SPECIFIC DUTIES

The Policy involves the assignment of additional compensation in a fixed amount for Non-Executive Directors and Independent Directors who are members of the Committees established within the Board, to adequately remunerate the additional work and effort made to the benefit of the Company.

For additional information and for information about the remuneration of Directors appointed to specific offices, please refer to the description in paragraph D) above.

N. INFORMATION ABOUT ANY USE OF OTHER COMPANIES' REMUNERATION POLICIES AS A REFERENCE

The Company Remuneration Policy was also prepared using, as benchmarks, reference Italian and foreign companies in terms of size and business segment.

SECTION II

I. FIRST PART

Below is a detailed description of the items comprising the compensation paid - for any reason and in any form - in 2018 to: (i) members of the Board of Directors; (ii) members of the Board of Statutory Auditors and of the Supervisory Board; (iii) members of the committees established within the Company; and (iii) Key Managers.

Board of Directors

Fixed Remuneration

Directors were paid the fixed compensation determined by the Shareholders' Meeting and by the Board of Directors itself, also taking into account that:

- on 16 March 2016, the Ordinary Shareholders' Meeting agreed to assign, subject to the start of trading of Company shares, which took place on 3 May 2016, the gross annual compensation of Euro 20,000.00, to be paid *pro rata temporis*, based on the actual term in office;
- the Company Board of Directors, which met on 16 March 2016, agreed to assign a gross annual compensation to the Chairman of the Board of Directors of Euro 1,500,000.00, for each year in office, to be paid *pro rata temporis*, based on the actual term in office;

the Company Board of Directors, which met on 16 March 2016, agreed to assign a gross annual compensation of Euro 500,000.00 to the Deputy Chairman of the Board of Directors for each year in office, to be paid *pro rata temporis*, based on the actual term in office.

The compensation indicated above was received by Directors in office until the date of approval of the financial statements for the year ended 31.12.2017, or until the date of 7 May 2018.

Following the appointment of the new Board of Directors by the Shareholders' Meeting, or rather starting from 8 May 2018, Directors were paid the fixed compensation determined by the Shareholders' Meeting and by the Board of Directors itself, taking into account that:

- on 8 May 2018, the Company Shareholders' Meeting established the compensation of the Board of Directors, for the entire period of the term, up to a maximum of Euro 7,500,000.00 before the deductions required by law as well as the reimbursement of expenses incurred on official business, including within this overall amount the compensation for directors with special duties determined by the Board of Directors according to Article 2389, paragraph 3 of the Italian Civil Code, including with reference to the compensation for the appointment and participation in committees established within the Board of Directors, excluding from this overall amount any compensation to be paid in virtue of any future incentive arrangements. The same Shareholders' Meeting also decided on the minimum compensation for each Director, included in the abovementioned maximum amount, of Euro 20,000.00 gross per year, notwithstanding the additional compensation for directors with special duties;
- the Company Board of Directors, which met on 31 July 2018, agreed to assign a gross annual compensation of Euro 25,000.00 to each Director, other than the Chairman and Deputy Chairman, for each year in office, to be paid *pro rata temporis*, based on the actual term in office, as well as an attendance fee of Euro 1,000.00 for participation in each board meeting;
- the Company Board of Directors, which met on 31 July 2018, agreed to assign a gross annual compensation to the Chairman of the Board of Directors of Euro 1,500,000.00, for each year in office, to be paid *pro rata temporis*, based on the actual term in office;
- the Company Board of Directors, which met on 31 July 2018, agreed to assign a gross annual compensation of Euro 500,000.00 to the Deputy Chairman of the Board of Directors for each year in office, to be paid *pro rata temporis*, based on the actual term in office.

Variable remuneration

Members of the Board of Directors shall not participate in annual or medium-long term variable incentive plans.

Non-monetary benefits

Non-monetary benefits for the Chairman and Deputy Chairman of the Company Board of Directors include use of a company car and mobile phone as well as the stipulation, solely at the Company's exclusive expense, of all the most appropriate insurance policies to cover the civil liability of directors and officers, the so-called "D&O" (Directors' and Officers' Liability Insurance), including civil liability deriving from the prospectus, and insurance coverage for the reimbursement of medical expenses as well as for occupational and non-occupational accidents.

With reference to executive directors, the Company stipulated an insurance policy to cover the civil liability of directors and officers, the so-called "D&O" (Directors' and Officers' Liability Insurance).

Committee Members

Fixed Remuneration

On 16 March 2016, the Board of Directors of the Issuer agreed, with the favourable opinion of the Board of Statutory Auditors, to assign, with effect from the initial date of trading of Company shares, which took place on 3 May 2016, the following compensation:

- a gross annual compensation of Euro 15,000.00 to the member of the Board of Directors who holds the office of Chairman of the Control and Risk Committee, to be paid *pro rata temporis*, based on the actual term in office, in addition to the annual compensation of Euro 20,000.00 which (s)he is entitled to for the office of director and any compensation which (s)he may be entitled to as Chairman, Deputy Chairman or member of the Appointments and Remuneration Committee;
- a gross annual compensation of Euro 15,000.00 to the member of the Board of Directors who holds the office of Chairman of the Appointments and Remuneration Committee, to be paid *pro rata temporis*, based on the actual term in office, in addition to the annual compensation of Euro 20,000.00 which (s)he is entitled to for the office of director and any compensation which (s)he may be entitled to as Chairman, Deputy Chairman or member of the Control and Risk Committee;
- a gross annual compensation of Euro 10,000.00 to each member of the Board of Directors who holds the office of Deputy Chairman or member of the Control and Risk Committee, to be paid *pro rata temporis*, based on the actual term in office, in addition to the annual compensation of Euro 20,000.00 which (s)he is entitled to for the office of director and any compensation which (s)he may be entitled to as Chairman, Deputy Chairman or member of the Appointments and Remuneration Committee;
- a gross annual compensation of Euro 10,000.00 to each member of the Board of Directors who holds the office of Deputy Chairman or member of the Appointments and Remuneration Committee, to be paid *pro rata temporis*, based on the actual term in office, in addition to the annual compensation of Euro 20,000.00 which (s)he is entitled to for the office of director and any compensation which (s)he may be entitled to as Chairman, Deputy Chairman or member of the Control and Risk Committee.

The compensation indicated above was received by board members in office until the date of approval of the financial statements for the year ended 31.12.2017, or until the date of 7 May 2018.

Following the appointment of the new Board of Directors by the Shareholders' Meeting, i.e. starting from 8 May 2018, the Board of Directors appointed the new members of the internal board committees during the board meeting of 15 May 2018 and, during the 31 July 2018 board meeting, agreed to assign, with the favourable opinion of the Board of Statutory Auditors, the following compensation, starting from the new appointment:

- a gross annual compensation of Euro 15,000 (fifteen thousand) to the Director who holds the office of Chairman of the Control and Risk Committee, to be paid *pro rata temporis*, based on the actual term in office, in addition to the annual fixed compensation for the office of director and any compensation which (s)he may be entitled to as Chairman, Deputy Chairman or member of the Appointments and Remuneration Committee;
- a gross annual compensation of Euro 15,000 (fifteen thousand) to the Director who holds the office of Chairman of the Appointments and Remuneration Committee, to be paid *pro rata temporis*, based on the actual term in office, in addition to the annual fixed compensation for the office of director and any compensation which (s)he may be entitled to as Chairman, Deputy Chairman or member of the Control and Risk Committee;
- a gross annual compensation of Euro 10,000 (ten thousand) to each Director who holds the office of Deputy Chairman or member of the Control and Risk Committee, to be paid *pro rata temporis*, based on the actual term in office, in addition to the annual fixed compensation for the

- office of director and any compensation which (s)he may be entitled to as Chairman, Deputy Chairman or member of the Appointments and Remuneration Committee;
- a gross annual compensation of Euro 10,000 (ten thousand) to each Director who holds the office of Deputy Chairman or member of the Appointments and Remuneration Committee, to be paid *pro rata temporis*, based on the actual term in office, in addition to the annual fixed compensation for the office of director and any compensation which (s)he may be entitled to as Chairman, Deputy Chairman or member of the Control and Risk Committee;
 - an attendance fee to each Director who holds the office of Chairman, Deputy Chairman or member of the Committee for Transactions with Related Parties, determined from time to time by the Board of Directors based on the nature and number of transactions with related parties subject to assessment by the Committee itself.

Board of Statutory Auditors

Fixed Remuneration

Members of the Board of Directors received the fixed compensation established by the Shareholders' Meeting, also taking into account that on 16 March 2016, the Ordinary Shareholders' Meeting agreed to assign, subject to the start of trading of Company shares, which took place on 3 May 2016, the gross annual compensation of Euro 30,000.00 to the Chairman of the Board of Statutory Auditors and a gross annual amount of Euro 20,000.00 to the Standing Auditors, to be paid *pro rata temporis*, based on the actual term in office.

Variable remuneration and non-monetary benefits

The members of the Board of Statutory Auditors shall not receive any variable remuneration or non-monetary benefits.

Key Managers

Fixed Remuneration

The General Manager and Key Managers received the fixed part of the remuneration determined by their respective employment contracts, including the emoluments due in accordance with applicable legal and contractual provisions (holidays, travel indemnities, etc.).

Variable remuneration

Key Managers took part in the MBO 2018 annual incentive plan as described in paragraph D.1.1.

Non-monetary benefits

All Managers are also assigned a series of benefits, including, in particular, a company car and mobile phone, and a possible housing allowance. All Managers also have the following insurance coverage: insurance policy to cover the civil liability of directors and officers, the so-called "D&O" (Directors' and Officers' Liability Insurance), including civil liability deriving from the prospectus, life insurance, insurance coverage for the reimbursement of medical expenses as well as for occupational and non-occupational accidents.

Agreements providing indemnities in the case of early termination of employment

There is no agreement involving the payment of indemnities in the case of early termination of employment or the assignment or maintenance of monetary benefits in favour of Directors or Key Managers who have left their office or the stipulation of consultancy contracts for a period subsequent to the cessation of the employment relationship or, lastly, involving compensation for non-competition commitments.

II. SECOND PART

The second part of Section II analytically reports the compensation paid in 2018, for any reason and in any form, to the parties who during the year held, even for a part of the period, the office of member of the Administration and Control bodies, General Manager or Key Managers.

In 2018, Key Managers took part in the 2018 MBO & Bonus annual incentive plan as described in paragraph D.1.1 of Section I), to which reference is made. Moreover, to contribute to value creation in the medium-long term, Key Managers are also recipients of the LTIP incentive plans described in paragraph D.1.2.

In view of the failure to achieve the 2018 performance results connected to Net Profit and Free Cash Flow of the Group, to which any variable compensation is strictly related, the compensation linked to short-term variable bonuses (MBO) will not be paid out.

Due to the fact that the 2018 Targets were not reached, the Appointments and Remuneration Committee and the Board of Directors declared that the conditions of the medium-term incentive plan (UTB – Una Tantum Bonus) had not been met. The UTB incentive plan (One-Off Plan) was connected with and dependent on the achievement of specific Company results targets in the medium term (“Targets”). The Targets to which the accrual of the UTB was dependent are the same as those approved for the annual MBO for 2017 and 2018. Therefore, no Bonuses were paid out.

For specific reference to the 2018 compensation, please refer to the Tables that follow.

TABLE 1: Compensation paid to members of the administration and control bodies.

DIRECTORS. All compensation is paid by the company that prepares the financial statements. Values expressed in Euro.

(A)	(B)	(C)	(D)	-1	-2	-3	-4	-5	-6	-7	-8
First and last name	Office	Period for which the office was held	Expiry of the office [1]	Fixed Compensation	Compensation for participation in committees	Non-equity variable compensation	Non-monetary benefits	Other compensation	Total	Fair Value Equity compensation	Indemnity when leaving office
Nerio Alessandri	Chairman and Chief Executive Officer	01/01/2018 - 31/12/2018	31/12/2020	1,500,000			3,669		1,503,669		
Pierluigi Alessandri	Deputy Chairman	1 01/01/2018 - 31/12/2018	31/12/2020	500,000			4,875		528,135		
Maurizio Cereda	Director	01/01/2018 - 31/12/2018	31/12/2020	23,260	<u>10,000</u> [2]				33,260		
Francesca Bellettini	Director	01/01/2018 - 31/12/2018	31/12/2020	23,260				3,000[5]	26,260		
Riccardo Pinza	Director	01/01/2018 - 31/12/2018	31/12/2020	23,260	<u>10,000</u> [3]				33,260		
Erica Alessandri	Director	01/01/2018 - 31/12/2018	31/12/2020	23,260				1,000[5]	24,260		
Carlo Capelli	Director	01/01/2018 - 31/12/2018	31/12/2020	23,260				4,000[5]	27,260		

Vincenzo Giannelli	Director	01/01/2018 - 31/12/2018	31/12/2020	23,260	<u>18,479</u> [4]			4,000[5]	45,739		
Chiara Dorigotti	Director	08/05/2018 - 31/12/2018	31/12/2020	16,301	<u>6,521</u> [2]			4,000[5]	26,822		
Andrea Giuseppe Zocchi	Director	08/05/2018 - 31/12/2018	31/12/2020	16,301	<u>6,521</u> [3]			3,000[5]	25,822		
Maria Cecilia La Manna	Director	01/01/2018 - 31/12/2018	31/12/2020	23,260	<u>18,479</u> [4]			3,000[5]	44,739		
TOTAL				2,195,425	70,000		8,544	22,000	2,295,969		

AUDITORS. All compensation is paid by the company that prepares the financial statements. Values expressed in Euro.

(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
First and last name	Office	Period for which the office was held	Expiry of the office (6)	Fixed Compensation	Compensation for participation in committees	Non-equity variable compensation	Non-monetary benefits	Other compensation	Total	Fair Value Equity compensation	Indemnity when leaving office
Claudia Costanza	Chairman of the Board of Statutory Auditors	01/01/2018 - 31/12/2018	Approval of financial statements for year ended 31/12/2018	31,200					31,200		
Gianluigi Rossi	Statutory Auditor	01/01/2018 - 31/12/2018	Approval of financial statements for year ended 31/12/2018	20,800					20,800		
Ciro Piero Cornelli	Statutory Auditor	01/01/2018 - 31/12/2018	Approval of financial	20,800					20,800		

			statements for year ended 31/12/2018								
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SUPERVISORY BOARD MEMBERS. All compensation is paid by the company that prepares the financial statements. Values expressed in Euro.

(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
First and last name	Office	Period for which the office was held	Expiry of the office (1)	Fixed Compensation (€)	Compensation for participation in committees	Non-equity variable compensation	Non-monetary benefits	Other compensation	Total	Fair Value Equity compensation	Indemnity when leaving office
Andrea Russo	Chairman of the Supervisory Board	01/01/2018 – 08/05/2018	31/12/2018 (**)	5,625					5,625		
Andrea Ciani	Chairman of the Supervisory Board	15/05/2018 (*) - 31/12/2018	31/12/2020 (**)	9,781					9,781		
Giuliano Boccanegra	Supervisory Board Member	01/01/2018 – 31/12/2018	31/12/2020 (**)	0					0		
Emanuele Scorsonetto	Supervisory Board Member	01/01/2018 – 31/12/2018	31/12/2020 (**)	5,000					5,000		

(*) Appointed by the Board of Directors' meeting of 15 May 2018

(**) The expiry of the Supervisory Board coincides with the expiry of the Board of Directors that appointed it.

Table 1 – bis: Compensation paid to Key Managers (1). All compensation is paid by the company that prepares the financial statements. Values expressed in Euro.

(A)	(B)	(C)	(D)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
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Number	Office	Period for which the office was held	Expiry of the office	Fixed Compensation (€)	Compensation for participation in committees	Non-equity compensation	Non-monetary benefits	Other compensation	Total	Fair Value	Indemnity when leaving office
8				1,649,971		196,000 ¹	28,258 ²	214,105 ³		528,212	370,000

TABLE 3A: Incentive plans based on financial instruments, other than stock options, in favour of members of the board of directors, general managers and other key managers. Values expressed in Euro

(A)	(B)	-1	Strumenti finanziari assegnati negli esercizi precedenti non vested nel corso dell'esercizio		Strumenti finanziari assegnati nel corso dell'esercizio						Strumenti finanziari vested nel corso dell'esercizio e non attribuiti	Strumenti finanziari vested nel corso dell'esercizio e attribuibili		Strumenti finanziari di competenza dell'esercizio
			-2	-3	-4	-5	-6	-7	-8	-1		-2		
Nome e Cognome	Carica	Piano	Numero e Tipologia di strumenti finanziari	Periodo di vesting	Numero e tipologia di strumenti finanziari	Fair Value alla data di Assegnazione	Periodo di vesting	Data di assegnazione	Prezzo di mercato all'assegnazione	Numero e tipologia strumenti finanziari	Numero e tipologia strumenti finanziari	Valore alla data di maturazione	Fair Value	
Dirigenti con Responsabilità Strategiche		Long Term Incentive Plan (02/05/2017)			118.000	153.850	Aprile 2017 - Aprile 2020	apr-17	6,694				512.967	
Dirigenti con Responsabilità Strategiche		Long Term Incentive Plan (01/07/2018)			76.000	15.245	Giugno 2018 - Giugno 2021	lug-18	10,010				15.245	

¹ Based on the provisions of Annex 3A of the Issuers' Regulation, Model no. 7-bis, Section II, the information on the compensation received by Key Managers is provided in aggregate form.

¹ Compensation relating to: Variable Incentive System (MBO) accrued in 2018 and determined with the definition of the 2018 Financial Statements (equal to Euro 0); one-off bonuses related to extraordinary results and/or project commitments (bonuses) accrued in 2018 and determined with the definition of the 2018 Financial Statements (equal to Euro 196,000).

² Euro 17,264 as taxable car benefits. Euro 10,994 as taxable non-occupational accident policies, life insurance policies and reimbursement of medical expenses.

³ Euro 87,500 as Board Member Fee; the rest relates to project incentives.

