



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  
7 OF THE ORDINARY SECTION OF THE AGENDA OF THE SHAREHOLDERS' MEETING OF  
TECHNOGYM S.P.A. CALLED FOR MAY 8, 2018 IN SINGLE CALL**

## 6. Proposal to authorize the purchase and disposal of ordinary shares. Related resolutions.

Dear Shareholders,

We submit for your approval the authorization to the Board of Directors for the purchase and disposal of treasury shares, in accordance with articles 2357 et seq. of the Italian Civil Code, of art. 132 of Italian Legislative Decree no. 58 of February 24, 1998, as amended (the “**TUF**”) and of art. 144-*bis* of CONSOB Regulation approved with resolution no. 11971 of May 14, 1999, as amended (the “**Issuers' Regulation**”), after revoking, for the period still remaining, the authorization resolved by the ordinary shareholders' meeting of April 21, 2017, and we illustrate below to you the procedures and terms of the proposed transaction, in accordance with the provision of article 73 and of Annex 3A, template no. 4 of the Issuers' Regulations.

### 1. Reasons for the requested authorization to purchase and dispose of treasury share

The Shareholders' Meeting of Technogym S.p.A. (hereafter, “**Technogym**” or the “**Company**”) of April 21, 2017 authorized the Board of Directors to purchase ordinary Technogym shares without nominal value, up to a maximum number of shares not to exceed 0.55% of the pro-tempore share capital of Technogym for a period of 18 months from the date of the resolution and, therefore, until October 21, 2018. In view of said authorization, the Company nevertheless did not purchase or disposal of any treasury shares.

On the other hand, the Board of Directors deems that the reasons that had led to request the Shareholders' Meeting for authorization to proceed with the purchase and disposal of treasury shares are still valid.

In consideration of the expiration of the resolution authorizing to purchase and dispose of treasury shares and considering the corporate schedule, to enable Technogym to retain the option to acquire treasury shares and to dispose of them, the Board of Directors deems it proper to propose the Shareholders' Meeting to issue a new authorization, for a similar period of 18 months, starting from the date of the related resolution, after revoking the previously passed authorizing resolution, which was not executed.

The authorization for the acquisition and disposal of treasury shares of the present proposal is necessary to allow Technogym, upon obtaining adequate financial coverage, compatible with future programs, the investments and the contractual restrictions of the Company, to:

- acquire treasury shares with a view to medium and long term investment, also to constitute permanent equity investments, or otherwise to exploit market opportunities also through the purchase and resale of the shares, operating both on the market and (for the sale, disposal or utilization) on “over the counter” markets or outside the market or through accelerated book building (ABB) procedures or in blocks, at any time, fully or in part, once or several times, and without time limits, provided the transaction is at market conditions;

- intervene, in compliance with current provisions, directly or through intermediaries, to contain anomalous changes in the prices and to regularize trades and prices, in connection with momentary distortions tied to excess volatility or to poorly liquid trades;
- establish a portfolio of treasury shares to be employed for uses deemed of financial, managerial and/or strategic interest for the Company, including to service stock-based incentive plans;

it being understood that if the reason that led to the purchase no longer apply, the treasury shares in the portfolio or purchase in execution of the present authorization may be used for one of the other purposes indicated above and/or sold.

With particular reference to the request for authorization to purchase treasury shares, it is specified that, at present, said request is not directed at share capital reductions by cancellation of the purchased treasury shares.

## **2. Maximum number, category and nominal value of the shares to which the authorization refers**

The proposal is to authorize the Board of Directors to purchase (fully freed) ordinary shares of the Company, once or several times, in a quantity freely determined by the Board of Directors, a maximum number of (treasury) shares equal to 4,000,000 (four million) having regard to treasury shares held both directly and to any shares held by subsidiaries of the Company, within the limits allowed by art. 2357, paragraph 3, of the Italian Civil Code. At the date of the present report, the maximum number of 4,000,000 (four million) of treasury shares represents approximately 1.99% of the share capital.

In any case, the purchases shall be carried out - in accordance with art. 2357, paragraph 1 of the Italian Civil Code - within the limits of the distributable earnings and of the available reserves resulting from the last regularly approved financial statements of the Company.

On the occasion of purchases, sales, exchanges and transfers of treasury shares, the Company, in compliance with the applicable law provisions and accounting standards, will record the appropriate accounting entries. In particular, in accordance with art. 2357-ter, paragraph 3 of the Italian Civil Code, the purchase of treasury shares entails a reduction of the shareholders' equity by an equal amount, with the recognition of a specific negative entry among the liabilities.

## **3. Useful information for comprehensive assessment of compliance with article 2357, paragraph 3 of the Italian Civil Code**

The subscribed and paid in share capital of the Company is represented by 201,005,000 ordinary shares with no nominal value.

At present, neither the Company nor its subsidiaries hold any shares of the Company.

In accordance with art. 2357, paragraph 1 of the Italian Civil Code, the purchase of treasury shares is allowed within the limits of the distributable earnings resulting from the last regularly approved financial statements.

In the financial statements of the Company for the year ended on December 31, 2016, approved by the Shareholders' Meeting of April 21, 2017, available and freely distributable reserves are recorded for Euro 46,172 thousand, while in the draft financial statements at December 31, 2017 submitted for the approval of the Shareholders' Meeting called in single call on May 8, 2018, available and freely distributable reserves are recorded for Euro 94,188 thousand.

The Board of Directors shall verify compliance with the conditions required by art. 2357, paragraphs 1 and 3 of the Italian Civil Code for the purchase of treasury shares upon completing each authorized purchase.

#### **4. Duration of the authorization**

The Board of Directors proposes that the authorization to purchase treasury shares be conferred for the maximum duration allowed by art. 2357, paragraph 2, of the Italian Civil Code and thus for a period of 18 months from the date on which the Shareholders' Meeting will adopt the corresponding resolution. The Board may proceed with the transactions authorized once or several times and at any time.

The aforesaid time limit of 18 months shall not apply to any disposals and/or utilizations of any treasury shares purchased by virtue of the authorization by the shareholders' meeting.

#### **5. Minimum and maximum price**

The purchase price of the shares shall be identified case by case, having regard to the procedure selected to carry out the transaction and in compliance with any regulatory prescriptions or allowed market practices, if the conditions are met and the decision to apply them is made, but, in any case, it shall be neither lower nor higher by more than 20% relative to the weighted average of the official stock market prices of the shares recorded by Borsa Italiana S.p.A. on the trading day preceding each individual transaction.

With regard to the sale, disposal and/or utilization of the treasury shares, such a transaction may be carried out at the price or, otherwise, according to criteria and conditions determined by the Board of Directors, having regard to the execution procedures actually employed, to the performance of the share prices in the period preceding the transaction and to the best interest of the Company.

## 6. Procedures for the execution of the transactions

In consideration of the different purposes pursuable through the completion of transactions on treasury shares, the Board of Directors proposes that authorization be granted to carry out purchases of treasury shares according to any of the procedures allowed by current regulations.

The authorization requested from the Shareholders' Meeting shall exclude the possibility to purchase treasury shares through the purchase and sale of derivatives traded in regulated markets that entail the physical delivery of the underlying shares, although contemplated by art. 144-*bis*, letter c) of the Issuers' Regulation.

Concerning the sale, disposal and/or utilization of treasury shares, the Board of Directors proposes that the authorization allow the adoption of any procedure deemed proper for the pursued purposes - including the utilization of treasury shares in the service of share incentive planes - to be carried out both directly and through intermediaries, in compliance with current laws and regulations on the matter, both domestic and EU, and/or the market practices allowed in accordance with art. 180, paragraph 1, letter c) of the TUF.

In accordance with the exemption under art. 132, third paragraph, of the TUF, the aforesaid operating procedures do not apply in cases of purchases of treasury shares from employees of the Company, of subsidiaries and of the parent company, which are assigned to them within the scope of a share incentive plan in accordance with articles 2349 and 2441, eighth paragraph, of the Italian Civil Code, or originating from compensation plans approved in accordance with art. 114-*bis* of the TUF.

The purchases and disposals of treasury shares for which authorization is requested shall be carried out in compliance with applicable regulations and, in particular, in compliance with domestic and EU legal and regulatory provisions, also with regard to market abuses.

Adequate communication about the purchases and sales of treasury shares shall be provided, in compliance with the applicable disclosure obligations.

## 7. Information in case the purchase operation is instrumental for a capital reduction

As cleared previously, the purchase of treasury shares is not directed at share capital reductions through the cancellation of the purchased treasury shares, without prejudice to the Company's right, if a share capital reduction is approved by the Shareholders' Meeting in the future, to carry it out also by cancelling treasury shares held in the portfolio.

\* \* \*

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

*“The ordinary Shareholders' Meeting of Technogym S.p.A.:*

- *having examined the Explanatory Report of the Board of Directors and the proposals contained therein;*

- *aware of the provisions of articles 2357 and 2357-ter of the Italian Civil Code, of art. 132 of Legislative Decree no. 58 of February 24, 1998 and of art. 144-bis of the Issuers' Regulation adopted by CONSOB with its resolution no. 11971/1999, as amended;*
- *having viewed the financial statements for the year ended December 31, 2017 approved by today's Shareholders' Meeting;*
- *having acknowledged the advisability of granting the authorization to carry out purchases and disposals of treasury shares, for the purposes and with the procedures illustrated above;*

**resolves**

- (a) *to revoke, starting from the date of the present resolution, the resolution of authorization to the purchase and disposal of treasury shares adopted by the Ordinary Shareholders' Meeting of April 21, 2017;*
- (b) *to authorize the Board of Directors to purchase ordinary Technogym shares without nominal value, once or several times, in a quantity freely determined by the Board of Directors, a maximum number of (treasury) shares equal to 4,000,000 (four million) having regard to treasury shares held both directly and to any shares held by subsidiaries of the Company, within the limits allowed by art. 2357, paragraphs 1 and 3, of the Italian Civil Code, and after obtaining an adequate financial coverage, compatible with future programs and investments and the Company's contractual restrictions, in order to:*
- *acquire treasury shares with a view to medium and long term investment, also to constitute permanent equity investments, or otherwise to exploit market opportunities also through the purchase and resale of the shares, operating both on the market and (for the sale, disposal or utilization) on "over the counter" markets or outside the market or through accelerated book building (ABB) procedures or in blocks, at any time, fully or in part, once or several times, and without time limits, provided the transaction is at market conditions;*
  - *intervene, in compliance with current provisions, directly or through intermediaries, to contain anomalous changes in the prices and to regularize trades and prices, in connection with momentary distortions tied to excess volatility or to poorly liquid trades;*
  - *establish a portfolio of treasury shares to be employed for uses deemed of financial, managerial and/or strategic interest for the Company, including to service stock-based incentive plans;*
  - *offer to shareholders an additional instrument for monetizing their investment, establishing that:*
    - (i) *the purchase can be carried out, once or several times, no later than 18 months from the date of the present resolution, with any of the procedures prescribed by the combined provisions of art. 132 of Legislative Decree no. 58 of February 24, 1998, and 144-bis, letters a), b) and d) of the Issuers' Regulation adopted by CONSOB with its resolution no. 11971/1999, as amended, taking into account the specific exemption prescribed by paragraph 3 of the same art. 132 of Legislative Decree no. 58 of February 24, 1998 and, otherwise, with any other procedure allowed by the current legal and regulatory provisions on the matter, both domestic and EU, and/or by the market practices allowed in accordance with art. 180, paragraph 1, letter c), of the TUF, when the conditions apply, and in accordance with all other applicable rule, including domestic and EU legal and regulatory*

*provisions, also concerning market abuses, with the sole exception of the purchase procedure prescribed by art. 144-bis, letter c) of the Issuers' Regulation mentioned above;*

- (ii) adequate communication about the purchases of treasury shares shall be provided, in compliance with the applicable disclosure obligations;*
- (iii) the purchase price of each share shall be neither lower nor higher by more than [20]% relative to the weighted average of the official stock market prices of the shares recorded by Borsa Italiana S.p.A. on the trading day preceding each individual transaction;*
- (iv) purchases of treasury shares shall be carried out using the distributable earnings and the available reserves resulting from the last regularly approved financial statements at the time of the execution of the transaction, proceeding with the necessary accounting entries in the ways and limits prescribed by law,*

*the above, in any case, shall be in compliance with any other current legal and regulatory provisions on the matter;*

- (c) to authorize the Board of Directors to carry out, both directly and through intermediaries, of complete or partial disposals, without time limits, of the treasury shares purchased in accordance with the resolution under point (b), also before fully exercising the authorization to purchase treasury shares, establishing that:*

- the disposal may be carried out according to the purposes and with any of the procedures allowed by law, including the use of the treasury shares in the service of share incentive plans, and in accordance with any other applicable rule, including domestic and EU legal and regulatory provisions concerning market abuses;*
- adequate communication about the sale of treasury shares shall be provided, in compliance with the applicable disclosure obligations;*
- the sale of the treasury shares can take place once or several times and at any time, also with the offer to the public, to shareholders, in the market or within the context of any extraordinary/ strategic transactions. The shares may also be sold by combination with bonds or warrants for their exercise and, otherwise, according to the procedures allowed by current legal and regulatory provisions, at the discretion of the Board of Directors;*
- the sale, disposal and/or utilization of the treasury shares may be carried out at the price or, otherwise, according to criteria and conditions determined by the Board of Directors, having regard to the execution procedures actually employed, to the performance of the share prices in the period preceding the transaction and to the best interest of the Company;*
- disposals can in any case be carried out according to the procedures allowed by current legal and regulatory provisions, at the discretion of the Board of Directors;*

- (d) to vest the Board of Directors - and for it the Chairman of the Board of Directors with authority to sub-delegate - with all broadest powers to execute the present resolution, including all broadest powers necessary to carry out purchases and disposals of treasury shares, also through successive transactions and, otherwise, to implement the aforesaid resolutions, also through agents, complying with any requirements of the competent authorities and to record, in accordance with art. 2357-ter, third paragraph, of the Italian Civil Code, all necessary or appropriate accounting*

*entries, in relation to transactions on treasury shares, in compliance with current legal provisions and with applicable accounting standards.”*

on behalf of the Board of Directors  
The Chairman  
Nerio Alessandri