



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 - TAXPAYER ID NUMBER
06250230965

**EXPLANATORY REPORT BY THE BOARD OF DIRECTORS ON THE PROPOSAL SET OUT IN POINT 6
OF THE ORDINARY SECTION OF THE AGENDA OF THE SHAREHOLDERS' MEETING OF
TECHNOGYM S.P.A. CALLED FOR 8 MAY 2019 IN SINGLE CALL**

Proposal for authorization of the purchase and disposal of treasury shares. Related resolutions.

Dear Shareholders,

We would like to remind you that the authorization of the purchase of treasury shares granted to the Board of Directors by the Shareholders' Meeting of 8 May 2018 and not yet performed will expire on 8 November. On the date of this report, the Company does not hold any treasury shares.

In view of the expiry of the resolution authorizing the purchase and disposal of treasury shares and considering the corporate calendar, in order to enable Technogym to retain the right to purchase and dispose of treasury shares, the Board of Directors considers it appropriate to propose to the Shareholders' Meeting the issue of a new authorization under the terms discussed in this Report, prepared pursuant to article 125-*ter* of the TUF (Consolidated Finance Law) and article 73 (and Annex 3A, Model no. 4) of the Issuers' Regulation, subject to the revocation, for the time remaining, of the authorization approved by the Shareholders' Meeting of 8 May 2018.

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

The authorization to purchase, transfer and dispose of treasury shares set out in this proposal is requested in order to enable Technogym, subject to obtaining adequate financial backing for the Company's future plans, investments and contractual obligations – in compliance with the appropriate regulations, including European, and accepted market practices *pro tempore* in force:

- (a) to perform treasury share transactions with a view to medium and long-term investment, including to establish lasting equity investments, or otherwise exploit investment opportunities, including through the purchase and resale of the shares, at any time, fully or in part, once or several times, and without time limits;
- (b) to operate on the market, in compliance with current provisions *pro tempore* in force, directly or through intermediaries, to limit anomalous price changes and regulate trends in trading and prices, in the face of any distortions tied to excess volatility or to poor trading liquidity;
- (c) to establish a portfolio of treasury shares that can be disposed of at any time, fully or in part, once or several times, and without time limits, provided the transactions are in line with the Company's strategies, within the context of capital transactions or other extraordinary transactions, including by way of example, acquisitions, mergers and similar, or loan transactions or incentive arrangements or other transactions, in relation to which it is necessary or appropriate to allocate, exchange, transfer or perform another form of disposal of treasury shares as well as in order to fulfil obligations deriving from stock option or stock grant plans or incentive arrangements, for free or for payment, to corporate officers, employees or contractors of Technogym or group companies;
- (d) to initiate buy-back programmes for the purposes set out in article 5 of Regulation (EU) 596/2014 (Market Abuse Regulation or MAR) - i.e. to reduce share capital, to meet obligations arising from

debt financial instruments that are exchangeable into equity instruments or to meet obligations arising from share option programmes, or other allocations of shares to employees or to members of the administrative, management or supervisory bodies of the Company or of its associate companies or any other purpose covered by the current version of this regulation *pro tempore* in force - and/or for the purposes covered by accepted market practices pursuant to article 13 of the MAR, under the terms and in the ways that may be approved by the Board of Directors,,

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

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

It is proposed that the Shareholders' Meeting authorizes the purchase of ordinary shares (fully paid) of the Company, once or several times, up to a maximum number of 10,000,000 (ten million) (treasury) shares, having regard to the Technogym ordinary shares held directly from time to time by the Company and its subsidiaries and, in any case, where lower, up to the maximum permitted under article 2357, paragraph 3 of the Italian Civil Code. On the date of this report, the maximum number of 10,000,000 (ten million) treasury shares that can be purchased by virtue of the authorization proposal represents approximately 5% of the share capital.

3. Useful information for the comprehensive assessment of compliance with article 2357, paragraphs 1 and 3 of the Italian Civil Code

Pursuant to article 2357, paragraph 3 of the Italian Civil Code, the nominal value of treasury shares that the Company can purchase cannot exceed one-fifth of the share capital, also taking into account for this purpose the shares held by subsidiaries.

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. Authorization is requested for an overall maximum number of 10,000,000 (ten million) ordinary shares.

In accordance with article 2357, paragraph 1 of the Italian Civil Code, the purchase of treasury shares is allowed within the limits of the distributable earnings and available reserves resulting from the most recent duly approved financial statements at the time of each transaction. Only fully paid in shares can be purchased.

In the financial statements of the Company for the year ended 31 December 2017, approved by the Shareholders' Meeting of 8 May 2018, available and freely distributable reserves of Euro 94,186,557 are

recorded, while in the draft financial statements for the year ended 31 December 2018 submitted for the approval of the combined Shareholders' Meeting called on 8 May 2019, available and freely distributable reserves of Euro 163,462,528 are recorded. It is understood that compliance with the conditions required under article 2357, paragraphs 1 and 3 of the Italian Civil Code for the purchase of treasury shares must be verified upon completion of each authorized purchase.

In order to allow checks on subsidiaries, they will be provided with specific guidance for the timely communication to the Company of any purchase of ordinary shares of the parent company performed pursuant to article 2359-*bis* of the Italian Civil Code.

On the occasion of purchases, sales, exchanges and transfers of treasury shares, the Company, in compliance with the applicable legal provisions and accounting standards, will record the appropriate or necessary accounting entries.

4. Duration of the authorization

The Board of Directors proposes that the authorization to purchase treasury shares be granted for the maximum duration permitted by article 2357, paragraph 2 of the Italian Civil Code and thus for a period of 18 (eighteen) months from the date on which the Shareholders' Meeting adopts the corresponding resolution.

Within the duration of any granted authorization, the Company will be able to perform repeated and successive treasury share purchase or sale transactions (or other disposal actions) including on a revolving basis and also for fractions of the maximum permissible quantity, at the rate considered appropriate to the interests of the Company, and in any case so that, at any time, the quantity of shares subject to the proposed purchase and owned by the Company does not exceed the legal limits and limits established by the authorization of the Shareholder' Meeting, and is in line with the applicable legislative and regulatory provisions in force from time to time.

Authorization of the sale, disposal and/or use of treasury shares is requested with no time limits in order to have maximum flexibility in the absence of any regulatory constraints in this regard.

5. Minimum and maximum price

The purchase price of each Technogym share will be identified from time to time, having regard to the chosen method of performing the transaction, the trend in Technogym share prices and the best interests of the Company, and in compliance with any regulatory provisions (including the provisions of the Delegated Regulation) or current accepted market practices *pro tempore* in force, where the prerequisites exist and it is decided to use them, but, in any case:

(i) it must not be either 10% less than or greater than the reference share price registered during the Stock Exchange trading day prior to each transaction and

(ii) it must comply with the provisions of article 3, paragraph 2 of Delegated Regulation 2016/ 1052/EU, i.e. on the date of this report, no greater than the highest between the price of the latest independent transaction and the price of the highest current independent purchase offer in the trading venue where the purchase is carried out, or in compliance with the regulations in force from time to time.

The transfer or other form of disposal or use of treasury shares purchased by virtue of the authorization herein proposed:

- a) if performed in cash, must be carried out at a price per share to be established based on the criteria set out in the applicable legislation and/or the accepted market practices in force from time to time, i.e. which in any case cannot diverge, neither up nor down, by more than 10% from the reference share price registered during the Stock Exchange trading day prior to each transaction;
- b) if performed within the context of extraordinary transactions (including trade-in, transfer or exchange transactions or transactions serving capital transactions or other corporate and/or financial transactions of an extraordinary nature or loan transactions), they must be carried out according to the price limits and terms and conditions to be established by the Board of Directors;
- c) if performed within the context of share incentive plans, they must be allocated to the recipients of the plans in force from time to time, in the ways and according to the terms specified by the plan regulations. With regard to shares relating to the share incentive plans in force on the date of this Report, these will be allocated to the plan recipients in the ways and according to the terms specified by the plan regulations (for information on the plans in force, refer to the information documents prepared according to article 84-*bis* of the Issuers' Regulation - available on the Company website <http://corporate.technogym.com>, within the "Governance/ Shareholders' Meeting" Section).

6. Procedures for the execution of transactions

In view of the different purposes that can be pursued through the completion of treasury share transactions, the Board of Directors proposes that authorization be granted to carry out the purchase 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 on regulated markets that involve the physical delivery of the underlying shares, even if provided for by article 144-*bis*, letter c) of the Issuers' Regulation.

Regarding the sale, disposal and/or use of treasury shares, the Board of Directors proposes that the authorization allows the adoption of any procedure deemed appropriate for the pursued purposes to be carried out both directly and through intermediaries, in compliance with current laws and regulations on the matter.

The shares relating to the share incentive plans will be allocated in the ways and according to the terms specified by the plan regulations in force from time to time.

It should be noted that, in accordance with the exemption under article 132, paragraph 3 of the TUF, the aforesaid operating procedures do not apply in cases of purchases of treasury shares from employees of the Company, subsidiaries and the parent company, which are allocated to them within the scope of a share incentive plan in accordance with articles 2349 and 2441, paragraph 8 of the Italian Civil Code, or originating from compensation plans approved in accordance with article 114-*bis* of the TUF.

7. Information in the case where the purchase transaction is instrumental to capital reduction

It should be noted that, as things stand, 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 this out by cancelling treasury shares held in the portfolio.

* * *

If you agree with the proposal we have prepared, 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 article 132 of Italian Legislative Decree no. 58 of 24 February 1998 and article 144-bis of the Issuers’ Regulation adopted by CONSOB with its resolution no. 11971/1999, as amended, and the reference provisions of Regulation (EU) no. 596 of 16 April 2014 and Delegated Regulation (EU) no. 1052 of 8 March 2016;*
- *having examined the financial statements for the year ended 31 December 2018 approved by today’s Shareholders’ Meeting;*
- *having established the opportunity of granting the authorization to carry out purchases and disposals of treasury shares, for the purposes and according to the procedures illustrated above;*

resolves

- (a) *to revoke, starting from the date of the present resolution, the resolution to authorize the purchase and disposal of treasury shares adopted by the Ordinary Shareholders’ Meeting of 8 May 2018;*
- (b) *to authorize the Board of Directors to purchase, for a period of no more than eighteen months from the date of this resolution, Technogym ordinary shares without nominal value, once or several times, and at any time, up to a maximum number of 10,000,000 (ten million) treasury shares, having regard to the Technogym ordinary shares held directly from time to time by the Company and its subsidiaries and, in any case, where lower, up to the maximum number of shares permitted from time to time by the law, for one or more of the following reasons, in compliance with applicable legislative and regulatory provisions, including European, in force from time to time:*

- (i) *to perform treasury share transactions with a view to medium and long-term investment, including to establish lasting equity investments, or otherwise exploit investment opportunities, including through the purchase and resale of the shares, at any time, fully or in part, once or several times, and without time limits;*
- (ii) *to operate on the market, in compliance with current provisions pro tempore in force, directly or through intermediaries, to limit anomalous price changes and regulate trends in trading and prices, in the face of any distortions tied to excess volatility or to poor trading liquidity;*
- (iii) *to establish a portfolio of treasury shares that can be disposed of at any time, fully or in part, once or several times, and without time limits, provided the transactions are in line with the Company's strategies, within the context of capital transactions or other extraordinary transactions, including, by way of example, acquisitions, mergers and similar, or loan transactions or incentive arrangements or other transactions, in relation to which it is necessary or appropriate to allocate, exchange, transfer or perform another form of disposal of treasury shares as well as in order to fulfil obligations deriving from stock option or stock grant plans or incentive arrangements, for free or for payment, to corporate officers, employees or contractors of Technogym or group companies;*
- (iv) *to initiate buy-back programmes for the purposes set out in article 5 of Regulation (EU) 596/2014 (Market Abuse Regulation or MAR) - i.e. to reduce share capital, to meet obligations arising from debt financial instruments that are exchangeable into equity instruments or to meet obligations arising from share option programmes, or other allocations of shares to employees or to members of the administrative, management or supervisory bodies of the Company or of its associate companies or any other purpose covered by the current version of this regulation pro tempore in force - and/or for the purposes covered by accepted market practices pursuant to article 13 of the MAR, under the terms and in the ways that may be approved by the Board of Directors,*

it being understood that if the reasons that led to the purchase no longer apply, the treasury shares in the portfolio or purchased under this authorization may be used for one of the other purposes indicated above and/or sold;

- (c) *to authorize that the purchases referred to in letter (b) above are carried out:*
 - (i) *under price conditions in compliance with the provisions of article 3, paragraph 2 of Delegated Regulation 2016/1052/EU, i.e. on today's date, no greater than the highest between the price of the latest independent transaction and the price of the highest current independent purchase offer in the trading venue where the purchase is carried out, or in compliance with the regulations in force from time to time. In any case, the purchases must not be performed at a price that diverges, either up or down, by more than 10% from the reference share price registered during the Stock Exchange trading day prior to each transaction;*
 - (ii) *according to any of the methods permitted by legislative and regulatory provisions, including European, in force from time to time, and in particular, as things stand, by article 132, paragraph 1 of the TUF and by article 144-bis, paragraph 1, letters a), b), d), d-bis) and d-ter) of the Issuers' Regulation;*
- (d) *to authorize, pursuant to and for the purposes of article 2357-ter of the Italian Civil Code, the transfer or other form of disposal and/or use, once or several times and at any time, without time limits, of all or part of the treasury*

shares purchased in accordance with this resolution, up to the maximum amount authorized with this resolution, for all purposes referred to in letter (b) above, notwithstanding that these transactions:

- (i) if performed in cash, must be carried out at a price per share to be established based on the criteria set out in the applicable legislation and/ or the accepted market practices in force from time to time, i.e. which in any case cannot diverge, neither up nor down, by more than 10% from the reference share price registered during the Stock Exchange trading day prior to each transaction;*
 - (ii) if performed within the context of extraordinary transactions (including trade-in, transfer or exchange transactions or transactions serving capital transactions or other corporate and/ or financial transactions of an extraordinary nature or loan transactions), they must be carried out according to the price limits and terms and conditions to be established by the Board of Directors;*
 - (iii) if performed within the context of share incentive plans, they must be allocated to the recipients of the plans in force from time to time, in the ways and according to the terms specified by the plan regulations.*
- (e) to grant the Chairman of the Board of Directors, with the right to sub-delegate, all the broadest powers necessary to carry out, including through intermediaries:*
- (i) purchases for the purposes and within the limits set out in letter (b) above, establishing the method of purchase and the criteria for determining the share price in line with the provisions in letter (c) above;*
 - (ii) transactions involving the transfer or other form of disposal and/ or use of treasury shares to be performed in cash for the purposes set out in letter (b) above, establishing the method of transfer and the criteria for determining the share price in line with the provisions in letter (d), point (i) above;*
- of all or part of the treasury shares purchased pursuant to this authorization, putting in place all the activities required, necessary, appropriate, instrumental, connected and/ or useful for the successful outcome of these transactions and of the authorizations herein provided for, proceeding with the necessary accounting entries in the ways and limits prescribed by law, providing information to the market and complying with the applicable provisions issued by the competent Authorities in force from time to time;*
- (f) to grant the Board of Directors, barring sub-delegation, all the broadest powers necessary to perform the transfer transactions or other form of disposal and/ or use to be carried out in accordance with letter (d), points (ii) and (iii) above, of all or part of the treasury shares purchased pursuant to this authorization, establishing the method of transfer and the criteria for determining the share price in line with the provisions in letter (d), points (ii) and (iii) above, and the method of disposal in line with the provisions of letter (b) above, as well as putting in place all the activities required, necessary, appropriate, instrumental, connected and/ or useful for the successful outcome of these transactions and of the authorizations herein provided for, including by means of legal representatives, providing information to the market and complying with the applicable provisions issued by the competent Authorities in force from time to time;*
- (g) to grant the Chairman of the Board of Directors, with the right to sub-delegate, any power, with no exclusions or exceptions, to implement the preceding resolutions, putting in place all the activities required, appropriate, instrumental, connected and/ or useful for the successful outcome of these transactions and of the authorizations herein provided for.”*

on behalf of the Board of Directors
The Chairman
Nerio Alessandri