



TECHNOGYM S.P.A.
REGISTERED OFFICE IN CESENA, VIA CALCINARO, 2861
SHARE CAPITAL EURO 10,066,375.00 FULLY SUBSCRIBED AND PAID IN
REGISTRATION WITH THE FORLÌ-CESENA COMPANIES' REGISTRY NO. 315187, TAX CODE 06250230965

**EXPLANATORY REPORT DRAWN UP BY THE BOARD OF DIRECTORS ON THE PROPOSAL PURSUANT
TO POINT NO. 5 OF THE AGENDA OF THE ORDINARY PART OF THE SHAREHOLDERS' MEETING OF
TECHNOGYM S.P.A. CONVENED FOR 7 MAY 2024 IN SINGLE CALL**

5. Assignment of the mandate for audit of the accounts for the years 2025-2033. Pertinent and ensuing resolutions.

Dear Shareholders,

the Shareholders' Meeting of Technogym S.p.A. ("**Technogym**" or the "**Company**") convened for 7 May 2024, will be called to resolve, *inter alia*, on assignment of the mandate for audit of the accounts for the years 2025-2033 and determination of the related remuneration.

In compliance with regulations in force, and in particular pursuant to Italian Legislative Decree no. 39/2010 (as amended by Legislative Decree no. 135/2016, "**Italian Legislative Decree no. 39/2010**") and European Regulation no. 537/2014 (the "**European Regulation**"):

- (i) the audit assignment granted to independent auditors has a duration of nine years and cannot be renewed or reassigned unless at least four financial years have elapsed from the date of termination of the previous assignment;
- (ii) the new audit assignment must be entrusted through a specific selection procedure, to be carried out in accordance with the criteria and methods envisaged in the European Regulation;
- (iii) the shareholders' meeting, on the justified proposal of the Board of Statutory Auditors, pursuant to Art. 13, Italian Legislative Decree no. 39/2010, also containing the recommendation referred to in Art. 16 of the aforementioned European Regulation, grants the audit assignment, determines the remuneration of the independent auditors for the entire assignment and any criteria for the adjustment of such remuneration during the assignment.

In this regard, note that the assignment granted to PricewaterhouseCoopers S.p.A. by the Shareholders' Meeting of 16 February 2016 will expire on approval of the financial statements for 2024 by the Shareholders' Meeting. It follows that, at that date, the PricewaterhouseCoopers S.p.A. assignment cannot be further renewed and it will therefore be necessary to assign a different independent auditor to audit of the accounts with reference to the years 2025-2033.

Consistent with what is now common practice among numerous listed companies, one year before the expiry of the mandate of PricewaterhouseCoopers S.p.A., the Company deemed it appropriate to launch the selection procedure for the new independent auditor for the years 2025-2033. This anticipation allows a more efficient handover between the outgoing and incoming independent auditors, and guarantees compliance with the *cooling-in period* rule introduced by Art. 5 of the European Regulation to safeguard the independence of the incoming auditor.

Note that the independent auditors participating in the selection procedure were invited to submit a bid for the audit assignment of the Technogym Group; therefore, the bid also concerned audit assignments for the accounts of the subsidiaries of the Company, with a view to optimising auditor intervention for the entire Technogym Group.

The most highly qualified independent auditors took part in the selection procedure and, for each bid submitted, an assessment of the most significant qualitative and economic-quantitative parameters was conducted.

The Board of Statutory Auditors, having concluded the selection procedure, in its capacity as Internal Control and Audit Committee, taking into account its findings, on March 11th 2024 presented its justified proposal formulated pursuant to Art. 13 of Italian Legislative Decree no. 39/10, also containing the recommendation pursuant to Art. 16 of the European Regulation, which is attached to this report and to which reference is made in full.

The assessment criteria considered and the selection procedures are illustrated in detail in the aforementioned recommendation.

In particular, the Board of Statutory Auditors, taking into account the bids received and the assessments carried out, expressed its opinion of preference, primarily, for the bid formulated by the independent auditor EY S.p.A. and, alternatively, by the independent auditor Deloitte & Touche S.p.A..

In light of the above, and in particular of the Board of Statutory Auditors recommendation attached, the Board of Directors informs the Shareholders' Meeting that, firstly, the proposal to grant the audit assignment for the nine-year period 2025-2033 to EY S.p.A. and, if this proposal does not receive the votes required for its approval, the proposal for assignment to Deloitte & Touche S.p.A. will be put to the vote.

Given the above, we submit the following resolution proposal for your approval.

"The Shareholders' Meeting of Technogym S.p.A.,

- *having reviewed the explanatory report of the Board of Directors,*
- *having examined the justified recommendation formulated by the Board of Statutory Auditors with regard to granting assignment of the independent auditor of Technogym S.p.A. for the years 2025-2033, pursuant to Art. 13 of Italian Legislative Decree no. 39/2010 and Art. 16 of the European Regulation no. 537/2014,*

resolves

- (i) *to grant the audit assignment for the nine-year period 2025-2033 to the independent auditor EY S.p.A., under the terms and conditions set forth in the bid formulated by the aforementioned independent auditor and attached to the justified proposal containing the Board of Statutory Auditors recommendation of the audit assignment for Technogym S.p.A. accounts for the years 2025-2033;*
- (ii) *to grant mandate to the Chairperson of the Board of Directors and Chief Executive Officer to arrange, also through powers of attorney, all that may be required, necessary or useful to execution of the resolution, as well as to fulfil the relevant and necessary formalities with the competent bodies and/or offices, with the right to make any minor changes that may be required for this purpose, and in general to take all action necessary for its complete execution, with any and all due powers, in compliance with the provisions of regulations in force.*

Annexes to this Report: Justified proposal containing the Board of Statutory Auditors recommendation of the audit assignment for the years 2025-2033.

For the Board of Directors
The Chairperson
Nerio Alessandri

**JUSTIFIED RECOMMENDATION OF THE TECHNOGYM S.P.A. BOARD OF
STATUTORY AUDITORS FOR THE APPOINTMENT OF STATUTORY
AUDITORS, PURSUANT TO ART. 2409 *BIS* OF THE ITALIAN CIVIL CODE AND
ITALIAN LEGISLATIVE DECREE 39/2010, AS AMENDED, OF THE
TECHNOGYM S.P.A. FINANCIAL STATEMENTS AND THE TECHNOGYM
GROUP CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL
YEARS 2025-2033**

With the approval of the financial statements for the year ended 31.12.2024, the current statutory auditor appointment will come to a natural end, pursuant to Art. 2409 *bis* of the Italian Civil Code and Articles 13 *et seq.* of Italian Legislative Decree no. 39 of 27 January 2010, which Technogym S.p.A. (hereinafter also “Technogym” or “the Company”) awarded to PriceWaterhouseCoopers S.p.A. (“PwC”) for the financial years from 2016 to 2024.

Art. 13 of Italian Legislative Decree no. 39 of 27 January 2010 states that the Shareholders’ Meeting shall award the appointment on the justified recommendation (hereinafter also the “Recommendation”) of the Board of Statutory Auditors.

For public-interest entities (“PIEs”), Art. 17(1) of Italian Legislative Decree no. 39 of 27 January 2010 states that “the audit appointment has a term of nine financial years for the audit firm and seven financial years for the statutory auditors.”

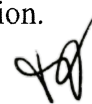
According to the current statutory audit legislation, last amended by European Regulation no. 537/2014 and Italian Legislative Decree 39/2010, supplemented by Italian Legislative Decree no. 135/2016:

- the appointment of PriceWaterhouseCoopers S.p.A. cannot be renewed;
- the new statutory auditor appointment must be awarded through a specific selection procedure.

Selection procedure

In 2023, Technogym S.p.A. initiated the process for the selection of a new audit firm, to be awarded the appointment for the financial years 2025-2033, based on a specific selection procedure approved by the Board of Statutory Auditors.

Following the conclusion of the selection process, the Board of Statutory Auditors prepared the following Recommendation in accordance with the provisions of current EU legislation.



Regulatory framework

The statutory audit legislative framework consists of the following:

- Directive 2006/43/EC as amended by Directive 2014/56/EU on the statutory audit of annual accounts and consolidated accounts, transposed by Italian Legislative Decree no. 39 of 27 January 2010, as amended by Italian Legislative Decree no. 135 of 17 July 2016;
- European Regulation 537/2014, relating to PIEs and audit activities on PIEs, applicable from 17 June 2016.

Italian Legislative Decree no. 39/2010 contains the general provisions on statutory audits as well as some specific rules on statutory audits of PIEs. European Regulation no. 537/2014, on the other hand, regulates some specific points of the framework relating to the statutory audits of PIEs, including Technogym S.p.A. The purpose of the legislation is to further harmonise the regulations originally introduced by Directive 2006/43/EC at an EU level to allow greater transparency and predictability of the obligations that apply to entities that carry out statutory audits and better define their independence and objectivity in the performance of their activities, also in order to increase public confidence in the financial statements and consolidated financial statements of the aforementioned entities and contribute to the smooth functioning of the Market.

Art. 16(2) of the European Regulation strengthened the role of the audit committee - performed by the Board of Statutory Auditors for companies that use a traditional administration system - in the choice of the new audit firm, attributing to it the task of submitting a justified recommendation to the Board of Directors in order to allow the Shareholders' Meeting to take a properly considered decision.

In particular, Art. 16 of European Regulation no. 537/2014 establishes that:

- a) the audit committee shall submit a recommendation to the administrative or supervisory body of the audited entity for the appointment of statutory auditors or audit firms;
- b) the recommendation shall be justified and contain at least two choices for the audit engagement and the audit committee shall express a duly justified preference for one of them;
- c) the proposal to the general meeting of shareholders shall include the recommendation and preference.

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Selection procedure

Introduction: request for proposal.

The Company's corporate functions are assigned "executive" tasks, while the Board of Statutory Auditors is responsible for evaluating the entire process and validating the correctness of the procedure.

First of all, the Board of Statutory Auditors shared with the relevant corporate structures the selection process for the identification of audit firms that would receive a request for proposal according to transparent and non-discriminatory criteria, as required by law, opening up participation to bidders with adequate skills and experience in the sector and with structures suitable for the audit of a group with the characteristics of Technogym.

The selection procedure was organised and conducted by the Officer in charge, under the supervision of the Board of Statutory Auditors.

The Board of Statutory Auditors supervised the audit firm selection process put in place by the Company, both in terms of the structure of the request for proposal and the various stages of the process, as well as in terms of the scoring system adopted and the creation of the assessment scorecard, in order to ensure full traceability of the selection procedure.

At the end of this initial analysis, a request for proposal was sent to the following leading audit firms:

- DELOITTE & TOUCHE S.p.A.,
- KPMG S.p.A.,
- EY S.p.A.

It was decided that the proposal should be broken down as follows:

- Audit of the Technogym S.p.A. financial statements;
- Audit of the Technogym Group consolidated financial statements in compliance with the International Financial Reporting Standards ("IFRSs") adopted by the European Union;
- Certificate of compliance of the audit firm's report on the consolidated non-financial statement, pursuant to Art. 3 (10) of Italian Legislative Decree 254/2016;
- Expression of an opinion on the conformity of the Corporate Governance Report and the Management Report with the Consolidated Financial Statements and the Separate Financial Statements;
- Audit of the reporting package for the purposes of the audit of the Consolidated Financial Statements of the Technogym subsidiaries, which are part of the scope of the consolidated

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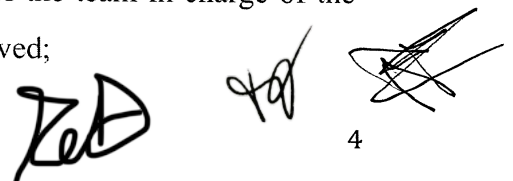
financial statements;

- Statutory audit of the financial statements of the Technogym subsidiaries in accordance with local regulatory requirements;
- Limited audit of the Condensed Half-Yearly Consolidated Financial Statements of the Technogym Group for the periods from 1 January to 30 June of each year, in accordance with the IFRSs and Italian legislation, as recommended by Consob with communication no. 97001574 of 20.02.1997, point 1.2.d;
- Limited audit of the reporting package for the purposes of the limited audit of the Condensed Half-Yearly Consolidated Financial Statements of the Technogym subsidiaries, which will be specified by the audit firm in the audit plan;
- Verification of proper bookkeeping for the Italian companies of the Group and the correct recognition of operating events in the accounting records as well as the signing of tax returns as required by current Italian legislation;
- Agreed upon procedures regarding the chargeback of intercompany costs;
- Other periodic statutory audit/audit services required by law or regulations and strictly related to the services listed above;
- Day-to-day shadowing of the current audit firm during the period from 01.01.2024 to 31.12.2024 with the aim of acquiring the operating methodology currently applied in the Technogym S.p.A. group to facilitate the transfer of know-how.

It has also been established that the audit firm must directly carry out all the activities included in the scope of the assignment in relation to Technogym and direct subsidiaries of the Group whose revenues represent at least 70% of the Technogym Group's revenues according to the last annual or half-yearly consolidated financial statements, approved by Technogym before the date of submission of the proposal; for the remaining audit scope, the audit firm that will be awarded the assignment may use independent external audit firms, in compliance with the applicable regulations.

The methods and timing of the selection procedure were also indicated. It was also established that in the proposal there should be, in addition to specification of the fees:

- brochure of the audit firm and, for all activities relating to the audit of Technogym S.p.A. and the Consolidated Financial Statements, an indication of the team in charge of the audit, attaching the professional profiles of the people involved;

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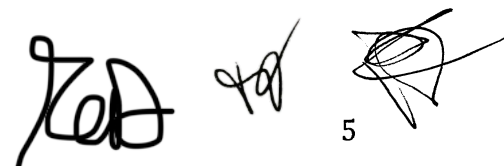
- a statement stating the firm's independence and the absence of incompatibility with the Company;
- criteria for fee adjustment if certain circumstances arise that are not foreseen at the time of formulating the proposal and which involve an increase in the time required and/or a change in the professional level of the members of the audit firm's team.

Assessment criteria

In defining the assessment criteria, technical-qualitative elements were considered, which were assigned equal weightings and scores.

Given that all the companies involved are top-level in the field of audits, the following technical-qualitative elements were assessed:

- experience and technical expertise of the proposed team and the commitment to maintaining the core team for the full nine years;
- guarantee to maintain the seniority and skills of the team throughout the entire nine-year period;
- specific professional experience in the sectors the Group operates in, evidenced by the performance of statutory audits in companies of comparable size and structure;
- agile working policies compatible with achieving the purpose of the assignment;
- existence of and accessibility to centres of excellence in the network in relation to specific topics and issues, including those concerning the sector in which Technogym operates;
- methodology, operational tools and support used;
- accessibility to the key people in the core team;
- prior knowledge of Technogym S.p.A. and/or the Group during previous audit assignments;
- presence of representatives of the audit firm in the main overseas geographical areas that the Group operates in and of its international network;
- availability of adequate IT support, financial instruments, assessment and impairment testing;
- audit plan/strategy, the plan preparation methodology with particular reference to the areas that are considered critical in the Group's consolidated financial statements, and any tools used to support the audit process;

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- audit methodology adopted and the IT tools used;
- process of interacting with the corporate and/or control functions (e.g. methods of contact of the appropriate professional figures for prompt discussions on relevant issues, communication processes with the teams, frequency and type of meetings with the Board of Statutory Auditors);
- plan for the management of the transition/handover with the outgoing auditor, both in the event of taking on the role of sole auditor and, if different, of principal auditor;
- internal quality control process, continuous professional development system and staff incentives;
- internal regulations and monitoring processes regarding the maintenance of the requirement of independence and objectivity in compliance with the relevant legislation, both in Italy and in the countries the Group operates in.

On the other hand, among the relevant factors, from a quantitative-economic point of view, the following were assessed as key elements considered in the selection:

- professional mix and number of hours;
- qualitative-quantitative composition of the teams and of each type of professional figure;
- availability, employment and experience of the team's professionals in relation to the needs of the different areas of operation of the Group;
- arrangements for adjusting the yearly fee and any adjustments in subsequent years: "flat-rate" bids, with fee changes linked only to significant changes to the scope of consolidation, accounting principles and reference legislation, or linked to other extraordinary events;
- possible efficiencies in future years resulting from increased knowledge of the Group.

There are also minimum requirements in terms of the seniority of the audit team and their physical presence on site.

In addition, in order to get a better understanding of the working hours and services offered, the scope, hours and professional mix set out in the proposal were examined and compared with the information on the current auditor.

Based on the documentation received and taking into account the predefined selection criteria, the Company, in agreement with the Board of Statutory Auditors, in the context of joint sessions

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for the analysis and in-depth assessment of the proposals, including in view of the meetings held with representatives of the bidding companies, analysed and compared the proposals in detail, noting, for each assessment profile, the distinctive and qualifying aspects of each company participating in the tender process.

Results of the selection procedure

The Company received proposals from each of the three audit firms approached. In-depth meetings were then held with representatives of the audit firms, the CFO and members of the Company's administration department, with the aim of examining the most relevant aspects for Technogym.

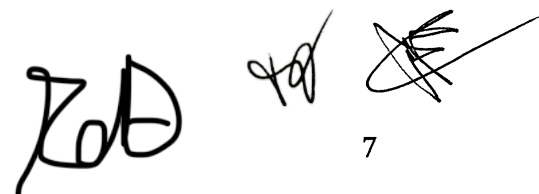
The analyses carried out on the supplementary information received, and on the analysis scorecard, showed that:

- a) the methods of carrying out the audit activities illustrated in the proposals, also considering the hours and professional resources involved, are generally adequate in relation to the scope and complexity of the assignment;
- b) all the proposals contain a specific and justified declaration concerning the commitment to prove the possession of the independence requirements required by law, with particular reference to Articles 10 and 17 of Italian Legislative Decree no. 39 of 27 January 2010, in compliance with the provisions of the regulations in force;
- c) all the bidding audit firms appear to have, albeit with different characterisations and levels, the organizational and technical-professional capabilities appropriate to the size and complexity of the assignment, pursuant to Articles 10-bis, 10-ter, 10-quater and 10-quinquies of Italian Legislative Decree no. 35 of 27 January 2010, and the requirements set out in the Regulation.

From the documentation received, it appears that all the bidding companies belong to international networks with high levels of quality and professionalism in the services offered.

At the end of this preliminary phase, based on the scoring system adopted and the assessment scorecard prepared for the purpose of assessing the characteristics of the bidders, the Company, in agreement with the Board of Statutory Auditors, selected the following audit firms:

- **EY S.p.A. (hereinafter also "EY")**,
- **Deloitte & Touche S.p.A. (hereinafter also "Deloitte")**.

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Therefore, the analysis of the two remaining companies continued. With the help of the “Analysis Scorecard”, the Company shared the assessment results with the Board of Statutory Auditors, which showed a higher score for EY than for Deloitte.

At the conclusion of the analyses between EY and Deloitte, preference was given by the Board to EY, mainly:

- for financial reasons:

- on a like-for-like basis reconstructed by the Company, comparing the costs related to the statutory audit activities for Technogym S.p.A. and some of its foreign subsidiaries, which the selected audit firm’s network would work on directly (considering the same subsidiaries for the two audit firms remaining in the tender process), the proposal for the statutory audits for the financial years 2025/2033 submitted by EY (Euro 514,000 per year, including activities related to the CSRD and limited examination of the NFS pursuant to EU Directive 2022/2464, with an annual ISTAT adjustment with a cap of 30% and ancillary technology expenses with a cap of 2%) is more competitive than Deloitte’s proposal (Euro 512,128 per year, including CSRD activities, with an annual ISTAT adjustment with a cap of 50% and ancillary technology expenses with a cap of 5%, and Euro 23,000 for limited examination of the NFS pursuant to EU Directive 2022/2464), also in relation to the number of scheduled audit hours (8,961 hours per year for EY and 7,755 hours per year for Deloitte); this translates into an hourly rate of Euro 57 for EY and Euro 66 for Deloitte;
- also considering the entire scope relating to all the Technogym Group subsidiaries, both subject to statutory audit activities by the network of the two audit firms and using other third-party auditors, except for effects deriving from circumstances that are not currently foreseeable, the proposal for the statutory audit assignment for the financial years 2025/2033 submitted by EY is more competitive than Deloitte’s proposal (Euro 690,000 per year with an annual ISTAT adjustment with a cap of 30% and ancillary technology expenses with a cap of 2% proposed by EY, compared to Euro 685,072 per year with an annual ISTAT adjustment with a cap of 50% and ancillary technology expenses with a cap of 5% proposed by Deloitte), also compared to the number of audit hours planned (11,571 hours per year for EY and 9,400 hours per year for Deloitte);

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this translates into an hourly rate of Euro 60 for EY and Euro 73 for Deloitte;

- in addition, starting from 2029, EY will also apply an additional 3% discount to the annual fees;
- in the event of significant changes in accounting standards/regulations, EY will not invoice increased fees up to a cap of 100 hours;
- out-of-pocket and/or ancillary expenses (cap of 8% of the fee for EY and 5% proposed by Deloitte), contributions (pension funds, Consob or other supervisory authorities) and VAT are added to the indicated fees.

- due to the better composition of the audit team and characteristics of the audit firm and its network:

- EY's proposal includes an audit team with greater experience than Deloitte's, ensuring the presence of 2 partners and 1 additional senior team member compared to Deloitte;
- in addition, the EY team will have a senior manager with the qualification of Certified Public Accountant (CPA) in the United States, where Technogym Group has a significant subsidiary.

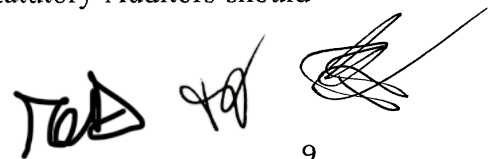
Final considerations

Considering all of the above, and taking into account in particular the outcome of the weighting and assessment procedure of the technical-qualitative and quantitative aspects described above, the Board of Statutory Auditors intends to nominate EY S.p.A. and Deloitte & Touche S.p.A. to the Shareholders' Meeting of Technogym S.p.A. as candidate audit firms to take on the assignment of certifying the financial statements for 2025-2033.

Recommendation of the Board of Statutory Auditors

The Board of Statutory Auditors:

- based on the proposals received, the selection process and the assessments carried out,
- taking into account that Art. 16(2) of the Regulation states that i) the justified recommendation of the Board of Statutory Auditors must contain at least two possible alternatives for awarding of the assignment and ii) the Board of Statutory Auditors should express a duly justified preference,

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RECOMMENDS

to the Board of Directors of Technogym S.p.A. to propose to the Shareholders' Meeting convened for 07 May 2024, to award the assignment of statutory audits for the financial years 2025-2033 to one of the following companies: EY S.p.A. or Deloitte & Touche S.p.A.

The financial terms applied by the aforementioned audit firms are shown in Annex 1; between the two, the Board of Statutory Auditors

EXPRESSES ITS PREFERENCE

in relation to EY S.p.A., as the company with the best technical/qualitative/quantitative assessment, following the selection procedure carried out and, therefore, considered most suitable for the performance of the assignment, and in line with the identified needs of the Company and the Group.

Statement

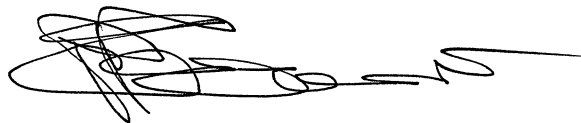
Pursuant to Article 16(2) of the Regulation, the Board of Statutory Auditors declares that this Recommendation has not been influenced by third parties and that none of the clauses referred to in Art. 6 of the Regulation was applied.

Cesena, 11 March 2024

Francesca di Donato



Pier Paolo Caruso



Fabio Oneglia



Annex 1

Euro	EY		Deloitte	
	FEES	NO. OF HOURS	FEES	NO. OF HOURS
GROUP WITH PRESENCE OF THE AUDITOR AND LOCAL NETWORK (SAME RECONSTRUCTED SCOPE)				
Audit of the separate financial statements of Technogym S.p.A and of the Group consolidated financial statements	155,000	2,860	161,218	3,000
Statutory audit of the financial statements of the Italian subsidiaries	14,000	254	12,000	200
Audit of the financial statements of the foreign subsidiaries by local EY/Deloitte network	345,000	5,847	338,910	4,485
Total (same reconstructed scope)	514,000	8,961	512,128	7,685
<i>Hourly rate Euro</i>	57		67	
TECHNOLOGY EXPENSES	2% CAP		5% CAP	
ISTAT ANNUAL ADJUSTMENT	30% CAP		50% CAP	
ADDITIONAL DISCOUNTS ON ANNUAL FEES	3% annual discount from 2029		NA	
ADDITIONAL FEES IN THE EVENT OF REGULATORY CHANGES	Nothing up to 100h of activity		To be discussed with the Company	
OUT-OF-POCKET EXPENSES	8% CAP of fee		5% CAP of fee	
ENTIRE GROUP INCLUDING THIRD-PARTY AUDITORS				
Audit of the separate financial statements of Technogym S.p.A and of the Group consolidated financial statements	155,000	2,860	161,218	3,000
Statutory audit of the financial statements of the Italian subsidiaries	14,000	254	12,000	200
All foreign subsidiaries (auditor's network + third-party auditors)	521,000	8,457	488,854	5,930
Limited NFS assessment under EU Directive 2022/2464		remuneration included in Technogym audit activity	23,000	270
Total	690,000	11,571	685,072	9,400
<i>Hourly rate Euro</i>	60		73	



