

BREMBO
FIRST QUARTER REPORT
2020



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ATTESTATION OF THE MANAGER IN CHARGE OF THE COMPANY'S FINANCIAL REPORTS

Company Officers

The General Shareholders' Meeting of the Parent Brembo S.p.A. held on 23 April 2020 confirmed the number of Board members at 11 and appointed the Board of Directors for the three-year period 2020-2022, i.e., until the General Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2022.

COMPOSITION OF THE BOARD OF DIRECTORS, BOARD COMMITTEES AND MAIN GOVERNANCE FUNCTIONS AT THE DATE OF APPROVAL OF THE FIRST QUARTER REPORT 2020 (11 MAY 2020)

Board of Directors

Chairman	Alberto Bombassei ⁽¹⁾ ⁽⁸⁾
Executive Deputy Chairman	Matteo Tiraboschi ⁽²⁾ ⁽⁸⁾
Chief Executive Officer	Daniele Schillaci ⁽³⁾ ⁽⁸⁾
Directors	Valerio Battista ⁽⁴⁾ ⁽⁹⁾ Cristina Bombassei ⁽⁵⁾ ⁽⁸⁾ Laura Cioli ⁽⁴⁾ Nicoletta Giadrossi ⁽⁴⁾ ⁽⁶⁾ Elisabetta Magistretti ⁽⁴⁾ Umberto Nicodano ⁽⁷⁾ Elizabeth M. Robinson ⁽⁴⁾ Gianfelice Rocca ⁽⁴⁾

BOARD OF STATUTORY AUDITORS ⁽¹⁰⁾

Chairwoman	Raffaella Pagani ⁽⁶⁾
Acting Auditors	Mario Tagliaferri Paola Tagliavini
Alternate Auditors	Myriam Amato ⁽⁶⁾ Stefania Serina

INDEPENDENT AUDITORS	EY S.p.A. ⁽¹¹⁾
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Committees

Audit, Risk & Sustainability Committee ⁽¹³⁾

Laura Cioli **(Chairwoman)**
Nicoletta Giadrossi
Elisabetta Magistretti

Remuneration & Appointments Committee

Nicoletta Giadrossi **(Chairwoman)**
Laura Cioli
Elizabeth M. Robinson

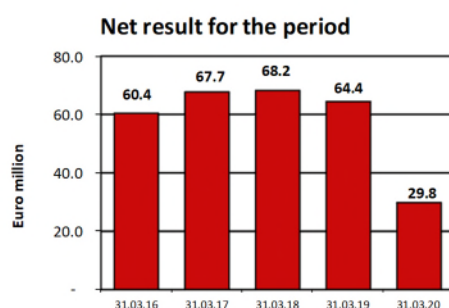
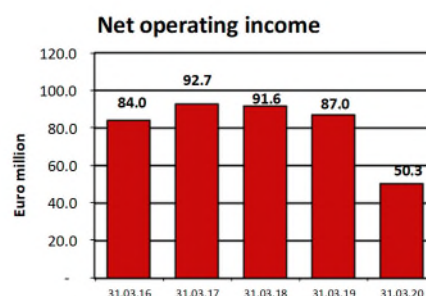
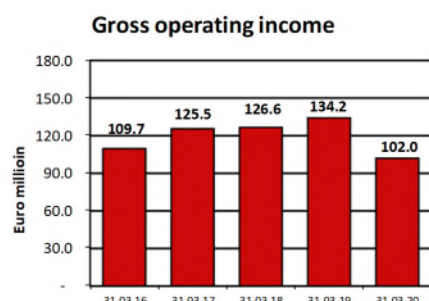
Supervisory Committee

Giovanni Canavotto **(Chairman)** ⁽¹⁴⁾
Elisabetta Magistretti
Alessandra Ramorino ⁽¹⁵⁾

- (1) The Chairman is the Company's legal representative and has powers of ordinary management, within the limits of the law.
- (2) The Executive Deputy Chairman is the Company's legal representative; the Board of Directors granted him special powers to manage the Company.
- (3) The Board of Directors granted the Chief Executive Officer, Daniele Schillaci, special powers to manage the Company, as well as powers, pursuant to Article 2381 of the Italian Civil Code, with reference to occupational health and safety (as per Legislative Decree No. 81/2008, as amended by Legislative Decree No. 106/2009), environmental protection and waste management.
- (4) Independent and Non-executive Directors pursuant to Article 148, paragraph 3, of TUF (as required by Articles 147-*ter*, paragraph 4, and 147-*quater* of TUF) and Article 2.2.3, paragraph 3, of the Rules of Borsa Italiana S.p.A. and the Corporate Governance Code of Brembo S.p.A. (Article 3.C.1).
- (5) The Director also holds the position of Executive Director in charge of the Internal Control and Risk Management System, as well as of Chief CSR Officer.
- (6) Director/Statutory Auditor elected from a minority list.
- (7) Non-executive Director.
- (8) Executive Directors.
- (9) This Director also holds the position of Lead Independent Director.
- (10) This Board holds the role of Internal Control & Audit Committee pursuant to Article 19 of Legislative Decree No. 39/2010.
- (11) The General Shareholders' Meeting held on 23 April 2013 assigned the mandate until the approval of the 2021 Financial Statements.
- (12) Appointed by the Board of Directors on 23 April 2020 pursuant to Article 27-*bis* of the By-laws. The appointment remains valid until the expiry of the current Board of Directors' term of office, i.e., until the General Shareholders' Meeting approving the Financial Statements for the year ending 31 December 2022.
- (13) This Committee also acts as the Related Party Transactions Committee.
- (14) External Advisor.
- (15) Chief Internal Audit Officer.

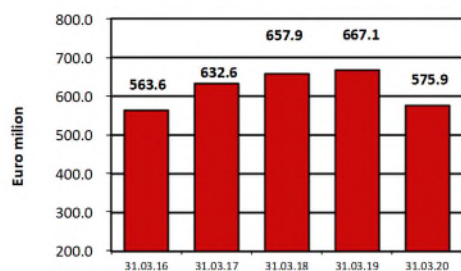
Brembo S.p.A. Registered offices: CURNO (BG) – Via Brembo 25
Share capital: €34,727,914.00 – Bergamo Register of Companies
Tax code and VAT Code No. 00222620163

Summary of Group Results

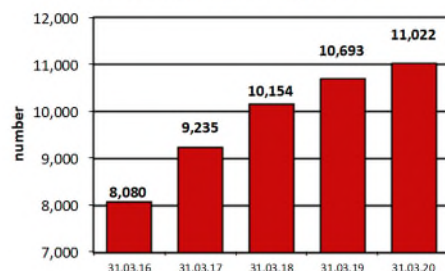


ECONOMIC RESULTS (euro million)	31.03.16	31.03.17	31.03.18	31.03.19	31.03.20	% 2020/2019
Revenue from contract with customers	563.6	632.6	657.9	667.1	575.9	-13.7%
Gross operating income	109.7	125.5	126.6	134.2	102.0	-24.0%
<i>% of revenue from contract with customer</i>	19.5%	19.8%	19.2%	20.1%	17.7%	
Net operating income	84.0	92.7	91.6	87.0	50.3	-42.2%
<i>% of revenue from contract with customer</i>	14.9%	14.7%	13.9%	13.0%	8.7%	
Result before taxes	79.5	91.4	90.0	83.9	42.5	-49.4%
<i>% of revenue from contract with customer</i>	14.1%	14.4%	13.7%	12.6%	7.4%	
Net result for the period	60.4	67.7	68.2	64.4	29.8	-53.8%
<i>% of revenue from contract with customer</i>	10.7%	10.7%	10.4%	9.7%	5.2%	

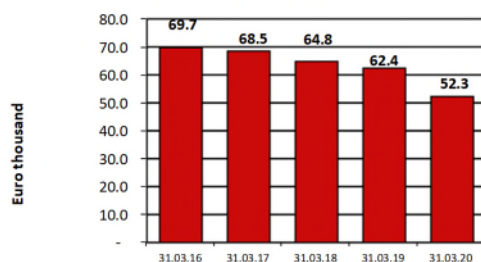
Revenue from contract with customers



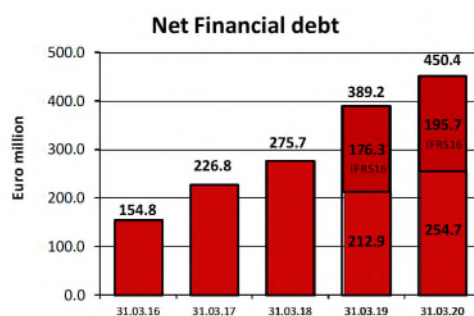
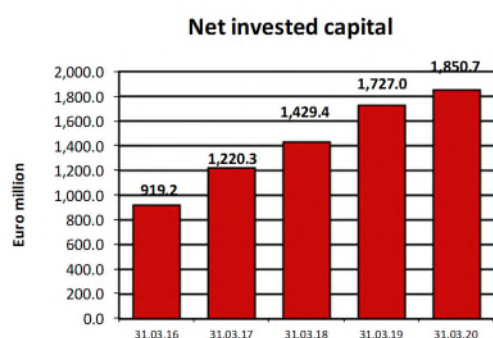
Personnel at end of period



Turnover per employee



FINANCIAL RESULTS (euro million)	31.03.16	31.03.17	31.03.18	31.03.19	31.03.20	% 2020/2019
Net invested capital	919.2	1,220.3	1,429.4	1,727.0	1,850.7	7.2%
Equity	734.7	961.0	1,126.2	1,311.1	1,376.5	5.0%
Net financial debt	154.8	226.8	275.7	389.2	450.4	15.7%
PERSONNEL AND INVESTMENTS						
Personnel at end of period (No.)	8,080	9,235	10,154	10,693	11,022	3.1%
Turnover per employee (euro thousand)	69.7	68.5	64.8	62.4	52.3	-16.3%
Net investments (euro million)	51.5	60.7	45.9	40.4	39.5	-2.1%



MAIN RATIOS	31.03.16	31.03.17	31.03.18	31.03.19	31.03.20
Net operating income/Revenue from contract with customers	14.9%	14.7%	13.9%	13.0%	8.7%
Result before taxes/Revenue from contract with customers	14.1%	14.4%	13.7%	12.6%	7.4%
Net investments/Revenue from contract with customers	9.1%	9.6%	7.0%	6.0%	6.9%
Net Financial indebtedness/Equity	21.1%	23.6%	24.5%	29.7%	32.7%
Adjusted net interest expense(*)/Revenue from contract with customers	0.4%	0.3%	0.3%	0.6%	0.5%
Adjusted net interest expense(*)/Net operating income	2.7%	2.1%	2.3%	4.4%	5.8%
ROI	37.1%	30.8%	26.0%	20.4%	11.0%
ROE	33.4%	28.9%	24.8%	20.0%	8.7%

Notes:

ROI: Net operating income/Net invested capital x annualisation factor(days in the year/days from January 1st).

ROE: Result before minority interests (net of Result from discontinued operations)/Equity x annualisation factor(days in the year/days from January 1st).

(*) This item does not include exchange gains and losses.

Consolidated Financial Statements

Consolidated Statement of Financial Position

<i>(euro thousand)</i>	31.03.2020	31.12.2019	Change
ASSETS			
NON-CURRENT ASSETS			
Property, plant, equipment and other equipment	1,035,103	1,064,307	(29,204)
Right of use assets	189,208	194,493	(5,285)
Development costs	90,571	87,241	3,330
Goodwill and other indefinite useful life assets	83,772	83,883	(111)
Other intangible assets	55,773	57,157	(1,384)
Shareholding valued using the equity method	40,018	43,149	(3,131)
Other financial assets (including investments in other companies and	79,655	7,078	72,577
Receivables and other non-current assets	12,246	12,901	(655)
Deferred tax assets	57,231	54,617	2,614
TOTAL NON-CURRENT ASSETS	1,643,577	1,604,826	38,751
CURRENT ASSETS			
Inventories	366,293	342,203	24,090
Trade receivables	383,398	391,925	(8,527)
Other receivables and current assets	93,622	95,870	(2,248)
Current financial assets and derivatives	1,800	1,439	361
Cash and cash equivalents	228,495	304,793	(76,298)
TOTAL CURRENT ASSETS	1,073,608	1,136,230	(62,622)
ASSETS FROM DISCONTINUED OPERATIONS	1,262	1,435	(173)
TOTAL ASSETS	2,718,447	2,742,491	(24,044)
EQUITY AND LIABILITIES			
GROUP EQUITY			
Share capital	34,728	34,728	0
Other reserves	80,218	107,325	(27,107)
Retained earnings/(losses)	1,200,978	983,809	217,169
Net result for the period	29,785	231,301	(201,516)
TOTAL GROUP EQUITY	1,345,709	1,357,163	(11,454)
TOTAL MINORITY INTERESTS	30,815	30,852	(37)
TOTAL EQUITY	1,376,524	1,388,015	(11,491)
NON-CURRENT LIABILITIES			
Non-current payables to banks	178,424	196,558	(18,134)
Long-term lease liabilities	176,486	177,283	(797)
Other non-current financial payables and derivatives	1,182	1,164	18
Other non-current liabilities	11,238	9,472	1,766
Non-current provisions	13,937	12,494	1,443
Provisions for employee benefits	24,756	25,584	(828)
Deferred tax liabilities	28,735	28,410	325
TOTAL NON-CURRENT LIABILITIES	434,758	450,965	(16,207)
CURRENT LIABILITIES			
Current payables to banks	303,733	257,655	46,078
Short-term lease liabilities	19,232	18,700	532
Other current financial payables and derivatives	1,624	1,061	563
Trade payables	447,880	473,996	(26,116)
Tax payables	2,806	6,135	(3,329)
Current provisions	1,844	2,052	(208)
Other current liabilities	129,516	143,273	(13,757)
TOTAL CURRENT LIABILITIES	906,635	902,872	3,763
LIABILITIES FROM DISCONTINUED OPERATIONS	530	639	(109)
TOTAL LIABILITIES	1,341,923	1,354,476	(12,553)
TOTAL EQUITY AND LIABILITIES	2,718,447	2,742,491	(24,044)

Consolidated Statement of Income

<i>(euro thousand)</i>	31.03.2020	31.03.2019	Change	%
Revenue from contracts with customers	575,902	667,149	(91,247)	-13.7%
Other revenues and income	4,290	5,077	(787)	-15.5%
Costs for capitalised internal works	6,059	7,650	(1,591)	-20.8%
Raw materials, consumables and goods	(266,536)	(315,924)	49,388	-15.6%
Income (expenses) from non-financial investments	1,102	3,354	(2,252)	-67.1%
Other operating costs	(108,477)	(114,080)	5,603	-4.9%
Personnel expenses	(110,314)	(118,983)	8,669	-7.3%
GROSS OPERATING INCOME	102,026	134,243	(32,217)	-24.0%
% of revenue from contracts with customer	17.7%	20.1%		
Depreciation, amortisation and impairment losses	(51,728)	(47,229)	(4,499)	9.5%
NET OPERATING INCOME	50,298	87,014	(36,716)	-42.2%
% of revenue from contracts with customer	8.7%	13.0%		
Net interest income (expense)	(7,808)	(3,151)	(4,657)	147.8%
Interest income (expense) from investments	(33)	40	(73)	-182.5%
RESULT BEFORE TAXES	42,457	83,903	(41,446)	-49.4%
% of revenue from contracts with customer	7.4%	12.6%		
Taxes	(12,962)	(19,290)	6,328	-32.8%
Result from discontinued operations	118	0	118	N/A
RESULT BEFORE MINORITY INTERESTS	29,613	64,613	(35,000)	-54.2%
% of revenue from contracts with customer	5.1%	9.7%		
Minority interests	172	(205)	377	-183.9%
NET RESULT FOR THE PERIOD	29,785	64,408	(34,623)	-53.8%
% of revenue from contracts with customer	5.2%	9.7%		
BASIC/DILUTED EARNINGS PER SHARE (euro)	0.09	0.20		

Consolidated Statement of Comprehensive Income

<i>(euro thousand)</i>	31.03.2020	31.03.2019	Change
RESULT BEFORE MINORITY INTERESTS	29,613	64,613	(35,000)
<i>Other comprehensive income/(losses) that will not be subsequently reclassified to income/(loss) for the period:</i>			
Fair value measurement of investments	(14,132)	0	(14,132)
Total other comprehensive income/(losses) that will not be subsequently reclassified to income/(loss) for the period	(14,132)	0	(14,132)
<i>Other comprehensive income/(losses) that will be subsequently reclassified to income/(loss) for the period:</i>			
Effect of hedge accounting (cash flow hedge) of derivatives	(717)	0	(717)
Tax effect	172	0	172
Change in translation adjustment reserve	(26,427)	17,689	(44,116)
Total other comprehensive income/(losses) that will be subsequently reclassified to income/(loss) for the period	(26,972)	17,689	(44,661)
COMPREHENSIVE RESULT FOR THE PERIOD	(11,491)	82,302	(93,793)
Of which attributable to:			
– Minority Interests	(37)	1,241	(1,278)
– the Group	(11,454)	81,061	(92,515)

Consolidated Statement of Cash Flows

<i>(euro thousand)</i>	31.03.2020	31.03.2019
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	168,559	195,871
Result before taxes	42,457	83,903
Depreciation, amortisation/Impairment losses	51,728	47,229
Capital gains/losses	(114)	(342)
Income/expense from investments, net of dividends received	3,931	2,606
Financial portion of provisions for defined benefits and payables for personnel	99	141
Long-term provisions for employee benefits	696	561
Other provisions net of utilisations	12,685	6,866
Result from discontinued operations	118	0
Cash flows generated by operating activities	111,600	140,964
Current taxes paid	(11,983)	(13,441)
Uses of long-term provisions for employee benefits	(1,172)	(1,402)
<i>(Increase) reduction in current assets:</i>		
inventories	(30,514)	(27,418)
financial assets	73	(29)
trade receivables	8,391	(69,748)
receivables from others and other assets	(3,421)	(260)
<i>Increase (reduction) in current liabilities:</i>		
trade payables	(26,428)	(62,891)
payables to others and other liabilities	(11,885)	2,953
Translation differences on current assets	273	(1,873)
Net cash flows from/(for) operating activities	34,934	(33,145)
<i>Investments in:</i>		
property, plant and equipment	(33,198)	(32,982)
<i>of which right of use assets</i>	<i>(3,540)</i>	<i>0</i>
intangible assets	(6,341)	(8,970)
property, plant and equipment - IFRS16 effect	0	(176,302)
financial assets (shareholdings)	(87,362)	(57)
Price for disposal or reimbursement value of fixed assets	160	1,940
Net cash flows from/(for) investing activities	(126,741)	(216,371)
Change in fair value of derivatives	(736)	318
Payables to other financial institutions - IFRS16 effect	0	176,302
New lease agreements	2,668	0
Reimbursement of lease liabilities	(5,702)	0
Repayment of long-term loans and other financing	(18,833)	(11,458)
Net cash flows from/(for) financing activities	(22,603)	165,162
Total cash flows	(114,410)	(84,354)
Translation differences on cash and cash equivalents	(6,658)	(685)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	47,491	110,832

Consolidated Net Financial Position

<i>(euro thousand)</i>	31.03.2020	31.12.2019
Cash	204	206
Other cash equivalents	228,291	304,587
Derivatives and securities held for trading	1,129	768
LIQUIDITY (A+B+C)	229,624	305,561
Current financial receivables	671	671
Current payables to banks	181,004	136,234
Current portion of non-current debt	122,729	121,421
Other current financial debts and derivatives	20,856	19,761
CURRENT FINANCIAL DEBT (F+G+H)	324,589	277,416
NET CURRENT FINANCIAL DEBT (I-E-D)	94,294	(28,816)
Non-current payables to banks	178,424	196,558
Bonds issued	0	0
Other non-current financial debts and derivatives	177,668	178,447
NON-CURRENT FINANCIAL DEBT (K+L+M)	356,092	375,005
NET FINANCIAL DEBT (J+N)	450,386	346,189

Consolidated Statement of Changes in Equity

		Other Reserves								
	Share Capital	Reserves	Treasury Shares	Retained earnings (losses)	Net result for the period	Group Equity	Result of minority interest	Share Capital and reserves of Minority Interests	Equity of Minority Interests	Equity
(euro thousand)										
Balance at 1 January 2019	34,728	122,260	(13,476)	817,219	238,349	1,199,080	3,127	26,615	29,742	1,228,822
Allocation of profit for the previous year				238,349	(238,349)	0	(3,127)	3,127	0	0
Components of comprehensive income:										
Change in translation adjustment reserve		16,653				16,653		1,036	1,036	17,689
Net result for the period					64,408	64,408	205		205	64,613
Balance at 31 March 2019	34,728	138,913	(13,476)	1,055,568	64,408	1,280,141	205	30,778	30,983	1,311,124
Balance at 1 January 2020	34,728	132,130	(24,805)	983,809	231,301	1,357,163	1,760	29,092	30,852	1,388,015
Allocation of profit for the previous year				231,301	(231,301)	0	(1,760)	1,760	0	0
Components of comprehensive income:										
Fair value measurement of investments				(14,132)		(14,132)			0	(14,132)
Effect of hedge accounting (cash flow hedge) of derivatives		(545)				(545)			0	(545)
Change in translation adjustment reserve		(26,562)				(26,562)		135	135	(26,427)
Net result for the period					29,785	29,785	(172)		(172)	29,613
Balance at 31 March 2020	34,728	105,023	(24,805)	1,200,978	29,785	1,345,709	(172)	30,987	30,815	1,376,524

Explanatory Notes to the Financial Statements

Accounting Standards and Basis of Preparation

The Interim Report for the first quarter of 2020, which includes the Consolidated Statement of Financial Position, the Consolidated Statement of Income, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity and brief related Explanatory Notes, has been prepared in compliance with recognition and measurement criteria provided for by the IFRS endorsed by the European Union, and has been voluntarily made available to the public. Please refer to the Company's website (<http://www.brembo.com/en/investors/calendar>) for information about the content, timing and methods of additional periodic financial disclosures.

Reference is made to the 2019 Financial Statements for the relevant international accounting standards and criteria adopted by the Group when preparing the above-mentioned Financial Statements. The preparation of the Interim Report requires management to make estimates and assumptions that have an effect on the amounts of recognised revenues, costs, assets and liabilities, and the disclosure of contingent assets and liabilities as of the reporting date. Should in the future such estimates and assumptions, which are based upon the management's best assessment, diverge from actual circumstances, they will be modified accordingly during the period in which such circumstances change.

It should also be noted that certain measurement processes, particularly the most complex ones such as the determination of any impairment for non-current assets, are typically carried out in full only during preparation of the Annual Financial Statements, when all necessary information is available, unless impairment indicators require immediate analysis. It should also be pointed out that the value of inventories has been calculated for Brembo S.p.A. by applying the cost of inventories as at 30 November 2019 to the inventory accounting results as at 31 March 2020. Actuarial valuations necessary to determine employee benefits are typically performed during preparation of the Annual Financial Statements. This Interim Report has not been audited.

Consolidation Area

The Financial Statements for the first quarter of 2020 include the Financial Statements of the Parent Brembo S.p.A., and the Financial Statements of the companies that Brembo S.p.A. controls as per IFRS 10. Compared to the first quarter of 2019, no corporate transactions impacting the Group's consolidation area were carried out in the reporting period. On 30 June 2019, Brembo discontinued its industrial operations at the Buenos Aires plant. As a result, the subsidiary Brembo Argentina S.A. will be placed in liquidation. Pursuant to IFRS 5, the company's assets and liabilities have been reclassified to "Assets/Liabilities from discontinued operations", whereas its statement of income items have been reclassified to "Result from discontinued operations".

Notes on the Most Significant Changes in Items of the Consolidated Financial Statements

The Group's net sales for the first quarter of 2020 amounted to €575,902 thousand, down 13.7% compared to the same period of the previous year (-13.3% before reclassification of the figures relating to the company Brembo Argentina S.A. to the item "Result from discontinued operations"), as a result of the governmental regulations on the suspension of production activity adopted in all the countries in which the Group operates to contain the spread of the COVID-19 epidemic.

The car applications sector, which accounts for 74.1% of Group revenues, closed the first quarter of 2020 with a -13.4% decline compared to the previous year (-12.9% before the reclassification of Brembo Argentina S.A.). Similarly, all other applications sectors also decreased: commercial vehicles applications closed at -19.3%, motorbike applications at -11.7%, and the racing sector at -10.5%.

At geographical level, negative impacts reflect the pandemic's different timing of spread and the gradual adoption of restrictive measures by governments (details are given in the following section). With regard to Europe, Germany declined by 17.6% compared to the first quarter of 2019. All other European Countries also reported a negative result: France dropped by 24.7%, whereas a more reduced downtrend was recorded in Italy (-10.7%) and the United Kingdom (-15.3%). Sales decreased by 9.4% in North America and 17.1% in South America (a 3.9% increase on a like-for-like reclassification basis of Brembo Argentina S.A.). In the Far East, Brembo recorded a negative performance in China (-29.3%) and India (-12.6%), whereas Japan grew by 3.0% compared to the same period of the previous year.

In the first quarter of 2020, the **cost of sales and other net operating costs** amounted to €364,664 thousand, with a ratio of 63.3% to sales, slightly up compared to 62.5% for the same period of the previous year. Within this item, **costs for capitalised internal works** included in intangible assets amounted to €6,059 thousand compared to €7,650 thousand for the first quarter of 2019.

Income from non-financial investments totalled €1,102 thousand (€3,354 thousand in the first quarter of 2019) and was attributable to the effects of valuing the investment in the BSCCB Group using the equity method.

Personnel expenses amounted to €110,314 thousand, with a 19.2% ratio to sales, increasing compared to the same period of the previous year (17.8%). At 31 March 2020, workforce numbered 11,022 (10,868 at 31 December 2019 and 10,693 at 31 March 2019).

Gross operating income for the quarter was €102,026 thousand (17.7% of sales) compared to €134,243 thousand for the first quarter of 2019 (20.1% of sales).

Net operating income amounted to €50,298 thousand (8.7% of sales), compared to €87,014 thousand (13.0% of sales) for the first quarter of 2019, after depreciation, amortisation and impairment losses of property, plant and equipment and intangible assets of €51,728 thousand, compared to depreciation, amortisation and impairment losses amounting to €47,229 thousand for the first quarter of 2019.

Net interest expense amounted to €7,808 thousand (€3,151 thousand in the first quarter of 2019) and consisted of net exchange losses of €4,911 thousand (net exchange gains of €668 thousand in the first quarter of 2019) and interest expense of €2,897 thousand (€3,819 thousand for the same quarter of the previous year).

Net interest expense from investments, which amounted to €33 thousand, was attributable to the effects of valuing investments in associates using the equity method.

Result before taxes was positive at €42,457 thousand (7.4% of sales), compared to €83,903 thousand (12.6% of sales) for the first quarter of 2019.

Based on tax rates applicable for the year under current tax regulations, estimated **taxation** amounted to €12,962 thousand (€19,290 thousand for the first quarter of 2019). Tax rate was 30.5%, compared to 23.0% in the first quarter of 2019.

The **result from discontinued operations**, positive for €118 thousand, was attributable to the contribution of the company Brembo Argentina S.A., reclassified to this item following the Group's decision, on 30 June 2019, to discontinue its industrial operations at the Buenos Aires plant, with the ensuing liquidation of the company.

The **Group's net result** for the quarter amounted to €29,785 thousand (5.2% of sales) compared to €64,408 thousand (9.7% of sales) for the first quarter of 2019.

Net Invested Capital at the end of the period stood at €1,850,725 thousand compared to €1,758,638 thousand at 31 December 2019, increasing by €92,087 thousand, of which €86,509 thousand associated with the acquisition of the 2.22% interest in Pirelli S.p.A. and €800 thousand related to the acquisition of the 20% interest in Infibra Technologies S.r.l.

Net financial debt at 31 March 2020 was €450,386 thousand, compared to €346,189 thousand at 31 December 2019. The €104,197 thousand increase for the period was mainly attributable to the combined effect of the following factors:

- the positive effect of the gross operating income of €102,026 thousand;
- net investments totalling €39,493 thousand; they were mainly concentrated in Italy (43.6%), of which €4,511 thousand (11.4%) associated with development costs, North America (30.6%), Poland (11.3%), Czech Republic (6.0%) and China (5.2%);
- the overall €72,691 thousand decrease in working capital;
- payment of taxes totalling €11,983 thousand;
- dividends received by the associate BSCCB S.p.A. totalling €5,000 thousand;
- acquisition of the 2.22% interest in Pirelli S.p.A. for €86,509 thousand and of the 20% interest in Infibra Technologies S.r.l. for €800 thousand.

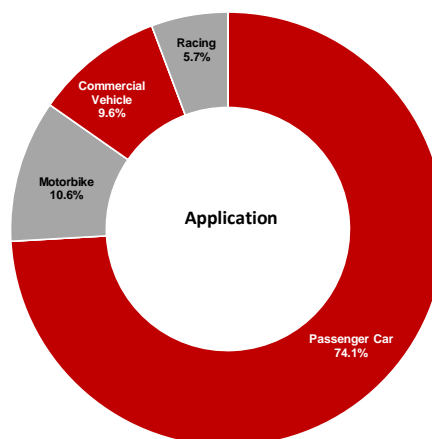
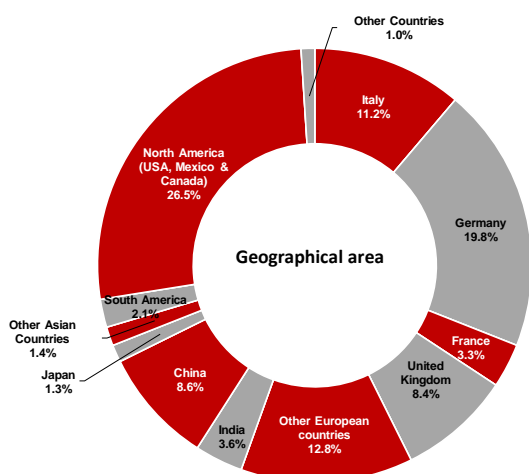
Sales Breakdown by Geographical Area and Application

The following tables show net sales at 31 March 2020, broken down by geographical area and application.

(euro thousand)	31.03.2020	%	31.03.2019	%	Change	%
GEOGRAPHICAL AREA						
Italy	64,255	11.2%	72,119	10.8%	(7,864)	-10.9%
Germany	114,177	19.8%	138,520	20.8%	(24,343)	-17.6%
France	19,181	3.3%	25,483	3.8%	(6,302)	-24.7%
United Kingdom	48,506	8.4%	57,252	8.6%	(8,746)	-15.3%
Other European countries	73,904	12.8%	77,417	11.6%	(3,513)	-4.5%
India	20,530	3.6%	23,492	3.5%	(2,962)	-12.6%
China	49,678	8.6%	70,253	10.5%	(20,575)	-29.3%
Japan	7,590	1.3%	7,370	1.1%	220	3.0%
Other Asian Countries	7,927	1.4%	7,570	1.1%	357	4.7%
South America (Argentina and Brazil)	11,814	2.1%	14,250	2.1%	(2,436)	-17.1%
North America (USA, Mexico & Canada)	152,576	26.5%	168,361	25.3%	(15,785)	-9.4%
Other Countries	5,764	1.0%	5,062	0.8%	702	13.9%
Total	575,902	100.0%	667,149	100.0%	(91,247)	-13.7%

(euro thousand)	31.03.2020	%	31.03.2019	%	Change	%
APPLICATION						
Passenger Car	426,677	74.1%	492,578	73.9%	(65,901)	-13.4%
Motorbike	60,896	10.6%	68,938	10.3%	(8,042)	-11.7%
Commercial Vehicle	55,257	9.6%	68,497	10.3%	(13,240)	-19.3%
Racing	33,023	5.7%	36,901	5.5%	(3,878)	-10.5%
Miscellaneous	49	0.0%	235	0.0%	(186)	-79.1%
Total	575,902	100.0%	667,149	100.0%	(91,247)	-13.7%

RATIO TO SALES



Measures Adopted to Combat the COVID-19 Emergency

The World Health Organization (WHO) announced the spread of the disease COVID-19 from China, particularly from the Wuhan district, in early January 2020; it then declared COVID-19 a global health emergency of international concern on 30 January. February saw the virus spread to Europe and America, resulting to the global lockdown in March and April. Italy — the first European country to be struck by the pandemic, and still today one of the most affected — adopted particularly restrictive measures to contain the spread of the virus. The circumstances and timing of the resumption of social life and economic activities differ from one country to the next and remain uncertain for North and South America, whereas in China and, to a partial extent, in Europe reopening has already begun.

Brembo has been following developments relating to the spread of the COVID-19 very closely since its outbreak, establishing a dedicated task force and promptly adopting all necessary measures to monitor, prevent and contain the pandemic at all of its locations worldwide.

All the Group's plants were affected by lockdown periods, which differ from one country to the next and partially still not precisely defined: China (from 24 January to 13/16 February); Italy (from 16 March to 27 April); the United States (from 23 March to 17 May); Brazil (from 24 March to 31 May); the United Kingdom (from 25 March to 14 April); India (from 25 March to 4 May); Poland (from 27 March to 2 April); Czech Republic (from 28 March to 2 April); Mexico (from 6 April to 30 May).

In view of reopening, further extraordinary measures aimed at combating the virus and protecting the health of employees and contractors have been taken (rearrangement of production layouts, sanitisation of the premises, personal protective equipment, temperature measurement, heat scans, blood tests, hygiene rules and social distancing, extended remote working, etc.).

In addition, after an initial donation of €150 thousand in support of treatment facilities at Bergamo's Papa Giovanni XXIII Hospital, Brembo decided to support research into combating COVID-19 by donating €1 million to three première Bergamo institutions: Papa Giovanni XIII Hospital, the Bergamo Hospital Research Foundation (FROM) and the Mario Negri Institute, which are committed to the area most severely affected by the pandemic, through a combination of clinical and pharmacological research.

With reference to financial aspects, in adopting the prudential approach proposed by the Board of Directors in its extraordinary meeting on 20 March 2020, the Shareholders' Meeting held on 23 April resolved not to distribute dividends drawing on the 2019 profit. This decision was made in order to support the Group's financial solidity and limit future economic and financial impacts. A dividend may be proposed when the current situation relating to COVID-19 has been overcome.

To face this difficult time for the market, between April and May 2020, the Group's financial structure was further reinforced by entering into new medium/long-term loans for a total amount of €425 million, in addition to available short-term credit lines for €348 million, which have not been used. These new loans enabled the Group to extend the average life of its debt, at costs in line with current levels.

Redundancy schemes and other forms of public support were activated to protect workers in all countries and contain the cost of idle personnel. In addition, plans were drawn up to contain discretionary, sponsorship and marketing costs and reduce investments, while also renegotiating several supply and lease contracts and implementing measures to contain working capital. It should be noted that the impairment tests carried out at 31 December 2019 identified no criticalities, as the percentage decrease in volumes in 2020 is within the reasonable thresholds used in sensitivity analyses upon impairment testing, and there were no changes in accounting estimates or other significant accounting impacts following the spread of COVID-19.

Foreseeable Evolution

The Group decisively designed and implemented a series of measures intended to mitigate the financial impact of COVID-19, focusing in particular on strengthening investment on innovation, significant cost-cutting, protecting net financial position and reinforcing its already sound financial position. The results of these actions will become more visible in the coming quarters, although the general lockdown measures adopted in most countries worldwide will continue to reflect the adverse effects of COVID-19.

Given the present state of uncertainty as to the future course of the pandemic, the measures to be adopted by governments and the swiftness of the recovery of the economic cycle — and of the automotive sector in particular — it is difficult to make quantitative projections on the Group's economic and financial performance; however, the effects are expected to remain significant also in the coming quarters of 2020. The Company continues to monitor events very closely and is prepared to manage this situation professionally and with the utmost commitment, maintaining the forward-looking perspective that has always set it apart.

Directors' Report on Operations and Significant Events

Macroeconomic Context

To correctly assess Brembo's performance in the first quarter of 2020, it is essential to consider the current world macroeconomic scenario. Global economic activities essentially came to a halt everywhere in March, including many automotive sector production facilities, in response to regulations imposed by governments to combat the spread of the COVID-19 pandemic, with negative consequences across all sectors, and in particular in the service and export sectors. Within this scenario, in its April 2020 WEO (World Economic Outlook) the IMF (International Monetary Fund) produced its first official estimates, which make it possible to provide a more precise description of the extent of the effects of the coronavirus pandemic on the world economy. It bears emphasising that, as explained by the Fund's Chief Economist, Gita Gopinath, this time the estimates are subject to margins of error that are without precedent, even during the great post-Lehman crisis. Accordingly, and uncustomarily, the figures published by the Washington-based organisation extend only to 2021 and no further. The epidemic, which has infected over 2.6 million individuals globally, has paralysed production, forced factories to shut and thrown supply chains into turmoil in many sectors of industry the world over. Global GDP (gross domestic product) grew by 2.9% in 2019 and is expected to contract by 3% this year, followed by a recovery of 5.8% in 2021. When discussing future global GDP estimates, it should be clarified that, as clearly explained in the report, two conditions must be met in order for the "post-virus GDP" upswing to occur: the first is that the health emergency must come to an end in the first half of 2020, and the second is that there must not be a second wave of disease due to insufficient precautions in recovering from the health crisis or the return of the virus in the autumn.

The recession forecast by the IMF is more severe than that triggered by the 2008 financial crisis. The expenditures required to stem the damage from the virus from a health and economic standpoint will also have adverse effects on the deficit-to-GDP ratios of all countries affected by the pandemic. The commonality is that 2020 will be deep in negative territory (ranging from -5.2% for Japan to -9.1% for Italy) in all advanced economies, which collectively will see their GDP decline by slightly over 6%. The U.S. economy will contract by 5.9 percentage points and that of the Eurozone by 7.5 points. Emerging countries, collectively considered, will also see their GDP decline, but only by 1%, thanks to China which in 2020 will hold at +1.2%.

The April edition of the WEO, which is prepared every six months by the Washington-based organisation, reveals the devastating impact of the pandemic on the global economy, trade and the Eurozone countries in particular. As mentioned above, the IMF has forecast a decline in the EU's GDP of 7.5% in 2020, compared with a pre-pandemic projection of +1.3%. However, in the scenario foreseen by the IMF, the economies of the EU countries are expected to recover in 2021, bouncing back by +4.7%. Italy is the country that will see the sharpest economic contraction due to the coronavirus this year, according to the forecasts prepared by the Fund, which estimates that GDP will decline by 9.1% in 2020, followed by a rebound of 4.8% the following year: this is the second-worst forecast of all countries considered in the WEO, after Greece, which risks an even worse performance, with its GDP plummeting by 10%. Unfortunately, the IMF's estimate is also borne out by the Confindustria Research Centre, which in its April survey concluded that industrial output will decline by 5.4% in the first quarter of 2020, the largest decrease of the last eleven years. According to the report, COVID-19 and the containment measures had a devastating impact in March, when activity declined by 16.6% on February, setting the production index back to the levels of 42 years earlier. The decline in activity in the second quarter could reach 15%, due in part to the closure of approximately 60% of manufacturing firms. The decrease in value added in industry will have an adverse effect on Italian GDP performance, with an expected decline of 3.5% in the first quarter and of 6.5% in the second. The shock will also have a severe impact on the job market. The IMF forecasts that unemployment in Italy will rise from 10% to 12.7%. In Portugal, the rate will double to 14%, whereas it will climb to 20.8% in Spain and to 22.3% in Greece. Overall, the Eurozone will see its unemployed reach 10.4%, while Germany will remain

below 4%. According to the IMF, other European countries will also experience severe recessions: in Germany, the decline in GDP is expected to reach 7%, followed by a rebound of 5.2% in 2021. In Spain, another country severely affected by the pandemic, the IMF expects a sharp decline in GDP of 8% in 2020 and a recovery of slightly more than half the ground lost in the following year. France is expected to decline by 7.2% in 2020, followed by a recovery of 4.5% in 2021, whereas the GDP of the United Kingdom will drop by 6.5% and then recover to +4% the following year.

In the United States, the IMF's economists conclude that the economy will contract by 5.9% in 2020 and then expand by 4.7% in 2021. According to IMF's Fiscal Monitor, published during the spring meetings of the Fund and World Bank, the deficit-to-GDP ratio is expected to stand at 15.4% in 2020. The IHS Markit Flash U.S. Composite Output Index, which reflects the manufacturing and service sectors, plummeted to 27.4 this month, its lowest level since the series began in late 2009, considering that a reading below 50 indicates a decline in private sector output. The IMF estimates that Mexico's GDP will decline by 6.6% in 2020, pared back sharply from the 1.3% growth estimated by the Fund at the beginning of the year.

As for the Japanese economy, which the IMF forecasts will see a 5.2% contraction in its GDP in 2020, Tokyo is expected to make extensive use of fiscal measures, while limiting excessive monetary expansion. The BRIC countries (Brazil, Russia, India and China) will also post a collective decline in GDP of just 1%, i.e., the average of the +1.2% for China, +1.9% for India, -5.3% for Brazil and -5.5% for Russia. The IMF has estimated that for the first time in 60 years Asia as a whole will see zero growth in 2020, since the coronavirus crisis will have an unprecedented impact on the service and export sectors. According to figures published by the National Bureau of Statistics of China, GDP declined by 6.8% in the first quarter of 2020 compared with the same period of the previous year. The Chinese economy had already long been on a downwards trajectory: growth had slowed to 6.1% in 2019 (6% in the fourth quarter), the worst result in almost 30 years. It now seems unlikely that growth in 2020 will reach 6% or slightly lower in keeping with the government's intention of reaching the goal set in 2010 of doubling the economy by the end of this year.

Turning to commodities trends, in the update to the WEO published in April, IMF revised the average prices of the three oil benchmarks — UK Brent, Dubai Fateh and West Texas Intermediate (WTI) — forecasting a price of USD 35.61 a barrel at the end of 2020 and of USD 37.87 a barrel at the end of 2021.

Currency Markets

In the first quarter of 2020, the world's main currencies, like other indicators, were affected by the impact of Covid-19 on the major global economies. Currencies experienced severe volatility, due in part to the measures taken by the main central banks in response to the health and economic emergency.

In the first quarter of 2020, the **U.S. dollar**, after starting the reporting period at 1.1193, underwent initial appreciation until mid-February, to then sharply reverse direction, driving the rate up to the high for the quarter of 1.1456 on 9 March. The dollar then appreciated sharply, with the rate falling to a low of 1.0707 on 20 March, to then close at 1.0956, below the quarterly average of 1.1023.

Turning to the currencies of the other main markets in which Brembo operates at an industrial and commercial level, the **pound sterling** moved laterally until mid-February, after which it appreciated slightly, with the rate reaching a low for the period of 0.8299 on 18 February. The currency then depreciated sharply and decisively, driving the rate up to the quarterly high of 0.9299 on 19 March. At the end of the period, the currency appreciated again, closing at 0.8864, above the quarterly average rate (0.8616).

After beginning the quarter at around 4.25, the **Polish zloty** appreciated slightly, with the rate reaching a low for the period of 4.2219 on 14 January. Then, after a lateral phase that continued until mid-March, it gained

momentum, depreciating sharply, driving the rate up to a high for the period of 4.6146 on 24 March. It then appreciated slightly once more at the end of the quarter.

At the end of the period, the currency stood at 4.5506, above the quarterly average rate (4.3226).

The **Czech koruna** began the reporting period at around 25.50, remaining in a lateral phase until the end of January. The currency then appreciated slightly, reaching its low for the period of 24.7930 on 17 February. It then depreciated sharply and decisively, with the rate reaching a high for the quarter of 27.8080 on 24 March, to close at 27.3120, above the average for the period of 25.6137.

The **Swedish krona** opened the quarter at the low for the period of 10.4728. The currency then remained within a lateral channel of 10.50 to 10.70 until early March. Subsequently, the krona depreciated sharply and decisively, with the rate rising to a high of 11.1523 on 19 March. In the final days of the period, it appreciated slightly to close at 11.0613, above the quarterly average rate of 10.6658.

In the East, the **Japanese yen** began the period by appreciating slightly, to then immediately reverse direction, with the exchange rate reaching a high of 122.8000 on 16 January. The currency then appreciated sharply and constantly until mid-February, driving the rate below 119. Subsequently, the yen leapt to around 121 at the end of February. In the last month of the quarter, the yen appreciated further, with the rate reaching the low for the period of 116.8400 on 12 March. In the final phase, the currency experienced severe volatility, reaching around 121, to then close slightly stronger at 118.9000, below the quarterly average rate of 120.0952.

The **Chinese yuan/renminbi** opened the quarter at around 7.80 to then appreciate sharply, driving the rate down to a low of 7.5538 on 19 February. The currency then depreciated sharply and constantly, reaching its highest rate for the quarter of 7.9600 on 9 March. In the final phase of the period, the currency underwent an initial sharp appreciation, driving the rate below 7.60, to then close with another abrupt depreciation. At the end of the period, the currency stood at 7.7784, above the quarterly average rate (7.6937).

The **Indian rupee** opened the quarter at around 80, appreciating constantly until 19 February, with the rate falling to its low for the period of 77.2345. It then sharply reversed course, driving the rate up to 84.9600 on 9 March, the high for the quarter. Near the end of the period, the currency initially appreciated to below 81 but then depreciated to close at 82.8985, above the average rate for the period of 79.8511.

In the Americas, the **Brazilian real** began the reporting period at the low for the quarter of 4.4870. The currency then depreciated constantly and sharply, passing through a phase of mild volatility in mid-March, to close the period at the high of 5.7001, above the quarterly average rate of 4.9111.

The **Mexican peso** opened the quarter at around 21, to then appreciate slightly but constantly, with the exchange rate falling to a low for the period of 20.0690 on 19 February. The currency then depreciated sharply, driving the rate to a high for the quarter of 26.9302 on 24 March, after which it closed at 26.1772, far above the average rate for the quarter of 22.0446.

The **Russian rouble** began the reporting period by appreciating slightly, with the exchange rate reaching a low for the period of 68.0410 on 10 January. The currency then moved within a lateral channel until late February, after which it depreciated sharply to 88.1385 on 30 March, following a volatile phase in mid-March. At the end of the period, the currency appreciated slightly to 85.9486, far above the quarterly average rate (73.7020).

Finally, the **Argentine peso** began the quarter at around 67, remaining in a lateral channel with the rate falling to a low for the period of 66.1395 on 28 January. The currency then depreciated sharply, reaching 71.5342 on 9 March, the high for the period. It appreciated in the final phase to around 68, to then depreciate again until the end of the quarter and close at 70.5388, considerably above the average for the period of 67.7080.

Operating Structure and Reference Markets

In the first quarter of 2020, Brembo's consolidated net sales amounted to €575,902 thousand, down 13.7% compared to the first quarter of 2019 (€667,149 thousand).

Information on the performance of the individual applications and their related markets — as available to the Company at the reporting date — is provided under the following headings.

Passenger Cars

In the first quarter of 2020, the global light vehicle market declined sharply by 23.9% compared to the same period of 2019. This decrease, reported by all main markets, was due to the COVID-19 pandemic that led governments to adopt containment measures envisaging the closure of production and commercial activities and restrictions affecting personal freedom. To date, the most severe impacts were recorded in China, Western Europe and the United States.

Western Europe (EU14+EFTA+UK) closed the first quarter of 2020 with a marked downtrend: car registrations dropped by 26.3% compared to the first quarter of 2019. All five main markets of reference declined: Germany - 20.3%, the United Kingdom -31.0%, Italy -35.5%, France -34.1%, and Spain -31.0%. Similarly, car registrations in Eastern Europe (EU 12) decreased by 18.7% compared to the first quarter of 2019. By contrast, light vehicle registrations in Russia closed the first quarter of 2020 with a 1.8% increase in sales compared to the first quarter of the previous year.

In the first quarter of 2020, the United States reported a negative performance, with light vehicle sales dropping by 12.9% overall compared to the first quarter of 2019. Sales in the Brazilian and Argentine markets also decreased by 13.7% overall, mainly due to the sharp downtrend experienced by Argentina (-37.3%); Brazil instead closed the first quarter with a more reduced decline (-8.2%).

In the Asian markets, China — the first market in which the COVID-19 virus spread — closed the first quarter of 2020 with a severe 43.9% decrease in sales of light vehicles compared to the first quarter of 2019, however confirming its position as the world's top market. Japan also closed the first three months of the year negatively, with a 10.1% decline in sales.

Within this scenario, Brembo's net sales of car applications in the first quarter of 2020 amounted to €426,677 thousand, accounting for 74.1% of the Group's turnover, down 13.4% compared to the same period of 2019.

Motorbikes

Europe, the United States and Japan are Brembo's three most important markets in the motorbike sector.

In Europe, all main markets of reference with regard to motorbike registrations (Italy, Germany, France, Spain and the United Kingdom) reported a decline in the first quarter of 2020 compared to the same period of the previous year.

In the first quarter of 2020, Italy decreased by 25%, followed by the United Kingdom and France, both of which reported a 12% drop; Spain declined by 10% and Germany by 2%. In Italy, motorbikes alone shrank by 27.6%, whereas scooters closed the first quarter of 2020 with a 22% decrease compared to the same period of the previous year. With regard to registrations of motorbikes alone, those with displacements over 500cc declined by 29% compared to the same period of 2019.

In the United States, registrations of motorbikes, scooters and ATVs (All Terrain Vehicles, quadricycles for recreation and work) decreased by 3.3% in the first quarter of 2020 compared to the same period of 2019. ATVs alone declined by 1.6%, while motorbikes and scooters together dropped by 4%.

In the Japanese market, overall registrations of motorbikes with displacements of over 50cc rose by 6% in the first quarter of 2020 compared to the same period of the previous year.

In Brazil, registrations of two-wheel vehicles dropped by 4.6% in the reporting period compared to the same period of 2019, whereas India reported a more marked 25% decline of compared to the first quarter of 2019.

Brembo's net sales of motorbike applications in the first quarter of 2020 amounted to €60,896 thousand, decreasing by 11.7% compared to the first quarter of 2019.

Commercial and Industrial Vehicles

In the first quarter of 2020, the European commercial vehicles market (EU14+EFTA+UK) — Brembo's reference market — showed a sharp decline of 24.7% in registrations, mainly due to the significant decrease reported in March following the spread of the COVID-19 pandemic in Europe that led to the closure of plants and car dealers to prevent the increase of contagion.

In the reporting period, sales of light commercial vehicles (up to 3.5 tonnes) in Europe decreased by 24.7% compared to the first quarter of 2019. All the first five European markets by sales volume reported a downtrend: -11.8% in Germany, -33.9% in the United Kingdom, -27.3% in France, -33.5% in Spain and -29.4% in Italy. In the reporting period, Eastern European countries (EU12) alone dropped by 19.9% compared to the first quarter of 2019.

In Europe, the segment of medium and heavy commercial vehicles (over 3.5 tonnes) also shrank markedly in the first quarter of 2020, with a 25.7% decrease compared to the same period of the previous year. All the first European markets by sales volume reported a negative trend: -23.1% in Germany, -33.4% in the United Kingdom, -15.1% in Spain and -12.3% in Italy. In Eastern European countries (EU12), sales of commercial vehicles over 3.5 tonnes declined by 35.8% compared to the same period of the previous year.

In the first quarter of 2020, Brembo's net sales of applications in this segment amounted to €55,257 thousand, down 19.3% compared to the same period of 2019.

Racing

In the racing sector, where Brembo has maintained undisputed supremacy for years, the Group operates through three leading brands: Brembo Racing, braking systems for race cars and motorbikes; AP Racing, braking systems and clutches for race cars; Marchesini, magnesium and aluminium wheels for racing motorbikes.

In the first quarter of 2020, Brembo's net sales of racing applications amounted to €33,023 thousand, decreasing by 10.5% compared to the first quarter of 2019.

Significant Events During the Quarter

In March 2020, Brembo adopted a non-speculative long-term approach and acquired a 2.22% interest (equal to €86,509 thousand) in the share capital of Pirelli S.p.A., a company that stands out in its sector as a player of excellence in terms of history, brand, leadership and pursuit of innovation. At 31 March 2020, the equity investment was measured at fair value, pursuant to IFRS 9, leading to a €14,132 thousand impairment of its value and of Group Equity, as reported in the Consolidated Statement of Comprehensive Income.

On 5 February 2020, Brembo acquired a 20% interest in Infibra Technologies S.r.l., for a consideration of €800 thousand. The company specialises in the development, design, industrialisation, manufacturing, installation and marketing of fibre optic sensors systems and photonic subsystems for sensing and communications. The agreement with the current shareholders envisages Brembo's right to exercise a call option on the remaining 80% interest in the second half of 2024.

Opt-out from the Obligations to Publish Disclosure Documents

The Company has adopted the opt-out system envisaged by Article 70, paragraph 8, and Article 71, paragraph 1-*bis*, of the Rules for Issuers (Board's Resolution dated 17 December 2012), thus opting out from the obligation to publish the required disclosure documents in the case of significant mergers, de-mergers, capital increase by way of contributions in kind, acquisitions and disposals.

Buy-back and Sale of Own Shares

The General Shareholders' Meeting held on 23 April 2020 passed a new plan for the buy-back and sale of own shares with the following objectives:

- undertaking any investments, directly or through intermediaries, including aimed at containing abnormal movements in stock prices, stabilising stock trading and prices, supporting the liquidity of Company's stock on the market, so as to foster the regular conduct of trading beyond normal fluctuations related to market performance, without prejudice in any case to compliance with applicable statutory provisions;
- carrying out, in accordance with the Company's strategic guidelines, share capital transactions or other transactions which make it necessary or appropriate to swap or transfer share packages through exchange, contribution, or any other available methods;
- buying back own shares as a medium/long-term investment.

The maximum number of shares that may be purchased is 8,000,000 that, with the 10,035,000 own shares already held (3.005% of share capital), represents 5.401% of the Company's share capital.

Own shares can be bought back and disposed of up to a maximum of €144 million:

- at a minimum price which must be no lower than the closing price of the shares during the trading session on the day before each transaction is undertaken, reduced by 10%;
- at a maximum price which must be no greater than the closing price of the shares during the trading session on the day before each transaction is undertaken, increased by 10%.

The authorisation to buy back own shares is valid for a period of 18 months from the date of the resolution by the General Shareholders' Meeting.

Brembo has neither bought back nor sold own shares during the reporting quarter.

Significant Events After 31 March 2020

The General Shareholders' Meeting of the Parent Brembo S.p.A. held on 23 April 2020 approved the Financial Statements for the financial year ended 31 December 2019, allocating net income for the year amounting to €179,152,879.80 as follows:

- to the reserve pursuant to Article 6(2) of Legislative Decree No. 38/2005 €1,125,037.09;
- the remaining amount carried forward.

After the end of the quarter, the continuing COVID 19 emergency and the intensified restrictions adopted by several governments in April and May, which have led to the lockdown in many countries, manufacturing of automotive original equipment components was halted, whereas in Europe aftermarket components continued to be marketed also during the lockdown.

Against this background, the Group adopted a clear action plan aimed at mitigating the financial impacts of COVID-19 (for greater details see the section "Measures Adopted to Combat the COVID-19 emergency"). The measures included two new medium/long-term financing contracts for a total amount of € 425 million, aimed at extending maturities and increasing the overall liquidity.

Attestation of the Manager in Charge of the Company's Financial Reports Pursuant to Article 154-*bis*, Paragraph 2, of Legislative Decree No. 58/1998

RE: Interim Report at 31 March 2020, approved on 11 May 2020.

I, the undersigned, Andrea Pazzi, the Manager in charge of the financial reports of BREMBO S.p.A. hereby

DECLARE

in accordance with Article 154-*bis*, paragraph 2, part IV, title III, chapter II, section V-*bis*, of Italian Legislative Decree No. 58 of 24 February 1998, that to the best of my knowledge, the Interim Report at 31 March 2020 corresponds with the documented results, books and accounting records.

Andrea Pazzi

Manager in Charge of
the Company's Financial Reports

BREMBO S.p.A.

Registered offices: CURNO (BG) – Via Brembo 25

Share capital €34,727,914.00

Tax Code (VAT Code) - Bergamo Register of Companies No. 00222620163