

BREMBO
THIRD QUARTER REPORT
2021



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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 Interim Report at 30 September 2021 (9 November 2021)

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⁾ |

Manager in Charge of the Company's Financial Reports

Andrea Pazzi ⁽¹²⁾

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 — Recommendation No. 7 of the Corporate Governance Code (January 2020 edition).
- (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 Director.
- (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.

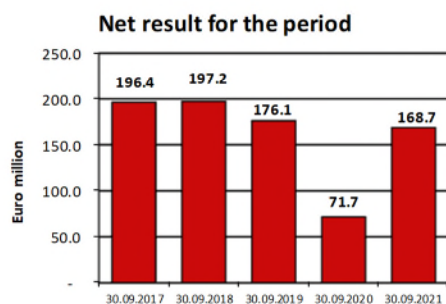
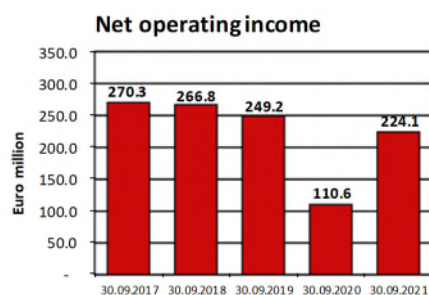
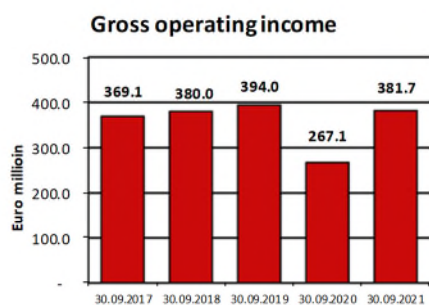
Brembo S.p.A.

Registered offices: CURNÒ (BG) – Via Brembo 25

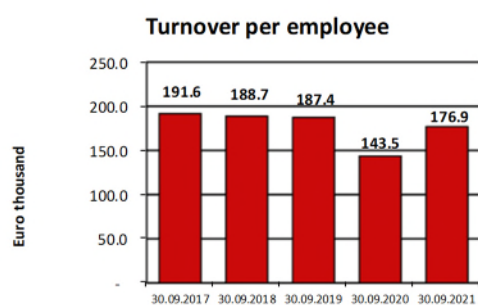
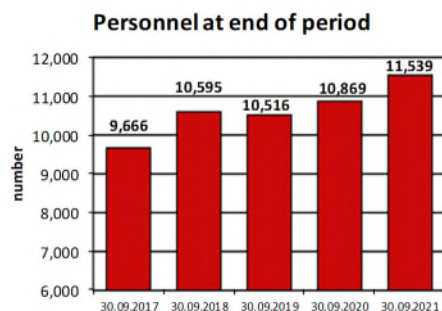
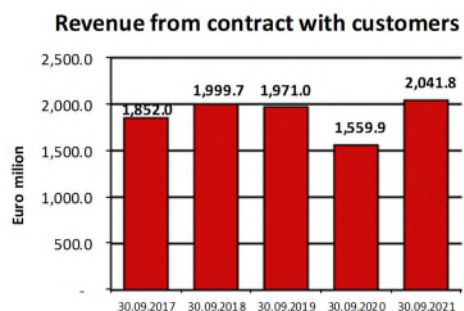
Share capital: €34,727,914.00 – Bergamo Register of Companies

Tax code and VAT Code No. 00222620163

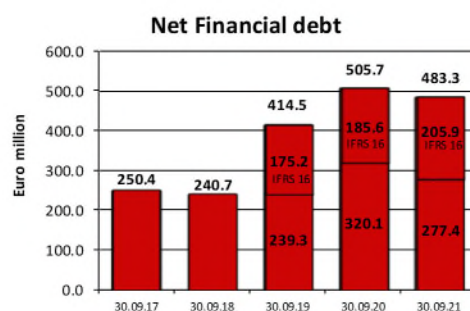
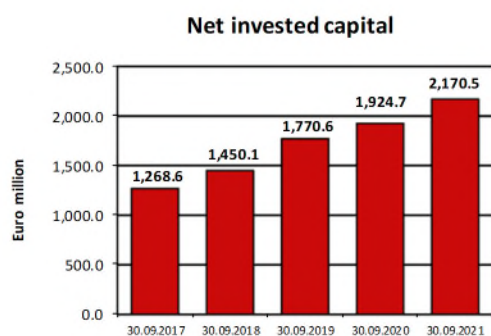
Summary of Group Results



| ECONOMIC RESULTS (euro million) | 30.09.2017 | 30.09.2018 | 30.09.2019 | 30.09.2020 | 30.09.2021 | % 2021/2020 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Revenue from contract with customers | 1,852.0 | 1,999.7 | 1,971.0 | 1,559.9 | 2,041.8 | 30.9% |
| Gross operating income | 369.1 | 380.0 | 394.0 | 267.1 | 381.7 | 42.9% |
| <i>% of revenue from contract with customer</i> | <i>19.9%</i> | <i>19.0%</i> | <i>20.0%</i> | <i>17.1%</i> | <i>18.7%</i> | |
| Net operating income | 270.3 | 266.8 | 249.2 | 110.6 | 224.1 | 102.6% |
| <i>% of revenue from contract with customer</i> | <i>14.6%</i> | <i>13.3%</i> | <i>12.6%</i> | <i>7.1%</i> | <i>11.0%</i> | |
| Result before taxes | 264.4 | 256.4 | 237.1 | 92.5 | 223.5 | 141.5% |
| <i>% of revenue from contract with customer</i> | <i>14.3%</i> | <i>12.8%</i> | <i>12.0%</i> | <i>5.9%</i> | <i>10.9%</i> | |
| Net result for the period | 196.4 | 197.2 | 176.1 | 71.7 | 168.7 | 135.2% |
| <i>% of revenue from contract with customer</i> | <i>10.6%</i> | <i>9.9%</i> | <i>8.9%</i> | <i>4.6%</i> | <i>8.3%</i> | |



| FINANCIAL RESULTS (euro million) | 30.09.2017 | 30.09.2018 | 30.09.2019 | 30.09.2020 | 30.09.2021 | % 2021/2020 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|
| Net invested capital | 1,268.6 | 1,450.1 | 1,770.6 | 1,924.7 | 2,170.5 | 12.8% |
| Equity | 988.5 | 1,182.3 | 1,330.9 | 1,394.8 | 1,665.3 | 19.4% |
| Net financial debt | 250.4 | 240.7 | 414.5 | 505.7 | 483.3 | -4.4% |
| PERSONNEL AND INVESTMENTS | | | | | | |
| Personnel at end of period (No.) | 9,666 | 10,595 | 10,516 | 10,869 | 11,539 | 6.2% |
| Turnover per employee (euro thousand) | 191.6 | 188.7 | 187.4 | 143.5 | 176.9 | 23.3% |
| Net investments (euro million) | 251.2 | 184.1 | 152.5 | 112.0 | 152.0 | 35.7% |



| MAIN RATIOS | 30.09.2017 | 30.09.2018 | 30.09.2019 | 30.09.2020 | 30.09.2021 |
|---|------------|------------|------------|------------|------------|
| Net operating income/Revenue from contract with customers | 14.6% | 13.3% | 12.6% | 7.1% | 11.0% |
| Result before taxes/Revenue from contract with customers | 14.3% | 12.8% | 12.0% | 5.9% | 10.9% |
| Net investments/Revenue from contract with customers | 13.6% | 9.2% | 7.7% | 7.2% | 7.4% |
| Net Financial indebtedness/Equity | 25.3% | 20.4% | 31.1% | 36.3% | 29.0% |
| Adjusted net interest expense(*)/Revenue from contract with customers | 0.4% | 0.4% | 0.6% | 0.7% | 0.4% |
| Adjusted net interest expense(*)/Net operating income | 2.5% | 2.7% | 4.5% | 9.3% | 3.6% |
| ROI | 27.1% | 23.6% | 18.5% | 9.3% | 13.6% |
| ROE | 25.8% | 22.6% | 17.0% | 9.2% | 14.1% |

Notes:

ROI: Net operating income rolling 12 months/Net invested capital.

ROE: Result before minority interests rolling 12 months (net of Result from discontinued operations)/Equity.

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

Consolidated Financial Statements

Consolidated Statement of Financial Position

| (euro thousand) | 30.09.2021 | 31.12.2020 | Change |
|--|------------------|------------------|------------------|
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant, equipment and other equipment | 1,007,264 | 975,824 | 31,440 |
| Right of use assets | 205,668 | 207,456 | (1,788) |
| Development costs | 96,345 | 92,292 | 4,053 |
| Goodwill and other indefinite useful life assets | 106,762 | 79,882 | 26,880 |
| Other intangible assets | 51,105 | 47,393 | 3,712 |
| Shareholding valued using the equity method | 40,393 | 43,947 | (3,554) |
| Other financial assets (including investments in other companies and | 261,499 | 217,263 | 44,236 |
| Receivables and other non-current assets | 20,447 | 18,242 | 2,205 |
| Deferred tax assets | 75,581 | 76,731 | (1,150) |
| TOTAL NON-CURRENT ASSETS | 1,865,064 | 1,759,030 | 106,034 |
| CURRENT ASSETS | | | |
| Inventories | 443,845 | 354,887 | 88,958 |
| Trade receivables | 492,437 | 385,439 | 106,998 |
| Other receivables and current assets | 134,029 | 119,315 | 14,714 |
| Current financial assets and derivatives | 1,676 | 1,938 | (262) |
| Cash and cash equivalents | 400,231 | 551,282 | (151,051) |
| TOTAL CURRENT ASSETS | 1,472,218 | 1,412,861 | 59,357 |
| ASSETS FROM DISCONTINUED OPERATIONS | 685 | 855 | (170) |
| TOTAL ASSETS | 3,337,967 | 3,172,746 | 165,221 |
| EQUITY AND LIABILITIES | | | |
| GROUP EQUITY | | | |
| Share capital | 34,728 | 34,728 | 0 |
| Other reserves | 89,792 | 37,428 | 52,364 |
| Retained earnings/(losses) | 1,339,918 | 1,241,370 | 98,548 |
| Net result for the period | 168,653 | 136,533 | 32,120 |
| TOTAL GROUP EQUITY | 1,633,091 | 1,450,059 | 183,032 |
| TOTAL MINORITY INTERESTS | 32,216 | 30,982 | 1,234 |
| TOTAL EQUITY | 1,665,307 | 1,481,041 | 184,266 |
| NON-CURRENT LIABILITIES | | | |
| Non-current payables to banks | 427,451 | 548,220 | (120,769) |
| Long-term lease liabilities | 184,308 | 187,415 | (3,107) |
| Other non-current financial payables and derivatives | 1,600 | 953 | 647 |
| Other non-current liabilities | 1,774 | 14,891 | (13,117) |
| Non-current provisions | 43,427 | 42,990 | 437 |
| Provisions for employee benefits | 22,542 | 26,567 | (4,025) |
| Deferred tax liabilities | 29,049 | 26,421 | 2,628 |
| TOTAL NON-CURRENT LIABILITIES | 710,151 | 847,457 | (137,306) |
| CURRENT LIABILITIES | | | |
| Current payables to banks | 246,781 | 175,998 | 70,783 |
| Short-term lease liabilities | 21,549 | 21,473 | 76 |
| Other current financial payables and derivatives | 3,536 | 3,838 | (302) |
| Trade payables | 496,420 | 474,906 | 21,514 |
| Tax payables | 9,859 | 7,405 | 2,454 |
| Current provisions | 195 | 1,875 | (1,680) |
| Other current liabilities | 184,088 | 158,613 | 25,475 |
| TOTAL CURRENT LIABILITIES | 962,428 | 844,108 | 118,320 |
| LIABILITIES FROM DISCONTINUED OPERATIONS | 81 | 140 | (59) |
| TOTAL LIABILITIES | 1,672,660 | 1,691,705 | (19,045) |
| TOTAL EQUITY AND LIABILITIES | 3,337,967 | 3,172,746 | 165,221 |

Consolidated Statement of Income

| <i>(euro thousand)</i> | 30.09.2021 | 30.09.2020 | Change | % |
|--|------------------|------------------|----------------|---------------|
| Revenue from contracts with customers | 2,041,755 | 1,559,918 | 481,837 | 30.9% |
| Other revenues and income | 17,592 | 13,678 | 3,914 | 28.6% |
| Costs for capitalised internal works | 16,278 | 16,012 | 266 | 1.7% |
| Raw materials, consumables and goods | (944,106) | (711,336) | (232,770) | 32.7% |
| Income (expenses) from non-financial investments | 11,334 | 4,900 | 6,434 | 131.3% |
| Other operating costs | (384,605) | (310,522) | (74,083) | 23.9% |
| Personnel expenses | (376,589) | (305,526) | (71,063) | 23.3% |
| GROSS OPERATING INCOME | 381,659 | 267,124 | 114,535 | 42.9% |
| % of revenue from contracts with customer | 18.7% | 17.1% | | |
| Depreciation, amortisation and impairment losses | (157,578) | (156,511) | (1,067) | 0.7% |
| NET OPERATING INCOME | 224,081 | 110,613 | 113,468 | 102.6% |
| % of revenue from contracts with customer | 11.0% | 7.1% | | |
| Net interest income (expense) | (4,534) | (18,120) | 13,586 | -75.0% |
| Interest income (expense) from investments | 3,973 | 48 | 3,925 | 8177.1% |
| RESULT BEFORE TAXES | 223,520 | 92,541 | 130,979 | 141.5% |
| % of revenue from contracts with customer | 10.9% | 5.9% | | |
| Taxes | (54,640) | (19,861) | (34,779) | 175.1% |
| Result from discontinued operations | (120) | (86) | (34) | 39.5% |
| RESULT BEFORE MINORITY INTERESTS | 168,760 | 72,594 | 96,166 | 132.5% |
| % of revenue from contracts with customer | 8.3% | 4.7% | | |
| Minority interests | (107) | (893) | 786 | -88.0% |
| NET RESULT FOR THE PERIOD | 168,653 | 71,701 | 96,952 | 135.2% |
| % of revenue from contracts with customer | 8.3% | 4.6% | | |
| BASIC/DILUTED EARNINGS PER SHARE (euro) | 0.52 | 0.22 | | |

Consolidated Statement of Comprehensive Income

| <i>(euro thousand)</i> | 30.09.2021 | 30.09.2020 | Change |
|---|----------------|-----------------|----------------|
| RESULT BEFORE MINORITY INTERESTS | 168,760 | 72,594 | 96,166 |
| <i>Other comprehensive income/(losses) that will not be subsequently reclassified to income/(loss) for the period:</i> | | | |
| Effect of actuarial gain (loss) on defined-benefit plans | 3,489 | (980) | 4,469 |
| Tax effect | (745) | 170 | (915) |
| Fair value measurement of investments | 30,910 | (7,015) | 37,925 |
| Tax effect | (372) | 0 | (372) |
| Total other comprehensive income/(losses) that will not be subsequently reclassified to income/(loss) for the period | 33,282 | (7,825) | 41,479 |
| <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 | 19,311 | (2,591) | 21,902 |
| Tax effect | (816) | 622 | (1,438) |
| Change in translation adjustment reserve | 35,636 | (55,361) | 90,997 |
| Total other comprehensive income/(losses) that will be subsequently reclassified to income/(loss) for the period | 54,131 | (57,330) | 111,461 |
| COMPREHENSIVE RESULT FOR THE PERIOD | 256,173 | 7,439 | 249,106 |
| Of which attributable to: | | | |
| – Minority Interests | 1,874 | 419 | 1,455 |
| – the Group | 254,299 | 7,020 | 247,279 |

Consolidated Statement of Cash Flows

| <i>(euro thousand)</i> | 30.09.2021 | 30.09.2020 |
|---|------------------|------------------|
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 445,230 | 168,559 |
| Result before taxes | 223,520 | 92,541 |
| Depreciation, amortisation/Impairment losses | 157,578 | 156,511 |
| Capital gains/losses | 8 | (769) |
| Income/expense from investments, net of dividends received | 3,542 | 151 |
| Financial portion of provisions for defined benefits and payables for personnel | 299 | 308 |
| Long-term provisions for employee benefits | 2,015 | 1,835 |
| Other provisions net of utilisations | 8,543 | 30,075 |
| Result from discontinued operations | (120) | (86) |
| Cash flows generated by operating activities | 395,385 | 280,566 |
| Current taxes paid | (47,565) | (32,777) |
| Uses of long-term provisions for employee benefits | (3,187) | (3,077) |
| <i>(Increase) reduction in current assets:</i> | | |
| inventories | (95,904) | (27,540) |
| financial assets | (154) | 129 |
| trade receivables | (104,064) | (32,368) |
| receivables from others and other assets | (8,499) | 2,786 |
| <i>Increase (reduction) in current liabilities:</i> | | |
| trade payables | 19,782 | (39,086) |
| payables to others and other liabilities | 9,555 | 3,590 |
| Translation differences on current assets | 5,349 | (9,393) |
| Net cash flows from/(for) operating activities | 170,698 | 142,830 |
| <i>Investments in:</i> | | |
| property, plant and equipment | (132,577) | (92,701) |
| of which right of use assets | (11,867) | (6,919) |
| intangible assets | (22,477) | (20,155) |
| financial assets (shareholdings) | (128) | (182,862) |
| Price for disposal or reimbursement value of fixed assets | 3,052 | 1,625 |
| Amounts (paid)/received for the acquisition/disposal of subsidiaries, net of the associated cash and cash equivalents | (30,414) | 0 |
| Net cash flows from/(for) investing activities | (182,544) | (294,093) |
| Dividends paid in the period | (70,870) | 0 |
| Dividends paid to minority shareholders in the period | (640) | (640) |
| Change in fair value of derivatives | 2,316 | 890 |
| New lease agreements | 11,195 | 6,033 |
| Reimbursement of lease liabilities | (21,471) | (18,629) |
| Loans and financing granted by banks and other financial institutions in the period | 1,089 | 425,000 |
| Repayment of long-term loans and other financing | (63,673) | (80,502) |
| Net cash flows from/(for) financing activities | (142,054) | 332,152 |
| Total cash flows | (153,900) | 180,889 |
| Translation differences on cash and cash equivalents | 1,829 | (3,295) |
| CASH AND CASH EQUIVALENTS AT END OF THE PERIOD | 293,159 | 346,153 |

Consolidated Net Financial Position

| <i>(euro thousand)</i> | 30.09.2021 | 31.12.2020 |
|---|------------------|------------------|
| Cash | 260 | 119 |
| Other cash equivalents | 399,971 | 551,163 |
| Derivatives and securities held for trading | 1,068 | 1,352 |
| LIQUIDITY (A+B+C) | 401,299 | 552,634 |
| Current financial receivables | 608 | 586 |
| Current payables to banks | 107,072 | 106,052 |
| Current portion of non-current debt | 139,709 | 69,946 |
| Other current financial debts and derivatives | 25,085 | 25,311 |
| CURRENT FINANCIAL DEBT (F+G+H) | 271,866 | 201,309 |
| NET CURRENT FINANCIAL DEBT (I-E-D) | (130,041) | (351,911) |
| Non-current payables to banks | 427,451 | 548,220 |
| Other non-current financial debts and derivatives | 185,908 | 188,368 |
| NON-CURRENT FINANCIAL DEBT (K+L+M) | 613,359 | 736,588 |
| NET FINANCIAL DEBT (J+N) | 483,318 | 384,677 |

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 |
| <i>(euro thousand)</i> | | | | | | | | | | |
| 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 | | 1,125 | | 230,176 | (231,301) | 0 | (1,760) | 1,760 | 0 | 0 |
| Payment of dividends | | | | | | 0 | | (640) | (640) | (640) |
| <i>Components of comprehensive income:</i> | | | | | | | | | | |
| Effect of actuarial income/(loss) on defined benefit plans | | | | (810) | | (810) | | | 0 | (810) |
| | | | | (7,015) | | (7,015) | | | 0 | (7,015) |
| | | (1,969) | | | | (1,969) | | | 0 | (1,969) |
| Change in translation adjustment reserve | | (54,887) | | | | (54,887) | | (474) | (474) | (55,361) |
| Net result for the period | | | | | 71,701 | 71,701 | 893 | | 893 | 72,594 |
| Balance at 30 September 2020 | 34,728 | 76,399 | (24,805) | 1,206,160 | 71,701 | 1,364,183 | 893 | 29,738 | 30,631 | 1,394,814 |
| Balance at 1 January 2021 | 34,728 | 62,233 | (24,805) | 1,241,370 | 136,533 | 1,450,059 | 1,405 | 29,577 | 30,982 | 1,481,041 |
| Allocation of profit for the previous year | | | | 65,278 | (65,278) | 0 | (1,405) | 1,405 | 0 | 0 |
| Payment of dividends | | | | | (71,255) | (71,255) | | (640) | (640) | (71,895) |
| | | | | (12) | | (12) | | | 0 | (12) |
| <i>Components of comprehensive income:</i> | | | | | | | | | | |
| Effect of actuarial income/(loss) on defined benefit plans | | | | 2,744 | | 2,744 | | | 0 | 2,744 |
| Fair value measurement of investments | | | | 30,538 | | 30,538 | | | 0 | 30,538 |
| Effect of hedge accounting (cash flow hedge) of derivatives | | 18,495 | | | | 18,495 | | | 0 | 18,495 |
| Change in translation adjustment reserve | | 33,869 | | | | 33,869 | | 1,767 | 1,767 | 35,636 |
| Net result for the period | | | | | 168,653 | 168,653 | 107 | | 107 | 168,760 |
| Balance at 30 September 2021 | 34,728 | 114,597 | (24,805) | 1,339,918 | 168,653 | 1,633,091 | 107 | 32,109 | 32,216 | 1,665,307 |

Explanatory Notes to the Financial Statements

Accounting Standards and Basis of Preparation

The Interim Report at 30 September 2021, 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 2020 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 impairment tests. 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 at 30 September 2021 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 30 September 2020, the following corporate transactions impacting the Group consolidation area were performed:

- on 7 January 2021, Brembo acquired a 100% stake in SBS Friction A/S, a company based in Svendborg, Denmark. The investment is 60% held by Brembo S.p.A. and 40% by Brembo Brake India Pvt. Ltd. The total outlay for the transaction was DKK 226 million (€30.4 million), paid using available cash;
- Brembo established the company Brembo Inspiration Lab Corp. with registered office in Wilmington (Delaware, USA) and share capital of USD 300 thousand. Based in the Silicon Valley (California, USA), the company is Brembo's first centre of excellence.

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

In the first nine months of 2021, Brembo's **net sales** amounted to €2,041,755 thousand, marking a 30.9% increase compared to the first nine months of 2020, partly arising from the rebound effect compared to the same period of the previous year, which had been impacted by the Covid-19 pandemic. On a like-for-like consolidation basis — thus excluding the contribution of SBS Friction A/S from the results for 2021 — the Group's sales grew by 30.0%.

The car applications sector, which accounted for 72.6% of the Group's sales, closed the first nine months of 2021 with a +26.3% increase compared to the same period of the previous year. Similarly, all other applications sharply recovered: applications for commercial vehicles closed at +35.3%, motorbike applications at +64.0% (+54.9% on a like-for-like consolidation basis), and racing applications at +29.6%.

At geographical level, and with specific reference to Europe, Germany rose by 29.9% compared to the first nine months of 2020. The other European countries also reported positive results, with Italy up by 39.4%, the United Kingdom by 31.6% and France by 18.7%. In North America, sales rose by 27.1%, while South America showed a 32.4% increase. In the Far East, China reported a 32.5% increase compared to 30 September 2020; India and Japan as well recovered sharply (+43.9% and +27.5%, respectively).

At 30 September 2021, the **cost of sales** and **other net operating costs** amounted to €1,294,841 thousand, with a 63.4% ratio to sales, in line with 63.6% for the same period of the previous year. Within this item, **costs for capitalised internal works** amounted to €16,278 thousand compared to €16,012 thousand for the same period of 2020.

Income (expense) from non-financial investments totalled €11,334 thousand (€4,900 thousand in 2020) and was attributable to the effects of valuing the investment in the BSCCB Group using the equity method.

Personnel expenses amounted to €376,589 thousand, with an 18.4% ratio to sales, decreasing compared to the same period of the previous year (19.6%). At 30 September 2021, workforce numbered 11,539 (11,039 at 31 December 2020 and 10,869 at 30 September 2020).

Gross operating income was €381,659 thousand (18.7% of sales) compared to €267,124 thousand in 2020 (17.1% of sales). During the reporting period, there were sharp, widespread increases in production costs, particularly for ferrous metals, energy and logistics, which are largely recovered in the months after those in which they occur through the usual automatic indexing mechanisms of contracts in place with the Company's main clients. In addition, the global microchip shortage affecting the automotive sector, despite not having a direct impact on Brembo, created considerable volatility in client orders, preventing optimal management of production capacity. These factors contributed to reducing margins compared to the first six months of 2021.

Net operating income amounted to €224,081 thousand (11.0% of sales), compared to €110,613 thousand (7.1% of sales) in 2020, after depreciation, amortisation and impairment losses of property, plant, equipment and intangible assets of €157,578 thousand, compared to €156,511 thousand for the same period of 2020.

Net interest expense amounted to €4,534 thousand (€18,120 thousand in 2020) and consisted of net exchange gains of €3,421 thousand (net exchange losses of €7,779 thousand in 2020) and interest expense of €7,955 thousand (€10,341 thousand for the same period of the previous year).

Net interest income from investments, which amounted to €3,973 thousand, was attributable to the effects of valuing investments in associates using the equity method and dividends received by investees not included in the consolidation area.

Result before taxes was positive at €223,520 thousand (10.9% of sales), compared to €92,541 thousand (5.9% of sales) in 2020. Based on tax rates applicable for the year under current tax regulations, estimated **taxation** amounted to €54,640 thousand (€19,861 thousand in 2020). Tax rate was 24.4% compared to 21.5% for the first nine months of 2020.

The **result from discontinued operations**, negative for €120 thousand, was attributable to the contribution of the company Brembo Argentina S.A. in liquidazione, reclassified to this item following the Group's decision, taken in 2019, to discontinue its industrial operations at the Buenos Aires plant.

The **Group's net result** at 30 September 2021 amounted to €168,653 thousand (8.3% of sales), compared to €71,701 thousand in 2020 (4.6% of sales).

Net Invested Capital at the end of the period amounted to €2,170,505 thousand, up by €279,012 thousand compared to €1,891,493 thousand at 31 December 2020.

Net financial debt at 30 September 2021 was €483,318 thousand, compared to €384,677 thousand at 31 December 2020. The €98,641 thousand increase for the period was mainly attributable to the combined effect of the following factors:

- the positive effect of gross operating income of €381,659 thousand, with a €171,245 thousand decrease in working capital;
- net investments totalling €151,994 thousand, of which €15,363 thousand (10.1%) for development costs; they were mainly concentrated in Italy (31.2%), North America (31.6%), China (13.9%) and the Czech Republic (9.2%);
- payment of taxes totalling €47,565 thousand;
- dividends received by the associate BSCCB S.p.A. totalling €15,000 thousand and by investees not included in the consolidation area amounting to €3,826 thousand;
- the Parent's payment of the approved dividends in the amount of €70,870 thousand;
- payment of the consideration amounting to €39,031 thousand for the acquisition of a 100% stake in SBS Friction A/S, including the net financial position acquired.

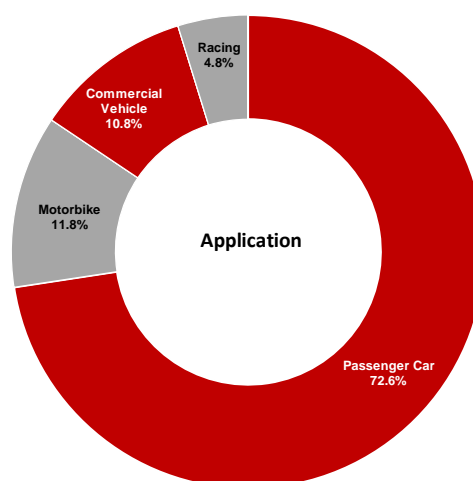
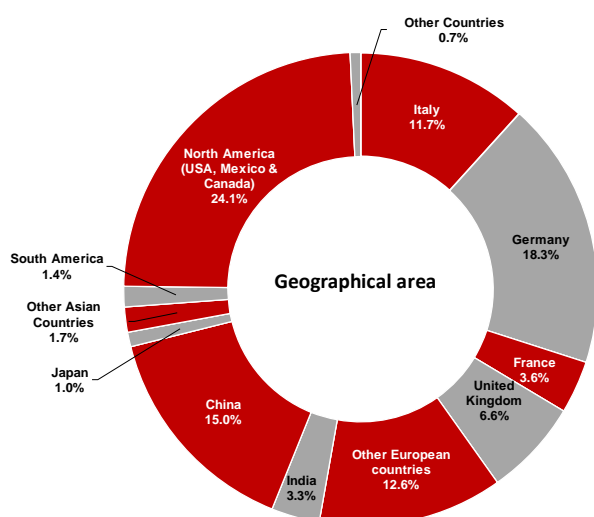
Sales Breakdown by Geographical Area and Application

The following tables show net sales at 30 September 2021, broken down by geographical area and application.

| <i>(euro thousand)</i> | 30.09.2021 | % | 30.09.2020 | % | Change | % |
|--------------------------------------|------------------|---------------|------------------|---------------|----------------|--------------|
| GEOGRAPHICAL AREA | | | | | | |
| Italy | 237,615 | 11.7% | 170,457 | 10.9% | 67,158 | 39.4% |
| Germany | 374,436 | 18.3% | 288,322 | 18.5% | 86,114 | 29.9% |
| France | 72,733 | 3.6% | 61,296 | 3.9% | 11,437 | 18.7% |
| United Kingdom | 134,880 | 6.6% | 102,507 | 6.6% | 32,373 | 31.6% |
| Other European countries | 256,725 | 12.6% | 201,005 | 12.9% | 55,720 | 27.7% |
| India | 66,866 | 3.3% | 46,461 | 3.0% | 20,405 | 43.9% |
| China | 306,676 | 15.0% | 231,483 | 14.9% | 75,193 | 32.5% |
| Japan | 20,881 | 1.0% | 16,380 | 1.1% | 4,501 | 27.5% |
| Other Asian Countries | 33,721 | 1.7% | 20,831 | 1.3% | 12,890 | 61.9% |
| South America (Argentina and Brazil) | 29,420 | 1.4% | 22,228 | 1.4% | 7,192 | 32.4% |
| North America (USA, Mexico & Canada) | 492,752 | 24.1% | 387,764 | 24.8% | 104,988 | 27.1% |
| Other Countries | 15,050 | 0.7% | 11,184 | 0.7% | 3,866 | 34.6% |
| Total | 2,041,755 | 100.0% | 1,559,918 | 100.0% | 481,837 | 30.9% |

| <i>(euro thousand)</i> | 30.09.2021 | % | 30.09.2020 | % | Change | % |
|------------------------|------------------|---------------|------------------|---------------|----------------|--------------|
| APPLICATION | | | | | | |
| Passenger Car | 1,481,429 | 72.6% | 1,172,918 | 75.2% | 308,511 | 26.3% |
| Motorbike | 241,714 | 11.8% | 147,405 | 9.4% | 94,309 | 64.0% |
| Commercial Vehicle | 221,096 | 10.8% | 163,458 | 10.5% | 57,638 | 35.3% |
| Racing | 97,507 | 4.8% | 75,261 | 4.8% | 22,246 | 29.6% |
| Miscellaneous | 9 | 0.0% | 876 | 0.1% | (867) | -99.0% |
| Total | 2,041,755 | 100.0% | 1,559,918 | 100.0% | 481,837 | 30.9% |

RATIO TO SALES



Foreseeable Evolution

The Group continues to monitor and manage the strong tensions linked to the costs of raw materials, energy and transportation that have reached unprecedented levels in recent months. They are partly recovered, in the months following their occurrence, through the usual contractual indexing mechanisms in place with the Company's main clients.

Despite not having a direct impact on Brembo, the electric component shortage that is currently affecting the automotive sector — and is set to continue also in the forthcoming months — creates considerable volatility in client orders, preventing optimal saturation of production capacity.

On the basis of the current scenario and the results achieved to date, for financial year 2021 the Group expects revenue growth of between 20% and 25% compared to the previous year and EBITDA margin in the range of 18%-19%.

Directors' Report on Operations and Significant Events

Macroeconomic Context

To correctly assess Brembo's performance in the first nine months of 2021, it is essential to consider the world macroeconomic scenario, specifically for the markets in which the Group operates.

"Global recovery continues, but the momentum has weakened and uncertainty has increased" is the title of the October WEO (World Economic Outlook), the reference document analysing the evolution of global economy published by the IMF (International Monetary Fund). The main cause is the persistence of the pandemic, which, fuelled by its variants, is holding back a full return to normalcy. Pandemic outbreaks in critical links of global supply chains have resulted in longer-than-expected supply disruptions, further feeding raw material inflation in many countries. Inflation risks are skewed to the upside and could materialise if pandemic-induced supply-demand mismatches continue longer than expected, leading to more sustained price pressures. The document also highlights the challenges of the post-pandemic economy: reversing the pandemic-induced setback to human capital accumulation, facilitating new growth opportunities related to green technology and digitalisation, reducing inequality, and ensuring sustainable public finances.

Compared to IMF's July forecast, the **global growth** projection for 2021 has been revised down to 5.9%, compared to a previous forecast of 6.0%. This modest headline revision, however, masks large downgrades for some countries. The outlook for the low-income developing country group has darkened considerably due to worsening pandemic dynamics. The downgrade also reflects more difficult near-term prospects for the advanced economy group, in part due to supply disruptions associated with the shortage of key raw materials, such as metals and semi-conductors. Compared to the July forecast, the global growth projection for 2022 is unchanged at 4.9% in the October report. Upon releasing the document, IMF Chief Economist Gita Gopinath commented: "Recent developments have made it abundantly clear that we are all in this together and the pandemic is not over anywhere until it is over everywhere. If Covid-19 were to have a prolonged impact into the medium term, it could reduce global GDP by a cumulative US\$5.3 trillion over the next five years relative to our current projection. It does not have to be this way. The global community must step up efforts to ensure equitable vaccine access for every country, overcome vaccine hesitancy where there is adequate supply, and secure better economic prospects for all."

In the **Eurozone**, growth is projected at 5.0% in 2021 (compared to 5.4% forecast in July) and at 4.3% in 2022. In detail, France is expected to grow the most (+6.3%) followed by Italy (+5.8%) and Spain (+5.7%); a lower performance is forecast for Germany, whose GDP (Gross Domestic Product) is projected to increase by 3.1%, thus below the European average. IHS Markit reported that the manufacturing PMI for the Eurozone stood at 58.6 in September, far below the 61.4 recorded in August, reaching its lowest since February 2021. Commenting on the final Manufacturing PMI data in the Eurozone, Chris Williamson, Chief Business Economist at IHS Markit, said: "While Eurozone manufacturing expanded at a robust pace in September, growth has weakened markedly as producers report a growing toll from supply chain headwinds. Supply issues continue to wreak havoc across large swathes of European manufacturing, with delays and shortages being reported at rates not witnessed in almost a quarter of a century and showing no signs of any imminent improvement."

With regard to **Italy**, IMF revised upwards its growth estimates for 2021, with GDP at +5.8%, or 0.9 percentage point above the July forecasts. The growth projection for 2022 remained unchanged at 4.2%. Accordingly, in 2021 Italy is expected to report growth above the Eurozone average (+5.0%). The debt-to-GDP ratio forecast is also

positive: Italian government debt is expected to stand at 154.8% in 2021, compared to 155.8% in the previous year, and to fall further in 2022 to 150.4%, stabilising at 146.5% in 2026. Unemployment in Italy stood at 10.3% in 2021 and will increase to 11.6% in 2022. In agreement with the IMF, the Confindustria Research Centre also notes that the rate of growth of the Italian economy will be higher, outpacing expectations and the performances of other leading European countries: +6.1%, two points above the April estimates, followed by an additional +4.1% in 2022. This will restore the economy to pre-crisis levels early, already in the first half of 2022. In industry, output climbed gradually in the first half of 2021, rising above the pre-pandemic level in June. More recently, however, business activity and confidence have declined slightly. The lack of materials has become a growing obstacle to production: interruptions of the distribution chain and longer delivery times have had an adverse impact. In addition, the negative dynamic of the industrial activity of Italy's main trade partners, and in particular Germany and France, is having unfavourable effects.

Turning to the situation in the **USA**, in the report published in September the OECD's economists forecast that GDP will grow by 6.0% in 2021 (down by nearly one percentage point compared to the May estimate) and by 3.9% for 2022. Goldman Sachs also revised economic growth in the United States down to 5.6% for 2021 and to 4.0% for 2022, a projection motivated by the expected decline in fiscal support through the end of next year and more delayed recovery in consumer spending than previously expected. The September IHS Markit PMI data marked a substantial improvement in the manufacturing sector in the United States, albeit at a slower pace than in the last five months. The PMI stood at 60.7 in September, down from 61.1 in August.

Among emerging economies, the BRICS (Brazil, Russia, India, China and South Africa) will enjoy GDP growth of 6.5% in 2021 according to the IMF — a higher figure than at the global level and in line with the most recent July forecasts. In **Brazil**, the rating agency Fitch forecasts GDP growth of 5.0% in 2021 and of 2.0% in 2022. Vaccinations are facilitating the economic recovery; moreover the reinforcement of global growth and the increase in raw material prices are also providing support in Brazil's case. The decline in growth in 2022 is mainly due to the ongoing domestic monetary pressure and the uncertainty relating to the elections that will be held in the country next spring. In **Russia**, the spread of Covid-19 cases has risen once more and the risk of a lockdown is high, whereas national vaccination rates remain low. The GDP growth estimates provided by the IMF in September call for an increase in GDP of 4.7% in 2021 and of 3.9% in 2022, in line with the July forecasts. Inflation continues to rise, reaching 7.4% in September, driven mainly by the increase in food prices. In the meantime, the labour market continues to perform positively. According to the OECD's estimates, **India**, the third largest economy in Asia, is expected to continue to recover robustly: after a decline of 7.7% in 2020, it is projected to recover by 9.5% in 2021, driven by pent-up demand for consumer and investment goods, and then by 8.5% in 2022. In response to the pandemic shock, the Indian government and Reserve Bank of India adopted various monetary and fiscal policy measures to support vulnerable companies and households, expand services (with increased spending on health and social protection) and stem the impact of the crisis on the economy: these expansionist measures have led to growth above the global and Asian average figures. In the third quarter, the **Chinese economy** reached its slowest growth rate of the year, affected by the energy shortage and fluctuations of the real-estate market. The IMF nonetheless estimates sustained growth for 2021 (+8.0%) and 2022 (+5.6%). The official Purchasing Managers Index (PMI) for the manufacturing sector calculated by IHS Markit was 49.6 in September compared to 50.1 in August, according to data by the National Bureau of Statistics (NBS). Williamson of IHS Markit commented: "The Chinese economy recovered rapidly from a sharp decline caused by the pandemic last year, but its momentum has weakened in recent months, with the manufacturing sector suffering from an increase in costs, production bottlenecks and electricity rationing."

Energy prices continued to rise in the third quarter of 2021, as opposed to most non-energy prices, which

stabilised after the sharp increases at the beginning of the year. After having reached an all-time high, natural gas and coal prices are expected to drop in 2022 as demand growth slows and the constraints on supply are eased. **Crude oil** prices are forecast to reach an average of 74 dollars a barrel in 2022, compared to the 70 dollars a barrel expected in 2021. After rising more than 48% this year, **metal** prices are expected to decline by 5% in 2022 and then stabilise. The fluctuations in raw material prices this year show the importance of a transition to a zero-carbon emissions economy and a greater focus on sustainability.

Currency Markets

The **dollar** opened the first nine months of 2021 by reaching a high of 1.2338 (6 January). It then entered a phase of prolonged appreciation, falling under 1.18 near the end of March, followed by a phase of depreciation that brought the dollar above 1.22 once again near the end of May. The currency then again reversed the trend, entering into a phase of sharp appreciation to close the reporting period at a low of 1.1579, below the average for the period of 1.1967.

Turning to the currencies of the other main markets in which Brembo operates at the industrial and commercial level, the **pound sterling** began the reporting period by reaching a maximum of 0.9064 on 6 January to then enter a phase of very sharp appreciation that brought it to around 0.85 by the end of the first quarter. The British currency then moved within a lateral channel, appreciating slightly to a low rate for the period of 0.8457 on 10 August. At the end of the third quarter, the currency depreciated slightly to close at 0.8605, below the average for the period of 0.8641.

The **Polish zloty** began the first nine months of the year at around 4.55 to then depreciate sharply in the first quarter, bringing the rate to a high for the period of 4.6582 (30 March). The currency then appreciated sharply, reaching a low for the period of 4.4520 (3 June). It then entered a phase of depreciation, followed by a lateral phase above 4.55, to close with a further depreciation to 4.6197, above the average for the period of 4.5464.

The **Czech koruna** opened the reporting period by appreciating to below 25.8. It then depreciated sharply, bringing the rate to a high of 26.4170 (8 March). The currency then appreciated sharply and decisively, falling under 25.4 around mid-June. Near the end of the first nine months of the year, it underwent lateral movement, followed by further slight appreciation, bringing the rate to a low for the period of 25.2810 on 16 September. It closed by depreciating to 25.4950, with an average for the period of 25.7366.

The **Swedish krona** began the first nine months of the year below 10.10 and, after a slight brief lateral phase, it appreciated slightly, bringing it to a low for the period of 10.0315 (22 February). The currency then depreciated until early April, to then reverse the trend rapidly, falling back below 10.10 around early June. The krona then depreciated sharply, bringing the rate to a high for the period of 10.3263 (20 August). At the end of the first nine months of the year, it appreciated further, leading it to close at 10.1683, a figure in line with the average for the period of 10.1515.

The **Danish kroner** opened the first nine months of the year at 7.4380, to then depreciate slightly, driving it to a high for the period of 7.4406 (25 January). It then appreciated, bringing the rate under 7.4370 near mid-February. After a long lateral channel that lasted several months, the currency depreciated slightly until early July. It then immediately reversed the trend, closing the period at 7.4360, a value in line with the average for the period of 7.4368.

In the East, the **Japanese yen** began the first nine months of the year by appreciating to a low for the period of

125.1800 on 18 January. The currency then reversed course, depreciating strongly and constantly, to a high for the period of 134.0500 (1 June). Subsequently, the currency reversed course, appreciating constantly and closing at 129.6700, slightly below the average for the period of 129.7955.

The **Chinese yuan/renminbi** began the first nine months of the year reaching a high for the period of 7.9653 (6 January). The currency then entered a constant, extended appreciation, which continued throughout the reporting period. At the end of the first nine months of the year, the rate reached a low of 7.4847, below the average for the period of 7.7407.

The **Indian rupee** opened the period appreciating strongly, to a low for the period of 85.4845 (26 March). It then reversed course sharply and decisively, reaching a high for the period of 90.5955 (21 April). The currency then appreciated slowly but constantly throughout the remainder of the first nine months of the year, reaching a closing value of 86.0766, below the average for the period of 88.0773.

In the Americas, the **Brazilian real** opened the period at around 6.40 to then depreciate to a high of 6.9553 (9 March). The currency then sharply reversed course, with a sharp, extended appreciation, driving the rate to a low for the period of 5.8635 (25 June). Near the end of the first nine months of the year, the real depreciated slightly, bringing the closing rate to 6.2631 and the average for the period to 6.3809.

The **Mexican peso** opened by appreciating slightly to below 24, to then reverse direction and reach a high for the period of 25.5759 (8 March). The currency then appreciated further, driving the rate down below 24 towards the end of March. Afterwards, the peso entered a lateral phase, followed by slight appreciation, which led it to a low for the period of 23.3570 (12 August). In the final part of the reporting period, the currency depreciated slightly, but immediately reversed course to close at 23.7439, a value below the average of 24.0806.

The **Russian rouble** began the period by appreciating slightly, but then reversed direction, driving the rate to a high for the period of 92.3842 on 28 January. The rouble then appreciated sharply, falling under 87 near mid-March and then reversing course to above 92 around mid-April. The currency then entered a prolonged phase of appreciation, reaching a low of 84.3391 at the end of the first nine months of the year with an average for the period of 88.6011.

Operating Structure and Reference Markets

In the first nine months of 2021, Brembo's consolidated net sales amounted to €2,041,755 thousand, up 30.9% compared to €1,559,918 thousand for the same period of 2020.

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 nine months of 2021, the global light vehicle market recorded an increase in sales of 12.1%, slightly up compared to the drop in sales reported worldwide in 2020 due to the spread of the Covid-19 pandemic and the global uncertainty triggered by the related economic crisis. The recovery was negatively impacted by the semiconductor shortage across all the main global automotive industries that cause severe availability problems in the whole supply chain.

The Western European market (EU14+EFTA+United Kingdom) closed the first nine months of 2021 with an increase of +6.93% in registrations compared to the same period of 2020. All the main markets recorded growth: Italy +20.6%, Spain +8.8%, France +8.0%, the United Kingdom +5.9%, whereas Germany closed at -1.2%. The trend was positive also in Eastern Europe (EU12), with car registrations up by 11.2% compared to the first nine months of 2020.

In Russia, light vehicle registrations closed the first nine months of 2021 with sales up by 15.1% compared to the same period of the previous year.

In the United States, the first nine months of 2021 showed growth, with light vehicle sales increasing by 12.9% overall compared to the same period of 2020. The Brazilian and Argentine markets closed the first nine months of the year with sales up by 14.3% overall.

In Asian markets, China closed the first nine months of 2021 with an increase in light vehicle sales of 9.0% compared to the first nine months of 2020. Japan also closed the reporting period positively, with a 2.5% increase in sales.

In this context, Brembo's net sales of car applications at 30 September 2021 amounted to €1,481,429 thousand (72.6% of the Group's turnover), up 26.3% compared to the first nine months of 2020.

Motorbikes

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

In Europe, the top motorbike markets in terms of registrations are: Italy, Germany, France, Spain and the United Kingdom. In the first nine months of 2021, sales of motorbikes and scooters in the five main European countries grew by 8.0% overall compared to the same period of the previous year. The increase was 9.0% when considering registrations of motorbikes with displacements over 500cc alone. In Italy, sales of motorbikes and scooters for the first nine months of 2021 rose by 28.0% compared to the same period of 2020. Considering only the registrations of motorbikes, growth was 32.0% (+23.0% for motorbikes with displacements over 500cc), whereas scooters rose by 25.0%.

In the United States, registrations of motorbikes, scooters and ATVs (All Terrain Vehicles, quadricycles for recreation and work) rose by 1.1% in the first nine months of 2021 compared to the same period of 2020. ATVs alone increased by 16.9%, while motorbikes grew by 9.5%.

In the first nine months of 2021, the Japanese market, considering displacements over 50cc overall, showed a 24.0% increase.

The Indian market (motorbikes and scooters) increased by 15.0% in the first nine months of 2021, and Brazil reported a 33.3% growth in registrations.

Brembo's net sales of motorbike applications in the first nine months of 2021 amounted to €241,714 thousand, up by 64.0% (54.9% on a like-for-like consolidation basis) compared to the same period of 2020.

Commercial and Industrial Vehicles

In the first nine months of 2021, the European commercial vehicles market (EU+EFTA+United Kingdom) — Brembo's reference market — showed a 19.1% increase in registrations compared to the same period of 2020.

In detail, sales of light commercial vehicles (up to 3.5 tonnes) reported an overall rise of 20.1% in Europe. Among the top European markets by sales volume, a positive performance compared to the first nine months of the previous year was reported by Italy (+29.6%), France (+17.4%), Spain (+9.8%) and Germany (+8.1%). In the Eastern European countries, this segment grew by 29.1% compared to the same period of 2020.

Similarly, the segment of medium and heavy commercial vehicles (over 3.5 tonnes) rose in Europe in the first nine months of 2021, closing at +22.0% compared to the same period of the previous year. All the main markets recorded a double-digit growth: Italy (+32.6%), Spain (16.7%), Germany (+11.1%) and France (+11.0%). In the Eastern European countries, sales of commercial vehicles over 3.5 tonnes increased sharply by 64.6% in the first nine months of the year compared to the same period of the previous year.

At 30 September 2021, Brembo's net sales of applications in this segment amounted to €221,096 thousand, increasing by 35.3% compared to 30 September 2020.

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 nine months of 2021, Brembo's net sales of racing applications amounted to €97,507 thousand, up 29.6% compared to the same period of 2020.

Impacts of the Covid-19 Pandemic on the Interim Report at 30 September 2021

Brembo constantly follows developments relating to the spread of the Covid-19 pandemic at all its sites worldwide, promptly adopting all necessary measures to prevent, monitor and contain the virus, with the aim of protecting the health of employees and contractors, such as extended remote working, rearrangement of production layouts, sanitisation of the premises, personal protective equipment, temperature measurement, heat scans, hygiene rules, social distancing, and control of green passes, where required.

In the first nine months of 2021, all the Group's plants operated at normal capacity, except for Brembo Nanjing Brake Systems Co. Ltd. due to the lockdown period in China (30 July-26 August).

Significant Events During the Reporting Period

On 7 January 2021, following the press release dated 17 November 2020, Brembo completed the acquisition of SBS Friction A/S, a company based in Svendborg, Denmark, that develops and manufactures brake pads for motorbikes using particularly innovative and eco-friendly sintered organic materials. The investment is 60% held by Brembo S.p.A. and 40% by Brembo Brake India Pvt. Ltd. The total outlay for the transaction was DKK 226 million (€30.4 million), paid using available cash.

The General Shareholders' Meeting of the Parent Brembo S.p.A. held on 22 April 2021 approved the Financial Statements for the financial year ended 31 December 2020, allocating net income for the year amounting to €85,505,062.96 as follows:

- to the Shareholders, a gross ordinary dividend of €0.22 per ordinary share outstanding, excluding own shares;
- the remaining amount carried forward.

On 28 April 2021, Brembo signed an agreement for the acquisition of a 100% stake in the J.Juan Group, a Spanish company specialising in the development and production of motorbike braking systems. Founded in 1965, J.Juan is based in Gavà (Barcelona) and has three plants in Spain and one in China, manufacturing especially brake hoses, a strategic component for the braking system's safety that will complement the current range of Brembo products for motorbikes. The acquisition of J.Juan enables the Group to complete its range of solutions for the motorbike braking system and to expand its brand family for the growing motorbike sector.

Brembo established the company Inspiration Lab Corp. with registered office in Wilmington (Delaware, USA) and share capital of USD 300 thousand. The company is based in the Silicon Valley, California (USA), and is the first center of excellence opened by Brembo.

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 22 April 2021 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 the 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 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%.

With reference to the disposal of own shares, the Board of Directors will define, from time to time, in accordance with applicable legislation and/or allowed market practices, the criteria to set the relevant consideration and/or methods, terms and conditions to use own shares in portfolio, taking due account of the realisation methods applied, the price trend of the stock in the period before the transaction and the best interest of the Company.

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 nor sold own shares in the first nine months of the year.

Significant Events After 30 September 2021

On 4 November, Brembo finalized the acquisition of J.Juan Group, a Spanish company specialising in the development and production of motorbike braking systems. The total outlay for the transaction was €73 million, paid using available liquidity and subject to the usual adjustment mechanisms applicable to similar transactions, that will be completed over the next 80 working days.

No other significant events occurred after the end of the first nine months of 2021 and until 9 November 2021.

Statement Pursuant to Article 154-*bis*, Paragraph 2, Part IV, Title III, Chapter II, Section V-*bis*, of Italian Legislative Decree No. 58 of 24 February 1998: “Consolidation Act on Financial Brokerage Pursuant to Articles 8 and 21 of Italian Law No. 52 of 6 February 1996”

RE: Interim Report at 30 September 2021, approved on 9 November 2021.

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 30 September 2021 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