

BREMBO
FIRST QUARTER REPORT
2022



CONTENTS

Company Officers	3
Summary of Group Results	5

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Statement of Financial Position	8
Consolidated Statement of Income	9
Consolidated Statement of Comprehensive Income	9
Consolidated Statement of Cash Flows	10
Consolidated Net Financial Debt	10
Consolidated Statement of Changes in Equity	11

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

Accounting Standards and Basis of Preparation	12
Consolidation Area	12
Notes on the Most Significant Changes in Items of the Consolidated Financial Statements	13
Sales Breakdown by Geographical Area and Application	15
Foreseeable Evolution	16

DIRECTORS' REPORT ON OPERATIONS AND SIGNIFICANT EVENTS

Macroeconomic Context	17
Currency Markets	18
Operating Structure and Reference Markets	19
Significant Events During the Quarter	21
Russia-Ukraine Conflict	21
Opt-out from the Obligations to Publish Disclosure Documents	21
Buy-back and Sale of Own Shares	21
Significant Events After 31 March 2022	22

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

Company Officers

Chairman Emeritus ⁽¹⁾

Chairman Emeritus

Alberto Bombassei

Board of Directors ⁽²⁾

Executive Chairman

Chief Executive Officer

Directors

Matteo Tiraboschi

Daniele Schillaci

Valerio Battista ⁽³⁾ ⁽⁸⁾

Cristina Bombassei ⁽⁴⁾

Nicoletta Giadrossi ⁽³⁾ ⁽⁵⁾

Elisabetta Magistretti ⁽³⁾

Umberto Nicodano ⁽⁶⁾

Manuela Soffientini ⁽³⁾

Elizabeth M. Robinson ⁽³⁾

Gianfelice Rocca ⁽³⁾

Roberto Vavassori ⁽⁷⁾

Board of Statutory Auditors ⁽⁹⁾

Chairwoman

Acting Auditors

Alternate Auditors

Raffaella Pagani ⁽⁵⁾

Stefania Serina ⁽¹⁰⁾

Mario Tagliaferri

Myriam Amato ⁽⁵⁾

Independent Auditors

Deloitte & Touche S.p.A. ⁽¹¹⁾

Manager in Charge of the Company's Financial Reports

Andrea Pazzi ⁽¹²⁾

Committees

Audit, Risk & Sustainability Committee ⁽¹³⁾

Elisabetta Magistretti **(Chairwoman)**
Nicoletta Giadrossi
Manuela Soffientini

Remuneration & Appointments Committee

Nicoletta Giadrossi **(Chairwoman)**
Elizabeth M. Robinson
Manuela Soffientini

Supervisory Committee

Giovanni Canavotto **(Chairman)** ⁽¹⁴⁾
Elisabetta Magistretti

- (1) Appointed for an indefinite period.
- (2) In office until the Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2022.
- (3) Non-Executive and Independent Directors.
- (4) 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.
- (5) Director/Statutory Auditor elected from a minority list.
- (6) Non-executive Director.
- (7) Executive Director.
- (8) This Director also holds the position of Lead Independent Director.
- (9) In office until the Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2022. This Board holds the role of Internal Control & Audit Committee pursuant to Article 19 of Legislative Decree No. 39/2010.
- (10) Alternate Auditor with effect from 29 April 2022, appointed following resignation of Acting Auditor P. Tagliavini, in compliance with the law and the By-laws.
- (11) Appointed by the Shareholders' Meeting of 22 April 2021 for the years from 2022 to 2030.
- (12) 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.

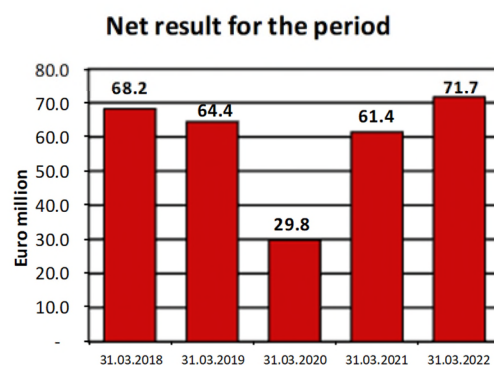
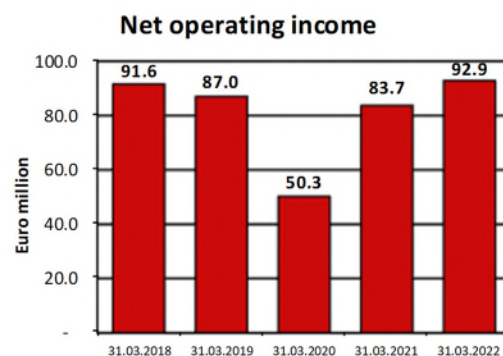
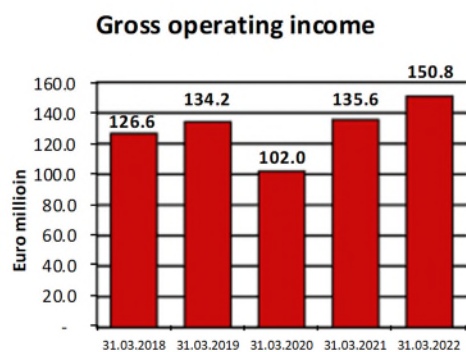
Brembo S.p.A.

Registered offices: CURNÒ (BG) – Via Brembo 25

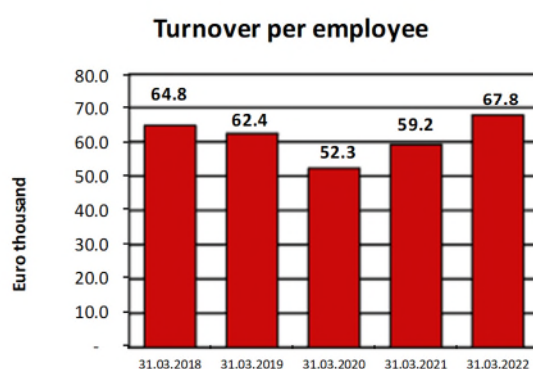
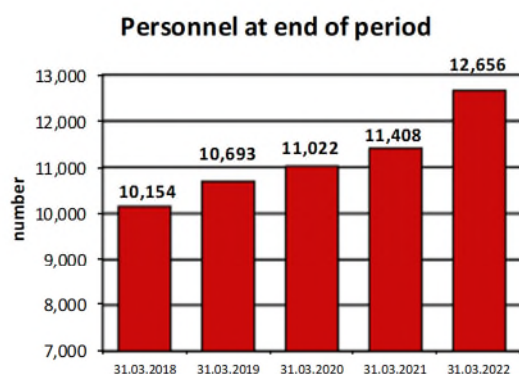
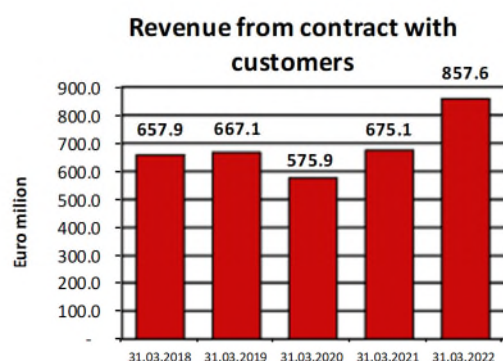
Share capital: €34,727,914.00 – Bergamo Register of Companies

Tax code and VAT Code No. 00222620163

Summary of Group Results

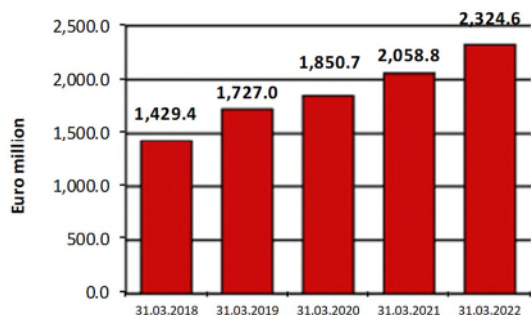


ECONOMIC RESULTS (euro million)	31.03.2018	31.03.2019	31.03.2020	31.03.2021	31.03.2022	% 2022/2021
Revenue from contract with customers	657.9	667.1	575.9	675.1	857.6	27.0%
Gross operating income	126.6	134.2	102.0	135.6	150.8	11.2%
% of revenue from contract with customer	19.2%	20.1%	17.7%	20.1%	17.6%	
Net operating income	91.6	87.0	50.3	83.7	92.9	11.0%
% of revenue from contract with customer	13.9%	13.0%	8.7%	12.4%	10.8%	
Result before taxes	90.0	83.9	42.5	81.1	94.8	17.0%
% of revenue from contract with customer	13.7%	12.6%	7.4%	12.0%	11.1%	
Net result for the period	68.2	64.4	29.8	61.4	71.7	16.8%
% of revenue from contract with customer	10.4%	9.7%	5.2%	9.1%	8.4%	

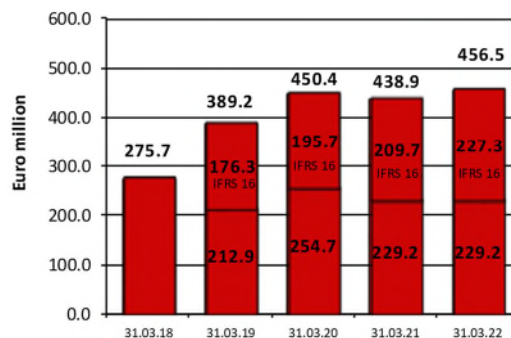


FINANCIAL RESULTS (euro million)	31.03.2018	31.03.2019	31.03.2020	31.03.2021	31.03.2022	% 2022/2021
Net invested capital	1,429.4	1,727.0	1,850.7	2,058.8	2,324.6	12.9%
Equity	1,126.2	1,311.1	1,376.5	1,594.2	1,845.0	15.7%
Net financial debt	275.7	389.2	450.4	438.9	456.5	4.0%
PERSONNEL AND INVESTMENTS						
Personnel at end of period (No.)	10,154	10,693	11,022	11,408	12,656	10.9%
Turnover per employee (euro thousand)	64.8	62.4	52.3	59.2	67.8	14.5%
Net investments (euro million)	45.9	40.4	39.5	48.3	59.9	24.0%

Net invested capital



Net Financial debt



MAIN RATIOS	31.03.2018	31.03.2019	31.03.2020	31.03.2021	31.03.2022
Net operating income/Revenue from contract with customers	13.9%	13.0%	8.7%	12.4%	10.8%
Result before taxes/Revenue from contract with customers	13.7%	12.6%	7.4%	12.0%	11.1%
Net investments/Revenue from contract with customers	7.0%	6.0%	6.9%	7.2%	7.0%
Net Financial debt/Equity	24.5%	29.7%	32.7%	27.5%	24.7%
Adjusted net interest expense(*)/Revenue from contract with customers	0.3%	0.6%	0.5%	0.4%	0.3%
Adjusted net interest expense(*)/Net operating income	2.3%	4.4%	5.8%	3.3%	3.2%
ROI	24.1%	19.7%	15.2%	10.4%	12.8%
ROE	23.8%	18.1%	14.8%	10.7%	12.2%

Note:

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)	31.03.2022	31.12.2021	Change
ASSETS			
NON-CURRENT ASSETS			
Property, plant, equipment and other equipment	1,056,472	1,047,259	9,213
Right of use assets	229,463	227,474	1,989
Development costs	102,667	101,129	1,538
Goodwill and other indefinite useful life assets	120,077	118,775	1,302
Other intangible assets	75,351	77,415	(2,064)
Shareholding valued using the equity method	49,666	45,100	4,566
Other financial assets (including investments in other companies and derivatives)	276,752	320,252	(43,500)
Receivables and other non-current assets	23,690	23,218	472
Deferred tax assets	78,791	71,649	7,142
TOTAL NON-CURRENT ASSETS	2,012,929	2,032,271	(19,342)
CURRENT ASSETS			
Inventories	540,034	482,924	57,110
Trade receivables	610,236	468,222	142,014
Other receivables and current assets	130,416	136,162	(5,746)
Current financial assets and derivatives	17,598	5,592	12,006
Cash and cash equivalents	417,011	557,463	(140,452)
TOTAL CURRENT ASSETS	1,715,295	1,650,363	64,932
ASSETS FROM DISCONTINUED OPERATIONS	603	655	(52)
TOTAL ASSETS	3,728,827	3,683,289	45,538
EQUITY AND LIABILITIES			
GROUP EQUITY			
Share capital	34,728	34,728	0
Other reserves	156,596	124,093	32,503
Retained earnings/(losses)	1,548,220	1,388,238	159,982
Net result for the period	71,678	215,537	(143,859)
TOTAL GROUP EQUITY	1,811,222	1,762,596	48,626
TOTAL MINORITY INTERESTS	33,800	33,524	276
TOTAL EQUITY	1,845,022	1,796,120	48,902
NON-CURRENT LIABILITIES			
Non-current payables to banks	510,260	516,182	(5,922)
Long-term lease liabilities	202,348	202,340	8
Other non-current financial payables and derivatives	3,233	3,117	116
Other non-current liabilities	4,051	2,022	2,029
Non-current provisions	48,506	44,995	3,511
Provisions for employee benefits	23,695	23,992	(297)
Deferred tax liabilities	38,602	38,189	413
TOTAL NON-CURRENT LIABILITIES	830,695	830,837	(142)
CURRENT LIABILITIES			
Current payables to banks	148,482	225,286	(76,804)
Short-term lease liabilities	24,963	24,236	727
Other current financial payables and derivatives	1,770	3,760	(1,990)
Trade payables	659,354	590,830	68,524
Tax payables	14,051	12,959	1,092
Current provisions	979	960	19
Other current liabilities	203,442	198,222	5,220
TOTAL CURRENT LIABILITIES	1,053,041	1,056,253	(3,212)
LIABILITIES FROM DISCONTINUED OPERATIONS	69	79	(10)
TOTAL LIABILITIES	1,883,805	1,887,169	(3,364)
TOTAL EQUITY AND LIABILITIES	3,728,827	3,683,289	45,538

Consolidated Statement of Income

<i>(euro thousand)</i>	31.03.2022	31.03.2021	Change	%
Revenue from contracts with customers	857,561	675,077	182,484	27.0%
Other revenues and income	5,526	3,853	1,673	43.4%
Costs for capitalised internal works	6,181	6,700	(519)	-7.7%
Raw materials, consumables and goods	(411,520)	(307,768)	(103,752)	33.7%
Income (expenses) from non-financial investments	4,588	4,168	420	10.1%
Other operating costs	(168,222)	(122,477)	(45,745)	37.3%
Personnel expenses	(143,325)	(123,924)	(19,401)	15.7%
GROSS OPERATING INCOME	150,789	135,629	15,160	11.2%
<i>% of revenue from contracts with customer</i>	<i>17.6%</i>	<i>20.1%</i>		
Depreciation, amortisation and impairment losses	(57,919)	(51,960)	(5,959)	11.5%
NET OPERATING INCOME	92,870	83,669	9,201	11.0%
<i>% of revenue from contracts with customer</i>	<i>10.8%</i>	<i>12.4%</i>		
Net interest income (expense)	1,897	(2,677)	4,574	-170.9%
Interest income (expense) from investments	52	77	(25)	-32.5%
RESULT BEFORE TAXES	94,819	81,069	13,750	17.0%
<i>% of revenue from contracts with customer</i>	<i>11.1%</i>	<i>12.0%</i>		
Taxes	(23,388)	(19,482)	(3,906)	20.0%
Result from discontinued operations	(69)	(19)	(50)	263.2%
RESULT BEFORE MINORITY INTERESTS	71,362	61,568	9,794	15.9%
<i>% of revenue from contracts with customer</i>	<i>8.3%</i>	<i>9.1%</i>		
Minority interests	316	(215)	531	-247.0%
NET RESULT FOR THE PERIOD	71,678	61,353	10,325	16.8%
<i>% of revenue from contracts with customer</i>	<i>8.4%</i>	<i>9.1%</i>		
BASIC/DILUTED EARNINGS PER SHARE (euro)	0.22	0.19		

Consolidated Statement of Comprehensive Income

<i>(euro thousand)</i>	31.03.2022	31.03.2021	Change
RESULT BEFORE MINORITY INTERESTS	71,362	61,568	9,794
<i>Other comprehensive income/(losses) that will not be subsequently reclassified to income/(loss) for the period:</i>			
Fair value measurement of investments	(56,230)	27,183	(83,413)
Tax effect	675	(326)	1,001
Total other comprehensive income/(losses) that will not be subsequently reclassified to income/(loss) for the period	(55,555)	26,857	(82,412)
<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	23,246	5,615	17,631
Tax effect	(2,507)	(520)	(1,987)
Change in translation adjustment reserve	12,356	20,286	(7,930)
Total other comprehensive income/(losses) that will be subsequently reclassified to income/(loss) for the period	33,095	25,381	7,714
COMPREHENSIVE RESULT FOR THE PERIOD	48,902	113,806	(64,904)
Of which attributable to:			
– Minority Interests	276	1,318	(1,042)
– the Group	48,626	112,488	(63,862)

Consolidated Statement of Cash Flows

<i>(euro thousand)</i>	31.03.2022	31.03.2021
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	471,948	445,230
Result before taxes	94,819	81,069
Depreciation, amortisation/Impairment losses	57,919	51,960
Capital gains/losses	8	(209)
Income/expense from investments, net of dividends received	(4,566)	(4,245)
Financial portion of provisions for defined benefits and payables for personnel	92	85
Long-term provisions for employee benefits	538	661
Other provisions net of utilisations	15,738	5,558
Result from discontinued operations	(69)	(19)
Cash flows generated by operating activities	164,479	134,860
Current taxes paid	(17,866)	(12,158)
Uses of long-term provisions for employee benefits	(1,091)	(1,189)
<i>(Increase) reduction in current assets:</i>		
inventories	(64,145)	(47,992)
financial assets	(198)	(15)
trade receivables	(142,441)	(83,588)
receivables from others and other assets	(7,101)	2,744
<i>Increase (reduction) in current liabilities:</i>		
trade payables	68,524	34,775
payables to others and other liabilities	7,155	3,772
Translation differences on current assets	839	2,744
Net cash flows from/(for) operating activities	8,155	33,953
<i>Investments in:</i>		
property, plant and equipment	(53,747)	(41,194)
of which right of use assets	(6,129)	(4,602)
intangible assets	(6,316)	(7,346)
financial assets (shareholdings)	(24)	0
Price for disposal or reimbursement value of fixed assets	147	436
Amounts (paid)/received for the acquisition/disposal of subsidiaries, net of the associated cash and cash equivalents	0	(30,111)
Net cash flows from/(for) investing activities	(59,940)	(78,215)
Dividends paid in the period	(84)	0
Dividends paid to minority shareholders in the period	0	(640)
Change in fair value of derivatives	(3,110)	1,570
New lease agreements	6,129	3,993
Reimbursement of lease liabilities	(7,917)	(7,088)
Loans and financing granted by banks and other financial institutions in the period	123	0
Repayment of long-term loans and other financing	(110,544)	(27,067)
Net cash flows from/(for) financing activities	(115,403)	(29,232)
Total cash flows	(167,188)	(73,494)
Translation differences on cash and cash equivalents	417	1,073
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	305,177	372,809

Consolidated Net Financial Debt

<i>(euro thousand)</i>	31.03.2022	31.12.2021
A Cash	367,010	557,463
B Cash equivalents	50,001	0
C Other current financial assets	17,549	5,592
D Liquidity (A + B + C)	434,560	563,055
Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	138,567	113,482
F Current portion of non-current financial debt	36,648	139,771
G Current financial debt (E + F)	175,215	253,253
H Net current financial debt (G - D)	(259,345)	(309,802)
I Non-current financial debt (excluding the current portion and debt instruments)	715,841	721,639
J Debt instruments	0	0
K Trade payables and other non-current payables	0	0
L Non-current financial debt (I + J + K)	715,841	721,639
M Total financial debt (H + L)	456,496	411,837

Consolidated Statement of Changes in Equity

	Share Capital	Other Reserves	Retained earnings (losses)	Net result for the period	Group Equity	Equity of Minority Interests	Equity
<i>(euro thousand)</i>							
Balance at 1 January 2021	34,728	37,428	1,241,370	136,533	1,450,059	30,982	1,481,041
Allocation of profit for the previous year			136,533	(136,533)	0	0	0
Payment of dividends					0	(640)	(640)
<i>Components of comprehensive income:</i>							
			26,857		26,857	0	26,857
		5,095			5,095	0	5,095
Change in translation adjustment reserve		19,183			19,183	1,103	20,286
Net result for the period				61,353	61,353	215	61,568
Balance at 31 March 2021	34,728	61,706	1,404,760	61,353	1,562,547	31,660	1,594,207
Balance at 1 January 2022	34,728	124,093	1,388,238	215,537	1,762,596	33,524	1,796,120
Allocation of profit for the previous year			215,537	(215,537)	0	0	0
<i>Components of comprehensive income:</i>							
Fair value measurement of investments			(55,555)		(55,555)	0	(55,555)
Effect of hedge accounting (cash flow hedge) of derivatives		20,739			20,739	0	20,739
Change in translation adjustment reserve		11,764			11,764	592	12,356
Net result for the period				71,678	71,678	(316)	71,362
Balance at 31 March 2022	34,728	156,596	1,548,220	71,678	1,811,222	33,800	1,845,022

Explanatory Notes to the Financial Statements

Accounting Standards and Basis of Preparation

The Interim Report for the first quarter of 2022, 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 2021 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. 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 2022 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 2021, the Group's consolidation area changed following the acquisition, on 4 November 2021, of a 100% stake in the 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 by the end of the first half of 2022.

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

The Group's net sales for the first quarter of 2022 amounted to €857,561 thousand, up 27.0% compared to the same period of the previous year. On a like-for-like consolidation basis — thus excluding the contribution of the J.Juan Group from the results for the first quarter of 2022 — Group's sales grew by 23.0%.

The car applications sector, which accounted for 71.0% of Group's sales, closed the first quarter of 2022 with a +26.2% increase compared to the same period of the previous year. Similarly, all other applications recorded an uptrend compared to the first quarter of 2021: applications for commercial vehicles closed at +16.6%, motorbike applications at +39.9% (+8.0% on a like-for-like consolidation basis) and racing applications at +28.1%.

At geographical level, and with specific reference to Europe, Germany grew by 27.3% compared to the first quarter of 2021. Among the other European countries, France grew by 4.8% and Italy by 19.3%, while the United Kingdom decreased by 6.9%. Sales also rose by 40.5% in North America and by 28.2% in South America. In the Far East, China reported an increase compared to the first quarter of 2021 (+39.8%); India also grew (+6.1%), while Japan decreased by 29.9%.

In the first quarter of 2022, the **cost of sales and other net operating costs** amounted to €568,035 thousand, with a 66.2% ratio to sales, up compared to 62.2% for the same period of the previous year. Within this item, **costs for capitalised internal works** included in intangible assets amounted to €6,181 thousand compared to €6,700 thousand for the first quarter of 2021.

Income from non-financial investments totalled €4,588 thousand (€4,168 thousand in the first quarter of 2021) and was attributable to the effects of valuing the investment in the BSCCB Group using the equity method.

Personnel expenses amounted to €143,325 thousand, with a 16.7% ratio to sales, decreasing compared to the same period of the previous year (18.4%). At 31 March 2022, workforce numbered 12,656 (12,225 at 31 December 2021 and 11,408 at 31 March 2021).

Gross operating income for the quarter was €150,789 thousand (17.6% of sales) compared to €135,629 thousand for the first quarter of 2021 (20.1% of sales).

Net operating income amounted to €92,870 thousand (10.8% of sales) compared to €83,669 thousand (12.4% of sales) for the first quarter of 2021, after depreciation, amortisation and impairment losses of property, plant and equipment and intangible assets of €57,919 thousand, compared to depreciation, amortisation and impairment losses amounting to €51,960 thousand for the first quarter of 2021.

Net interest income amounted to €1,897 thousand (net interest expense was €2,677 thousand in the first quarter of 2021) and consisted of net exchange gains of €4,864 thousand (net exchange gains of €100 thousand in the first quarter of 2021) and interest expense of €2,967 thousand (€2,777 thousand for the same quarter of the previous year).

Net interest income from investments, which amounted to €52 thousand, was attributable to the effects of valuing investments in associates using the equity method.

Result before taxes was positive at €94,819 thousand (11.1% of sales) compared to €81,069 thousand (12.0% of sales) for the first quarter of 2021.

Based on tax rates applicable for the year under current tax regulations, estimated **taxation** amounted to €23,388 thousand (€19,482 thousand for the first quarter of 2021). Tax rate was 24.7%, compared to 24.0% in the first quarter of 2021.

The **result from discontinued operations**, negative for €69 thousand, was attributable to the contribution of the company Brembo Argentina S.A. in dissolution and winding up procedure, 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** for the quarter amounted to €71,678 thousand (8.4% of sales) compared to €61,353 thousand (9.1% of sales) for the first quarter of 2021.

Net invested capital at the end of the period was €2,324,610 thousand, compared to €2,231,294 thousand at 31 December 2021, up by €93,316 thousand. **Net financial debt** at 31 March 2022 was €456,496 thousand, compared to €411,837 thousand at 31 December 2021. The €44,659 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 €150,789 thousand;
- net investments totalling €59,908 thousand; they were mainly concentrated in Italy (24.6%), of which €4,351 thousand associated with development costs, North America (35.3%), Czech Republic (21.3%), China (7.3%) and Poland (5.1%);
- the overall €134,782 thousand decrease in working capital;
- payment of taxes totalling €17,866 thousand.

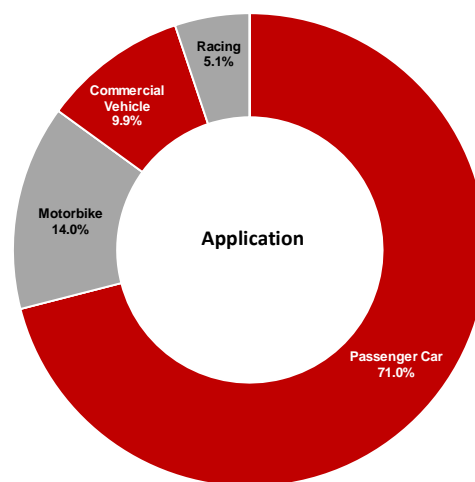
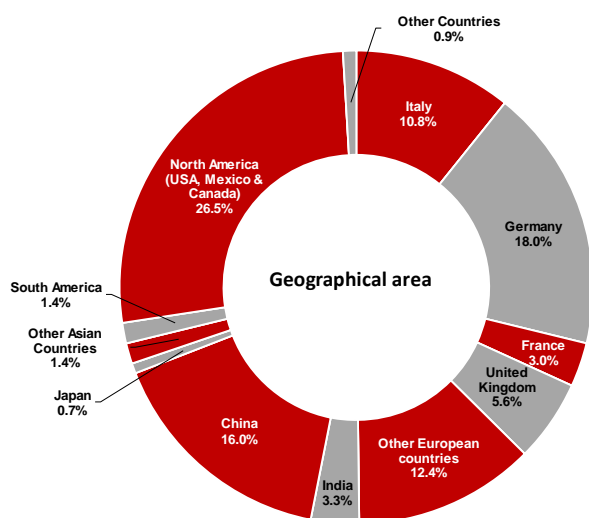
Sales Breakdown by Geographical Area and Application

The following tables show net sales at 31 March 2022, broken down by geographical area and application.

(euro thousand)	31.03.2022	%	31.03.2021	%	Change	%
GEOGRAPHICAL AREA						
Italy	92,675	10.8%	77,702	11.5%	14,973	19.3%
Germany	154,190	18.0%	121,113	17.9%	33,077	27.3%
France	25,642	3.0%	24,468	3.6%	1,174	4.8%
United Kingdom	47,976	5.6%	51,533	7.6%	(3,557)	-6.9%
Other European countries	106,515	12.4%	79,545	11.8%	26,970	33.9%
India	28,586	3.3%	26,939	4.0%	1,647	6.1%
China	137,135	16.0%	98,076	14.5%	39,059	39.8%
Japan	6,386	0.7%	9,109	1.3%	(2,723)	-29.9%
Other Asian Countries	11,959	1.4%	11,868	1.8%	91	0.8%
South America (Argentina and Brazil)	11,947	1.4%	9,316	1.4%	2,631	28.2%
North America (USA, Mexico & Canada)	226,951	26.5%	161,521	24.0%	65,430	40.5%
Other Countries	7,599	0.9%	3,887	0.6%	3,712	95.5%
Total	857,561	100.0%	675,077	100.0%	182,484	27.0%

(euro thousand)	31.03.2022	%	31.03.2021	%	Change	%
APPLICATION						
Passenger Car	609,270	71.0%	482,653	71.5%	126,617	26.2%
Motorbike	119,738	14.0%	85,581	12.7%	34,157	39.9%
Commercial Vehicle	84,792	9.9%	72,700	10.8%	12,092	16.6%
Racing	43,702	5.1%	34,111	5.0%	9,591	28.1%
Miscellaneous	59	0.0%	32	0.0%	27	84.4%
Total	857,561	100.0%	675,077	100.0%	182,484	27.0%

RATIO TO SALES



Foreseeable Evolution

In a scenario marked by the persistence of geopolitical tensions and supply complexities, as well as by the Covid-19 pandemic resurgence in some geographical areas, it is still difficult to make forecasts.

In this context, Brembo will continue to outperform its reference market, while remaining focused on its fundamentals and confirming the strategy it has undertaken, oriented towards providing technologically cutting-edge solutions.

Directors' Report on Operations and Significant Events

Macroeconomic Context

To correctly assess Brembo's performance in the first quarter of 2022, it is essential to consider the world macroeconomic scenario.

In its April WEO (World Economic Outlook), the IMF (International Monetary Fund) revised downwards global economic prospects compared to the January publication. The economic scenario, already characterised by the uncertainty arising from the new Covid-19 variants and mass lockdowns in China, which could result in new global supply chain bottlenecks, was further undermined by the Russia-Ukraine conflict, which broke out at the end of February. The report projects global growth at 3.6% in 2022 and 2023 — 0.8 and 0.2 percentage points lower than in the January forecast, respectively. The downgrade largely reflects the war's direct impacts on Russia and Ukraine and global spillovers. Because Russia is a major supplier of oil, gas, and metals, and, together with Ukraine, of wheat and corn, the current and anticipated decline in the supply of these commodities has already driven their prices up sharply. This added to inflation that had surged in many economies because of soaring commodity prices and pandemic-induced supply-demand imbalances.

Inflation, which has become a central concern in most of the advanced economies, "is now projected to remain elevated for much longer than in our previous forecast" pointed out Pierre-Olivier Gourinchas, Economic Counsellor and Director of Research at the IMF, according to whom "The war has also increased the risk of a more permanent fragmentation of the world economy into geopolitical blocks with distinct technology standards, cross-border payment systems, and reserve currencies."

In its April update, the IMF revised its growth projections downwards for the **Eurozone**. Germany's economy is expected to decline by 2.1% in 2022 and by 2.7% in 2023. France's GDP is estimated at +2.9% in 2022 and +1.4% in 2023; Spain's GDP is estimated at +4.8% in 2022 and +3.3% in 2023, whereas the UK's GDP is expected to stand at +3.7% for 2022 and at +1.2% for 2023.

The difficult international scenario leads the International Monetary Fund to apply a sharp cut to its estimates of **Italy's** growth, down to +2.3% for this year and to +1.7% in 2023.

In the US, the data is moderately positive, with expected growth of 3.7% in 2022, and with a decline of just 0.3 points compared to the January forecasts and of 2.3% in 2023.

Japan's economy is expected to grow by 2.4% this year and by 2.3% in 2023, faster than in 2021, despite weaker domestic demand and lower exportations.

With regard to **China**, which was the only major economy that did not experience recession in 2020, after the 8.1% growth in 2021, estimations for the period 2022-2023 call for a slowdown, with +4.4% for 2022 and +5.1% for 2023. Mention should be made of the IMF's revision of its growth estimates for the **Indian economy**, which after marking -6.6% in 2020, resumed growth and reached +8.9% in 2021, with estimations at +8.2% for 2022 and at +6.9% for 2023.

For the two countries directly involved in the war, the negative consequences will of course be more severe: the IMF expects a decline of 8.5% in Russia's GDP, whereas the figure for Ukraine is -35%, although the estimate is quite uncertain, as it is tied to the course of the conflict.

The forecast for **Brazil** in 2022, as opposed to many other countries, was adjusted upwards by 0.5% compared to the previous report published in January, with an expected closure of 2022 at +0.8% and of 2023 at +1.4%.

Fossil fuel prices nearly doubled over the last year, driving up energy costs and causing higher inflation, above all in Europe. The average of the prices of UK Brent, Dubai Fateh and West Texas Intermediate crude oil went from \$69.07 a barrel in 2021 to a forecast of \$106.83 in 2022 and of \$92.63 in 2023.

Currency Markets

In the first quarter of 2022 the **US dollar**, after beginning the reporting period at 1.1355 on 3 January, started the first month of the year with a slight depreciation, followed by significant appreciation, which brought the currency under 1.12 around the end of January. The currency then sharply reversed the trend, reaching the high for the period of 1.1464 (4 February) to then appreciate sharply and decisively, bringing the rate to the low for the period of 1.0892 (8 March). At the end of the quarter, the currency slightly depreciated, closing at 1.1101, below the quarterly average rate (1.1225).

Turning to the currencies of the other major markets in which Brembo operates at the commercial and industrial level, the **pound sterling** opened the reporting period slightly appreciating and then moved laterally during January. The currency then depreciated, driving the rate to the high for the period of 0.8469 (7 February). The currency then appreciated throughout February, reaching the low for the period of 0.8239 on 4 March. At the end of the quarter, the currency depreciated markedly, closing at 0.8460, above the quarterly average rate (0.8364).

The **Polish zloty** began the year moving within a lateral channel of 4.50-4.60, to then appreciate slightly to 4.4921 on 10 February, the low for the period. It then depreciated sharply to 4.9525 on 7 March. At the end of the quarter, the currency appreciated, closing at 4.6531, above the quarterly average rate (4.6177).

The **Czech koruna** opened the reporting period slightly appreciating, reaching a low for the period of 24.1350 on 3 February. The currency then depreciated sharply throughout February, culminating in the high for the period of 25.8660 on 2 March. At the end of the quarter, the currency appreciated constantly, to then close at 24.3750, below the quarterly average rate (24.6379).

The **Swedish krona** began the quarter by reaching the low for the period of 10.2380 on 13 January, to then reverse direction sharply, with constant, uninterrupted depreciation, bringing the currency to a high for the period of 10.8803 (8 March). At the end of the quarter, the currency appreciated constantly, closing at 10.3370, below the quarterly average rate (10.4794).

The **Danish kroner** opened the first quarter at 7.4380, to then depreciate, driving it to a high for the period of 7.4443 (7 February). Then, after low volatility, the currency reached a quarterly low of 7.4377 on 1 March, to then close at 7.4379, in line with the quarterly average rate (7.4407).

In the East, the **Japanese yen** began the period at around 130, moved in a lateral channel and subsequently appreciated to a quarterly low of 125.5500 (7 March). The currency then depreciated sharply and decisively, reaching a high for the period of 136.6600 (29 March) and closing the quarter at 135.1700, above the quarterly average rate (130.4588).

The **Chinese yuan/renminbi** opened the quarter above 7.20, followed by alternating phases of depreciation and appreciation, which brought the currency to a high for the period of 7.2923 (4 February). In February, the currency appreciated sharply and decisively, reaching the low for the period of 6.8805 (8 March). At the end of the quarter, it depreciated again, closing at 7.0403, below the quarterly average rate (7.1265).

The **Indian rupee** began the quarter above 84 to then appreciate slightly around mid-January. Afterwards the currency depreciated followed by renewed appreciation, which brought it to a low for the period of 83.3655 (31 January). This was followed by a sharp depreciation that drove the rate up to the high for the period of 85.9373 on 10 February. The currency appreciated sharply again, until early March. At the end of the quarter, the rupee moved within a lateral range of 83.50-84.50 to close at 84.1340, in line with the quarterly average rate (84.4173).

In the Americas, the **Brazilian real** opened the reporting period at its high for the period of 6.4420 on 6 January. It then appreciated sharply and constantly, with the rate reaching a low for the quarter of 5.2133 on 28 March, to close at 5.3009, below the quarterly average rate (5.8820).

The **Mexican peso** began the quarter at about 23.20 to move around that value in January, with low volatility. In early February, it depreciated driving the rate up to the high for the period of 23.5856 on 4 February. Subsequently, the currency appreciated, falling under 22.80 in early March. In the final part of the period, after slight depreciation, the peso appreciated sharply, reaching a quarterly low of 21.9841 on 28 March, to then close at 22.0903, below the quarterly average rate (23.0058).

The **Russian rouble** began the reporting period at a low for the quarter of 84.5313 on 3 January. After moving essentially below 90 in the first two months of the year, following the outbreak of the Russia-Ukraine conflict the currency entered a period of instability, which led to sharp depreciation, driving it to a high for the period of 145.9011 (8 March). At the end of quarter, the currency appreciated markedly, closing the period at 92.4836, below the quarterly average rate (102.7539).

Operating Structure and Reference Markets

In the first quarter of 2022, Brembo's consolidated net sales amounted to €857,561 thousand, up 27.0% compared to €675,077 thousand for the first quarter of 2021 (+23.0% on a like-for-like consolidation basis).

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 2022, the global light vehicle market declined by 5.9% compared to the same period of 2021. Except for China, all the main markets reported a negative performance.

The Western European market (EU14+EFTA+UK) closed the first quarter of 2022 with a 10.6% decrease in car registrations compared to the same period of 2021. All the five main markets in which the Group operates closed the quarter on a negative note: Italy (-24.4%), France (-17.3%), Spain (-11.6%), Germany (-4.6%) and the UK (-1.9%). Eastern Europe (EU 12) as well reported a 4.8% decline in car registrations compared to the first quarter of 2021. A decrease was also reported in light vehicle registrations in Russia (-28.8%).

In the first quarter of 2022, the United States reported a negative performance, with light vehicle sales dropping by 15.6% overall compared to the first quarter of 2021. Sales in the Brazilian and Argentine markets decreased by 22.4% overall, with Brazil at -24.8% and Argentina at -11.9%.

In the Asian markets, China closed the first quarter of 2022 with a 4.7% increase in sales of light vehicles compared to first quarter of 2021, confirming once again its position as the world's top market. By contrast, the Japanese market reported a negative performance for the first three months of the year, with a drop of 16.3% in sales compared to the same period of the previous year.

Within this scenario, Brembo's net sales of car applications for the first quarter of 2022 amounted to €609,270 thousand, accounting for 71.0% of the Group's turnover, up by 26.2% compared to the same period of 2021.

Motorbikes

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

In Europe, registrations of motorbikes, scooters and ATVs increased by 6.0% in the first quarter of 2022 compared to the same period of the previous year. Registrations of motorbikes with displacements over 500cc alone rose by 7.0%.

Italy closed the first quarter of 2022 at an essentially unchanged level compared to the first quarter of 2021, with motorbikes alone at +21.0% (+21.5% with regard to displacements over 500cc), while scooters closed at -18.6% on the same period of the previous year.

In the United States, registrations of motorbikes, scooters and ATVs (All Terrain Vehicles, quadricycles for recreation and work) declined by 5.2% in the first quarter of 2022 compared to the same period of 2021. ATVs

alone declined by 21.4%, while motorbikes and scooters together rose by 2.3%.

In the Japanese market, overall registrations of motorbikes with displacements of over 50cc rose by 10.0% in the first quarter of 2022 compared to the same period of the previous year.

In Brazil, registrations of two-wheel vehicles grew by 34.0% in the reporting period compared to the same period of 2021, whereas India reported a 22.0% decrease compared to the first quarter of 2021.

Brembo's net sales of motorbike applications amounted to €119,738 thousand for the first quarter of 2022, up by 39.9% compared to the first quarter of 2021 (+8.0% on a like-for-like consolidation basis).

Commercial and Industrial Vehicles

In the first quarter of 2022, the European commercial vehicles market (EU14+EFTA+UK) — Brembo's reference market — showed an 18.7% decline in registrations compared to the same period of 2021.

In the reporting period, sales of light commercial vehicles (up to 3.5 tonnes) in Europe decreased by 21.7% compared to the first quarter of 2021. All the first five European markets by sales volume closed on a negative note, with Germany decreasing by -13.6%, the United Kingdom by -23.6%, France by -24.2%, Spain by -35.7% and Italy by -5.3%. In the reporting period, Eastern European countries (EU12) alone decreased by 12.9% compared to the first quarter of 2021.

The segment of medium and heavy commercial vehicles (over 3.5 tonnes) also decreased in Europe, closing the reporting quarter at -3.0% compared to the same period of the previous year. Considering the main European markets by sales volume, a downtrend was reported both by Germany (-5.2%) and the UK (-8.4%), whereas Spain (+2.9%) and Italy (+0.4%) closed with a slight increase. In the reporting period, Eastern European countries (EU12) alone declined by 0.7% compared to the first quarter of 2021.

In the first quarter of 2022, Brembo's net sales of applications in this segment amounted to €84,792 thousand, up by 16.6% compared to the first quarter of 2021.

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 2022, Brembo's net sales of racing applications amounted to €43,702 thousand, up by 28.1% compared to the first quarter of 2021.

Significant Events During the Quarter

No significant events occurred in the first quarter of 2022.

Russia-Ukraine Conflict

Following the outbreak of the conflict in Ukraine, Brembo set up a working group to monitor related developments and formulate the actions needed to mitigate risks and possible direct and indirect impacts on the Group.

At the level of direct impacts, Brembo chose, from the outset of the crisis, to halt all sales in Russia, Belarus and Kazakhstan of aftermarket products, which is the only GBU (Global Business Unit) concerned by the events.

The indirect effects on the Group have also been quite limited thus far, although the automotive sector suffered various disruptions in the supply of raw materials and components that, along with the semiconductor crisis, led manufacturers to plan brief production stoppages.

The effects associated with the increase in commodity and energy prices have yielded limited impacts to date, due to the price-hedging strategies implemented prior to the outbreak of the conflict and initiatives of cost recovery from customers.

At the macroeconomic level, the main institutions and organisations revised market expectations downwards, due in part to the effects of inflation. However, it is estimated that such impacts will be more modest for the Group than for other automotive companies, due to the market segment targeted by Brembo.

At the level of compliance, Brembo analyses and monitors, with the support of external advisors, the development of the sanctions levied against Russia by Western countries. In this regard, there are currently no direct impacts on the Group.

Finally, within the framework of the human emergency caused by the conflict, Brembo implemented a plan of concrete actions in support of the Ukrainian population. At the Company's Italian sites, products were collected to meet refugees' basic needs. Brembo's personnel may also participate in voluntary donation of one or more hours of work, to which Brembo will add a contribution equivalent to the total raised.

In further support of the population fleeing the war, Brembo signed an agreement with Cesvi Foundation for a project known as "Safe Haven" with the aim of hosting Ukrainian refugees in a hotel in Poland, offering them a period of room, board, treatment and orientation.

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 21 April 2022 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 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 back nor sold own shares during the reporting quarter.

Significant Events After 31 March 2022

The General Shareholders' Meeting of the Parent Brembo S.p.A. held on 21 April 2022 approved the Financial Statements for the financial year ended 31 December 2021, allocating net profit for the year amounting to €111,228,545.97 as follows:

- to the Shareholders, a gross ordinary dividend of €0.27 per ordinary share outstanding, excluding own shares (payment as of 25 May 2022, ex-coupon date 23 May 2022, and record date 24 May 2022);
- the remaining amount carried forward.

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 2022, approved on 11 May 2022.

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 2022 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