

ILLUSTRATIVE REPORT OF THE BOARD OF DIRECTORS, CONCERNING THE FIFTH ITEM ON THE AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING OF BREMBO S.P.A., CALLED ON 22 APRIL 2021 (SINGLE CALLING)  
(prepared in accordance with Article 73 of Consob Regulation adopted through Resolution No. 11971 of 14 May 1999 as subsequently amended and integrated)

**5. Authorisation for the buy-back and disposal of own shares. Related and ensuing resolutions.**

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Shareholders,

With reference to the fifth item on the Agenda, this reports — prepared in accordance with Article 73 of the Issuers Regulation and the Attachment 3A, Table 4, thereof — illustrates and invites you to approve the proposal submitted by the Board of Directors of Brembo S.p.A. (hereinafter “Brembo” or “Company”) concerning the authorisation for the buy-back and possible subsequent disposal of own shares, whether already held by the Company or acquired, pursuant to Articles 2357 and 2357-ter of the Italian Civil Code and in accordance with Article 5 of the European Regulation No. 596/2014 (hereinafter “Regulation”) and in compliance with the Delegated Regulation (EU) 2016/1052 (hereinafter “Delegated Regulation”).

This Report, approved by the Board of Directors of Brembo on March 4, 2021, is available, according to the terms provided by laws and regulations, at the Company’s registered office in Curno (Bergamo), Via Brembo 25, as well as on the corporate website [www.brembo.com](http://www.brembo.com), “Investors” section, “For Shareholders”, “Shareholders’ Meeting”, and through the mechanism for the storage of regulated information ([www.1info.it](http://www.1info.it)).

**Foreword**

Firstly, the Board of Directors wishes to recall that, pursuant to Articles 2357 and 2357-ter of the Italian Civil Code, as well as Article 132 of TUF, the Shareholders’ Meeting held on the 23 April 2020 approved the buy back, in one or more tranches, of a maximum of 8,000,000 own shares, without nominal value, for an overall amount of Euro 144,000,000, for a term of 18 months, commencing on the date of the aforementioned Meeting (and therefore ending on the 23 October 2021). The said authorisation envisages the disposal of treasury shares acquired for the following corporate purposes:

- a) undertaking, directly or through intermediaries, any investments, including aimed at containing abnormal movements in stock prices, stabilising stock trading and prices, supporting the liquidity of Company’s stock on the market, so as to foster the regular conduct of trading beyond normal fluctuations related to market performance, without prejudice in any case to compliance with applicable statutory provisions;
- b) 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;
- c) buying back own shares as a medium-/long-term investment.

At the date of approval of this Report, this authorization remained non-executed and, therefore, the total amount of own shares held is unchanged and equal to 10,035,000 (3.005% of the share capital).

The Board of Directors deems that the reasons which led to ask the Shareholders’ Meeting to authorise the buy-back and disposal of own shares are still valid.

In light of all the above and in view of the expiry term (23 October 2021) of the authorisation to buy back and dispose of own shares, and in order to allow the Company to retain its right to buy back and dispose of the same, the Board of Directors deems it appropriate to submit to the Shareholders’ Meeting the proposal for a new authorisation, with a same term of 18 months, commencing on the date of the relevant resolution and upon prior revocation of the previous authorisation, which was not implemented.

A short description is provided below of the terms and methods for the buy-back and disposal of the Company's own shares that the Board of Directors is submitting for authorisation to the Ordinary Shareholders' Meeting called on the 22 April 2021.

**1) Purposes for which the authorisation to buy back and dispose of own shares is required.**

As mentioned above, the term of the authorisation to buy back and dispose of own shares passed by the Shareholders' Meeting on 23 April 2020 will expire within a few months. Therefore, the Board of Directors deems it useful and appropriate to submit to you, the Shareholders, the proposal to issue a new authorisation to buy back and dispose of own shares, in accordance with applicable laws and as specified in further detail below, with prior revocation of the previous authorisation passed on 23 April 2020, which was not implemented.

In the Company's interest, pursuant to Articles 2357 and 2357-ter of the Italian Civil Code, as well as Article 132 of TUF, the aforementioned authorisation aims at:

- a) undertaking, directly or through intermediaries, any investments, including aimed at containing abnormal movements in stock prices, stabilising stock trading and prices, supporting the liquidity of Company's stock on the market, so as to foster the regular conduct of trading beyond normal fluctuations related to market performance, without prejudice in any case to compliance with applicable statutory provisions;
- b) 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; and
- c) buying back own shares as a medium-/long-term investment.

The request for authorisation concerns the Board of Directors' right to perform several and subsequent buy-back and sale transactions (or other disposal transactions) of own shares on a revolving basis, including of portions of the maximum authorised number of the own shares, so as to ensure that the number of own shares to be acquired and those already held by the Company never exceeds the limits provided for by law or the Shareholders' authorisation.

**2) Maximum number and category of the shares referred to in the authorisation.**

The Company's share capital amounts to Euro 34,727,914 (including 10,035,000 own shares in portfolio) and is composed of 333,922,250 ordinary shares with no nominal value.

Under the said authorisation, the Board of Directors is entitled to purchase, in one or more tranches, up to a maximum of 8,000,000 own shares and dispose, in whole or in part, of the own shares purchased according to the present resolution as well as of those already held by the Company (in this respect, it is clarified that any subsidiaries holds in portfolio shares of Brembo).

The maximum number of shares which, together with the treasury shares in portfolio at the date of the Ordinary Shareholders' Meeting called to resolve upon the aforementioned authorisation, represents 5,4% of the Company's share capital, and therefore well under the limit of 20% of share capital as per Article 2357, paragraph 3, of the Italian Civil Code, taking account also of the shares held by subsidiaries.

The buy-back and disposal of own shares shall be executed in compliance with Article 5 of Regulation and of Delegated Regulation, if applicable, and as detailed in point 6 below.

**3) Minimum and Maximum purchase price**

The authorisation to purchase own shares could be effected, in accordance with legislation and regulatory provisions:

- for a minimum price not lower than the closing price of the shares during the trading session on the day before each transaction is undertaken, reduced by 10%;
- for a maximum price not higher 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 (sale) of own shares, the Board of Directors will define, from time to time, in accordance with applicable legislation and/or allowed market practices, all 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 and the price trend of the stock in the period before the transaction, acting in the best interest of the Company.

**4) Useful information to duly assess compliance with Article 2357 of the Italian Civil Code.**

With reference to the buy-back limit, the Board of Directors recalls that, pursuant to Article 2357, paragraph 1, of the Italian Civil Code, the buy-back of own shares shall be carried out within the limits of distributable profits and unrestricted reserves, as per the latest approved Financial Statements.

It should be noted that in the Financial Statements at 31 December 2020 – submitted to the approval of the Shareholders' Meeting at the same time of the present request of authorization – the entered available reserves, excluding the negative reserves for own shares, by Euro 575,297,929 (not considering the profit of the year) and excluding the development costs not amortized by Euro 80,356,225, result as available net reserves and amount to Euro 494,941,704.

The proposal allows the Board of Directors to purchase and/or dispose of own shares for a maximum amount of Euro 144,000,000 which is fully covered by the available net reserves on the books.

It is specified that the disposal of own shares held will be effected in observance of the applicable legal provisions and will be accounted according to the applicable accounting principles.

**5) Term of the authorisation required.**

The authorisation to buy the own shares is required for the maximum term provided for in Article 2357, paragraph 2, of the Italian Civil Code, i.e., 18 months commencing on the date of the Resolution passed by the Shareholders' Meeting called to authorise such buy-back (specifically, should the authorisation to buy back and dispose of own shares be approved by the Meeting called on 22 April 2021, it would expire on 22 October 2022). With regard to the disposal of own shares, the Board of Directors proposes that the Shareholders' Meeting does not define any time limit, vesting the Board of Directors with the powers to identify, with the utmost discretion, the most suitable time to dispose of treasury shares.

It should be noted that the Company may proceed to the above-mentioned authorized transactions in whole or in part and at any time, in compliance with the applicable regulatory provisions from time to time in force.

**6) Methods to buy back and dispose of own shares.**

In accordance with the exemption provided under Article 132, paragraph 3, of Consolidated Law on Finance, it should be pointed out that the aforementioned operating conditions shall not apply, should own shares be bought from employees of the Company, of its subsidiaries or the Parent Company, who were assigned such shares as part of a stock granting plan.

Pursuant to Article 132 of TUF and Article 144-bis, paragraph 1 (b), of the Rules for Issuers, own shares shall be bought and disposed of on regulated markets, in one or more tranches, on a revolving basis, and according to operating conditions set out in the regulations governing the organisation and management of said markets, such as to ensure equal treatment of Shareholders and not to allow the direct pairing of purchase bids with predetermined sales bids. In detail, these transactions will be effected:

- (i) through public tender or exchange offering;
- (ii) on regulated markets, under the operating conditions set out in the regulations governing the organisation and management of said markets, provided that purchase bids are not directly paired with sales bids; and
- (iii) by granting Shareholders, in proportion to the shares held, a put option to be exercised during a period corresponding to the term of the Shareholders' authorisation for the purchase of own shares.

The buy-back of own shares should be effected in accordance with current legislation and in particular with the procedures indicated in Article 144 bis paragraph 1 and 1-bis of Rules for Issuers, so that equal treatment between the shareholders is observed pursuant to Article 132 of Consolidated Law on Finance, or under the conditions indicated in the accepted market practice concerning the liquidity support and in any case complying with the provisions of the the Rules, as well as with the applicable provisions of the Delegated Regulation.

The disposal of own shares held will be effected in the most appropriate way in the interest of the Company within the purposed indicated above, in accordance with legislation and regulatory provisions, including on the market and off regulated-market disposal, or through ABB or blocks, or swaps with equity investments as part of industrial projects, or for the implementation of share-based incentive plans.

The buy-back of own shares is not instrumental to the reduction of Company's share capital, without prejudice to the Company's right to perform a share capital decrease should the Shareholders' Meeting approve a share capital decrease in the future, including through the cancellation of treasury shares in portfolio.

The Company shall give due notice to the public and Consob, in accordance with the terms and methods established by applicable laws and regulations.

Now therefore, in light of the foregoing, we submit for your approval the following:

#### **Motion**

*"The Ordinary Shareholders' Meeting of Brembo S.p.A.:*

- *having regard to the resolution passed by the Ordinary Shareholders' Meeting, held on 23 April 2020 and concerning the authorisation to buy back and dispose of own shares,*
- *having acknowledged the proposal submitted by the Board of Directors of Brembo S.p.A. with regard to the aforementioned authorisation to buy back and dispose of own shares;*

#### **resolves**

- 1) *after prior revocation of the previous authorisation passed on 23 April 2020 — which was not implemented — to authorise the purchasing up to a maximum of 8,000,000 own shares for a maximum amount of Euro 144,000,000 and the disposal of all the own shares, in one or more tranches;*
- 2) *to authorise for a term of 18 months, the purchasing mentioned at point 1) for a minimum price not lower than the closing price of the shares during the trading session on the day before each transaction is undertaken, reduced by 10% and for a maximum price not higher than the closing price of the shares during the trading session on the day before each transaction is undertaken, increased by 10%, to be taken from unrestricted reserves;*
- 3) *to authorise, without any time limit, the disposal of the acquired treasury shares, in one or more tranches, granting to the Board of Directors the power to define, from time to time, all the criteria to set the relevant consideration and/or methods, terms and conditions to use own shares in portfolio, taking due account of the operating methods applied and the price trend of the stock in the period before the transaction, acting in the best interest of the Company;*
- 4) *to grant the Chairman and Executive Vice Chairman full powers, to be exercised severally and/or delegated to third parties, to implement the Resolutions as per points (1), (2) and (3), even availing of attorneys-in-fact or intermediaries, in accordance with applicable laws and as requested by relevant authorities."*

Stezzano, 22 March 2021

On behalf of the Board of Directors  
The Chairman  
signed by Alberto Bombassei