

# TURNING ENERGY INTO INSPIRATION

FIRST QUARTER  
REPORT 2023

## 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	20
Opt-out from the Obligations to Publish Disclosure Documents	21
Buy-back and Sale of Own Shares	21
Significant Events After 31 March 2023	22

---

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

# Company Officers

---

## Chairman Emeritus <sup>(1)</sup>

Chairman Emeritus

Alberto Bombassei

## Board of Directors <sup>(2)</sup>

Executive Chairman

Matteo Tiraboschi <sup>(7)</sup>

Chief Executive Officer

Daniele Schillaci <sup>(7)</sup>

Directors

Cristina Bombassei <sup>(4) (7)</sup>

Giancarlo Dallera <sup>(3)</sup>

Elisabetta Magistretti <sup>(3)</sup>

Umberto Nicodano <sup>(6)</sup>

Elizabeth M. Robinson <sup>(3)</sup>

Gianfelice Rocca <sup>(3)</sup>

Michela Schizzi <sup>(3) (5)</sup>

Manuela Soffientini <sup>(3) (8)</sup>

Roberto Vavassori <sup>(7)</sup>

## Board of Statutory Auditors <sup>(9)</sup>

Chairman

Fabrizio Riccardo Di Giusto <sup>(5)</sup>

Acting Auditors

Stefania Serina

Mario Tagliaferri

Alternate Auditors

Giulia Pusterla <sup>(5)</sup>

Alessandra Vaiani

## Independent Auditors

Deloitte & Touche S.p.A. <sup>(10)</sup>

## Manager in Charge of the Company's Financial Reports

Andrea Pazzi <sup>(11)</sup>

### Committees

#### Audit, Risk & Sustainability Committee <sup>(12)</sup>

Elisabetta Magistretti (**Chairwoman**)  
Michela Schizzi  
Manuela Soffientini

#### Remuneration & Appointments Committee

Giancarlo Dallera (**Chairman**)  
Elizabeth M. Robinson  
Manuela Soffientini

#### Supervisory Committee

Giovanni Canavotto (**Chairman**) <sup>(13)</sup>  
Elisabetta Magistretti  
Matteo Tradii <sup>(14)</sup>

(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 2025.

(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 2025. This Board holds the role of Internal Control & Audit Committee pursuant to Article 19 of Legislative Decree No. 39/2010.

(10) Appointed by the Shareholders' Meeting of 22 April 2021 for the years from 2022 to 2030.

(11) 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 2025.

(12) This Committee also acts as the Related Party Transactions Committee.

(13) External Advisor.

(14) Chief Internal Audit Officer.

## Brembo S.p.A.

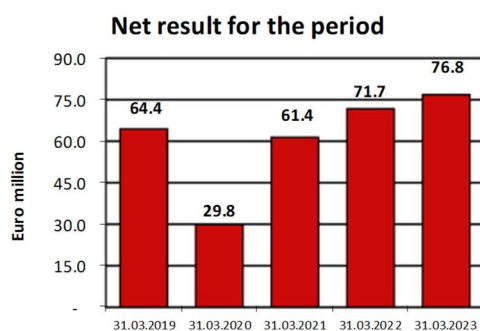
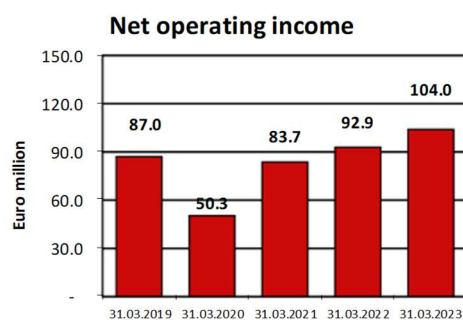
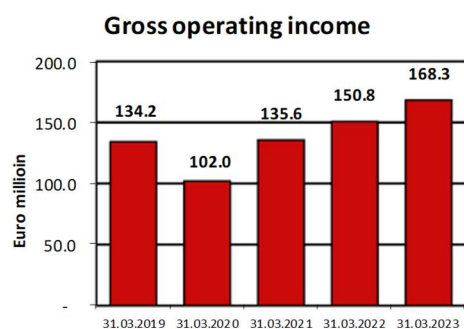
---

Registered offices: CURNO (BG) – Via Brembo 25

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

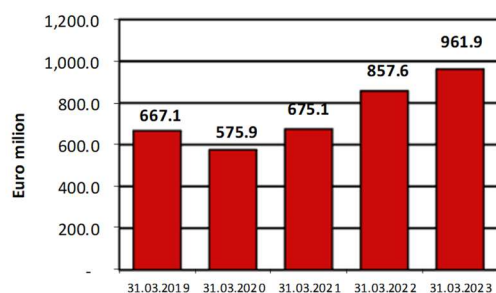
Tax code and VAT Code No. 00222620163

# Summary of Group Results

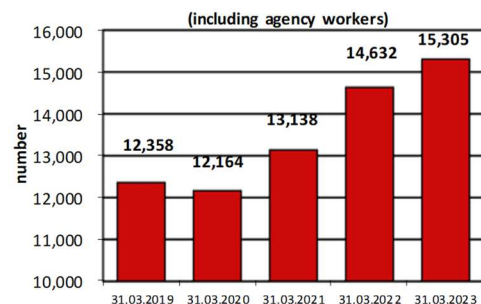


<b>ECONOMIC RESULTS (euro million)</b>	<b>31.03.2019</b>	<b>31.03.2020</b>	<b>31.03.2021</b>	<b>31.03.2022</b>	<b>31.03.2023</b>	<b>% 2023/2022</b>
Revenue from contract with customers	667.1	575.9	675.1	857.6	961.9	12.2%
Gross operating income	134.2	102.0	135.6	150.8	168.3	11.6%
<i>% of revenue from contract with customer</i>	20.1%	17.7%	20.1%	17.6%	17.5%	
Net operating income	87.0	50.3	83.7	92.9	104.0	12.0%
<i>% of revenue from contract with customer</i>	13.0%	8.7%	12.4%	10.8%	10.8%	
Result before taxes	83.9	42.5	81.1	94.8	105.0	10.7%
<i>% of revenue from contract with customer</i>	12.6%	7.4%	12.0%	11.1%	10.9%	
Net result for the period	64.4	29.8	61.4	71.7	76.8	7.2%
<i>% of revenue from contract with customer</i>	9.7%	5.2%	9.1%	8.4%	8.0%	

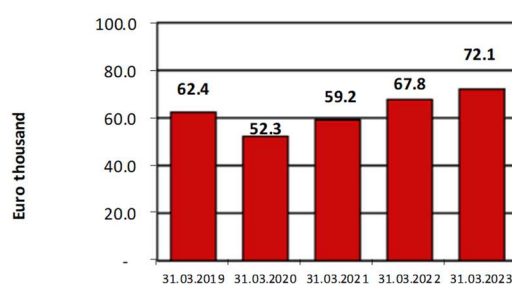
Revenue from contract with customers



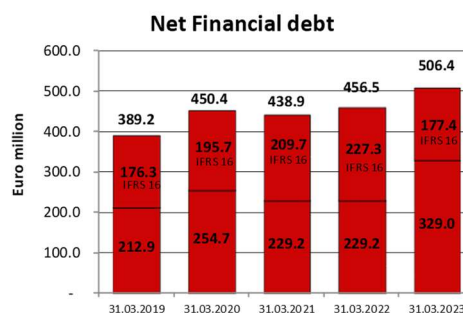
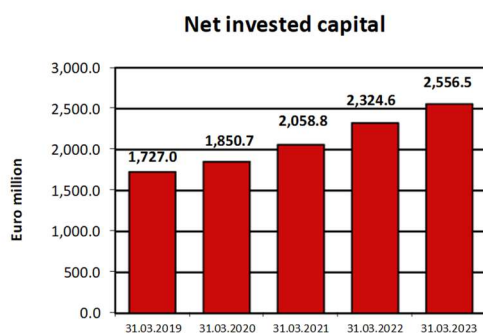
People at end of period



Turnover per employee



FINANCIAL RESULTS (euro million)	31.03.2019	31.03.2020	31.03.2021	31.03.2022	31.03.2023	% 2023/2022
Net invested capital	1,727.0	1,850.7	2,058.8	2,324.6	2,556.5	10.0%
Equity	1,311.1	1,376.5	1,594.2	1,845.0	2,024.6	9.7%
Net financial debt	389.2	450.4	438.9	456.5	506.4	10.9%
EMPLOYEES AND INVESTMENTS						
Employees at end of period (number)	10,693	11,022	11,408	12,656	13,341	5.4%
Turnover per employee (euro thousand)	62.4	52.3	59.2	67.8	72.1	6.4%
Net investments (euro million)	40.3	36.0	43.7	53.8	72.5	34.9%
Increases in leased assets (euro million)	0.0	3.5	4.6	6.1	7.6	23.2%



MAIN RATIOS	31.03.2019	31.03.2020	31.03.2021	31.03.2022	31.03.2023
Net operating income/Revenue from contract with customers	13.0%	8.7%	12.4%	10.8%	10.8%
Result before taxes/Revenue from contract with customers	12.6%	7.4%	12.0%	11.1%	10.9%
Net investments (*)/Revenue from contract with customers	6.0%	6.2%	6.5%	6.3%	7.5%
Net Financial debt/Equity	29.7%	32.7%	27.5%	24.7%	25.0%
Adjusted net interest expense(**)/Revenue from contract with customers	0.6%	0.5%	0.4%	0.3%	0.5%
Adjusted net interest expense(**)/Net operating income	4.4%	5.8%	3.3%	3.2%	4.9%
ROI	19.7%	15.2%	10.4%	12.8%	15.4%
ROE	18.1%	14.8%	10.7%	12.2%	14.8%

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.

(\*) Net investments in property, plant, equipment and intangible assets, calculated as the sum total of increases (net of decreases) of property, plant, equipment and intangible assets.

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

# Consolidated Financial Statements

## Consolidated Statement of Financial Position

<i>(euro thousand)</i>	<b>31.03.2023</b>	<b>31.12.2022</b>	<b>Change</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant, equipment and other equipment	1,197,080	1,125,711	71,369
Right of use assets	179,636	242,121	(62,485)
Development costs	102,108	101,658	450
Goodwill and other indefinite useful life assets	122,130	123,235	(1,105)
Other intangible assets	72,523	75,529	(3,006)
Shareholding valued using the equity method	50,728	50,671	57
Investments in other companies	262,609	228,079	34,530
Derivatives	43,210	65,945	(22,735)
Other non-current financial assets	2,697	2,734	(37)
Receivables and other non-current assets	24,120	23,791	329
Deferred tax assets	76,499	66,256	10,243
<b>TOTAL NON-CURRENT ASSETS</b>	<b>2,133,340</b>	<b>2,105,730</b>	<b>27,610</b>
<b>CURRENT ASSETS</b>			
Inventories	606,736	586,034	20,702
Trade receivables	691,945	594,253	97,692
Other receivables and current assets	128,593	130,345	(1,752)
Derivatives	10,895	10,678	217
Other current financial assets	1,614	1,888	(274)
Cash and cash equivalents	381,300	415,882	(34,582)
<b>TOTAL CURRENT ASSETS</b>	<b>1,821,083</b>	<b>1,739,080</b>	<b>82,003</b>
<b>ASSETS FROM DISCONTINUED OPERATIONS</b>	<b>229</b>	<b>302</b>	<b>(73)</b>
<b>TOTAL ASSETS</b>	<b>3,954,652</b>	<b>3,845,112</b>	<b>109,540</b>
<b>EQUITY AND LIABILITIES</b>			
<b>GROUP EQUITY</b>			
Share capital	34,728	34,728	0
Other reserves	125,660	158,690	(33,030)
Retained earnings/(losses)	1,754,534	1,427,630	326,904
Net result for the period	76,842	292,833	(215,991)
<b>TOTAL GROUP EQUITY</b>	<b>1,991,764</b>	<b>1,913,881</b>	<b>77,883</b>
<b>TOTAL MINORITY INTERESTS</b>	<b>32,881</b>	<b>33,132</b>	<b>(251)</b>
<b>TOTAL EQUITY</b>	<b>2,024,645</b>	<b>1,947,013</b>	<b>77,632</b>
<b>NON-CURRENT LIABILITIES</b>			
Non-current payables to banks	457,795	464,526	(6,731)
Long-term lease liabilities	155,199	152,985	2,214
Other non-current financial payables	1,179	1,198	(19)
Other non-current liabilities	2,525	2,359	166
Non-current provisions	21,920	23,991	(2,071)
Provisions for employee benefits	25,691	24,086	1,605
Deferred tax liabilities	32,178	33,649	(1,471)
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>696,487</b>	<b>702,794</b>	<b>(6,307)</b>
<b>CURRENT LIABILITIES</b>			
Current payables to banks	279,938	241,213	38,725
Short-term lease liabilities	22,197	88,211	(66,014)
Derivatives	4,063	3,586	477
Other current financial payables	606	601	5
Trade payables	713,637	653,162	60,475
Tax payables	19,239	16,128	3,111
Current provisions	1,618	1,608	10
Contract liabilities	58,450	56,547	1,903
Other current liabilities	133,772	134,249	(477)
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,233,520</b>	<b>1,195,305</b>	<b>38,215</b>
<b>TOTAL LIABILITIES</b>	<b>1,930,007</b>	<b>1,898,099</b>	<b>31,908</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,954,652</b>	<b>3,845,112</b>	<b>109,540</b>



## Consolidated Statement of Income

<i>(euro thousand)</i>	<b>31.03.2023</b>	<b>31.03.2022</b>	<b>Change</b>	<b>%</b>
<b>Revenue from contracts with customers</b>	<b>961,935</b>	<b>857,561</b>	<b>104,374</b>	<b>12.2%</b>
Other revenues and income	8,686	5,526	3,160	57.2%
Costs for capitalised internal works	7,437	6,181	1,256	20.3%
Raw materials, consumables and goods	(459,096)	(411,520)	(47,576)	11.6%
Income (expenses) from non-financial investments	4,824	4,588	236	5.1%
Other operating costs	(193,100)	(168,222)	(24,878)	14.8%
Personnel expenses	(162,389)	(143,325)	(19,064)	13.3%
<b>GROSS OPERATING INCOME</b>	<b>168,297</b>	<b>150,789</b>	<b>17,508</b>	<b>11.6%</b>
<b>% of revenue from contracts with customer</b>	<b>17.5%</b>	<b>17.6%</b>		
Depreciation, amortisation and impairment losses	(64,318)	(57,919)	(6,399)	11.0%
<b>NET OPERATING INCOME</b>	<b>103,979</b>	<b>92,870</b>	<b>11,109</b>	<b>12.0%</b>
<b>% of revenue from contracts with customer</b>	<b>10.8%</b>	<b>10.8%</b>		
Net interest income (expense)	976	1,897	(921)	-48.6%
Interest income (expense) from investments	5	52	(47)	-90.4%
<b>RESULT BEFORE TAXES</b>	<b>104,960</b>	<b>94,819</b>	<b>10,141</b>	<b>10.7%</b>
<b>% of revenue from contracts with customer</b>	<b>10.9%</b>	<b>11.1%</b>		
Taxes	(27,938)	(23,388)	(4,550)	19.5%
Result from discontinued operations	(4)	(69)	65	-94.2%
<b>RESULT BEFORE MINORITY INTERESTS</b>	<b>77,018</b>	<b>71,362</b>	<b>5,656</b>	<b>7.9%</b>
<b>% of revenue from contracts with customer</b>	<b>8.0%</b>	<b>8.3%</b>		
Minority interests	(176)	316	(492)	-155.7%
<b>NET RESULT FOR THE PERIOD</b>	<b>76,842</b>	<b>71,678</b>	<b>5,164</b>	<b>7.2%</b>
<b>% of revenue from contracts with customer</b>	<b>8.0%</b>	<b>8.4%</b>		
<b>BASIC/DILUTED EARNINGS PER SHARE (euro)</b>	<b>0.24</b>	<b>0.22</b>		

## Consolidated Statement of Comprehensive Income

<i>(euro thousand)</i>	<b>31.03.2023</b>	<b>31.03.2022</b>	<b>Change</b>
<b>RESULT BEFORE MINORITY INTERESTS</b>	<b>77,018</b>	<b>71,362</b>	<b>5,656</b>
<i>Other comprehensive income/(losses) that will not be subsequently reclassified to income/(loss) for the period:</i>			
Fair value measurement of investments	34,484	(56,230)	90,714
Tax effect	(413)	675	(1,088)
<b>Total other comprehensive income/(losses) that will not be subsequently reclassified to income/(loss) for the period</b>	<b>34,071</b>	<b>(55,555)</b>	<b>89,626</b>
<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	(25,226)	23,246	(48,472)
Tax effect	4,963	(2,507)	7,470
Change in translation adjustment reserve	(13,194)	12,356	(25,550)
<b>Total other comprehensive income/(losses) that will be subsequently reclassified to income/(loss) for the period</b>	<b>(33,457)</b>	<b>33,095</b>	<b>(66,552)</b>
<b>COMPREHENSIVE RESULT FOR THE PERIOD</b>	<b>77,632</b>	<b>48,902</b>	<b>28,730</b>
<b>Of which attributable to:</b>			
– Minority Interests	(251)	276	(527)
– the Group	77,883	48,626	29,257

## Consolidated Statement of Cash Flows

<i>(euro thousand)</i>	31.03.2023	31.03.2022
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>254,013</b>	<b>471,948</b>
<b>Result before taxes</b>	<b>104,960</b>	<b>94,819</b>
Depreciation, amortisation/Impairment losses	64,318	57,919
Capital gains/losses	(245)	8
Income/expense from investments, net of dividends received	2,671	(4,566)
Financial portion of provisions for defined benefits and payables for personnel	193	92
Long-term provisions for employee benefits	2,740	538
Other provisions net of utilisations	4,136	15,738
Result from discontinued operations	(4)	(69)
<b>Cash flows generated by operating activities</b>	<b>178,769</b>	<b>164,479</b>
Current taxes paid	(20,186)	(17,866)
Uses of long-term provisions for employee benefits	(1,362)	(1,091)
<i>(Increase) reduction in current assets:</i>		
inventories	(26,778)	(64,145)
financial assets	37	(198)
trade receivables	(98,087)	(142,441)
receivables from others and other assets	(4,773)	(7,101)
<i>Increase (reduction) in current liabilities:</i>		
trade payables	60,475	68,524
payables to others and other liabilities	5,242	7,155
Translation differences on current assets	(6,658)	839
<b>Net cash flows from/(for) operating activities</b>	<b>86,679</b>	<b>8,155</b>
<i>Investments in:</i>		
property, plant and equipment	(65,533)	(47,618)
intangible assets	(7,445)	(6,316)
financial assets (shareholdings)	(2,834)	(24)
Price for disposal or reimbursement value of fixed assets	677	147
<b>Net cash flows from/(for) investing activities</b>	<b>(75,135)</b>	<b>(53,811)</b>
Dividends paid in the period	0	(84)
Change in fair value of derivatives	(2,130)	(3,110)
Reimbursement of lease liabilities	(71,716)	(7,917)
Loans and financing granted by banks and other financial institutions in the period	0	123
Repayment of long-term loans and other financing	(8,884)	(110,544)
<b>Net cash flows from/(for) financing activities</b>	<b>(82,730)</b>	<b>(121,532)</b>
<b>Total cash flows</b>	<b>(71,186)</b>	<b>(167,188)</b>
Translation differences on cash and cash equivalents	545	417
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>183,372</b>	<b>305,177</b>

## Consolidated Net Financial Debt

<i>(euro thousand)</i>	31.03.2023	31.12.2022
A Cash	381,300	415,882
B Cash equivalents	0	0
C Other current financial assets	12,509	12,566
<b>D Liquidity (A + B + C)</b>	<b>393,809</b>	<b>428,448</b>
E Current financial debt (including debt instruments, but excluding current portion of non-current financial debt)	224,794	254,254
F Current portion of non-current financial debt	82,010	79,344
<b>G Current financial debt (E + F)</b>	<b>306,804</b>	<b>333,598</b>
<b>H Net current financial debt (G - D)</b>	<b>(87,005)</b>	<b>(94,850)</b>
I Non-current financial debt (excluding current portion and debt instruments)	593,370	596,894
J Debt instruments	0	0
K Non-current trade and other payables	0	0
<b>L Non-current financial debt (I + J + K)</b>	<b>593,370</b>	<b>596,894</b>
<b>M Total financial debt (H + L)</b>	<b>506,365</b>	<b>502,044</b>

## 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>							
<b>Balance at 1 January 2022</b>	<b>34,728</b>	<b>124,093</b>	<b>1,388,238</b>	<b>215,537</b>	<b>1,762,596</b>	<b>33,524</b>	<b>1,796,120</b>
Allocation of profit for the previous year			215,537	(215,537)	0	0	0
Components of comprehensive income:			(55,555)		(55,555)	0	(55,555)
		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
<b>Balance at 31 March 2022</b>	<b>34,728</b>	<b>156,596</b>	<b>1,548,220</b>	<b>71,678</b>	<b>1,811,222</b>	<b>33,800</b>	<b>1,845,022</b>
<b>Balance at 1 January 2023</b>	<b>34,728</b>	<b>158,690</b>	<b>1,427,630</b>	<b>292,833</b>	<b>1,913,881</b>	<b>33,132</b>	<b>1,947,013</b>
Allocation of profit for the previous year			292,833	(292,833)	0	0	0
Components of comprehensive income:							
Fair value measurement of investments			34,071		34,071	0	34,071
Effect of hedge accounting (cash flow hedge) of derivatives		(20,263)			(20,263)	0	(20,263)
Change in translation adjustment reserve		(12,767)			(12,767)	(427)	(13,194)
Net result for the period				76,842	76,842	176	77,018
<b>Balance at 31 March 2023</b>	<b>34,728</b>	<b>125,660</b>	<b>1,754,534</b>	<b>76,842</b>	<b>1,991,764</b>	<b>32,881</b>	<b>2,024,645</b>

# Explanatory Notes to the Financial Statements

## Accounting Standards and Basis of Preparation

The Interim Report for the first quarter of 2023, 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 2022 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 2023 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 2022, the following corporate transactions impacting the Group consolidation area were performed:

- On 15 April 2022, AP Racing Ltd. incorporated AP Racing North America Corp., with registered offices in Wilmington-Delaware (USA). The company specialises in developing and simplifying communications between the parent and the US-based customers, throughout the different phases of project planning and management.
- On 25 July 2022, Brembo signed a 50/50 Joint Venture agreement with Shandong Gold Phoenix Co. Ltd., a Chinese company listed on Shanghai Stock Exchange, designing, testing, manufacturing and marketing braking system and pads/friction material for original equipment and aftermarket. The agreement provides for the incorporation of the new company — Shandong BRGP Friction Technology Co. Ltd. — that will be fully dedicated to the large-scale manufacturing of innovative aftermarket brake pads for the car and commercial vehicle segments. As part of the transaction, the two companies will make a total investment of approximately €35 million over the next three years.
- Following the prior resolution of the Board of Directors of Brembo S.p.A., the Switzerland-based company Brembo Reinsurance AG was incorporated on 13 January 2023. The objectives of this company include, inter alia, improving the conditions and efficiency of the process of financing the Brembo Group's risks through access to the reinsurance market and the possibility of underwriting risks not adequately covered by the insurance market and that cannot be financed through a fund.

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

**T**he Group's net sales for the first quarter of 2023 amounted to €961,935 thousand, up 12.2% compared to the same period of the previous year.

The car applications sector, which accounted for 71.6% of Group's sales, closed the first quarter of 2023 with a +12.9% increase compared to the same period of the previous year. Similarly, all other applications recorded an uptrend compared to the first quarter of 2022: applications for commercial vehicles closed at +14.0%, motorbike applications at +3.0%, and racing applications at +23.4%.

At geographical level, and with specific reference to Europe, Germany grew by 26.8% compared to the first quarter of 2022. Among the other European countries, France grew by 19.7%, Italy by 4.0%, and the United Kingdom by 2.4%. Sales also rose by 14.1% in North America and by 64.5% in South America. In the Far East, India reported an increase compared to the first quarter of 2022 (+13.8%); Japan also grew (+8.7%), while China decreased by 9.1%.

In the first quarter of 2023, the **cost of sales and other net operating costs** amounted to €636,073 thousand, with a 66.1% ratio to sales, substantially in line with the 66.2% figure for the same period of the previous year. Within this item, **costs for capitalised internal works** included in intangible assets amounted to €7,437 thousand compared to €6,181 thousand for the first quarter of 2022.

**Income from non-financial investments** totalled €4,824 thousand (€4,588 thousand in the first quarter of 2022) and was mainly attributable to the effects of valuing the investment in the BSCCB Group using the equity method.

**Personnel expenses** amounted to €162,389 thousand, with a 16.9% ratio to sales, in line with the same period of the previous year (16.7%). At 31 March 2023, people numbered 15,305 (14,966 at 31 December 2022 and 14,632 at 31 March 2022), including agency workers, equal to 1,964 (2,010 at 31 December 2022 and 1,976 at 31 March 2022).

**Gross operating income** for the quarter was €168,297 thousand (17.5% of sales) compared to €150,789 thousand for the first quarter of 2022 (17.6% of sales).

**Net operating income** amounted to €103,979 thousand (10.8% of sales) compared to €92,870 thousand (10.8% of sales) for the first quarter of 2022, after depreciation, amortisation and impairment losses of property, plant and equipment and intangible assets of €64,318 thousand, compared to depreciation, amortisation and impairment losses amounting to €57,919 thousand for the first quarter of 2022.

**Net interest income** amounted to €976 thousand (€1,897 thousand in the first quarter of 2022) and consisted of net exchange gains of €6,090 thousand (net exchange gains of €4,864 thousand in the first quarter of 2022) and interest expense of €5,114 thousand (€2,967 thousand for the same quarter of the previous year).

**Net interest income from investments**, which amounted to €5 thousand, was attributable to the effects of valuing investments in associates using the equity method.

**Result before taxes** was positive at €104,960 thousand (10.9% of sales) compared to €94,819 thousand (11.1% of sales) for the first quarter of 2022.

Based on tax rates applicable for the year under current tax regulations, estimated **taxation** amounted to €27,938 thousand (€23,388 thousand for the first quarter of 2022). Tax rate was 26.6% compared to 24.7% in the first quarter of 2022.

The **result from discontinued operations**, negative for €4 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 €76,842 thousand (8.0% of sales) compared to €71,678 thousand (8.4% of sales) for the first quarter of 2022.

**Net invested capital** at the end of the period was €2,556,472 thousand, compared to €2,472,841 thousand at 31 December 2022, up by €83,631 thousand. **Net financial debt** at 31 March 2023 was €506,365 thousand compared to €502,044 thousand at 31 December 2022. The €4,321 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 €168,297 thousand;
- net investments totalling €72,546 thousand, of which €7,345 thousand for development costs; they were mainly concentrated in Italy (34.8%), North America (35.2%), the Czech Republic (10.2%), China (10.1%) and Poland (4.5%);
- increases in leased assets for €7,553 thousand;
- the overall €77,505 thousand decrease in working capital;
- payment of taxes totalling €20,186 thousand;
- dividends received by the associate BSCCB S.p.A. amounting to €7,500 thousand.

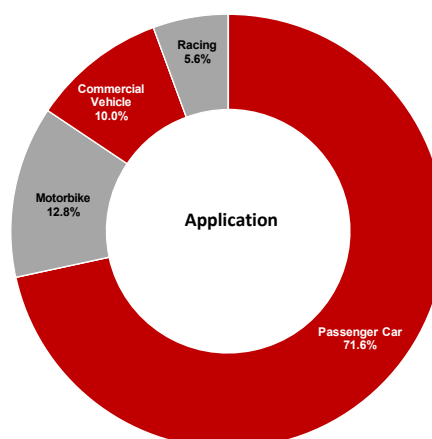
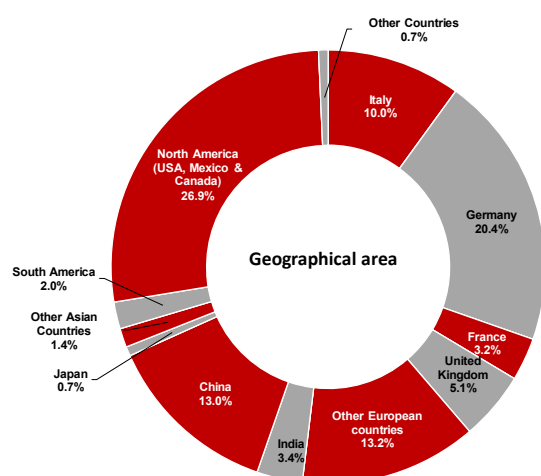
## Sales Breakdown by Geographical Area and Application

The following tables show net sales at 31 March 2023, broken down by geographical area and application.

<i>(euro thousand)</i>	31.03.2023	%	31.03.2022	%	Change	%
<b>GEOGRAPHICAL AREA</b>						
Italy	96,412	10.0%	92,675	10.8%	3,737	4.0%
Germany	195,501	20.4%	154,190	18.0%	41,311	26.8%
France	30,683	3.2%	25,642	3.0%	5,041	19.7%
United Kingdom	49,125	5.1%	47,976	5.6%	1,149	2.4%
Other European countries	127,411	13.2%	106,515	12.4%	20,896	19.6%
India	32,522	3.4%	28,586	3.3%	3,936	13.8%
China	124,589	13.0%	137,135	16.0%	(12,546)	-9.1%
Japan	6,940	0.7%	6,386	0.7%	554	8.7%
Other Asian Countries	13,078	1.4%	11,959	1.4%	1,119	9.4%
South America (Argentina and Brazil)	19,647	2.0%	11,947	1.4%	7,700	64.5%
North America (USA, Mexico & Canada)	259,047	26.9%	226,951	26.5%	32,096	14.1%
Other Countries	6,980	0.7%	7,599	0.9%	(619)	-8.1%
<b>Total</b>	<b>961,935</b>	<b>100.0%</b>	<b>857,561</b>	<b>100.0%</b>	<b>104,374</b>	<b>12.2%</b>

<i>(euro thousand)</i>	31.03.2023	%	31.03.2022	%	Change	%
<b>APPLICATION</b>						
Passenger Car	687,871	71.6%	609,270	71.0%	78,601	12.9%
Motorbike	123,310	12.8%	119,738	14.0%	3,572	3.0%
Commercial Vehicle	96,631	10.0%	84,792	9.9%	11,839	14.0%
Racing	53,931	5.6%	43,702	5.1%	10,229	23.4%
Miscellaneous	192	0.0%	59	0.0%	133	225.4%
<b>Total</b>	<b>961,935</b>	<b>100.0%</b>	<b>857,561</b>	<b>100.0%</b>	<b>104,374</b>	<b>12.2%</b>

### RATIO TO SALES



## Foreseeable Evolution

**T**he orders backlog for the coming months remain robust at global level; barring significant changes in the current macro-economic and geopolitical context, for the current year Brembo expects an about 10% revenue growth, with margins in percentage terms in line with the previous year.



# Directors' Report on Operations and Significant Events

## Macroeconomic Context

To correctly assess Brembo's performance for the first quarter of 2023, it is essential to consider the world macroeconomic scenario, specifically for the markets in which the Group operates.

The forecasts of the IMF (International Monetary Fund) in the April 2023 WEO (World Economic Outlook), confirm a slow and gradual recovery of the world economy, with global growth at 2.8% this year and 3.0% in 2024. Global inflation will decrease, although more slowly than initially anticipated, from 8.7% in 2022 to 7.0% in 2023 and 4.9% in 2024, still far from the targets set by central banks. The sharp reversal in energy and food prices reflected on inflation. However, core inflation might have not yet peaked in some countries. At this point in the economic cycle, it could be expected to see more encouraging signs of output and employment. Emerging markets and developing economies are recording more-than-positive growth rates of essentially 4.0% a year, driven by the very healthy Indian economy, and the post-pandemic reopening in China. There was a slight slowdown in advanced economies, where growth is expected to go from 2.7% of 2022 to 1.3% for the current year, a negative sign for the UK and Germany in 2023.

With regard to the Eurozone, the IMF expects a growth of 0.8% in 2023 and of 1.4% in 2024. Also the "European Economic Forecast – Winter 2023" published in mid-February by the European Commission are positive and state that, almost one year after Russia launched its war of aggression against Ukraine, the EU economy in 2023 is on a better footing than expected in autumn and that the technical recession forecast for the end of the year has probably been averted. Growth for 2024 remained unchanged, at 1.5%, slightly more optimistic than the FMI forecast. By the end of the forecast horizon, the volume of output is now set to be almost 1pp above the Autumn Forecast. Inflation forecasts for the Eurozone were revised slightly downwards compared to the Autumn Forecast, mainly reflecting developments in energy markets. Headline inflation is projected to decelerate from 8.4% in 2022 to 5.6% in 2023 and to 2.5% in 2024. According to Chris Williamson, Chief Business Economist at S&P Global Market Intelligence: "The Eurozone economy is showing fresh signs of life as we enter spring, with business activity growing at its fastest rate for ten months in March. The survey is consistent with GDP growth of 0.3% in the first quarter, accelerating to an equivalent rate of 0.5% in March alone."

According to the Fund, after the 3.7% growth reported in 2022, Italy is expected to increase by 0.7% in 2023 and by 0.8% in 2024. Industrial production turned positive after two consecutive declining quarters, while the gap between the level of activity in energy-intensive sectors and in the rest of manufacturing sector remained wide. From April 2022 to January 2023, output fell by nearly 11.0% in energy-intensive sectors, as against about 1.0% in non-energy intensive sectors. On Italy's public debt front, there is very positive news, as it continues to trend downwards and is expected to reach 131.9% of GDP in 2028 according to the IMF, which calls for debt to drop to 140.3% in 2023, from 144.7% in 2022.

Turning to the main other Eurozone countries, the forecast for Germany is worse than at the beginning of the year, with a negative growth estimate of -0.1% for 2023 and a recovery of +1.1% projected for 2024. In France, expected growth for 2023 is in line with the January forecast (+0.7%), with declining estimates at +1.3% for 2024. As one of the main Euro area countries, Spain recorded the highest growth in 2022 (+5.5%) and its economy is expected to report positive figure also for 2023 and 2024 at +1.5% and +2.0%, respectively. Forecasts for the UK are negative for 2023 at -0.3%, while an increase of 1.0% is expected for 2024.

US growth for 2023 rose from an estimated +1.4 % at the year-start to +1.6 % following the first quarter, after witnessing the most significant growth in 40 years (+5.7 %) in 2021, and a slowdown to +2.1% in 2022. In the

coming months of 2023, economic growth is expected to slow further as monetary policy moves into restrictive territory, pushing growth below trend until 2024. The labour market continued to perform better than expected. Demand for labour remains just below historical highs, whereas the pool of available workers continues to shrink.

For Japan, the IMF forecasts growth at +1.3% in 2023. In 2024, the economy of the land of the rising sun is expected to reach +1.0%. The economic recovery in Japan is supported by a strong domestic demand, supply chain improvements and the reopening of its borders. The country's short-term political challenge is to ensure that the inflation target of 2.0% is achieved for the long term.

As for China, the economy is expected to expand by 5.2% in 2023, mainly due to a strong recovery in domestic private consumption generated by the recovery. GDP growth is expected at 4.5% in 2024. India's economic growth remains extraordinarily positive, with an estimated growth of 5.9% in 2023 and of +6.3% in 2024. Despite the global slowdown, India's economic growth rate is stronger than that of many similar economies, reflecting relatively robust domestic consumption and, above all, less dependence on global demand.

Russia's growth estimates for 2023 improve to +0.7%, following the 2022 recession (-2.1%), although uncertainties remain high about the economic situation with continuing clashes in Ukraine and the related international economic and political tensions.

Brazilian GDP continues to trend downwards, going from +5.0% in 2021 to +2.9% in 2022. Estimates for 2023 confirm this trend, with a 0.9% growth rate, whereas 2024 could mark a turnaround if current forecasts at +1.5% are confirmed.

Fossil fuel prices in the current year have rapidly declined from their 2022 peak. This trend is expected to continue into 2024 as well, returning to 2021 levels, leading to lower energy costs and less inflationary pressure. The simple average of the prices of UK Brent, Dubai Fateh and West Texas Intermediate crude oil went from \$96.36 a barrel in 2022 to a forecast of \$73.13 in 2023 and of \$68.89 in 2024.

## Currency Markets

**D**uring the first quarter of 2023, the **US dollar**, after having opened the period with an appreciation that led it to reach the period low of 1.0500 (6 January), depreciated sharply until the beginning of February, reaching a quarterly high of 1.0988 (2 February). The currency then appreciated until the end of February, returning to around 1.0550, to then close the quarter, after further depreciation at 1.0875, above the average rate for the period (1.0730).

The **Chinese yuan/renminbi** began the quarter with a strong and sharp appreciation, reaching the low for the period at 7.2045 (6 January). The currency then reversed its trend, returning to around 7.40. In February, the yuan moved laterally to then depreciate in the final part of the quarter, reaching the high for the period of 7.4898 on 30 March. It closed at 7.4763, above the average rate for the period (7.3408).

The **Polish zloty** opened the quarter at the low for the period of 4.6685 (4 January). Subsequently, the currency reversed course, with a sharp, decisive depreciation, driving the rate up the high for the period of 4.7875 (13 February). In the remainder of the period, it appreciated again, to then close at around its initial value for the period. It closed at 4.6700, below the average rate for the period (4.7094).

	FINAL EXCHANGE RATE 31.03.2023	AVERAGE EXCHANGE RATE 2023	TRADING PRICE MAXIMUM	TRADING PRICE MINIMUM
U.S. Dollar	1.0875	1.0730	1.0988	1.0500
Japanese Yen	144.8300	141.9770	145.2300	137.9300
Swedish Krona	11.2805	11.2017	11.4390	11.0030
Danish Krone	7.4485	7.4429	7.4519	7.4370
Polish Zloty	4.6700	4.7094	4.7875	4.6685
Czech Koruna	23.4920	23.7846	24.1760	23.4260
Mexican Peso	19.6392	20.0453	20.8318	18.9237
Pound Sterling	0.8792	0.8832	0.8934	0.8724
Brazilian Real	5.5158	5.5739	5.7758	5.4202
Indian Rupee	89.3995	88.2535	90.3015	86.4210
Argentine Peso	226.8909	206.0749	226.8909	187.9366
Chinese Renminbi	7.4763	7.3408	7.4898	7.2045
Russian Rouble	84.2600	78.3778	84.5480	72.5216
Swiss franc	0.9968	0.9925	1.0056	0.9727

## Operating Structure and Reference Markets

In the first quarter of 2023, Brembo's consolidated net sales amounted to €961,935 thousand, up 12.2% compared to €857,561 thousand for the first quarter of 2022.

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 2023, the global light vehicle market showed a 4.9% increase in sales compared to the same period of 2022. Except for China and Russia, all the main markets reported a positive performance. The Western European market (EU17+EFTA+UK) closed the first quarter of 2023 with a +17.5% increase in car registrations compared to the same period of 2022. In the first quarter of 2023, all the five main markets reported growth compared to the same period of 2022: Italy (+26.2%), France (+15.2%), Spain (+44.5%), Germany (+6.5%) and the UK (+18.4%). These markets recovered after the previous year's turbulences due to the supply chain crisis and the Russia-Ukraine conflict begun in February 2022.

Eastern Europe as well reported a slight increase in car registrations (+0.7%) compared to the first quarter of 2022, whereas Russia recorded a decrease in light vehicle registrations in the first quarter of 2023, with a 44.7% reduction in sales compared to the same period of the previous year due to the impact of the conflict underway.

In the first quarter of 2023, the United States reported a positive performance, with light vehicle sales increasing by 7.6% overall compared to the first quarter of 2022. The Brazilian and Argentine markets performed positively, with a 16.3% increase of sales. Specifically: Brazil +15.1% and Argentina +18.0%.

In the Asian markets, China closed the first quarter of 2023 with a 5.6% decline of car sales compared to the same period of 2022. By contrast, the Japanese market reported a very positive performance for the first three months of the year, with a growth of 16.0% in sales compared to the same period of the previous year.

Within this scenario, Brembo's net sales of car applications in the first quarter of 2023 amounted to €687,871 thousand, accounting for 71.6% of the Group's turnover, up by 12.9% compared to the same period of 2022.

### 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 8.0% in the first quarter of 2023 compared to the same period of the previous year. Registrations of motorbikes with displacements over 500cc alone rose by 16.0% in the first quarter of 2023.

In Italy, motorbike registrations closed the first quarter of 2023 sharply increasing compared to the same

period of the previous year (+30.0%). Registrations of motorbikes alone rose by 19.0% (+28.0% with regard to displacements over 500cc), while scooters recorded a 45.0% increase compared to 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 5.8% in the first quarter of 2023 compared to the same period of 2022. ATVs alone declined by 16.3%, while motorbikes and scooters together dropped by 2.1%.

In the Japanese market, overall registrations of motorbikes with displacements of over 50cc rose by 13.0% in the first quarter of 2023 compared to the same period of the previous year.

In Brazil, registrations of two-wheel vehicles rose by 30.0% in the reporting period compared to the same period of 2022.

Lastly, in India registrations of two-wheel vehicles with displacements of over 50cc closed the first quarter of 2023 at +7.0% compared to the same period of 2022.

Brembo's net sales of motorbike applications amounted to €123,310 thousand in the first quarter of 2023, up by 3.0% compared to the first quarter of 2022.

### Commercial and Industrial Vehicles

In the first quarter of 2023, the European commercial vehicles market (EU+EFTA+UK) — Brembo's reference market — showed a 10.0% increase in registrations compared to the first quarter of 2022.

In the reporting period, sales of light commercial vehicles (up to 3.5 tonnes) in Europe increased by 7.7% compared to the first quarter of 2022. The first five European markets by sales volume closed with an increase, except for France (-3.0%): Germany +9.2%, the United Kingdom +17.1%, Spain +31.2% and Italy +7.0%. In the first quarter of 2023, the diesel continued to dominate the European van market, accounting for 84.5% of the total, though the market share declined compared to 87.2% in 2022 in spite of a 4.5% increase in diesel vehicle registrations.

The segment of medium and heavy commercial vehicles (over 3.5 tonnes) also rose sharply in Europe, closing the reporting quarter at +19.4% compared to the same period of the previous year. The same uptrend was also reported in the first five European markets by sales volume: Germany +20.9%, the United Kingdom +18.2%, France +12.4%, Spain +16.8% and Italy +9.5%.

The diesel trucks proved still to be the first choice for the consumers within the EU, accounting for 96.1% of all the new vehicle registrations in the first quarter of 2023.

In the first quarter of 2023, Brembo's net sales of applications in this segment amounted to €96,631 thousand, up by 14.0% compared to the first quarter of 2022.

### 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 2023, Brembo's net sales of racing applications amounted to €53,931 thousand, up by 23.4% compared to the first quarter of 2022.

## Significant Events During the Quarter

Following the resolution passed by the Board of Directors of Brembo S.p.A., Brembo Reinsurance AG was incorporated on 13 January 2023. The objectives of the Switzerland-based reinsurance company include, *inter alia*, improving the conditions and efficiency of the process of financing the Brembo Group's risks through access to the reinsurance market and the possibility of underwriting risks not adequately covered by the insurance market and that cannot be financed through a fund.

On 28 February 2023, Brembo S.p.A. and Next Investment S.r.l, together with its parent Nuova FourB S.r.l. (hereinafter jointly referred to as “Brembo”) and Camfin S.p.A., together with its parent Marco Tronchetti Provera & C. S.p.A. (hereinafter jointly referred to as “MTP/Camfin”), signed a shareholder agreement that entails Brembo’s commitment to align its vote with that of MTP/Camfin, following their prior consultation on the matters included in the agenda of ordinary and/or extraordinary shareholder meetings of Pirelli & C. S.p.A.

No other significant events occurred in the first quarter of 2023.

## 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 20 April 2023 approved 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 2023

The General Shareholders' Meeting of the Parent Brembo S.p.A. held on 20 April 2023 approved the Financial Statements for the financial year ended 31 December 2022, allocating net profit for the year amounting to €164,919,102.16 as follows:

- to the Shareholders, a gross ordinary dividend of €0.28 per ordinary share outstanding, excluding own shares (payment as of 24 May 2023, ex-coupon date 22 May 2023, and record date 23 May 2023);
- 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 2023, approved on 9 May 2023.

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 2023 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