



SIX
MONTHLY
REPORT
2022



**SIX
MONTHLY
REPORT
2022**



Dominating energy.

Aspirations that lead to concrete solutions.
Controlling energy, besides materials: mastering its
preservation, distribution and regeneration.
Transformation always plays a central role.



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Company Officers

Chairman Emeritus ⁽¹⁾

Chairman Emeritus	Alberto Bombassei
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Board of Directors ⁽²⁾

Executive Chairman	Matteo Tiraboschi
Chief Executive Officer	Daniele Schillaci
Directors	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	Raffaella Pagani ⁽⁵⁾
Acting Auditors	Mario Tagliaferri Stefania Serina ⁽¹⁰⁾
Alternate Auditors	Myriam Amato ⁽⁵⁾

Independent Auditors	Deloitte & Touche S.p.A. ⁽¹¹⁾
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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 the 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: CURNO (BG) – Via Brembo 25

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

Tax code and VAT Code No. 00222620163

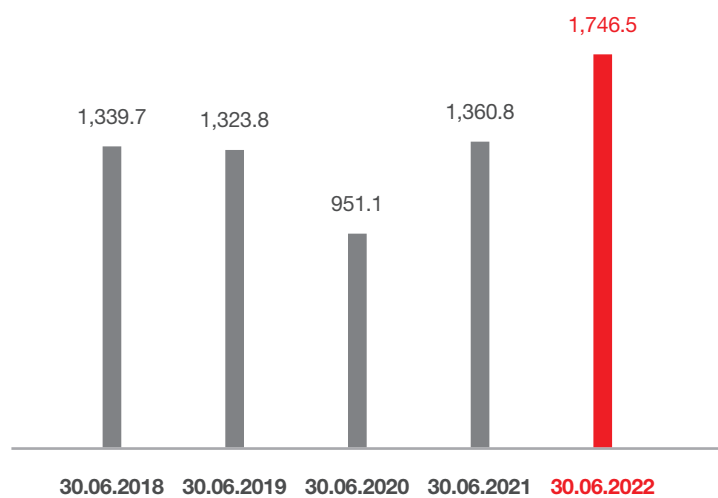




Summary of Group Results

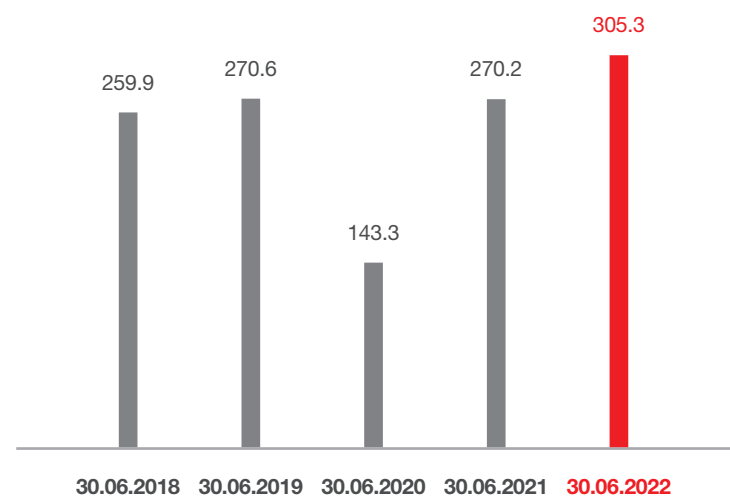
Revenue from contracts with customers

(euro million)



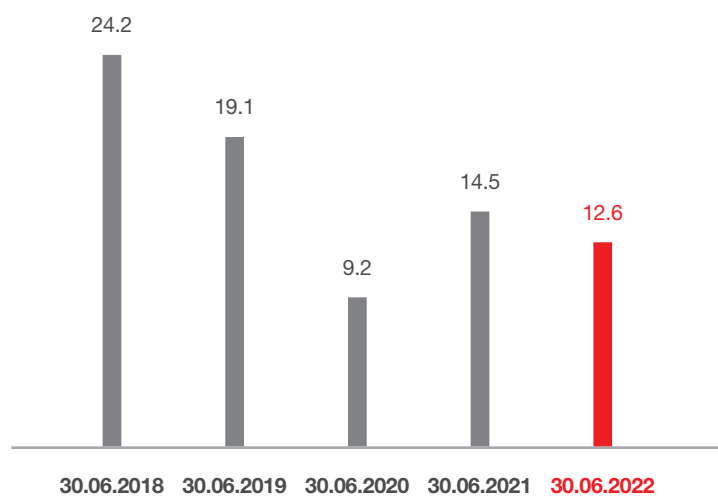
Gross operating income

(euro million)



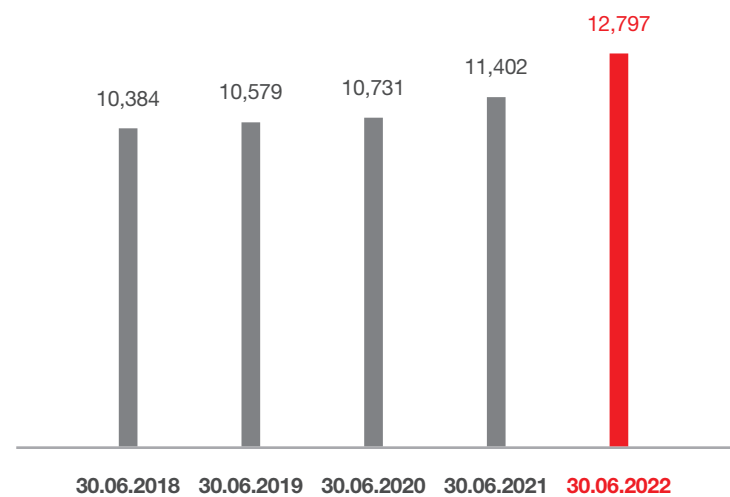
ROI

(percentage)



Personnel at end of period

(No.)



Economic results

(euro thousand)	30.06.2018	30.06.2019	30.06.2020	30.06.2021	30.06.2022	% 2022/2021
Revenue from contracts with customers	1,339,687	1,323,840	951,113	1,360,789	1,746,471	28.3%
Gross operating income	259,880	270,582	143,291	270,215	305,338	13.0%
% on revenue from contracts with customers	19.4%	20.4%	15.1%	19.9%	17.5%	
Net operating income	186,105	174,455	38,791	165,797	187,512	13.1%
% on revenue from contracts with customers	13.9%	13.2%	4.1%	12.2%	10.7%	
Result before taxes	180,609	167,875	24,678	168,237	198,249	17.8%
% on revenue from contracts with customers	13.5%	12.7%	2.6%	12.4%	11.4%	
Net result for the period	140,113	123,448	19,958	126,938	148,928	17.3%
% on revenue from contracts with customers	10.5%	9.3%	2.1%	9.3%	8.5%	

Financial results

(euro thousand)	30.06.2018	30.06.2019	30.06.2020	30.06.2021	30.06.2022	% 2022/2021
Net invested capital	1,415,082	1,743,190	1,994,850	2,120,187	2,451,077	15.6%
Equity	1,124,531	1,288,478	1,373,132	1,601,244	1,837,958	14.8%
Net financial debt	263,050	434,477	597,499	496,936	595,101	19.8%

Personnel and investments

(euro thousand)	30.06.2018	30.06.2019	30.06.2020	30.06.2021	30.06.2022	% 2022/2021
Personnel at end of period (No.)	10,384	10,579	10,731	11,402	12,797	12.2%
Turnover per employee	129.0	125.1	88.6	119.3	136.5	14.4%
Net investments	120,829	101,860	73,374	99,903	121,550	21.7%

Main ratios

	30.06.2018	30.06.2019	30.06.2020	30.06.2021	30.06.2022	
Net operating income/Revenue from contracts with customers	13.9%	13.2%	4.1%	12.2%	10.7%	
Income before taxes/ Revenue from contracts with customers	13.5%	12.7%	2.6%	12.4%	11.4%	
Net investments/Revenue from contracts with customers	9.0%	7.7%	7.7%	7.3%	7.0%	
Net financial debt/Equity	23.4%	33.7%	43.5%	31.0%	32.4%	
Adjusted net interest expense(*)/Revenue from contracts with customers	0.3%	0.6%	0.7%	0.4%	0.3%	
Adjusted net interest expense(*)/Net operating income	2.4%	4.4%	17.0%	3.2%	3.2%	
ROI	24.2%	19.1%	9.2%	14.5%	12.6%	
ROE	24.2%	17.9%	9.4%	15.3%	13.0%	

Notes:

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

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

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





A new sensibility.

Sustainable mobility is the present and future. In a changing world, evolution takes the form of surprising ideas and unexplored horizons for a revolutionary new sensibility.





1. Directors' Report on Operations

Brembo and the Market

Macroeconomic Context

In order to properly assess Brembo's performance for the first half of 2022, as well as its outlook for the future, an analysis of the worldwide macroeconomic scenario is given here below, with particular reference to the markets in which the Group operates.

The world is paying a hefty price for Russia's war against Ukraine. This humanitarian crisis is leaving thousands dead, forcing millions of refugees to flee their homes. The war has also triggered a cost of living crisis, which has affected the entire world population. Along with China's zero-Covid policy, the war has put the global economy on a path of slowing growth and rising inflation — an extremely critical situation that had not occurred since the Seventies.

The rise in inflation, largely driven by sharp increases in food and energy prices, is causing great difficulties for those on lower incomes and serious risks to food security in poorer countries. This is what has emerged from the June 2022 OECD Economic Outlook, which reports the latest updates on the performance of the world economy.

Global GDP growth is now projected to grow by 3.0% in 2022 and 2.8% in 2023: a forecast that, although positive, is well below the December 2021 forecasts. Before this war, the world economy was on track for a strong recovery that the conflict in Ukraine and the resulting supply-chain disruptions are clearly holding back. This situation is affecting not only large economies, but also those of emerging markets, which continue to have large problems in terms of GDP compared to pre-pandemic and pre-war expectations.

As for the **Eurozone**, according to the data contained in the Spring Document prepared by the European Commission and published in May 2022, the European Union economy is expected to grow by 2.7% in 2022 and 2.3% in 2023, with a sharp deterioration on the forecasts at the end of 2021 (+4.0% and +2.8%, respectively) due to problems in the supply of commodities and an increase in prices related to the war between Russia and Ukraine.

Within this framework, Germany's GDP is expected to grow by 1.6% in 2022 and by 2.4% in 2023. France's growth figures, indicated by the Commission's report, are 3.1% this year and 1.8% in 2023. Spain is expected to grow by 4% and 3.4% this year and next, respectively.

By contrast, inflation projections have been significantly revised upwards, with an all-time high of 6.8% expected in 2022, before falling to 3.2% in 2023.

The IHS Markit's Eurozone Composite PMI index fell to 54.8 in June 2022, the lowest reading since the contraction in February 2021, as new orders for goods and services stalled for the first time since the recovery in demand that began in early 2021. The manufacturing industry recorded the least expansion in the last 24 months, showing a decline in production for the first time in two years. Meanwhile, growth in the service sector



has slowed sharply due to the slowdown in the influx of new activities, also due to the war between Russia and Ukraine.

As far as the **Italian situation** is concerned, the Economic Outlook calls for a GDP growth of 2.5% in 2022 and 1.2% in 2023. In Italy, the pandemic has been kept under control thanks to the containment measures adopted by the Government, but the commitments put in place to stop infections were of little use at the time of the outbreak of war between Russia and Ukraine, with an ensuing decrease in the supply of raw materials. As for industrial production, the June report of the Confindustria Study Centre confirms an increase in June (+1.3%) regarding Italian industrial production, after the recovery already recorded in the second quarter (+1.1%) and despite the decline in May (-1.5%). As far as the unemployment rate is concerned, in 2022 the Brussels outlook predicts the same figure for Italy as in 2021 (9.5%), with a decline to 8.9% in 2023.

As for the **USA**, OECD economists expect GDP to grow by 2.5% in 2022 and 1.2% in 2023, well below 2021 expectations. This decline is due to the climate of political instability caused by the war between Russia and Ukraine, where the United States, despite not actively participating, has many political and economic interests. Base price inflation will rise, from 4.4% in 2021 to 5.9% in 2022. The IHS Markit Flash U.S. Composite PMI Output Index recorded 51.2 in June 2022, up for the fifth month running.

According to the OECD Economic Outlook, **Japan** will recover constantly compared to 2021. It is indeed expected that, after the 1.7% growth in 2021, the GDP will report the same growth figure in 2022, to then reach 1.8% in 2023.

As for the BRICS countries (Brazil, Russia, India, China, South Africa), according to OECD estimates, **India's** recovery should be confirmed: after a decline of 7.7 percentage points in 2020, it recorded a recovery of 8.7% in 2021, driven by repressed demand for consumer and investment goods, with a forecast of 6.9% in 2022 and 6.2% in 2023.

China stood out as the only major economy not to experience a recession in 2020 (GDP at +2.3%). The recovery in economic activity was also rapid: in China, growth reached 8.1% in 2021, although a slower growth is expected in 2022 (+4.4%), with a slight increase in 2023 (+4.9%). According to the OECD Spring Report, investment will remain a key driver of Chinese growth, while consumption will recover only gradually. Moreover, it should be noted that the low volume of raw materials imports will prevent the surge of imported raw material prices to have a high impact on inflation in the Asian country. The OECD report at the end of May also shows estimates for **Brazil** and indicates that the economy, which recovered at the end of 2020 and grew by 5.0% in 2021, is expected to settle at +0.6% in 2022 and +1.2% in 2023. The inflation, which was 5.8% in 2021, is expected to stand at 9.7% in 2022. Finally, of all the BRICS countries, the sharpest decline was obviously seen in **Russia**, with a forecast loss of 10.0% of GDP in 2022 and 4.1% in 2023. This scenario is obviously due to the war unleashed by Russia against Ukraine, which has led to the country being isolated by all the major world powers (with the exception of China), with a consequent blockade of Russian exports, including several raw materials, and a risk of bankruptcy of Russia itself.

As for commodities performance, the World Bank's report published in June 2022 calls for the price of oil to increase to USD 110 a barrel in 2022 (from an average of USD 67 in 2021), considering the arithmetic mean of the Brent, Dubai and West Texas Intermediate (WTI) prices.



Currency Markets

During the first half of 2022, the **US dollar** opened the period with a slight depreciation above 1.1400, and then reversed the trend towards the end of January, falling below the 1.1200 area. The currency then depreciated, driving the rate to the high for the period of 1.1464 (4 February). The currency then sharply reversed course, with a robust, rapid appreciation, driving the rate to reach the half-year low of 1.0385 (13 May). In the final phase of the period, the dollar depreciated and then appreciated again, leading the currency to close at 1.0387, below the half-yearly average rate of 1.0940.

As for the other currencies of the main markets in which Brembo operates at an industrial and commercial level, the **pound sterling** opened the reporting period with a slight appreciation; then the currency went through a fluctuating phase followed by a strong appreciation that brought it to a low of 0.8239 (4 March). Subsequently, the currency abruptly reversed the trend with a strong and steady depreciation until it reached the period high at 0.8658 (June 14), and then closed at 0.8582, a value above the half-yearly average rate of 0.8422.

The **Polish zloty** began the year moving within a lateral channel of 4.50-4.60, to then appreciate reaching the low for the period of 4.4921 (10 February). It then reported a sharp and decided depreciation, which drove it to the rate of 4.9525 (7 March). Subsequently, the currency appreciated again until mid-March, falling below 4.7000. In the second half of the half-year period, the zloty moved within a lateral channel and then closed the period at 4.6904, above the period average rate of 4.6329.

The **Czech koruna** opened the reporting period slightly appreciating reaching a low for the period of 24.1350 (3 February). The currency then depreciated sharply throughout February, culminating in the high for the period of 25.8660 (2 March). Subsequently, the koruna appreciated again, falling below 24.4000 towards the beginning of April. The currency moved in a lateral channel and then underwent a fluctuating phase in May, closing the half-year period at 24.7390, a value in line with the period average rate of 24.6364.

The **Swedish krona** opened the half-year with a slight appreciation, followed immediately by a strong and sharp depreciation that led the currency to reach the period high at

10.8803 (8 March). Subsequently, the krona appreciated steadily until 20 April, when it reached its period low of 10.2300. At the end of the period, the currency constantly depreciated, closing at 10.7300, above the half-yearly average rate of 10.4753.

The **Danish kroner** opened the first half of the year at 7.4380, to then depreciate to the high for the period of 7.4443 (7 February). Later, after low volatility, the currency reached its half-year low at 7.4372 (8 April). At the end of the reporting period, it moved laterally to close at 7.4392, in line with the half-yearly average rate of 7.4402.

In the East, the **Japanese yen** began the reporting period at around 130.00, moved in a lateral channel and subsequently appreciated to a half-yearly low of 125.5500 (7 March). The currency then reported a strong and sharp depreciation, driving the rate to the high for the period of 143.9300 (9 June). At the end of the first half of the year, it slightly depreciated, closing at 141.5400, above the half-yearly average rate of 134.2987.

The **Chinese yuan/renminbi** opened the half-year at above 7.20 and then depreciated in mid-January. It then appreciated falling under 7.10. Subsequently, the yuan depreciated again, driving the rate to the high for the period of 7.2923 (4 February). As of February, the currency appreciated sharply, reaching the low for the period of 6.8805 (8 March). The subsequent depreciation of the currency was followed by a new appreciation around mid-April. The final phase of the half-year saw a depreciating trend until the beginning of June, exceeding 7.1500. The currency then appreciated slightly closing at 6.9624, a value below the average rate for the period of 7.0827.

The **Indian rupee** opened the half-year at above 84.00, to then witness an appreciation followed by a strong depreciation to the period high of 85.9373 (10 February). Subsequently, the currency appreciated again sharply and rapidly, until the end of April, reaching the period low on 28 April at 80.3670. At the end of the first half of the year, the rupee depreciated, closing at 82.1130, below the period average rate of 83.3248.

In the Americas, the **Brazilian real** opened the reporting period at its high for the period of 6.4420 on 6 January. Subsequently,



the currency showed a sharp and constant appreciation, reaching the half-year low of 5.0261 on 19 April. Subsequently, the currency depreciated slightly, returning above 5.4000, and closed at 5.4229, below the half-year average rate of 5.5578.

The **Mexican peso** opened the half-year at around 23.20 and then moved into a lateral phase. In early February, it depreciated, driving the rate up to the high for the period of 23.5856 (4 February). The currency then constantly appreciated, driving the rate down to its low rate for the period of 20.8285 on 10 June. At the end of the period, the peso

depreciated slightly, closing at 20.9641, below the half-yearly average rate of 22.1747.

The **Russian rouble** opened the reporting period at around 84.5000, moving in a lateral phase until mid-February; subsequently, the currency depreciated sharply and rapidly, reaching the period high at 145.9011 (8 March). After a lateral phase, the currency appreciated equally sharply until reaching the half-year low of 55.1005 (28 June), and then closed the period at 57.0640, a value below the period average rate of 87.1679.

Group Activities and Reference Market

Brembo is the world leader and acknowledged innovator of the brake disc technology for automotive vehicles. It currently operates in 15 countries on 3 continents, through its production and business sites, and employs over 12,000 people worldwide. Manufacturing plants are located in Italy, Poland (Częstochowa, Dąbrowa Górnicza, Niepołomice), the United Kingdom (Coventry), the Czech Republic (Ostrava-Hrabová), Germany (Meitingen), Denmark (Svendborg), Spain (Barcelona), Mexico (Apodaca and Escobedo), Brazil (Betim), China (Nanjing, Langfang, Jiaying), India (Pune) and the United States (Homer). Other companies located in Spain (Zaragoza), Sweden (Göteborg), Germany (Leinfelden-Echterdingen), China (Qingdao), Japan (Tokyo) and Russia (Moscow) carry out distribution and sales activities. Brembo's reference market is represented by the most important manufacturers of cars, motorbikes, commercial vehicles and racing cars and motorbikes. Constant focus on innovation, as well as technological and process development — factors that have always been fundamental to Brembo's philosophy — have earned the Group a strong international leadership position

in the research, design and production of high-performance braking systems for a wide range of road and racing vehicles. Brembo operates in both the original equipment market and the aftermarket. Brembo's range of products for car and commercial vehicle applications includes brake discs, brake calipers, the side-wheel module and, increasingly often, the complete braking system, including integrated engineering services. All of these back the development of new models produced by vehicle manufacturers. In addition to brake discs and brake calipers, motorbike manufacturers are also offered brake master cylinders, light-alloy wheels, brake hoses and complete braking systems. In the car aftermarket, Brembo offers in particular brake discs, in addition to pads, drums, brake shoes, drum-brake kits and hydraulic components: a vast and reliable range of products allows the Company to meet the needs of nearly all European vehicles.

In the first half of 2022, Brembo's consolidated net sales amounted to €1,746,471 thousand, up by 28.3% compared to €1,360,789 thousand for the same period of 2021.



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

Passenger Cars



In the first five months of 2022, the global light vehicle market showed a 10.3% decline in sales compared to the same period of 2021.

The Western European market (EU14+EFTA+ United Kingdom) closed the first five months of 2022 with a -12.9% decrease in car registrations compared to the same five months of 2021. All the main markets closed with a negative sign: -9.3% in Germany, -16.9% in France, -24.3% in Italy, -8.7% in the United Kingdom and -11.5% in Spain. The trend was also negative in Eastern Europe (EU12), with car registrations down by 7.2% compared to the first five months of 2021. In Russia, light vehicle registrations closed the first five months of 2022 down by 52.0% compared to the same period of the previous year.

In the United States, the first five months of 2022 showed a decline, with light vehicle sales falling by 19.2% overall compared to the same period of 2021. In the reporting period, Brazil and Argentina also reported an overall 15.4% decrease in sales (-18.1% for Brazil and -1.5% for Argentina).

In Asian markets, China closed the first five months of 2022 on a negative note with light vehicle sales down -8.1% compared to the same period of 2021. Japan also closed the reporting period negatively, with a 16.2% decline in sales.

Within this scenario, Brembo's net sales of car applications in the first half of 2022 amounted to €1,251,236 thousand, accounting for 71.6% of the Group's turnover, up by 27.6% compared to €980,611 thousand for 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 — where the top markets in terms of motorbike registrations are Italy, Germany, France, Spain and the United Kingdom — registrations increased by 7.0% in the first five months of 2022 compared to the same period of 2021. Sales of motorbikes and scooters in Italy decreased by 2.7% compared to the same period of 2021 (motorbikes: +8.7%; motorbikes with displacements over 500cc alone: -8.0%; scooters: -12.3%).

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 three months of 2022 compared to the same period of 2021. ATVs alone decreased by 21.4%, while motorbikes and scooters together increased by 2.3%.

In the first five months of 2022, the Japanese market showed a 2.0% increase, considering displacements over 50cc overall, whereas the figure for motorbikes with displacements over 125cc alone was +28.0%.

The Indian market (motorbikes and scooters) increased by 1.0% in the first five months of 2022, whereas Brazil reported a 25.6% growth in registrations.

Brembo's net sales of motorbike applications amounted to €238,464 thousand in the first half of 2022, up by 44.3% (12.2% on a like-for-like consolidation basis) compared to €165,243 thousand for the same period of 2021.



Commercial and Industrial Vehicles



In the first five months of 2022, the European commercial vehicles market (EU+EFTA+United Kingdom) — Brembo's reference market — showed a 19.8% decrease in registrations compared to the same period of 2021.

In detail, sales of light commercial vehicles (up to 3.5 tonnes) declined overall by 23.5% in Europe. All the main European markets by sales volume declined in the first five months of 2022: -19.8% in Germany, -24.9% in France, -36.1% in Spain, -8.9% in Italy and -25.0% in the UK.

The segment of medium and heavy commercial vehicles (over 3.5 tonnes) also decreased in Europe in the first five months of 2022, closing at -3.8% compared to the same period of the previous year. Among the main European markets by sales volume, a downtrend was reported by Germany (-8.3%), Italy (-2.2%) and the UK (-6.7%), whereas France and Spain showed a slight increase (+0.8% and +1.5%, respectively).

In the first half of 2022, Brembo's net sales of applications in this segment amounted to €174,126 thousand, up by 17.4% compared to €148,366 thousand for the first half 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 half of 2022, Brembo's net sales of applications in this segment amounted to €82,488 thousand, up by 24.2% compared to €66,389 thousand for the first half of 2021.



Sales Breakdown by Geographical Area and Application

Geographical area

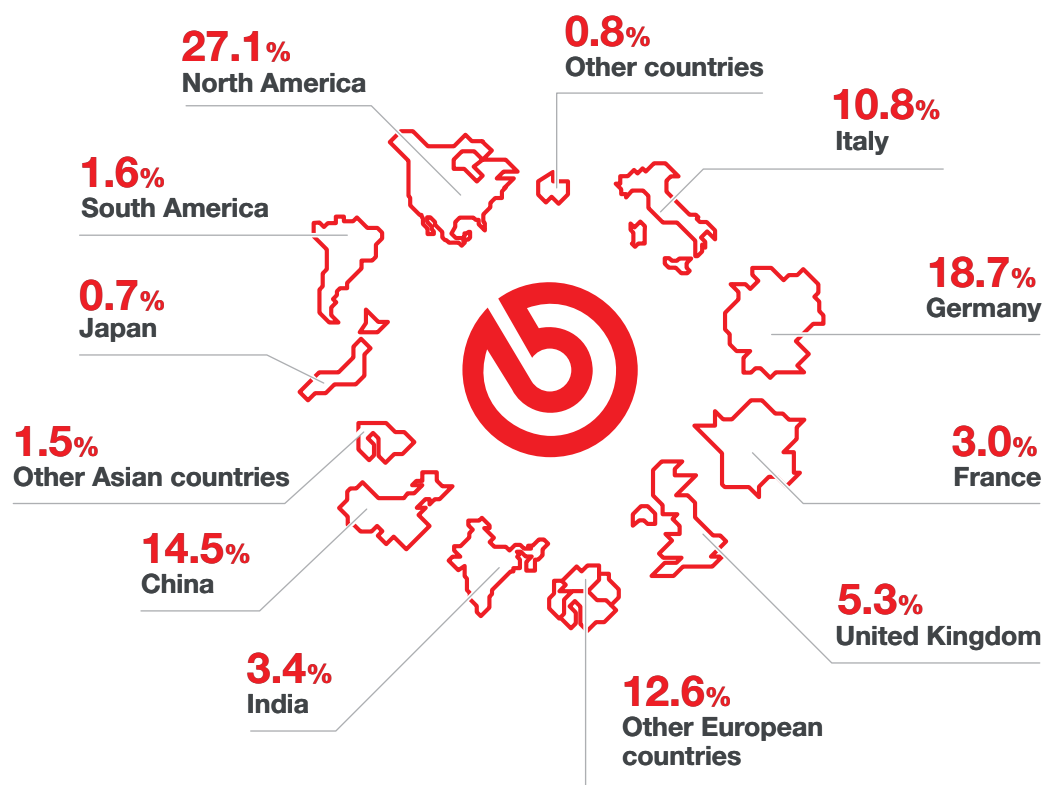
(euro thousand)	30.06.2022	%	30.06.2021	%	Change	%
Italy	189,434	10.8%	163,488	12.0%	25,946	15.9%
Germany	326,666	18.7%	256,277	18.8%	70,389	27.5%
France	52,050	3.0%	47,265	3.5%	4,785	10.1%
United Kingdom	92,472	5.3%	95,774	7.0%	(3,302)	-3.4%
Other European countries	219,719	12.6%	167,183	12.3%	52,536	31.4%
India	61,010	3.4%	46,606	3.4%	14,404	30.9%
China	253,314	14.5%	203,370	14.9%	49,944	24.6%
Japan	11,676	0.7%	15,693	1.2%	(4,017)	-25.6%
Other Asian countries	26,462	1.5%	22,239	1.6%	4,223	19.0%
South America (Argentina and Brazil)	27,517	1.6%	18,987	1.4%	8,530	44.9%
North America (USA, Mexico and Canada)	471,830	27.1%	314,966	23.2%	156,864	49.8%
Other countries	14,321	0.8%	8,941	0.7%	5,380	60.2%
Total	1,746,471	100.0%	1,360,789	100.0%	385,682	28.3%

Application

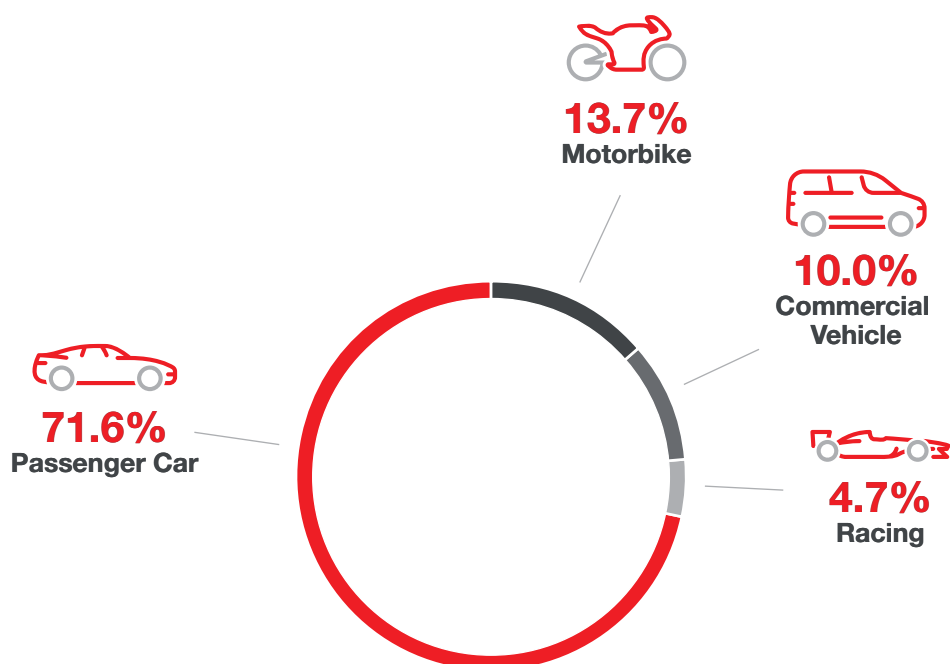
(euro thousand)	30.06.2022	%	30.06.2021	%	Change	%
Passenger Car	1,251,236	71.6%	980,611	72.1%	270,625	27.6%
Motorbike	238,464	13.7%	165,243	12.1%	73,221	44.3%
Commercial Vehicle	174,126	10.0%	148,366	10.9%	25,760	17.4%
Racing	82,488	4.7%	66,389	4.9%	16,099	24.2%
Miscellaneous	157	0.0%	180	0.0%	(23)	-12.8%
Total	1,746,471	100.0%	1,360,789	100.0%	385,682	28.3%



Sales Breakdown by Geographical Area



Sales Breakdown by Application





Digital transformation.

At the company's core, a constant flow of data to continue our journey and go far.

A new way of managing projects and processes.

Collecting, analysing and interpreting to anticipate the future, instinctively.



Brembo's Consolidated Results

Consolidated Statement of Income

(euro thousand)	30.06.2022	30.06.2021	Change	%
Revenue from contracts with customers	1,746,471	1,360,789	385,682	28.3%
Cost of sales, operating costs and other net charges/income (*)	(1,148,520)	(843,893)	(304,627)	36.1%
Income (expense) from non-financial investments	9,136	7,641	1,495	19.6%
Personnel expenses	(301,749)	(254,322)	(47,427)	18.6%
GROSS OPERATING INCOME	305,338	270,215	35,123	13.0%
% on revenue from contracts with customers	17.5%	19.9%		
Depreciation, amortisation and impairment losses	(117,826)	(104,418)	(13,408)	12.8%
NET OPERATING INCOME	187,512	165,797	21,715	13.1%
% on revenue from contracts with customers	10.7%	12.2%		
Net interest income (expense) and interest income (expense) from investments	10,737	2,440	8,297	340.0%
RESULT BEFORE TAXES	198,249	168,237	30,012	17.8%
% on revenue from contracts with customers	11.4%	12.4%		
Taxes	(48,981)	(41,369)	(7,612)	18.4%
Result from discontinued operations	(150)	(95)	(55)	57.9%
RESULT BEFORE MINORITY INTERESTS	149,118	126,773	22,345	17.6%
% on revenue from contracts with customers	8.5%	9.3%		
Minority interests	(190)	165	(355)	-215.2%
NET RESULT	148,928	126,938	21,990	17.3%
% on revenue from contracts with customers	8.5%	9.3%		
Basic and diluted earnings per share (in euro)	0.46	0.39		

(*) The item is obtained by adding the following items of the Consolidated Statement of Income: "Other revenues and income", "Costs for capitalised internal works", "Raw materials, consumables and goods" and "Other operating costs".



In the first half of 2022, Brembo's net sales amounted to €1,746,471 thousand, marking a 28.3% increase compared to the first half of 2021. On a like-for-like consolidation basis — thus excluding the contribution of the J.Juan Group from the results for the first half of 2022 — Group's sales grew by 24.4%.

The car applications sector, which accounted for 71.6% of the Group's sales, closed the first half of 2022 with a 27.6% increase compared to the same period of the previous year. Similarly, all other applications sharply recovered compared to the first half of 2021: applications for commercial vehicles closed at +17.4%, motorbike applications at +44.3% (+12.2% on a like-for-like consolidation basis), and racing applications at +24.2%.

At geographical level, and with specific reference to Europe, Germany grew by 27.5% compared to the first half of 2021. Nearly all the other European countries reported positive results, with Italy up by 15.9% and France by 10.1%, whilst the United Kingdom declined by 3.4%. Sales also rose by 49.8% in North America and by 44.9% in South America. In the Far East, China grew by 24.6% and India by 30.9%, whereas Japan posted a 25.6% decrease.

In the first half of 2022, the **cost of sales and other net operating costs** amounted to €1,148,520 thousand, with a 65.8% ratio to sales, up compared to 62.0% for the first half of 2021. Within this item, development costs capitalised under intangible assets amounted to €11,343 thousand compared to €11,547 thousand for the first half of the previous year.

Income (expense) from non-financial investments amounted to €9,136 thousand and was attributable to the effects of valuing the investment in the BSCCB Group using the equity method (€7,641 thousand in the first half of 2021).

Personnel expenses amounted to €301,749 thousand, with a ratio to sales of 17.3%, decreasing compared to that of the same period of the previous year (18.7%). At 30 June 2022, workforce numbered 12,797 (12,225 at 31 December 2021 and 11,402 at 30 June 2021); the average workforce for the period amounted to 12,637 (11,400 for the first half of 2021).

Gross operating income was €305,338 thousand compared to €270,215 thousand for the first half of 2021, with a ratio to sales of 17.5% (19.9% for the same period of 2021).

Net operating income amounted to €187,512 thousand (10.7% of sales), compared to €165,797 thousand (12.2% of sales) for the first half of 2021, after depreciation, amortisation and impairment losses of €117,826 thousand, compared to depreciation, amortisation and impairment losses amounting to €104,418 thousand for the same period of 2021.

Net interest income amounted to €2,933 thousand (net interest expense was €1,471 thousand in the first half of 2021) and consisted of net exchange rate gains of €8,950 thousand (gains of €3,807 thousand in the first half of 2021) and interest expense of €6,017 thousand (€5,278 thousand for the same period of 2021).

Net interest income from investments, which amounted to €7,804 thousand (€3,911 thousand in the first half of 2021), was attributable to the effects of valuing investments in associates using the equity method and dividends received by investees not included in the consolidation area.

Result before taxes was positive at €198,249 thousand, compared to €168,237 thousand in the first half of 2021. Based on the tax rates applicable under current tax regulations in force in each country, estimated taxation amounted to €48,981 thousand, with a tax rate of 24.7% compared to 24.6% for the same period of the previous year.

The **result from discontinued operations** was negative for €150 thousand (€95 thousand in the first half of 2021) and 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 first half of 2022 amounted to €148,928 thousand (8.5% of sales), up compared to €126,938 thousand for the first half of 2021 (9.3% of sales).



Statement of Financial Position

(euro thousand)	30.06.2022	31.12.2021	Change
Property, plant and equipment	1,307,428	1,274,733	32,695
Intangible assets	302,336	297,319	5,017
Financial assets/liabilities	299,901	365,352	(65,451)
Other receivables and non-current liabilities	93,193	92,845	348
Fixed capital	2,002,858	2,030,249	(27,391)
			1.3%
Inventories	631,200	482,924	148,276
Trade receivables	688,919	468,222	220,697
Other receivables and current assets	132,555	136,162	(3,607)
Current liabilities	(914,152)	(802,011)	(112,141)
Provisions/deferred taxes	(90,206)	(84,144)	(6,062)
Hedging assets/liabilities	(30)	(29)	(1)
Net working capital	448,286	201,124	247,162
			122.9%
Net invested capital from discontinued operations	(67)	(79)	12
NET INVESTED CAPITAL	2,451,077	2,231,294	219,783
			9.9%
Equity	1,837,958	1,796,120	41,838
Employees' leaving entitlement and other personnel provisions	18,561	23,992	(5,431)
Medium/long-term financial debt	681,157	721,639	(40,482)
Short-term net financial debt	(86,056)	(309,802)	223,746
Net financial debt	595,101	411,837	183,264
			44.5%
Net financial debt from discontinued operations	(543)	(655)	112
COVERAGE	2,451,077	2,231,294	219,783
			9.9%



The Group's Statement of Financial Position reflects reclassifications of consolidated accounting statements, as described in the following pages. In detail:

- "Net financial assets" include the following items: "Investments" and "Other financial assets";
- the item "Other receivables and non-current liabilities" is made up of the following items: "Receivables and other non-current assets", "Deferred tax assets" and "Other non-current liabilities";
- "Net financial debt" includes current and non-current payables to banks and other financial liabilities (including lease liabilities), net of cash and cash equivalents and current financial assets.

Net Invested Capital at the end of the first half of 2022 amounted to €2,451,077 thousand, up by €219,783 thousand compared to €2,231,294 thousand at 31 December 2021.

Net financial debt at 30 June 2022 was €595,101 thousand, compared to €411,837 thousand at 31 December 2021. The €183,264 thousand increase for the period was mainly attributable to the combined effect of the following factors:

- the positive effect of gross operating income of €305,338 thousand, with a €258,415 thousand decrease in working capital;
- net investments totalling €121,550 thousand;
- payment of taxes totalling €37,366 thousand;
- the Parent's payment of the approved dividends in the amount of €87,139 thousand;
- dividends received by the investees not included in the consolidation area amounting to €7,692 thousand.

The Explanatory Notes to the Condensed Consolidated Six Monthly Financial Report provide detailed information on the financial position and its assets and liabilities items.



Statement of Cash Flows

(euro thousand)	30.06.2022	30.06.2021
NET FINANCIAL POSITION AT BEGINNING OF PERIOD (*)	(411,837)	(384,677)
Net operating income	187,512	165,797
Depreciation, amortisation and impairment losses	117,826	104,418
Gross operating income	305,338	270,215
Investments in property, plant and equipment	(96,554)	(77,513)
Investments in right of use assets	(8,794)	(7,712)
Investments in intangible assets	(16,761)	(17,267)
Investments in financial assets	(61)	(130)
Disposals	559	2,589
Amounts (paid)/received for the acquisition/disposal of subsidiaries, net of the net financial position	0	(39,031)
Net investments	(121,611)	(139,064)
Change in inventories	(157,880)	(101,379)
Change in trade receivables	(221,645)	(103,835)
Change in trade payables	133,519	65,950
Change in other liabilities	(26,130)	(3,666)
Change in receivables from others and other assets	7,508	29
Translation reserve not allocated to specific items	6,213	7,840
Change in working capital	(258,415)	(135,061)
Change in provisions for employee benefits and other provisions	19,940	2,611
Operating cash flows	(54,748)	(1,299)
Interest income and expense	10,824	2,550
Result from discontinued operations	(150)	(95)
Current taxes paid	(37,366)	(34,168)
Dividend paid in the period to minority shareholders	(800)	(640)
Interest (income)/expense from investments, net of dividends received	(9,076)	(2,621)
Dividends paid in the period	(87,139)	(70,346)
Net cash flows	(178,455)	(106,619)
Effect of translation differences on net financial position	(4,809)	(5,640)
NET FINANCIAL POSITION AT END OF PERIOD (*)	(595,101)	(496,936)

(*) See Note 13 of the Explanatory Notes to the Consolidated Financial Statements for a reconciliation with financial statements data.



Alternative Performance Measures

Brembo's Directors have identified some alternative performance measures ("APMs") in the previous paragraphs, in order to provide a better understanding of the Brembo Group's operating and financial performance. These indicators are also tools that help the Directors to identify operating trends and take decisions about investments, allocation of resources and other operating decisions.

The following points enable a correct interpretation of the above-mentioned APMs:

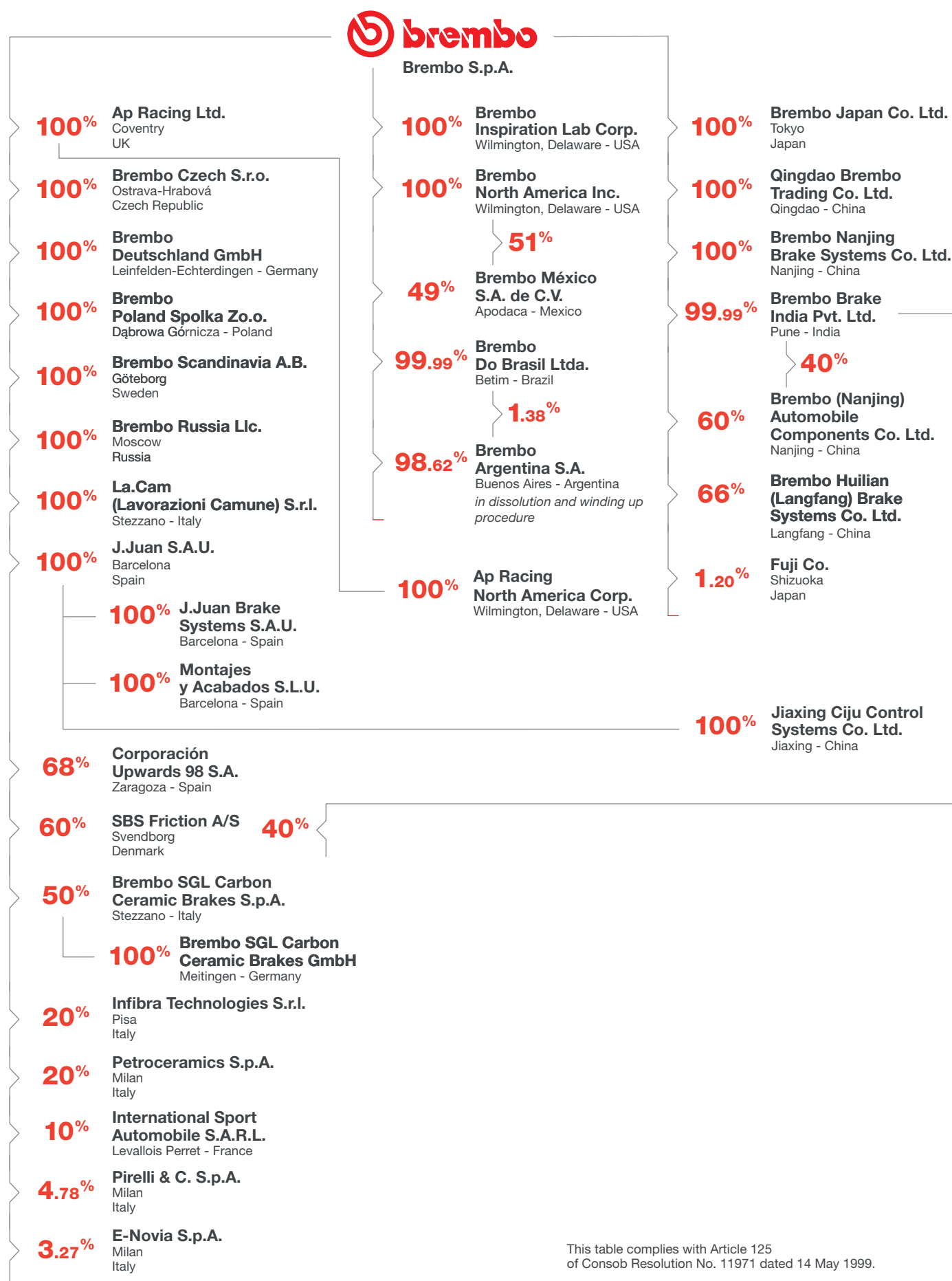
1. these indicators are constructed starting from the Group's historical data only and are not indicative of the Group's future performance;
2. the APMs are not laid down by the IFRS and are not subject to audit, although they are taken from the Group's Consolidated Financial Statements;
3. the APMs must not be considered to replace the indicators provided for by the IFRS;
4. the APMs are to be read together with the Group's financial information, taken from the Brembo Group's Consolidated Financial Statements;
5. the definitions used by the Group may not match those adopted by other companies/groups, and therefore they are not comparable, since they are not derived from reference accounting standards;
6. the APMs used by the Group are applied on an ongoing basis and are consistently defined and represented for all the periods for which financial information is included in these Financial Statements.

The APMs indicated below have been selected and represented in the Directors' Report on Operations since the Group deems that:

- Net Financial Debt, combined with other indicators such as Investments/Revenue from contracts with customers, Net Financial Debt/Equity, Net interest expense (less exchange gains or losses)/Revenue from contracts with customers and Net interest expense (less exchange gains or losses)/Net operating income, allow a better assessment of the overall level of debt, capital solidity and debt payment capacity;
- Fixed Capital — and thus net investments in property, plant, equipment and intangible assets, calculated as the sum total of increases (net of decreases) of property, plant and equipment (including the right of use assets) and intangible assets — Net Working Capital, and Net Invested Capital allow a better assessment of both the ability to meet short-term trade commitments through current trade assets, and the consistency between the structure of the use and that of the sources of financing over time;
- Gross Operating Income (EBITDA) and Net Operating Income (EBIT), combined with other relative profitability indicators, allow changes in operating performance to be illustrated and provide useful information on the Group's capacity to sustain the debt; these indicators are also commonly used by analysts and investors in the sector to which the Group belongs, to evaluate company performance.



Group Structure



This table complies with Article 125 of Consob Resolution No. 11971 dated 14 May 1999.





Performance of Brembo Companies

The following figures were taken from the financial statements at 30 June 2022 prepared by the companies in accordance with IAS/IFRS and approved by the respective Boards of Directors.

Brembo S.p.A.

Curno (Italy)



Activities: analysis, design, development, application, production, assembly and sale of braking systems, light alloy castings for various sectors, including the car and motorbike industries.

The first half of 2022 ended with revenues from contracts with customers of €596,105 thousand compared to €520,907 thousand for the first half of 2021. The item "Other revenues and income" amounted to €26,724 thousand compared to €21,019 thousand for the same period of 2021, whereas capitalised development costs in the half-year totalled €8,388 thousand compared to €9,424 thousand for the same period of the previous year.

Gross operating income was €97,069 thousand (16.3% of sales)

compared to €93,303 thousand (17.9% of sales) for the first half of 2021. Net operating income, after depreciation, amortisation and impairment losses of property, plant, equipment and intangible assets amounting to €33,202 thousand, closed at €63,867 thousand compared to €62,127 thousand for the same period of the previous year.

Net interest expense from financing activities amounted to €290 thousand compared to €1,407 thousand for the first half of 2021. Income from investments totalled €14,618 thousand and was attributable to the distribution of dividends by some subsidiaries. In addition, a provision for current taxes and deferred tax assets and liabilities was made in the amount of €17,504 thousand. In the reporting period, net income amounted to €60,691 thousand compared to €51,787 thousand for the same period of 2021.

At 30 June 2022, workforce numbered 3,121, increasing by 59 compared to 3,062 at the end of the first half of 2021.

Companies Consolidated on a Line-by-Line Basis

AP Racing Ltd.

Coventry (United Kingdom)



Activities: production and sale of braking systems and clutches for road and racing vehicles.

AP Racing is the market leader in the production of brakes and clutches for racing cars and motorbikes.

The company designs, assembles and sells cutting-edge, high-tech products throughout the world for the main F1, GT, Touring

and Rally teams. It also produces and sells original equipment brakes and clutches for prestige car manufacturers.

Net sales for the first half of 2022 amounted to GBP 23,790 thousand (€28,248 thousand) compared to GBP 21,735 thousand (€25,027 thousand) for the first half of 2021. In the reporting period, net income amounted to GBP 1,883 thousand (€2,236 thousand), compared to GBP 2,144 thousand (€2,468 thousand) for the same period of 2021.

At 30 June 2022, workforce numbered 149, ten more than at the end of June 2021.



AP Racing North America Corp.

Wilmington, Delaware (USA)

**Activities: technical and sales services on the US market.**

Established in 2022 and wholly controlled by AP Racing Ltd., 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.

The company did not generate sales at 30 June 2022, whilst reporting a net loss of USD 13 thousand (€12 thousand).

Brembo Brake India Pvt. Ltd.

Pune (India)

**Activities: development, production and sale of braking systems for motorbikes.**

The company is based in Pune, India, and was originally set up in 2006 as a joint venture held in equal stakes by Brembo S.p.A. and the Indian company Bosch Chassis Systems India Ltd. Since 2008, the company has been wholly owned by Brembo S.p.A.

In the first half of 2022, net sales amounted to INR 5,817,222 thousand (€69,814 thousand), with a net income of INR 546,323 thousand (€6,557 thousand). In the same period of 2021, net sales had totalled INR 5,094,754 thousand (€57,601 thousand), with a net income of INR 535,434 thousand (€6,054 thousand). At 30 June 2022, workforce numbered 1,057 compared to 938 at the end of the first half of 2021.

Brembo Czech S.r.o.

Ostrava-Hrabová (Czech Republic)

**Activities: casting, production and sale of braking systems for cars.**

The company was formed in 2009 and started its production activity in 2011. It carries out the casting, processing and assembly of brake calipers and other aluminium components. In the first half of 2022, net sales amounted to CZK 3,443,816 thousand (€139,786 thousand) compared to CZK 2,853,882 thousand (€110,380 thousand) in the first half of 2021. Net loss for the reporting period was CZK 122,709 thousand (€4,981 thousand) compared to a net loss of CZK 18,088 thousand (€700 thousand) for the first half of 2021.

At 30 June 2022, workforce numbered 976 compared to 996 at the end of the first half of 2021.

Brembo Deutschland GmbH

Leinfelden-Echterdingen (Germany)

**Activities: purchase and resale of vehicles, technical and sales services, as well as promotion of the sale of car brake discs.**

The company, which is 100% owned by Brembo S.p.A., was formed in 2007. It specialises in buying cars for tests and encouraging and simplifying communications between Brembo and its German customers in the various phases of project planning and management. It also promotes the sale of brake discs for the car aftermarket only.

At 30 June 2022, net sales amounted to €1,618 thousand (€1,298 thousand for the first half of 2021), with a net income of €681 thousand (€523 thousand for the first half of 2021). Workforce numbered nine, one more than at the end of June 2021.



Brembo Do Brasil Ltda.

Betim (Brazil)



Activities: production and sale of brake discs for the original equipment market.

The company is headquartered in Betim, Minas Gerais, and specialises in the manufacturing and sale of car brake discs in the South American OEM market.

Net sales for the first half of 2022 amounted to BRL 143,550 thousand (€25,828 thousand), with a net income of BRL 6,114 thousand (€1,100 thousand). In the same period of 2021, net sales had amounted to BRL 113,683 thousand (€17,512 thousand), with a net income of BRL 10,894 thousand (€1,678 thousand).

At 30 June 2022, workforce numbered 200 compared to 219 at the same date of the previous year.

Brembo Huilian (Langfang) Brake Systems Co. Ltd.

Langfang (China)



Activities: casting, production and sale of brake discs for the original equipment market.

In 2016, Brembo S.p.A. acquired a 66% stake in Brembo Huilian (Langfang) Brake Systems Co. Ltd. (formerly Asimco Meilian Braking Systems (Langfang) Co. Ltd.), a Chinese company that owns a foundry and a plant for the manufacturing of cast-iron brake discs. This company supplies local car manufacturers, mainly including joint ventures among Chinese firms and European and U.S. top players. The remaining 34% of the share capital continued to be owned by the public company Langfang Assets Operation Co. Ltd., controlled by the Municipality of Langfang.

Net sales for the first half of 2022 amounted to CNY 241,087 thousand (€34,039 thousand) and net income to CNY 2,754 thousand (€389 thousand). In the first half of 2021, net sales had amounted to CNY 252,501 thousand (€32,380 thousand) and net loss had been CNY 2,039 thousand (€261 thousand). At 30 June 2022, workforce numbered 517 compared to 578 for the first half of 2021.

Brembo Inspiration Lab Corp.

Wilmington, Delaware (USA)



Activities: strengthening expertise in software development, data science and artificial intelligence.

The company — Brembo's first centre of excellence — is based in the Silicon Valley (California, USA). It is an experimental lab mainly focused on strengthening the Company's expertise in software development, data science and artificial intelligence for the benefit of the development of Brembo's future braking solutions. The new centre of excellence will also be a point of reference for the technological and commercial development of Brembo's relationships with customers in the Silicon Valley. Net sales for the first half of 2022 — entirely to the Parent — amounted to USD 480 thousand (€439 thousand), with a net income of USD 7 thousand (€7 thousand). At 30 June 2022, workforce numbered 3.

Brembo Japan Co. Ltd.

Tokyo (Japan)



Activities: sale of braking systems for the racing sector and original equipment for cars.

Brembo Japan Co. Ltd. is Brembo's commercial company that handles the Japanese racing market. Through the Tokyo office, it provides primary technical support to the OEM customers in the area. It also renders services to the other Brembo Group companies operating in Japan.

Net sales for the first half of 2022 amounted to JPY 534,923 thousand (€3,983 thousand) compared to JPY 417,699 thousand (€3,218 thousand) for the first half of 2021. Net income for the reporting period was JPY 61,968 thousand (€461 thousand) compared to JPY 61,488 thousand (€474 thousand) for the first half of 2021.

At 30 June 2022, workforce totalled 25 employees, five more than in the first half of 2021.



Brembo México S.A. de C.V.

Apodaca (Mexico)



Activities: casting, production and sale of braking systems for cars and commercial vehicles and car brake discs for original equipment and the aftermarket.

As a result of the merger with Brembo México Apodaca S.A. de C.V. in 2010, the company is now 51% owned by Brembo North America Inc. and 49% owned by Brembo S.p.A.

In the first half of 2022, net sales amounted to USD 248,274 thousand (€226,947 thousand), with a net income of USD 19,330 thousand for the period (€17,670 thousand). In the first half of 2021, net sales had amounted to USD 172,010 thousand (€142,668 thousand), with net income for the period totalling USD 9,526 thousand (€7,901 thousand).

At 30 June 2022, workforce numbered 1,774, increasing compared to 1,350 at the same date of the previous year.

Brembo (Nanjing) Automobile Components Co. Ltd.

Nanjing (China)



Activities: casting, processing and assembly of braking systems for cars and commercial vehicles.

The company, which is 60% owned by Brembo S.p.A. and 40% owned by Brembo Brake India Pvt. Ltd., was set up in 2016 and carries out casting, processing and assembly of braking systems for cars and commercial vehicles.

In the first half of 2022, net sales amounted to CNY 732,915 thousand (€103,479 thousand), with a net income of CNY 95,744 thousand (€13,518 thousand); in the first half of 2021, net sales had amounted to CNY 615,190 thousand (€78,890 thousand) and net income had been CNY 75,626 thousand (€9,698 thousand).

At 30 June 2022, workforce numbered 456 compared to 344 at the same date of the previous year.

Brembo Nanjing Brake Systems Co. Ltd.

Nanjing (China)



Activities: development, production and sale of OEM brake discs for cars.

The company, a joint venture between Brembo S.p.A. and the Chinese group Nanjing Automobile Corp., was formed in 2001. The Brembo Group acquired control over the company in 2008. In 2013, the Brembo Group acquired full control from the Chinese partner Donghua Automotive Industrial Co. Ltd. In 2017, the merger of Brembo Nanjing Foundry Co. Ltd. into Brembo Nanjing Brake Systems Co. Ltd. became effective. The transaction aimed at developing an integrated industrial hub, including foundry and manufacture of brake discs for the car OEM.

At 30 June 2022, net sales amounted to CNY 574,476 thousand (€81,109 thousand) and net income was CNY 49,588 thousand (€7,001 thousand); in the first half of 2021, net sales had amounted to CNY 577,617 thousand (€74,072 thousand) and net income had been CNY 81,305 thousand (€10,426 thousand). At 30 June 2022, workforce numbered 587 compared to 554 at the end of the first half of 2021.

Brembo North America Inc.

Wilmington, Delaware (USA)



Activities: development, casting, production and sale of brake discs for car original equipment and the aftermarket, and braking systems for cars, motorbikes and the racing sector.

Brembo North America Inc. is based in Homer, Michigan. It produces and sells OEM and aftermarket brake discs, as well as high-performance car braking systems. A Research and Development Centre has been operating at the facility in Plymouth (Michigan) since 2010 to develop and market new solutions in terms of materials and designs for the U.S. market. At 30 June 2022, net sales amounted to USD 228,219 thousand (€208,615 thousand); in the same period of the previous year, net sales had amounted to USD 178,113 thousand (€147,730 thousand). Net income was USD 7,226 thousand (€6,605 thousand) at 30 June 2022, compared to net income of



USD 11,143 thousand (€9,242 thousand) for the first half of 2021. At the end of the period, workforce numbered 659, an increase of 10 compared to the end of the first half of 2021.

Brembo Poland Spolka Zo.O.

Dąbrowa-Górnica (Poland)



Activities: development, casting, production and sale of brake discs and braking systems for cars and commercial vehicles.

The company produces OEM braking systems for cars and commercial vehicles in the Częstochowa plant. In the Dąbrowa-Górnica plant, it has a foundry for the production of cast-iron discs destined for use in its own production plant or by other Group companies. The Niepolomice plant processes steel disc hats to be assembled onto the light discs manufactured at the Group's plants located in China, in the United States, and in the Dąbrowa-Górnica plant as well.

Net sales amounted to PLN 1,472,645 thousand (€317,869 thousand) in the first half of 2022 compared to PLN 1,116,915 thousand (€246,204 thousand) in the first half of 2021. Net income at 30 June 2022 was PLN 113,046 thousand (€24,401 thousand) compared to a net income of PLN 115,056 thousand (€25,362 thousand) for the same period of the previous year.

At the end of the period, workforce numbered 2,239, increasing compared to 2,182 at the end of the first half of 2021.

Brembo Russia LLC.

Moscow (Russia)



Activities: promotion of the sale of car brake discs.

Founded in July 2014, the Moscow-based company is wholly owned by Brembo S.p.A. It deals with promoting the sale of car brake discs for the aftermarket only.

In the first half of 2022, net sales amounted to RUB 19,740 thousand (€226 thousand) and net loss was RUB 16,611 thousand (€191 thousand); in the first half of 2021, net sales had amounted to RUB 48,085 thousand (€537 thousand) and net income had been RUB 13,028 thousand (€145 thousand).

At 30 June 2022, workforce numbered 3, unchanged compared to the same period of the previous year.

Brembo Scandinavia A.B.

Göteborg (Sweden)



Activities: promotion of the sale of car brake discs.

The company promotes the sale of brake discs for the car sector, destined exclusively for the aftermarket.

Net sales for the period amounted to SEK 5,200 thousand (€496 thousand), with a net income of SEK 2,048 thousand (€196 thousand), compared to net sales of SEK 5,038 thousand (€497 thousand) and net income of SEK 2,223 thousand (€219 thousand) for the first half of 2021.

At 30 June 2022, workforce numbered 2, unchanged compared to 30 June 2021.

Corporación Upwards '98 S.A.

Zaragoza (Spain)



Activities: sale of brake discs and drums for cars, distribution of the brake shoe kits and pads.

The company carries out sales activities exclusively for the aftermarket.

Net sales amounted to €16,358 thousand in the first half of 2022, compared to €14,670 thousand in the first half of 2021.

Net income was €1,229 thousand compared to a net income of €809 thousand in the first six months of 2021.

At 30 June 2022, workforce numbered 65, two less than at the end of June 2021.

J.Juan Group

Barcelona (Spain)



Activities: development, production and sale of braking systems for motorbikes.

On 28 April 2021, Brembo signed an agreement for the acquisition of a 100% stake in the J.Juan Group, a Spanish company specialising in the development and production of motorbike braking systems. Founded in 1965, J.Juan is based in Gavà (Barcelona) and has three plants in Spain and one in China, manufacturing especially brake hoses. On 4 November 2021, Brembo finalised the acquisition of J.Juan, with a total outlay for the transaction of €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 2022. Net sales amounted to €53,069 thousand in the first half of 2022, while the net income was €5,889 thousand. At 30 June 2022, the J.Juan Group's workforce numbered 628.

La.Cam (Lavorazioni Camune) S.r.l.

Stezzano (Italy)



Activities: precision mechanical processing, lathe work, mechanical component production and similar activities, on its own account or on behalf of third parties.

The company was incorporated by Brembo S.p.A. in 2010. In the same year, it leased from an important Group's supplier two companies specialising in processing aluminium, steel and cast-iron pistons for brake calipers intended for use in the car, motorbike and industrial vehicle sectors, and in the production of other types of components, including small high-precision metallic parts and bridges for car brake calipers, as well as aluminium caliper supports for the motorbike sector, chiefly produced for the Brembo Group. In 2012, La.Cam. acquired the business units of both companies.

Net sales — almost entirely to Brembo Group companies — amounted to €27,150 thousand in the first half of 2022, with a net income of €1,831 thousand. In the same period of the previous year, net sales had been €22,295 thousand, with a net income of €1,578 thousand.

At 30 June 2022, workforce numbered 170 compared to 159 at 30 June 2021.

Qingdao Brembo Trading Co. Ltd.

Qingdao (China)



Activities: logistics and marketing activities in the economic and technological development hub of Qingdao.

Formed in 2009 and fully controlled by Brembo S.p.A., the company carries out logistics and marketing activities within the Qingdao technological hub for the aftermarket only.

In the first half of 2022, net sales amounted to CNY 235,897 thousand (€33,306 thousand) compared to CNY 159,102 thousand (€20,403 thousand) for the same period of the previous year.

The company closed the period with a net income of CNY 11,907 thousand (€1,681 thousand) compared to CNY 7,770 thousand (€996 thousand) for the first half of 2021.

At 30 June 2022, workforce numbered 45 compared to 31 at 30 June 2021.

SBS Friction A/S

Svendborg (Denmark)



Activities: development, production and sale of brake pads for motorbikes.

On 7 January 2021, Brembo acquired SBS Friction A/S, a Danish company based in Svendborg, Denmark, that develops and manufactures brake pads for motorbikes using particularly innovative and eco-friendly sintered organic materials. The investment is 60% held by Brembo S.p.A. and 40% by Brembo Brake India Pvt. Ltd.

In the first half of 2022, net sales amounted to DKK 104,688 thousand (€14,071 thousand) compared to DKK 94,936 thousand (€12,766 thousand) for the same period of the previous year. The company closed with a net income of DKK 8,132 thousand (€1,093 thousand) compared to DKK 9,928 thousand (€1,335 thousand) for the first half of 2021.

At 30 June 2022, workforce numbered 112 compared to 101 at 30 June 2021.



Companies Valued Using the Equity Method

Brembo SGL Carbon Ceramic Brakes S.p.A.

Stezzano (Italy)



Activities: design, development, production and sale of carbon ceramic brake discs.

As a result of the joint venture agreements finalised in 2009 between Brembo and SGL Group, the company is 50% owned by Brembo S.p.A. and in turn controls 100% of the German company Brembo SGL Carbon Ceramic Brakes GmbH. Both companies carry out design, development, production and sale of braking systems in general, and particularly of OEM carbon ceramic brake discs for top-performance cars, as well as research and development activities concerning new materials and applications.

Net sales at 30 June 2022 were €34,176 thousand compared to €30,604 thousand for the same period of 2021. Net income for the reporting period was €4,505 thousand compared to a net income of €10,042 thousand for the first half of 2021.

At 30 June 2022, workforce numbered 165, increasing by 12 compared to the same date of the previous year.

Brembo SGL Carbon Ceramic Brakes GmbH

Meitingen (Germany)



Activities: design, development, production and sale of carbon ceramic brake discs.

The company was formed in 2001. In 2009, in executing the joint venture agreement between Brembo and SGL Group, Brembo SGL Carbon Ceramic Brakes S.p.A. acquired 100% of the company.

Net sales for the first half of 2022 were €87,508 thousand compared to €75,400 thousand the same period of the previous year. At 30 June 2022, net income totalled €13,848 thousand compared to a net income of €11,402 thousand for the same period of the previous year.

At 30 June 2022, workforce numbered 425, increasing by 13 compared to the same date of the previous year.

Petroceramics S.p.A.

Milan (Italy)



Activities: research and development of innovative technologies for the production of technical and advanced ceramic materials, geomaterial processing and rock mass characterisation.

Brembo S.p.A. acquired 20% of this company by subscribing a capital increase in 2006.

Net sales amounted to €1,290 thousand in the first half of 2022 compared to net sales of €1,300 thousand in the same period of the previous year. The company closed the reporting period with a net income of €228 thousand compared to €299 thousand for the same period of 2021.

Infibra Technologies S.r.l.

Pisa (Italy)



Activities: development, design, industrialisation, manufacturing, installation and marketing of fibre optic sensors systems.

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

Net sales amounted to €341 thousand in the first half of 2022 compared to net sales of €70 thousand in the same period of the previous year. The company closed the reporting period with a net income of €72 thousand compared to a net loss of €56 thousand for the same period of 2021.



Investments

In the first half of 2022, Brembo's investment management policy continued in line with the guidelines followed to date, with the aim of strengthening the Group's presence not only in Italy, but also at the international level.

Group's total net investments undertaken in the first half of 2022 at all operations amounted to €121,550 thousand, of which €95,997 thousand was invested in property, plant and equipment, €8,792 thousand in leased assets and €16,761 thousand in intangible assets. The most significant investments were concentrated in North America (34.7%), Italy (27.6%) and the Czech Republic (16.9%).

In Italy, works on the new building in Curno, which houses the Carbon Factory, continued. The building has been designed in view of progressively verticalising — within a single production facility adjacent to Brembo's current hub — the entire development and production process for raw components used in carbon-fibre discs and pads for racing applications and for high-performance road vehicles. The new building occupies an area of approximately 7,000 square metres, in addition to

the 10,000 square metres of green space, parking and logistics and storage areas planned as part of the project. After having installed and started up the first systems in the previous years, additional machines continued to be installed in the first half of 2022 for a gradual increase in production capacity, with the aim of reaching full operation by the end of the year.

The other investments in property, plant and equipment made by the Group primarily related to purchases of plant, machinery and equipment to increase the level of production automation and constantly improve the mix and quality of factories.

With regard to investments in intangible assets, development costs for the first half of 2022 amounted to €11,505 thousand (9.5% of the Group's total investments).



Research and Development

Innovation, sustainability and the mobility of the future. Brembo has always been committed to researching and developing cutting-edge technological solutions that not only stand out for their focus on performance, comfort and style, but are also aimed at preserving the environment.

The vehicles of the future are increasingly oriented towards the green model, electrification, overall efficiency and reduced emissions. The focus is on an integrated, complementary brake system in which caliper, disc, pad, suspension and control unit are in synergy with the new vision of mobility, where technology and the environment can coexist in constant equilibrium.

For many years, Brembo has been conducting specific research on mechatronic products, which are increasingly widespread in the automotive sector, thus honing skills that for some time have been applied to systems such as electric parking brakes systems and Sensify™.

After an initial phase of pure research, Brembo is beginning to offer increasingly green products on the market, with a particular focus on carbon neutrality and improvement of the environmental impact of products in use. Since the market requires constantly shorter time to market, the Group strongly concentrates its efforts and resources on implementing cutting-edge simulation methods, in which new virtual reality and augmented reality technologies are increasingly applied, in addition to designing uniform development processes at Brembo's Technical Centres based in Italy, Poland, Denmark, Spain, North America, China and India.

In the first half of 2022, R&D activities mainly focused on the following aspects.

In the area of **brake discs for cars and commercial vehicles**, at the end of 2020 Brembo had presented its Greentive® disc — the result of the experience it had acquired in the field of brake systems, and particularly of the know-how and expertise gained through the European LowBraSys project.

The Greentive® disc is characterised by an innovative coating applied to the cast-iron braking ring, which ensures very low wear and tear, extends disc life and, combined with the dedicated friction material, also reduces particulate emissions during braking, and hence the impact on the environment.

Another distinctive quality of Greentive® is its high resistance to corrosion which, in addition to maintaining unchanged the aesthetics of the disc in different situations, is particularly appreciated for the new generations of electric vehicles, characterised by a different use of the brake system.

The Greentive® disc encompasses cutting-edge technological solutions and is merely the first step in Brembo's product roadmap for brake discs in pursuit of environmental sustainability, with increasingly green products. The release in the coming years of a European legislation that will regulate the emissions of fine particulates from braking systems helps to further strengthen Brembo's activity in the research, development and testing of new solutions to be applied to cast-iron discs through the study of materials, technologies and surface treatments in collaboration with European research centres and suppliers. Of fundamental importance is Brembo Friction's concurrent development of brake pads specifically designed for each of these new disc types, and hence capable of significantly contributing to creating an ideal combination with the brake disc and ensuring that the entire brake system's performance and emissions goals are met.

Particular attention is also being devoted to the new needs of hybrid and electric vehicles, which use regenerative braking and thus introduce new requirements for brake discs, instrumental to solving the criticalities relating to disc resistance to corrosion. In light of the Company's specific focus on the industrialisation phase, the in-depth study of the application processes for these unconventional new brake disc technologies is also very important at the different production sites of the Group, as it ensures high quality standards even on high production volumes.

All these new solutions, which aim to reduce environmental impact and improve aesthetics and corrosion resistance, are meeting with strong interest among Brembo's main clients. In particular, the development phases with major car manufacturers



became more frequent in the first half of 2022, while production of discs that will adopt one of these technologies is set to begin for a major electrical vehicle manufacturer in Europe.

According to precise guidelines applied throughout the automotive sector and all of Brembo's development activities, considerable attention is also paid to new solutions that are able to reduce disc weight, as a lower weight translates into lower vehicle fuel consumption, and consequently a lower environmental impact (reduced CO₂ emissions). This is an aspect that has become even more important due to the entry into force of the new European Regulation setting the new emissions limits for manufacturers.

In car applications, after having worked with a major German customer to develop the concept for the light brake disc installed in its entire platform of core vehicles, Brembo continued to supply this product for the next generation of vehicles within the same platform, some of which are fully electric.

The light disc — which enables a reduction in weight of up to 15% compared to a conventional disc due to the combination of two different materials (cast iron for the braking ring and a thin steel laminate for the disc hat) — was also successfully developed for other major automotive manufacturers, which are already using it in some of their models. The light disc continued to attract the interest of other customers, especially in the Far East market and among the new players who entered the electric vehicle market.

Work on discs for heavy commercial vehicles — an application segment which is of particular interest to Brembo — continued with a focus on improving performance and reducing weight. Business therefore intensified with several customers, also outside Europe, and especially with the new players entering the electric commercial vehicle market.

The development of street **motorbike** discs made with new materials and new surface treatments continued.

Regarding the coated disc, the concept approval was completed successfully and the next phase was launched to achieve a first application by the end of 2023, while for the "lightweight" metal disc the concept approval is still underway, prototypes were launched and the first tests will be carried out by the end of 2022.

The process of developing motorbike by-wire technology continued at a fast pace. Assembly of the second demonstrator was concluded, implementing all the lessons learned in developing the first. The first software development phase aiming to define the "basic" functions was successfully

completed and the second half of 2022 will see test sessions on the demonstrator with the first customers interested in the product. The second software development phase will also start in the second half of the year, involving the GBU (Global Business Unit) for the next 12 months. In the meantime, the design activity is continuing to define and validate the final layout of the main components: the brake unit and the electric rear caliper.

Design strategy activity is also taking concrete form focusing on formulating the style of all motorbike products and rationalising the current product portfolio. Work is underway on designing the new top-of-the-line monobloc front caliper which, in addition to meeting the highest performance requirements, will represent the product with which to launch the new "Brembo style" on the market. The virtual development part of this caliper will be completed by the end of July 2022, while the first tests will begin in October.

Thanks to the acquisitions of SBS Friction and the J.Juan Group, the technical skills and research and innovation capabilities of the motorbike team increased, qualifying Brembo as a system supplier for its customers, and not only on its traditional market segments. Brembo's commitment to increasing its presence in the scooter market is thus taking concrete form with the launch of new projects.

The search for new markets in the field of high performance two-wheelers also continued: benchmarking was carried out with currently mass-produced products thanks to which a product specification and a potential market were defined. The design activity of top performance products for these new market segments began and the first components will be validated by the end of 2022.

Two innovation projects relating to simulation and methodologies are also in progress. One is aimed at developing a tool for design (thermomechanical analysis) and simulation of the quenching process for motorbike steel discs, whereas the other is intended to connect and automate the greatest possible number of design phases for the various motorbike products. The first project concept phase was completed successfully and the thermophysical characterisation phase for the two main materials used in the Indian plant is underway, which will end by the first quarter of 2023. The second project is still in its concept phase, which is expected to close at the beginning of 2023.

The content and timing of the motorbike roadmap was revised in accordance with the Group's vision, focusing on the three following targets: low emissions, high performance and best driving experience. Updates were made taking into account



the constant improvement of existing products, development of new concepts for products in the range and creation of new technologies and products not currently in the portfolio.

Regarding the **racing** world, the carbon/carbon brake system for racing applications project (Formula 1, LMP – Le Mans Prototype, IRL – Indy Racing League and Super-Formula and motorbikes) continued to focus on several development areas:

- production of carbon/carbon discs and pads, which is now present in the new factory in Curno for all racing applications;
- search for new solutions in terms of the basic structure of the disc and pad to be used in future automotive world championships; the development concerns new discs and new pads with even higher performance than the current ones;
- development of new carbon ceramic discs for extreme road applications for both cars and motorbikes.

In the area of carbon ceramic discs destined for road applications, mass production of the Lamborghini STO with CCMR carbon ceramic brakes, which offer racing-like performance, has now begun.

The testing approval process was completed both internally and by the customer on a new CCMR braking system conceived for vehicles with extreme racing-like performance and the vehicle has already entered into production.

Carbon/carbon and carbon ceramic racing brake systems continued to be tested by a Brembo's development partner in Germany, with the goal of quantifying their emissions.

The development of a new brake caliper concept proposed to certain customers for the most extreme applications, which can be used with carbon and carbon ceramic friction materials, was successfully completed.

The evaluation was also equally positively concluded at concept level of new carbon ceramic disc designs that will provide important advantages on the vehicle for road car application.

A special mention should be made of the new carbon ceramic disc for high-performance motorbikes that will be developed on a racing motorbike for a one-make championship and will see Brembo Performance and the manufacturer developing the system for the next two years. This would be the first application of a carbon ceramic disc on a racing motorbike.

The development of the 48V electro-mechanical brake-by-wire system with hydraulic actuator and a safety concept based on Formula 1 experience, carried out with a top team in a major World Motorsport Championship, became a well-established

activity. The project will end with the competition season next August, effectively closing the first development cycle of a 48V electro-mechanical brake for racing cars.

Also in the brake-by-wire area, trials were completed on a prototype car and on Brembo test benches for the new BBW system to be used on the next Formula E races in 2023.

The same system is available as of June 2022 for all manufacturers who will be able to approve it on their cars to start the championship at the end of this year. This is an extremely important application, since for the first time Brembo will provide its brake-by-wire system to all the vehicle, in addition to offering master cylinders, calipers, discs and pads.

Another application of a system including brake-by-wire involves the upcoming prototypes for Le Mans designated LMH, for which Brembo was assigned the role of supplier of the whole brake system, inclusive of carbon discs and brake-by-wire.

The development of new brake-by-wire systems is underway with several customers and will be updated in the second half of 2022.

Huge effort is being dedicated to the future development of the next braking systems to be used on high-performance racing cars with an electric powertrain, which is therefore no longer based on internal combustion. The Group is analysing the requirements of electric motors and batteries so that they can be better integrated into Brembo's current braking systems. Collaboration started with Universities and dedicated partners for this project.

The new Formula 1 season also begun, featuring completely new braking systems for all cars starting with carbon discs and pads. The start of the season was positive: the cars are definitely performing well and will see further developments in the second half of 2022.

In the 2022 season, a Formula 1 team is using a new caliper concept with embedded sensors for both axles, the use of which is limited for the moment to a few test sessions, although it is planned to extend it to races by the end of the season. The new caliper with embedded sensors, combined with electronics installed on the vehicle, will allow braking torque to be continuously measured.

In the MotoGP class of motorbike applications, new systems are fully available to all clients, including a brake caliper ensuring amplified force and an anti-drag system. In line with the Formula 1 initiatives, new projects were confirmed with a major Italian motorbike manufacturer. The projects will be governed by a development contract with the manufacturer and will concern new brake and wheels systems.



In addition, a new disc concept was brought to the track to be used in the most challenging Grand Prix of the 2022 season. Moreover, a new digital project was launched for the retail world. The project was defined in early 2022 in coordination with the electronic development partner chosen by Brembo Performance to develop and fine-tune all electronically controlled systems not only in Italy, but also at AP Racing in the United Kingdom. As regards the simulation field, testing is continuing of new calculation methodologies for the structural part and thermal properties of the disc, for the thermoelastic and fatigue calculation, as well as for integrating the calculation within the customer wheel unit — in other words, mechanical and thermal calculations with computational fluid dynamics (CFD) solutions. Continuing with an internal project of constant fine-tuning on testing benches and in simulations that began some years ago, several testing and simulation methods were refined and further enhanced. Advanced integration of testing and calculation has made it possible, for several years now, to use various sensors obtained through the calculation model and/or models obtained from the database.

The consolidation of the **Brembo Friction** research and production plant is proving to be a strategic choice, supporting all innovative developments, as well as a crucial partnership for combining pads with calipers and discs for a totally “made in Brembo” product.

Brembo Friction's commitment is devoted in particular to sustainability, towards a constant development of friction materials with increasingly lower emissions, combined with a focus on recyclable and recycled low-environmental impact raw materials and on reducing greenhouse gas production in the manufacturing process. With reference to this product as well, Brembo is at the forefront in anticipating new legislation and in studying the different environmental impacts through preventative analysis of laws and regulations, including those in effect in the countries where the product will then be marketed. From this standpoint, the Life Cycle Assessment methodology — a study that allows the potential impacts on the environment and human health to be quantified, in terms of consumption of resources and carbon dioxide emissions, will be extended to all products and processes.

Flagship projects such as AFFIDA and LIBRA precisely flow from the combination of Brembo's innovation and increasingly close focus on environmental sustainability.

AFFIDA, the natural extension of the COBRA project (which was part of the European Life+ project), in collaboration with the Mario

Negri Institute, seeks to bring to the OE market the innovative technology of inorganic binders, having a key role in reducing volatile organic compound (VOC) emissions, with important positive repercussions for the environment. The new materials are able to perform on a par with their traditional predecessors, while also meeting the high-performance standards required by the most challenging sporting applications and guaranteeing low fine particulate emissions and a lower consumption of resources. The innovative production technology, which is completely different from the traditional one, has already successfully completed the pre-industrialisation phase, thanks to a press created with ad-hoc technology, and the specific improvement activity as regards NVH (Noise Vibration Harshness) was launched.

LIBRA, a European project now concluded, is continuing as an internal development project with the aim of eliminating the traditional steel backing plate in the brake pads, replacing it with high-performance composite materials, with a consequent reduction in system corrosion and overall braking system weight and a decrease in production process times. A new short-term goal — for the future mass production of the product — is to transfer the innovation and technology of this project, and currently applied to parking brakes, to rear brake pads as well, thanks to the use of an innovative press fully devoted to manufacturing these pads.

Brembo Friction support is continuing in synergy with the development of discs that, using innovative materials, require tailor-made friction materials to obtain the same high performance and a comfortable feeling when braking, again with the aim of reducing fine particulate emissions into the environment. In order to reach this objective, the Group also relies on the technical and industrial collaboration with the Japanese partner Showa Denko (former Hitachi Chemical) both to develop new materials and manufacture Brembo products in China, Mexico and Japan.

Again as regard discs, the subsidiary BSCCB (Brembo SGL Carbon Ceramic Brakes) is also using Brembo Friction and its expertise on friction materials for the development of pads combined with carbon ceramic discs for high-performance cars. Once again, the market is showing every confidence in Brembo Friction, whose excellence is confirmed by the most demanding car manufacturers, which — in constant search for increasingly flexible, personalised and environmentally friendly friction materials — choose Brembo's pads for their top-end applications, combined with traditional or electric calipers and increasingly diversified discs.



To this end, Brembo Friction avails of advanced statistical models capable of optimising the formulations of friction materials and identifying the raw materials that most influence their chemical and physical properties.

Moreover, the advanced technology in the automotive field has paved the way for the development of a new brake pad concept with embedded sensors that aims to make the braking system increasingly integrated within new vehicles. Thanks to the use of specific sensors embedded in the friction material, the ongoing tests performed showed that real-time measurement of braking torque is possible. At the same time, the industrialisation process of this new brake pad concept was launched.

The acquisition of SBS Friction — a company that develops and manufactures brake pads from sintered and organic materials — will make it possible to expand the product range and further reinforce Brembo's knowledge of and leadership in the motorbike sector.

With regard to **Car and Commercial Vehicle** Systems, all products are developed in accordance with the Group's vision and pursue the following three guidelines: having increasingly low emissions while offering high performance and the best driving experience.

The main example of this focus on the three guidelines is Sensify™, the revolutionary Brembo's braking system presented to the European press in October 2021, and to the US press in the second half of 2022. Sensify™ is a digital brake ecosystem in which artificial intelligence, software and sensors manage the braking of each wheel independently. The application development and industrialisation phases for Sensify™ are underway, whereas launch into production with the first manufacturers will take place in 2024. Moreover, in keeping with Brembo's strategic priorities, the promotional phase for Sensify™ is fully underway for both Group clients and new players entering the electric vehicles market.

With reference to other mechatronic developments, the promotional phase for electric parking brakes, in various configurations, for both cars and commercial vehicles up to 7.5 tonnes, is ongoing.

Mechatronics — by now an application discipline and no longer merely advanced research — is becoming increasingly important within the Systems GBU: Sensify™ and the electric parking brakes will account for a considerable share of Brembo's revenues in the second half of this decade.

With the Sensify™ ecosystem, individual components undergo important changes: the addition of sensors to brake caliper

becomes fundamental and the collection of the resulting data yield an evolution of the entire brake system, which can be calibrated to the actual use of the vehicle, with the consequent benefits in terms of weight. Within this framework, a project to equip brake calipers with sensors is in progress and approval is expected to be received by 2025.

The guideline referring to low emissions, i.e., aimed at contributing to the reduction of vehicle consumption and the resultant CO₂ and fine particulate emissions through braking systems, is pursued by Brembo by adopting methods designed to minimise caliper mass, while maintaining performance, and reducing residual torque by formulating new characteristics of coupling between seals and pistons, in addition to optimising a pad sliding system based on a new concept. Moreover, in keeping with the low-emission guideline, approval of an alloy using completely recycled aluminium is also currently pending. Production of fixed calipers using recycled aluminium is expected to begin in 2025 with a major European manufacturer. The product and process improvement work is constantly ongoing in the same way as the search for solutions to reduce mass, optimise performance and improve styling. Two examples of this continuous improvement aimed at providing state-of-the-art solutions for the high-performance market are the Dyadema™ caliper, designed with the goal of considerably reducing track operating temperatures, and the Flexira™ caliper, developed to meet the needs of several new market segments.

In keeping with this vision, development continues for Brembo's patented Semi-Solid Metal (BSSM) casting technology, which maintains equal performance while enabling a reduction in weight of 5% to 10% in relation to caliper geometry. Concept approval is currently underway, whereas validation of the small-series production process is expected by the end of 2022.

The development of friction materials also pursues low-emissions and high-performance objectives. In the case of the former, materials paired with coated discs are being developed, whereas in the case of the latter materials under development are paired with all types of carbon ceramic discs.

The ongoing evolution of simulation methodologies is focused on aspects linked to brake system comfort and caliper functionality. Brembo's objective is to increase the simulation capacity of the complete braking system, including friction material. From this standpoint, the ability to rely on the know-how and installed capacity within the Brembo Friction project represents a strength for the Group, which can position itself as a supplier of solutions for complete brake systems. On the



other hand, the development of a methodology for simulating caliper functionality is aimed at establishing, during the design stage, the caliper characteristics that influence a constant performance over time, the reduction of the residual torque and the car's pedal feel.

Digitalisation of the Brembo product life cycle is ensured by the **Product Development Methods** function that, with the GBUs (Global Business Units) and GCFs (Global Central Functions), provides methodological, operational and legal support for managing data and project flows.

Product Development Methods support and guide the GBUs/ GCFs in adopting PLM (Product Lifecycle Management) throughout the phases of product development, seeking to combine the data from the various departments (digital thread) unambiguously and indissolubly, ensuring that it is traceable and distributing it securely to all internal stakeholders.

PLM is used to share design documents, development phases, base technical specifications and CAD drawings used for numerical simulations: the simultaneous sharing of information through PLM favours collaborative product development, with the consequent reduction in project development times.

Verification work is currently underway on the use of PLM to collect information contained in the engineering and manufacturing bills of materials (EBOM and MBOM) for the execution of LCA (Life Cycle Assessment) calculations for a rapid assessment of product sustainability in the design phase. The state of the art of simulation of products and physical processes is constantly monitored — through dialogue with qualified suppliers and participation in conferences and university research projects — both to update the Company's technological and methodological content and to realise virtual models that are increasingly representative of the reality that they seek to reproduce (Digital Twin), thus rendering them more efficient and predictive.

To this end, particular emphasis is placed on simulation process automation, which translates the routine manual operations performed by simulation analysts into automatic digital flows, with the goal of condensing the expertise gained in implementing simulations into procedures, reducing errors relating to manual performance of such simulations and also making them available to a broader audience.

The adoption of industrial process simulation using the “discrete event” method will also allow the optimisation of time and resources of industrial production flows by acting on the design of production lines within plants.

On the basis of the know-how consolidated during the previous three years, the global **Data Science, Artificial Intelligence & HPC** (High Performance Computing) team continued its five-year upgrade process, which focused on broadening the resources dedicated to achieving the Company's digital transformation through the application of artificial intelligence and machine learning to big data. At present, the team can also rely on a new operating unit: the Brembo Inspiration Lab, a Centre of Excellence in Silicon Valley, California.

This includes the processes of:

- developing mobile technologies for gathering data from multiple internal and external sources;
- assembling, analysing and enriching big data through virtual sensing;
- developing inferential and predictive models;
- industrial application of artificial intelligence, with a particular focus on product quality;
- digital automation techniques for office and production processes;
- development and engineering of software tools that implement the algorithms and solutions described above;
- development of apps for mobile devices (smartphones) and the related APIs (Application Programming Interface);
- construction of a patent portfolio for certifying know-how.

Acting as a competence centre for all GBUs and GCFs, the team operates within a multi-disciplinary Digital Lab that brings together the expertise of Data Scientists, Big Data Engineers, Domain Experts and Project Managers, developed and constantly renewed through an intense internal training programme to ensure the spread of “Data Culture” according to Brembo.

Brembo Inspiration Lab's mission is part of the digital transformation plan. This is an operational and coordinated unit, arising from the contribution of AI and Data Science, Advanced Product Technologies and Business Development. The team is tasked with researching and executing rapid proofs of concept for new technologies enabling Smart Mobility, Smart Products and Smart Processes, in the infrastructure and in the cloud. This allows the building of relationships dedicated to innovation that offer venture capital and M&A opportunities.

Advanced R&D activities constantly monitor the evolution of vehicles, in line with key general trends: electrification, advanced driver assistance systems (ADASs), autonomous driving, low environmental impact, and connectivity. The high



level of integration will bring the brake system into dialogue with other vehicle systems, such as electric-drive motors and new suspension/steering concepts. Such integration will allow for increased active safety and the optimisation of functions, such as regenerative braking.

Brembo is continuing to develop and refine the Sensify™ system, whose peculiarity lies in its “decentralised” architecture, in which each wheel side has its own electromechanical actuator for generating and controlling the required braking force. This evolution will lead Sensify™ to be increasingly integrated into the vehicle system in accordance with the development of its architecture.

In addition, Brembo continued to conduct R&D activities in cooperation with international universities and research centres with the aim of constantly seeking out new solutions to apply to brake discs and calipers, in terms of new materials, innovative technologies and mechanical and electronic components. The need to reduce product weight is leading the research function to evaluate the use of unconventional materials, such as technopolymers or reinforced light metal alloys, to produce structural components.

Another initiative in this area is Brembo's investment in Infibra

Technologies, a spin-off of the academic institution Sant'Anna - School of Advanced Studies of Pisa, specialised in developing photonic sensors through the use of fibre-optics as the sensor element.

After the LowBraSys project funded by the European Union as part of its Horizon 2020 programme with the aim of proving that fine particulate emissions can be reduced, work continued with other projects financed at the European level, such as MODALES (MODify Drivers' behaviour to Adapt for Lower EmissionS), involving Brembo as a development partner. The goal of the MODALES project is to promote an understanding of the variability due to user (driver) behaviour and that due to vehicular emissions from powertrain, brakes and tyres. Its aim is to modify users' behaviour also through dedicated training.

Within the framework of the Horizon 2020 programme, Brembo is also participating in the European consortium that is developing the funded project EVC1000. The goal of this project is to demonstrate the technological feasibility of a completely electric vehicle with a range of more than 1,000 km per charge, where Brembo's contribution is to provide a further refinement of the Sensify™ system.



Risk Management Policy

Effective risk management is a key factor in maintaining the Group's value over time. In this regard, within the framework of its Corporate Governance system, Brembo defined an Internal Control and Risk Management System (ICRMS) consistent and compliant with the provisions of Article 6 of the "Internal Control and Risk Management System" of the Corporate Governance Code (2020 edition), the adoption of which was approved by Brembo's Board of Directors on 17 December 2021 and, more generally, with national and international best practices.

This system represents the set of organisational structures, rules and procedures that allows the main business risks within the Group to be identified, measured, managed and monitored, while helping the Company to be run in a manner that is sound, correct and in line with the objectives defined by the Board of Directors, and favouring the adoption of informed decisions consistent with the risk profile, as well as dissemination of a proper understanding of risks, lawfulness and corporate values.

The Board of Directors is tasked with defining the general guidelines of the ICRMS, so that the main risks pertaining to Brembo S.p.A. and Group subsidiaries are properly identified, as well as adequately measured, managed and monitored. It shall also set criteria to ensure that such risks are compatible with sound and proper management of the Company. The Board of Directors is aware that the control processes cannot provide absolute assurances that the company objectives will be achieved and the intrinsic risks of business prevented. However, it believes that the ICRMS may reduce and mitigate the likelihood and impact of risk events associated with wrong decisions, human error, fraud, violations of laws, regulations and company procedures, as well as unexpected events. The ICRMS is therefore subject to regular examination and controls, taking account of developments in the Company's operations and reference context, as well as national and international best practices.

The Board of Directors has identified the other main corporate committees/functions relevant for risk management purposes, by defining their respective duties and responsibilities within the ICRMS scope. More specifically:

- the Audit, Risk & Sustainability Committee, tasked with

supporting the Board of Directors on internal control, risk management and sustainability issues;

- the Executive Director in charge of the Internal Control and Risk Management System, tasked with identifying the main corporate risks by executing risk management guidelines and verifying their adequacy;
- the Managerial Risk Committee responsible for identifying and weighing the macro-risks and working with the system parties to mitigate them;
- the Head of Risk Management, tasked with ensuring, together with the management, that the main risks relating to Brembo and its subsidiaries are correctly identified, adequately measured, managed, monitored, and integrated within a corporate governance system consistent with the strategic objectives.

Brembo's general risk-management policies and the bodies charged with risk evaluation and monitoring are included in the Corporate Governance Code (approved on 17 December 2021), the "Policies for the implementation of the Internal Control and Risk Management System" (in its latest edition issued at year-end 2021), the Risk Management Procedure, the Organisational, Management and Control Model (as per Legislative Decree No. 231/2001) and in the reference layout for preparing accounting documents (as per Article 154-bis of TUF), to which the reader is referred. In particular, the new Policies for the implementation of the Internal Control and Risk Management System identify the overall design of Brembo's Internal Control and Risk Management System, taking into account the changes made to Brembo's Corporate Governance Manual, the evolution of Brembo's organisational structure with



new second-tier and first-tier control roles, the new company strategy and sustainability goals, changes in the legislative and regulatory framework, as well as international best practices adopted by Brembo.

The Internal Audit function evaluates the effectiveness and efficiency of the overall Internal Control and Risk Management System on a regular basis and reports the results to the Executive Chairman, the Chief Executive Officer, the Board of Statutory Auditors, the Audit, Risk & Sustainability Committee and the Supervisory Committee of Brembo S.p.A. with reference to specific risks connected with compliance with Legislative Decree No. 231/2001. At least on an annual basis, it also reports to the Board of Directors.

The Executive Director in charge of the Internal Control and Risk Management System fully enforces the risk management guidelines based on principles of prevention, cost effectiveness and ongoing improvement, as approved by the Board of Directors. In order to provide the organisation with the instruments for defining the risk categories to which attention should be drawn, Brembo has developed a model which identifies and classifies risk classes by type, based on the managerial level or corporate function from which they originate or that is responsible for monitoring and managing them.

The list of the main risks and related scenarios regarding the Group is mapped within the ERM (Enterprise Risk Management) risk register, which is updated at least annually together with the register of risks relating to the Environmental, Social and Corporate Governance (ESG) areas. Risks are monitored at meetings held on at least a monthly basis, where results, opportunities and risks are analysed for each business unit and geographical region in which Brembo operates. The meetings also focus on determining any actions required to mitigate risks.

The first-tier risk family in which the risks mapped within the risk register are catalogued are identified on the basis of the Risk Management Procedure and are listed below:

- a. External risks;
- b. Strategic risks;
- c. Operating risks;
- d. Financial risks.

Brembo's top risks for each of the above-mentioned risk families are discussed below. The order in which they are discussed does not imply classification in terms of probability of occurrence or possible impact.

External risks

Country Risk

Based on its international footprint, Brembo is exposed to the country risk, which is however mitigated by the adoption of a policy of business diversification by product and geographical area, so that the risk can be balanced at Group level.

In addition, Brembo constantly monitors the development of political, financial and security risks associated with the countries in which the general political and economic climate and tax system could prove unstable in the future, also in light of possible economic effects related to the crisis in Ukraine and the Covid-19 emergency, so as to take any measures suited to mitigating the potential risks.

With specific regard to risk management and the assessment of the effects associated with the conflict in Ukraine please refer to the dedicated paragraph.

Covid-19 Risk

Brembo has been following developments relating to the spread of the pandemic very closely since its outbreak, establishing a dedicated task force and promptly adopting the necessary measures to prevent, monitor and contain the virus at all of its locations worldwide, with the aim of protecting the health of employees and contractors (rearrangement of production layouts, sanitisation of the premises, personal protective equipment, temperature measurement, heat scans, blood tests, hygiene rules and social distancing, remote working, etc.) and ensuring production continuity as much as possible.

The Audit, Risk & Sustainability Committee, the Board of Statutory Auditors and the Supervisory Committee are kept promptly informed of company management and the epidemiological emergency, and all measures have always been checked and verified in order to ensure operational continuity and people protection. During the second quarter of 2022, the Group's plants located in China suffered direct and indirect effects in terms of production continuity associated with the lockdowns imposed in China by the local authorities. The situation is currently going back to normal. In any case, the Production and Safety Officers and top managers organise periodical calls to analyse and monitor the implementation, application and efficacy of the measures taken in relation with the provisions issued by the competent authorities from time to time and the pandemic evolution in the different countries where the Group's operating sites are located.



Risks Associated with the Evolution of Macroeconomic Conditions and Demand

In the first half of 2022, the automotive industry, like other sectors, continued to suffer the effects associated with the global microchip shortage, in addition to the effects of the shortage of specific components (such as cables) following the conflict in Ukraine, as well as the direct and indirect effects resulting from the lockdowns imposed by the authorities in China. Accordingly, most OEMs were forced to slow the production of certain car models, reduce the volumes of vehicles produced and, in many cases, plan temporary plant closures. Despite these issues, demand for the Group's products remained high throughout the first half of 2022. Brembo has set up an internal task force with the aim of monitoring the market and predicting possible future developments, also bearing in mind possible slowdowns in vehicle demand due to the effects of inflation on the global economy and on consumer buying behaviour. In light of the market segments targeted by Brembo, the risk is however to be regarded as modest with reference to the automotive industry benchmark.

Strategic Risks

Innovation

Brembo is exposed to risks associated with the evolution of technology, in other words, the risk that competing products will be developed that are technically superior because they are built based on innovative technologies. In order to maintain its competitive edge, Brembo invests sizeable resources in R&D, conducting applied and basic research on both existing and newly applied technologies, such as those associated with digital innovation, in addition to mechatronics, including based on the Company's mission. For additional information, see the "Research and Development" section in this Directors' Report on Operations. Product and process innovations — those currently being used, as well as those that may be used for production in the future — are patented to protect the Group's technological leadership. A specific function (called IPR – Intellectual Property Rights) within the Legal and Corporate Department is responsible for managing patents and, more generally, all aspects associated with protecting the Group's intellectual property.

Market

Brembo targets the top-end segments of the automotive sector and, in terms of geography, generates most of its sales in Europe, North America and China. In order to reduce the risk of segment/market saturation in the countries where it operates, the Group has long ago implemented a strategy aimed at diversifying into other geographical areas and is gradually broadening its product range, also by focusing on the mid-premium segment. In addition, the Group is also developing solutions for its customers, in line with its new corporate mission statement.

Investments

Investments in certain countries may be influenced by major modifications of the local regulatory framework, which could result in changes in the economic conditions existing at the time of the investment. For this reason, before investing in foreign countries, Brembo assesses the country risk carefully in the short, medium and long term. In general, M&A activities are accurately coordinated in all their aspects in order to mitigate any investment risks.

Corporate Social Responsibility

Brembo continues to engage in ongoing development aimed at strengthening its Sustainability Model and fulfilling its legal non-financial disclosure requirements under Legislative Decree No. 254/2016 and periodically updates its ESG risk assessment system, using measurement criteria in line with the Group's risk assessment and management methodology.

Through specially created working teams, Brembo monitors and manages the achievement of the objectives and compliance with the requirements set by the reference legislation or established on a voluntary basis in relation to the increasing orientation of civil society and end consumers towards the development of products and industrial processes with a lower environmental impact (e.g., carbon neutrality objective).

The focus on the theme of the climate change risk has increased. With the support of a specialised consulting firm, Brembo has developed a project designed to assess the impacts of this type of risks. Brembo considers the risk arising from the use of resources, such as water, with reference to all production sites, particularly those located in geographical areas marked by water scarcity. It also pays equal attention to risks linked to the pollution of waterbodies due to any contamination.

Safety in the workplace is a priority where the relevant risks are assessed and managed by the competent functions.





In addition, Brembo's supply chain is becoming more and more globalised and strategic; therefore, suppliers are required to operate in accordance with the sustainability standards identified by the Group. Moreover, considering that potential risk factors exist within the supply chain, Brembo implements numerous measures aimed at all its suppliers, both in Italy and abroad, to promote the safeguard of the environment and ensure appropriate working conditions with a view to continuous improvement.

Operating Risks

The main operating risks inherent in the nature of the business are associated with the supply chain, the unavailability of production facilities, product marketing, IT, issues involving health, job safety and the environment and, to a lesser extent, the regulatory framework of the countries in which the Group operates.

Supply Chain

The main risks associated with the supply chain include dependence on single suppliers, which in the event of disruption of the relevant supply relationships could jeopardise the production process and the ability to fill orders for clients in a timely manner. To mitigate this risk, the Purchasing GCF (Global Central Function) identifies alternate suppliers to ensure the availability of critical materials (supplier risk management programme).

The supplier monitoring process has been reinforced, particularly as regards their financial solidity and the availability of production capacity even in the face of sudden demand fluctuations — aspects that, following the pandemic emergency and the conflict in Ukraine, have taken on growing importance.

In the second half of 2021 and the first half of 2022, the unprecedented price increases in commodities and utilities were partially neutralised by the passing of such increases on to sales prices and partially mitigated through previous price-setting, in addition to the solutions indicated in the section on commodities risk.

New risks relating to logistics and associated with continuity and the cost of transporting raw materials and finished products also emerged as of 2021. Brembo is mitigating these risks through a strategy of diversifying the methods of transport and operators of reference, in addition to constantly monitoring them.

Business Interruption

Natural or accidental events (e.g., earthquakes or fires), malicious behaviour (e.g., acts of vandalism) or malfunctioning of systems may result in damage to assets, the unavailability of production facilities and discontinuity of operation of such facilities. Brembo therefore reinforced its risk mitigation process, through the planning of loss prevention engineering. The aim of this process was to eliminate risk factors in terms of probability of occurrence and to implement protective measures aimed at limiting the impact of this risk, thereby constantly enhancing the current operating continuity levels of the Group's production facilities.

Product Quality

Brembo considers the risk relating to the marketing of its products, in terms of their quality, safety and traceability, to be of fundamental importance. The Group has always been committed to mitigating this risk through robust quality controls. As part of this process, it has instituted a worldwide Supplier Quality Assurance function, specifically dedicated to quality control of components that do not meet Brembo's quality standards, in addition to constantly optimising its Failure Mode & Effect Analysis (FMEA).

Information Technology

Brembo attaches much importance to the operating continuity of its IT systems. In this regard, it has implemented risk mitigation measures aimed at guaranteeing network connectivity and data availability and security, while also ensuring compliance with the European data protection regulation (GDPR) and the national laws applicable in each EU member country. These issues are growing in importance also in light of the start of the Group's smart factory (Industry 4.0) process and the implementation of the strategic pillars associated with the new corporate mission.

As of 2020, the Group's three Italian companies have been certified according to the ISO 27001 international standard, which sets the requirements and defines the methods for proper, secure management of information within the Company. In the first half of 2022, the certification was extended to Poland and the Czech Republic, while those relating to North America and China are expected for the second half of 2022.



Environment, Safety and Health

The Group's primary risks relating to health, job safety and the environment can be of the following types:

- inadequate protection of employee health and safety, which can lead to serious accidents or work-related illnesses;
- environmental pollution resulting from sources such as uncontrolled emissions, inadequate waste disposal or the spreading of dangerous substances onto the ground;
- partial or non-compliance with laws and regulations governing the sector, also in light of the changing legal framework of some countries.

The occurrence of these events could result in criminal penalties or pecuniary fines against Brembo, the entity of which could be material in the case of sanctions related to Legislative Decree No. 231/01. Brembo manages this type of risks by carrying out ongoing and systematic evaluations of its exposure to specific risks and reducing or eliminating those considered unacceptable. This procedure is organised within a Management System that covers job health and safety, as well as environmental aspects, and that is compliant with the international ISO 14001 and ISO 45001 standards and certified by an independent body.

In summary, although accidents and mistakes can happen, the Group has implemented systematic rules and management procedures that allow it to minimise the number of accidents, as well as the impact they may have. A clear-cut assignment of responsibility at all levels, the presence of independent internal control bodies that report to the Company's highest officers and the application of the highest international management standards are the best way to guarantee the Company's commitment to health, job safety and the environment.

Legal & Compliance

Brembo is exposed to risks arising from the failure to rapidly comply with changing laws and new regulations in the sectors and markets in which it operates. To mitigate this risk, each compliance function stays abreast of the relevant legal and regulatory developments, with the assistance of outside consultants, where necessary, through a constant process of legal and regulatory updates and research.

With reference to the risk of non-compliance with tax laws and regulations, or of operating in conflict with the principles or spirit of the systems in the jurisdictions in which the Group operates, in accordance with the guidelines laid down in the Global Tax

Strategy and the Brembo S.p.A.'s Tax Strategy adopted in 2019, Brembo pursues the goal of proactively managing the tax risk by ensuring that such risk is timely recognised, properly measured, monitored and contained through the Tax Control Framework.

In the area of personal data processing compliance risk, the Group is supported by the Data Protection Officer and other dedicated functions, such as the Privacy Supervisory Board and the Privacy Reference Persons identified in sensitive company areas.

Among compliance-related risks, attention should be drawn to the risk associated with breaches of national, international and industry regulations, and unethical professional behaviour in breach of the Company's ethics policy that expose it to vicarious administrative liability, in addition to undermining the Group's reputation on the market.

The mitigating measures taken by the Group are regarded as sufficient to significantly reduce its exposure to cases of risk and are aimed at ensuring the global spread of a culture of compliance through the establishment of specific principles of ethics and conduct, in addition to constant monitoring of legal changes. For further details, reference should be made to Brembo's Corporate Governance and Ownership Structure Report available on Brembo's website (www.brembo.com, section Company, Corporate Governance, Corporate Governance Reports), specifically to the paragraph relating to the 231 Model and other compliance tools.

The application of the provisions and preventive measures continued constantly and successfully, owing in part to the training activity carried out and the progressive monitoring conducted within the framework of ordinary legal activities.

With reference to litigation, the Legal & Corporate Affairs Department periodically monitors the progress of existing and potential litigations and determines the strategy to be applied and the most appropriate steps to take in managing them, involving specific corporate functions, when needed. The Administration and Finance Department is responsible for the appropriate checks or write-downs related to such risks and their economic effects.

Planning and Reporting

The same ERP (Enterprise Resource Planning) software has been implemented at nearly all Group companies in order to prepare accurate and reliable financial reporting for the Group, while also improving the Internal Control and Risk Management System and the quality, timeliness and comparability of the data provided by the various consolidated companies.



Financial Risks

In conducting its business, the Brembo Group is exposed to various financial risks, including market, commodities, liquidity and credit risks. Financial risk management is the responsibility of the Parent's Treasury & Credit Department, which, together with the Group's Finance Department, evaluates the main financial transactions and related hedging policies.

Market Risk

Interest rate risk management

Since the Group's financial debt is partly subject to variable interest rates, it is exposed to the risk of interest-rate fluctuations. To reduce this risk, the Group has entered into several medium/long-term fixed-rate loan agreements, as well as specific hedging contracts (IRS) which account — including lease liabilities — for approximately 55% of gross financial position.

The objective is to eliminate the variability of the borrowing costs associated with a portion of debt and benefit from fixed rates. The Group's Central Treasury & Credit Department constantly monitors rate trends in order to evaluate in advance the need for any changes to the financial indebtedness structure.

Exchange rate risk management

Since Brembo operates in international markets, it is exposed to exchange rate risks. To mitigate this risk, the Group uses natural hedging (offsetting receivables and payables) and hedges only net positions in foreign currency, using mostly, and where advisable, forward contracts in order to reduce exchange rate risk exposure.

Commodity Risk

Through a dedicated task force, the Brembo Group closely analyses and monitors the course of the risk associated with fluctuations in the prices of raw materials and commodities, also in light of the fluctuations due to the Russia-Ukraine conflict. In 2021, Brembo Poland Spolka Zo.o. undertook a specific financial transaction to hedge against the risk of fluctuation in the price of electricity — lasting until the beginning of 2026 —, while both in 2021 and in the first half of 2022 La.Cam S.r.l. implemented a financial hedge aimed at mitigating fluctuation in aluminium price.

Moreover, it bears recalling that fixed prices are set in supply contracts with certain commodities suppliers for a given period of time and that the contracts in place with the main customers also provide for automatic periodic indexing on the basis of commodities prices. Both these approaches mitigate the risk of fluctuations in commodities prices.

Liquidity Risk

Liquidity risk can arise from Brembo's inability to obtain the financial resources necessary to guarantee its operation. The Central Treasury & Credit Department implements the main measures indicated below in order to minimise such risk:

- it constantly assesses financial requirements to ensure that appropriate measures are taken in a timely manner (obtaining additional credit lines, capital increases, etc.);
- it obtains adequate credit lines;
- it optimises liquidity, where feasible, through cash-pooling arrangements;
- it ensures that the composition of net financial debt is adequate for the investments carried out;
- it ensures a proper balance between short- and medium-/long-term debt.

Credit Risk

Credit risk is the risk that a customer or one of the parties to a financial instrument will cause a financial loss by failing to perform an obligation. Exposure to credit risk arises, in particular, in relation to trade receivables. In this sense, it should be noted that the parties with whom Brembo has commercial dealings are primarily leading car and motorbike makers with a high credit standing. The current macroeconomic context has made continuous credit monitoring increasingly important, so that situations where there is a risk of insolvency or late payment with respect to contractual terms can be anticipated.

Risk Management Process: Risk Financing

Following on from the above mitigation measures, and in order to minimise the volatility and financial impact of any detrimental event, under its Risk Management Policy, Brembo has provided for the residual risks to be transferred to the insurance market, where insurable.



Brembo's changing needs through the years have been specifically reflected in its insurance coverage, which has been optimised to significantly decrease the Company's exposure to intrinsic risks related to the type of activities carried out by Brembo. Thanks to international programmes, all Brembo Group companies are currently covered against the following key strategic risks: property all risks, general liability, general product liability, product recall and environmental responsibility. Additional coverage has been arranged locally based on the

specific requirements of local legislation or collective labour contracts and/or corporate agreements or regulations.

Insurance analysis and transfer of the risks to which the Group is exposed are conducted in collaboration with a leading insurance broker, which supports this process with its international organisation and is responsible for the compliance and management of Group insurance programmes at global level.



Loving a challenge.

The thrill of adrenaline makes the goal seem nearer
as we give it our all to overcome adversity.
Supremacy of technology and ideas
to continue to innovate, grow and win.



Human Resources and Organisation

In the first half of 2022, Brembo's organisational structure continued to evolve to support the Company's Vision and Mission and enable the Digital Transformation programme launched at the end of 2021.

To strengthen Brembo's Brand Awareness and perception on the market as a reliable Solution Provider, in February 2022 the Marketing GCF (Global Central Function) was reorganised in order to coordinate the activities within its remit at global level in an increasingly effective way, interfacing with GBUs, GCFs and Countries, so as to address specific local needs, respond effectively to the requirements of the business and increasingly align itself with the new generations through the production of useful content for disseminating Brembo values and making the Brand more visible and "experiential".

In March 2022, the Transformation GCF was established within which the Brembo Solutions area was created, with the specific aim of supporting Brembo in its positioning on the market as a Solution Provider, through the intangible service proposal, in close collaboration with the GBUs and GCFs that retain the key responsibilities, also making use of the Digital & Innovation GCF's corporate expertise in the field of data analysis and Artificial Intelligence.

As part of the Digital Pillar, Brembo has launched an ambitious Digital Transformation programme aimed at promoting collaboration between GBUs, GCFs and Countries, developing innovative digital solutions for internal and external customers and consolidating its competitiveness on a global scale. In the first half of 2022, the programme focused on the implementation of target digital platforms integrated into the existing ecosystem, which will be followed by the adoption of new ways of working and digital solutions globally through 11 different journeys developed within a five-year roadmap.

In April 2022, the Purchasing GCF revised its organisation in order to consolidate and increasingly share best practices at global level, as well as ensure a synergistic and organic approach within the GCF itself. This reorganisation saw the creation of the roles of Purchasing Category Manager/Coordinator and Lead Buyer at commodity level, and Purchasing Coordinator at GBU level, in order to ensure a greater focus on strategic commodities and a more effective management of resources and activities at global level. In addition, the integrated Raw Materials area

was created to ensure a structured approach to the purchase of raw materials.

Finally, the retirement of the current President & CEO of Brembo North America was announced. He will be replaced by the current President & CEO of Brembo China who will be replaced by his Deputy, within the framework of processes and tools adopted by Brembo in the field of Talent Management & Succession Planning.

In the first half of 2022, the selections for the fourth edition of LIFT – Leaders' International Fast Track Program took place. This is Brembo's graduate programme that aims to recruit young talents to the Company and grow them through cross-functional and international experiences, enriching the Company's Global Talent Portfolio. The programme, lasting 27 months, is divided into three job rotations, of which at least one is abroad, and provides for participation in a learning journey designed to accelerate learning and time to perform. A well-structured selection process led to the hiring of eight Italian, Polish and Spanish nationals, who began their journey in Italy in May 2022 with a week's induction and two weeks in the plant. In February 2023, they will start the second job rotation for another nine months. A ninth participant has been hired in India and will complete the entire programme within that country.

At the same time, the project for generating ideas "from below" called "Gen Z Forum" continues. The participants of the 2021 edition and their four ideas validated by top management have been allocated to the three Brembo pillars. At the beginning of 2022, a global recruitment campaign led to the engagement of 24 Generation Z resources, who are currently working on developing other creative ideas to be presented before summer 2022 to the Group CEO as part of the 2022 edition of the same Forum.

The first half of 2022 also saw the implementation of the global Skill Factory development project in the Internal Audit field,



completing the long project process focused on the Program Management, Sales and Technical Development professional families. This assessment was divided into two separate inquiries and focused on two aspects: the mindset and the technical skills critical for the role. The actual assessment was followed by a structured occasion for individual feedback with each participant together with HR and the person's direct supervisor, which led to the definition of an individual development plan.

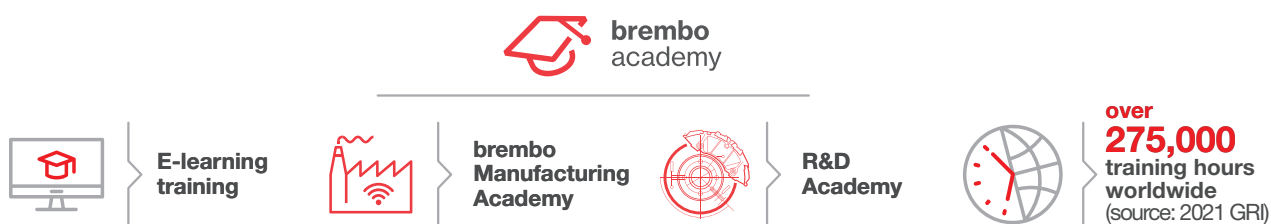
During the first six months of 2022, the Group also continued its commitment to translating the Company's Purpose into practice through the three strategic Pillars — Digital, Global and Cool — within which a number of workstreams were reorganised from the point of view of objectives and participants. Overall, the Pillars involve more than 150 staff with a different provenance, gender and professional background in various project activities. Specifically on the training front, work continued on the design and implementation of Group training projects involving people from all the countries in which Brembo operates.

With this in mind, the first global and virtual induction programme, the Brembo Global Induction Program (B-GIP), was launched, which offers all new Group staff — employees and managers — an in-depth overview of the Company, its strategy and corporate culture through the Managers' story. The programme is divided into 22 virtual meetings divided into 11 sessions, which in this edition will train about 550 new hires.

Another global training project — continuing on from the previous year — is the Cascading of Sensify™, which from 2022 is also open to all Group staff through self-enrolment. At the same time, the most technical seminars dedicated to Sensify™ continued, organised on two levels of increasing difficulty, run as in the other cases by internal teachers, included in the R&D Academy.

Investment continues in the Digital Learning Path, which brings together the Culture of Data, Artificial Intelligence & Machine Learning and Knowledge Management training courses for the certification of staff possessing critical know-how. These ensure that their knowledge is transferred within the Group, through internal teaching and participation in cross-functional project groups, in addition to the drafting of specific technical manuals. On the technical training front, the course run by Value Analysis and Cost Engineering internal teachers was developed in order to spread specific skills on value analysis among technicians and make them aware of cost drivers.

In conclusion, with regard to the training of blue-collar workers, it should be noted that, from April 2022 — as soon as the pandemic situation made it possible — there was a resumption of face-to-face training linked to the HUB for LifeLong Learning, thanks to which, by the end of the year, Brembo will provide Italian workers with classroom learning as part of the initiatives that have always been priorities for the Group in the field of continuous training and periodic updating of skills.





Environment, Safety and Health

Brembo's commitment to environmental sustainability and safety continued to be an increasingly strategic and essential factor for developing the Group's business.

Environment and Energy

The first half of 2022 also featured constant requests in the SDG (Sustainable Development Goals) field by Brembo's main customers, many of whom have changed their initial requests in the environmental field to increasingly stringent requirements, which are now mandatory for the assignment of future business. In particular, the requests refer to the use of electricity from renewable sources and to obtaining information on the environmental impact of products with perspective life cycle logics (entire life cycle). The decarbonisation process launched by the Brembo Group was adequate to meet these requests thanks, for example, to the strategy of purchasing electricity from renewable sources, which rose to 53% in 2022, and obtained both with certificates of origin and thanks to PPAs (Power Purchasing Agreements) which, in addition to ensuring renewable energy, guarantee a fixed energy price over time. The environmental sustainability development strategy that the Group has formulated in recent years is proving appropriate and capable of anticipating and fulfilling such requests through concrete actions, as also recognised by international organisations such as CDP, which in 2021 awarded the Brembo Group a double-A for its Climate Change and Water Security programmes for the fourth consecutive year.

The main areas of focus with regard to environmental issues for the first half of 2022 are set out below.

Energy Management: Brembo has adopted an energy consumption monitoring platform that is currently installed and operating on a perimeter of 22 plants. This platform is constantly improving to ensure constant monitoring of all energy vectors, such as the use of natural gas, compressed air and water. The BEP (Brembo Energy Platform) is integrated with the Company's digitalisation strategy, thanks to which the creation and monitoring of energy performance indicators will be simplified, linking energy, process, production and maintenance data.

To constantly improve energy performance, Brembo has planned to extend the certification of the energy management system to five other plants, three foundries and two mechanical processing plants, in accordance with the ISO 50001 international standard.

Life Cycle Assessment: understanding and quantifying the environmental impacts of products throughout their entire life cycle has become a business requirement for Brembo's main customers. In the first half of 2022, the Brembo Group started to organise a structure that will carry out LCA analysis on new products and progressively on all products offered to the market. Again in the first half of this year, several LCA studies were launched, including the assessment of environmental impacts for friction material (pads), as well as for new products in the study phase. The final approval for marketing will also be determined by these results.

Circular Economy: in a geopolitical scenario marked by constant increases in raw material prices, the circular economy is an effective cost containment tool, in addition to being an excellent tool for containing environmental impact. The first concrete application in Brembo has been running continuously since autumn 2021 at the Mapello cast-iron foundry, where the primary origin iron-manganese has been permanently replaced with the iron-manganese found inside alkaline batteries that have reached the end of life. Also at the Mapello foundry, studies are underway for the introduction of recycled materials to replace primary materials, in some cases coming from other Group processes, such as the carbon ceramic disc production process.

With the aim of identifying further opportunities for reducing environmental impact, the Brembo Group takes part in the technical committees of trade associations at international level, to share experiences and facilitate the dissemination of the new take-make-reuse model.



Sustainability and Energy Efficiency Goals: in 2022, sustainability and energy efficiency goals were once again set at the beginning of the year in order to pursue the Group's medium- and long-term objectives, established in accordance with the instructions given in the 2015 Paris Agreement on climate. The sustainability goal, calculated as a percent reduction in CO₂

emissions with respect to the 2021 emissions achieved through improvement projects, has been set at 19%, whereas the energy efficiency objective, calculated as a percent reduction in energy consumption compared to 2021 achieved through improvement measures, has been set at 2.89%.

Workplace Safety

During the first half of 2022, proper management of the Covid-19 pandemic remained a fundamental aspect in order to ensure both health and safety at work and plant production continuity. In fact, all the safety measures already in force were maintained which, from 2020 onwards, have avoided the occurrence of outbreaks within the various sites of the Group, especially at the beginning of 2022, when there were peaks of contagion in the countries in which Brembo operates.

The "Safe Behaviours" project continued in parallel. This project focused on the person of the Supervisor, a fundamental role for the purposes of workplace safety with regard to the control and correction of potentially risky worker behaviour. The project started by analysing accidents caused by workers' incorrect behaviour, which was monitored continuously by Supervisors.

Within a number of Italian, American and Czech Republic plants, classification operations were therefore activated, with Supervisors using check lists to classify incorrect behaviour and unsafe actions that caused accidents or near misses. Following this, by observing worker actual behaviour, Supervisors were able to identify unsuitable behaviour and take immediate action to rectify such behaviour through "training video clips".

The implementation of the "WCM Safety-Pillar" continued at other Group sites, such as the Mapello aluminium foundry, the Curno site and the Częstochowa plant. To date, the first three steps of the total seven required by the standard have been implemented. The systematic approach envisaged by this working tool allows the improvements obtained to be supported continuously and the foundations to be laid for achieving step-by-step growth, with the aim of spreading safety knowledge at all levels of the structure.

In the meantime, the design of a new communication campaign was launched with the aim of resuming and strengthening the campaign implemented before the start of the Covid-19 pandemic. The project includes a first phase of listening to personnel (through workshops), where input can be gathered actively on which to base the contents of the communication campaign planned for autumn 2022.

In addition, for Italian sites, the first months of this year were dedicated to verifying Brembo's compliance with Law 215 published at the end of 2021. Particular attention was paid to aspects related to personnel training and education, both as regards the organisational part and for the formal registration of the activities carried out.



Related Party Transactions

In compliance with Consob Regulation introduced with Resolution No. 17221 of 12 March 2010, as amended, Brembo S.p.A. adopted the Related Party Transactions Procedure.

The procedure was approved for the first time by the Board of Directors of Brembo S.p.A. during the meeting held on 12 November 2010, after receiving the favourable opinion of the Audit, Risk & Sustainability Committee, which also acts as Related Party Transactions Committee since it meets the requirements set out by the above-mentioned regulations. Said procedure was constantly updated to comply with the regulatory provisions in force from time to time, as well as with the existing practices. The procedure aims to ensure the full transparency and propriety of Related Party Transactions.

On 10 May 2021, the Board of Directors — after receiving the favourable opinion of the Audit, Risk & Sustainability Committee, which also acts as Related Party Transactions Committee and resolved at the presence of all its members

— approved unanimously the new Related Party Transaction Procedure, aligned with the new provisions regarding related party transactions adopted by Consob with Resolution No. 21624 of 10 December 2020. The Procedure, effective 1 July 2021, was published on the Company's website (www.brembo.com, section Company, Corporate Governance, Governance Documents).

Detailed information on the Company's Related Party Transactions is provided in the Explanatory Notes to the Condensed Consolidated Six Monthly Financial Report. During the reporting period, no atypical or unusual transactions were carried out with Related Parties. Furthermore, commercial transactions with Related Parties, also other than the Group companies, were carried out at fair market conditions. The financing transactions undertaken during the period with Related Parties are also discussed in the Explanatory Notes to the Condensed Consolidated Six Monthly Financial Report.







Further Information

Impacts of the Covid-19 pandemic on the Consolidated Six Monthly Financial Report at 30 June 2022

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

hygiene rules, social distancing, and control of green passes, where required.

It should be noted that in the first half of 2022 all the Group's plants operated at normal capacity, except for companies based in China due to the lockdown period.

Russia-Ukraine Conflict

Following the recent outbreak of the conflict in Ukraine, Brembo set up a working group to monitor the 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 and Belarus of aftermarket products (the only GBU concerned by the events), with a €5,670 thousand revenue decline compared to the first half of 2021. The current context was reflected in the calculation of the expected credit loss of net receivables claimed in the area concerned by the conflict, amounting to €863 thousand (in addition to €377 thousand credit notes to be issued and referring to pre-conflict sales that will further reduce the exposure).

The Group wholly owns the company Brembo Russia LLC, which, through a workforce of 3 employees, promotes the sale of brake discs for the car aftermarket only. In the first half of 2022, net sales of the company, entirely paid to the Parent, amounted to RUB 19,740 thousand (€226 thousand), while net loss was RUB 16,611 thousand (€191 thousand). The balance on the local current accounts was RUB 66,993 thousand. The exchange rate used to convert the amounts into euros was estimated using public data sources. The company continued to be consolidated on a line-by-line basis since all the conditions for the control of the investee still apply.

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, thanks 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.

Moreover, 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 added 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.



Significant Events During the Six-month Period

Following the resignation of Laura Cioli, serving as Independent Director, Chairwoman of the Audit, Risk & Sustainability Committee and member of the Remuneration & Appointments Committee, on 3 March 2022 the Board of Directors of Brembo S.p.A., after having heard the recommendations and guidelines of the Remuneration & Appointments Committee, co-opted Manuela Soffientini as new Independent Director, member of the Audit, Risk & Sustainability Committee and of the Remuneration & Appointments Committee (the Director's resume is available on the Company's website: Governing Boards and Committees | Brembo - Official website). In

addition, Independent Director Elisabetta Magistretti was appointed Chairwoman of the Audit, Risk & Sustainability Committee.

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 income 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;
- the remaining amount carried forward.

Plans for the 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 available methods;
- buying back own shares as a medium-/long-term investment.

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

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

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

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

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

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



Subsidiaries Formed Under and Governed by the Law of Countries Not Belonging to the European Union – Obligations Under Articles 36 and 39 of Market Regulations

In accordance with the requirements of Articles 36 and 39 of the Market Regulations (adopted with Consob Resolution No. 16191 of 29 October 2007 and amended with Resolution No. 16530 of 25 June 2008), the Brembo Group identified six subsidiaries based in four countries not belonging to the European Union that are of significant importance, as defined under paragraph 2 of the same Article 36, and therefore fall within the scope of application of the Regulations.

The Brembo Group believes that its current administrative, accounting and reporting systems are adequate to ensure that the Parent's management and auditing firm receive any information regarding Statement of Income, Statement of Financial Position and Cash Flow figures, as necessary for preparing the consolidated financial statements.

For all companies included in the consolidation area, the Parent Brembo S.p.A. already has a copy of the By-laws and the composition and powers of the Corporate Bodies.

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.



Significant Events After 30 June 2022

On 25 July 2022, Brembo signed a 50/50 Joint Venture agreement with Shandong Gold Phoenix Co. Ltd., a Chinese company listed on the Shanghai Stock Exchange, designing, testing, manufacturing and marketing braking system and pads/friction material for original equipment and aftermarket. The agreement provides for the formation of the new company — Shandong BRGP Friction Technology Co. Ltd. — that will be fully dedicated

to the large scale manufacturing of innovative aftermarket 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.

No further significant events occurred after the end of the first half of the year and until 28 July 2022.

Foreseeable Evolution

Brembo's orders backlog for the coming months remains robust, with a good utilisation of production capacity at global level. Barring any changes in the geopolitical and macro-economic context, with particular regard to exchange rates and

commodity and utility prices, for FY 2022 the Group expects a second half of the year in line with the first half in terms of revenues and margins thanks to its past and current long-term strategy.

Stezzano, 28 July 2022

On behalf of the Board of Directors

The Executive Chairman

Matteo Tiraboschi





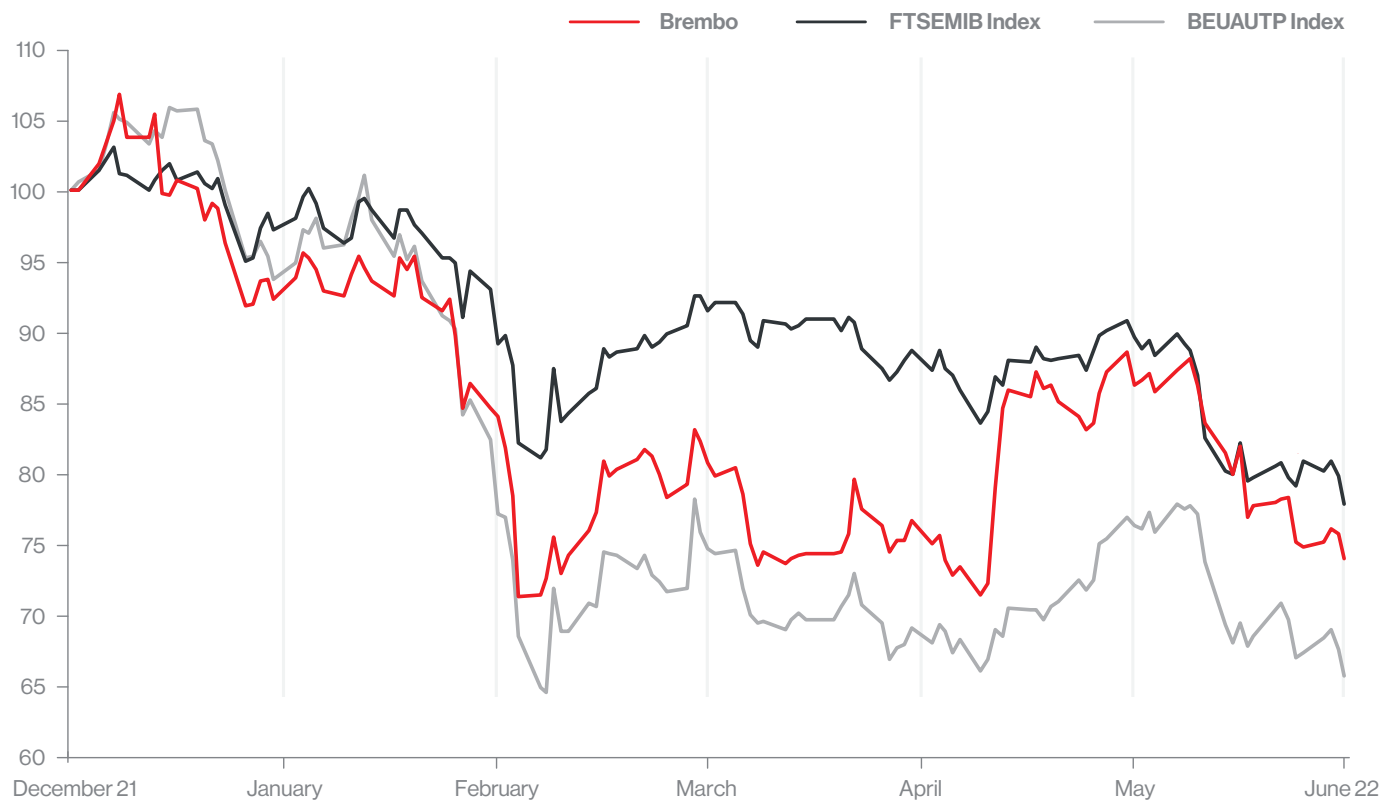
Brembo S.p.A. Stock Performance

Brembo stock closed the first half of 2022 at €9.27, down 26.0% compared to 31 December 2021. The stock reached a high for the period of €13.38 on 6 January and a low of €8.93 on 4 March 2022.

The FTSE MIB index closed the year on a negative note at 22.1%, whereas the BBG EMEA Automobiles Parts index declined by 34.3%.

The first half of 2022 was impacted by the geopolitical tensions between Russia and Ukraine which then led to the conflict, the ensuing energy crisis and the strong inflation pressure.

Afterwards, concerns relating to the slowdown of global growth and the renewed inflation pressures further weakened financial markets.



An overview of stock performance of Brembo S.p.A. at 30 June 2022 is given in the following table, compared with that at 31 December 2021.

(euro thousand)	30.06.2022	31.12.2021
Share capital (euro)	34,727,914	34,727,914
No. of ordinary shares	333,922,250	333,922,250
Equity (excluding net income for the period) (euro)	676,084,992	741,852,236
Net income for the period (euro)	60,690,954	111,228,546
Trading price (euro)		
<i>Minimum</i>	8.93	10.08
<i>Maximum</i>	13.38	12.53
Period end	9.27	12.53
Market capitalisation (euro million)		
<i>Minimum</i>	2,982	3,366
<i>Maximum</i>	4,468	4,184
Period end	3,095	4,184
Gross dividend per share	N/A	0.27 (*)

(*) Approved by the General Shareholders' Meeting of 21 April 2022.

Further information and updates regarding stock performance and recent corporate information are available on Brembo's website at www.brembo.com – *Investors* section
Investor Relations Manager: Laura Panseri



Thinking solutions.

Values and expertise, changes and connections: it is natural to foresee our partners' needs. Dominating the world of ideas: the answer anticipates the question and the solution the request.





2. Condensed Consolidated Six Monthly Financial Report at 30 June 2022

Consolidated Financial Statements at 30 June 2022

Consolidated Statement of Financial Position

Assets

(euro thousand)	Notes	30.06.2022	of which with related parties	31.12.2021	of which with related parties	Change
NON-CURRENT ASSETS						
Property, plant, equipment and other equipment	1	1,080,111		1,047,259		32,852
Right of use assets	1	227,317		227,474		(157)
Development costs	2	102,984		101,129		1,855
Goodwill and other indefinite useful life assets	2	121,762		118,775		2,987
Other intangible assets	2	77,590		77,415		175
Shareholdings valued using the equity method	3	54,274		45,100		9,174
Other financial assets (including investments in other companies and derivatives)	4	245,627		320,252		(74,625)
Receivables and other non-current assets	5	23,142		23,218		(76)
Deferred tax assets	6	75,200		71,649		3,551
TOTAL NON-CURRENT ASSETS		2,008,007		2,032,271		(24,264)
CURRENT ASSETS						
Inventories	7	631,200		482,924	13	148,276
Trade receivables	8	688,919	1,911	468,222	1,232	220,697
Other receivables and current assets	9	132,555		136,162		(3,607)
Current financial assets and derivatives	10	24,703		5,592		19,111
Cash and cash equivalents	11	349,018		557,463		(208,445)
TOTAL CURRENT ASSETS		1,826,395		1,650,363		176,032
ASSETS FROM DISCONTINUED OPERATIONS		543		655		(112)
TOTAL ASSETS		3,834,945		3,683,289		151,656



Equity and liabilities

(euro thousand)	Notes	30.06.2022	of which with related parties	31.12.2021	of which with related parties	Change
GROUP EQUITY						
Share capital	12	34,728		34,728		0
Other reserves	12	206,132		124,093		82,039
Retained earnings/(losses)	12	1,414,347		1,388,238		26,109
Net result for the period	12	148,928		215,537		(66,609)
TOTAL GROUP EQUITY		1,804,135		1,762,596		41,539
TOTAL MINORITY INTERESTS		33,823		33,524		299
TOTAL EQUITY		1,837,958		1,796,120		41,838
NON-CURRENT LIABILITIES						
Non-current payables to banks	13	477,928		516,182		(38,254)
Long-term lease liabilities	13	201,894		202,340		(446)
Other non-current financial payables and derivatives	13	1,335		3,117		(1,782)
Other non-current liabilities	14	5,149	1,413	2,022		3,127
Non-current provisions	15	49,999		44,995		5,004
Net employee benefits	16	18,561	(776)	23,992	1,424	(5,431)
Deferred tax liabilities	6	39,839		38,189		1,650
TOTAL NON-CURRENT LIABILITIES		794,705		830,837		(36,132)
CURRENT LIABILITIES						
Current payables to banks	13	261,653		225,286		36,367
Short-term lease liabilities	13	25,250		24,236		1,014
Other current financial payables and derivatives	13	792		3,760		(2,968)
Trade payables	17	724,349	16,765	590,830	11,969	133,519
Tax payables	18	12,605		12,959		(354)
Current provisions	15	368		960		(592)
Other current liabilities	19	177,198	2,666	198,222	14,699	(21,024)
TOTAL CURRENT LIABILITIES		1,202,215		1,056,253		145,962
LIABILITIES FROM DISCONTINUED OPERATIONS		67		79		(12)
TOTAL LIABILITIES		1,996,987		1,887,169		109,818
TOTAL EQUITY AND LIABILITIES		3,834,945		3,683,289		151,656



Consolidated Statement of Income

(euro thousand)	Notes	30.06.2022	of which with related parties	30.06.2021	of which with related parties	Change
Revenue from contracts with customers	20	1,746,471	290	1,360,789	164	385,682
Other revenues and income	21	13,872	1,924	10,340	1,703	3,532
Costs for capitalised internal works	22	11,343		11,547		(204)
Raw materials, consumables and goods	23	(833,325)	(28,198)	(608,806)	(22,359)	(224,519)
Income (expense) from non-financial investments	24	9,136		7,641		1,495
Other operating costs	25	(340,410)	(6,574)	(256,974)	(6,096)	(83,436)
Personnel expenses	26	(301,749)	(3,001)	(254,322)	(3,278)	(47,427)
GROSS OPERATING INCOME		305,338		270,215		35,123
Depreciation, amortisation and impairment losses	27	(117,826)		(104,418)		(13,408)
NET OPERATING INCOME		187,512		165,797		21,715
Interest income	28	61,473		27,817		33,656
Interest expense	28	(58,540)		(29,288)		(29,252)
Net interest income (expense)	28	2,933		(1,471)	1	4,404
Interest income (expense) from investments	29	7,804	7,726	3,911	3,822	3,893
RESULT BEFORE TAXES		198,249		168,237		30,012
Taxes	30	(48,981)		(41,369)		(7,612)
Result from discontinued operations	32	(150)		(95)		(55)
RESULT BEFORE MINORITY INTERESTS		149,118		126,773		22,345
Minority interests		(190)		165		(355)
NET RESULT FOR THE PERIOD		148,928		126,938		21,990
BASIC/DILUTED EARNINGS PER SHARE (euro)	31	0.46		0.39		



Consolidated Statement of Comprehensive Income

(euro thousand)	30.06.2022	30.06.2021	Change
RESULT BEFORE MINORITY INTERESTS	149,118	126,773	22,345
<i>Other comprehensive income/(losses) that will not be subsequently reclassified to income/(loss) for the period:</i>			
Effect of actuarial income/(loss) on defined benefit plans	4,641	3,499	1,142
Tax effect	(1,267)	(747)	(520)
Fair value measurement of investments	(106,632)	22,118	(128,750)
Tax effect	1,280	(266)	1,546
Total other comprehensive income/(losses) that will not be subsequently reclassified to income/(loss) for the period	(101,978)	24,604	(126,582)
<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	49,912	12,789	37,123
Tax effect	(4,271)	(735)	(3,536)
Change in translation adjustment reserve	37,307	28,679	8,628
Total other comprehensive income/(losses) that will be subsequently reclassified to income/(loss) for the period	82,948	40,733	42,215
COMPREHENSIVE RESULT FOR THE PERIOD	130,088	192,110	(62,022)
Of which attributable to:			
- Minority Interests	1,099	953	146
- the Group	128,989	191,157	(62,168)



Consolidated Statement of Cash Flows

(euro thousand)	30.06.2022	30.06.2021
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	471,948	445,230
Result before taxes	198,249	168,237
Depreciation, amortisation/impairment losses	117,826	104,418
Capital gains/losses	(616)	235
Income/expense from investments, net of dividends received	(9,174)	(2,706)
Financial portion of provisions for defined benefits and payables for personnel	185	195
Long-term provisions for employee benefits	1,601	1,321
Other provisions net of utilisations	21,301	3,529
Result from discontinued operations	(150)	(95)
Cash flows generated by operating activities	329,222	275,134
Current taxes paid	(37,366)	(34,168)
Uses of long-term provisions for employee benefits	(2,962)	(2,239)
<i>(Increase) reduction in current assets:</i>		
inventories	(157,880)	(101,379)
financial assets	(313)	(33)
trade receivables	(221,645)	(103,835)
receivables from others and other assets	(10,699)	(2,143)
<i>Increase (reduction) in current liabilities:</i>		
trade payables	133,519	65,950
payables to others and other liabilities	(22,472)	460
Translation differences on current assets	7,047	3,349
Net cash flows from/(for) operating activities	16,451	101,096



(euro thousand)	30.06.2022	30.06.2021
<i>Investments in:</i>		
property, plant and equipment	(96,554)	(77,513)
right of use assets	(8,794)	(7,712)
intangible assets	(16,761)	(17,267)
financial assets	(61)	(130)
Price for disposal or reimbursement value of fixed assets	1,175	2,354
Amounts (paid)/received for the acquisition/disposal of subsidiaries, net of the relevant cash and cash equivalents	0	(30,414)
Net cash flows from/(for) investing activities	(120,995)	(130,682)
Dividends paid in the period	(87,139)	(70,346)
Dividend paid to minority shareholders in the period	(800)	(640)
Change in fair value of derivatives	(3,349)	1,643
New lease agreements	8,798	7,042
Reimbursement of lease liabilities	(15,356)	(14,354)
Loans and financing granted by banks and other financial institutions in the period	123	0
Repayment of long-term loans and other financing	(119,753)	(50,136)
Net cash flows from/(for) financing activities	(217,476)	(126,791)
Total cash flows	(322,020)	(156,377)
Translation differences on cash and cash equivalents	(434)	1,981
CASH AND CASH EQUIVALENTS AT END OF PERIOD	149,494	290,834



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
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			65,278	(65,278)	0	0	0
Payment of dividends				(71,255)	(71,255)	(640)	(71,895)
Other changes			(12)		(12)	0	(12)
<i>Components of comprehensive income:</i>							
Effect of actuarial income/(loss) on defined benefit plans			2,752		2,752	0	2,752
Fair value measurement of investments			21,852		21,852	0	21,852
Effect of hedge accounting (cash flow hedge) of derivatives		12,054			12,054	0	12,054
Change in translation adjustment reserve		27,561			27,561	1,118	28,679
Net result for the period				126,938	126,938	(165)	126,773
Balance at 30 June 2021	34,728	77,043	1,331,240	126,938	1,569,949	31,295	1,601,244
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			128,087	(128,087)	0	0	0
Payment of dividends				(87,450)	(87,450)	(800)	(88,250)
<i>Components of comprehensive income:</i>							
Effect of actuarial income/(loss) on defined benefit plans			3,374		3,374	0	3,374
Fair value measurement of investments			(105,352)		(105,352)	0	(105,352)
Effect of hedge accounting (cash flow hedge) of derivatives		45,641			45,641	0	45,641
Change in translation adjustment reserve		36,398			36,398	909	37,307
Net result for the period				148,928	148,928	190	149,118
Balance at 30 June 2022	34,728	206,132	1,414,347	148,928	1,804,135	33,823	1,837,958





Explanatory Notes to the Condensed Consolidated Six Monthly Financial Report at 30 June 2022

Brembo's Activities

In the vehicle industry components sector, the Brembo Group is active in the research, design, production, assembly and sale of disc braking systems, wheels and light alloy and metal casting, in addition to mechanical processes in general.

The extensive product range consists of high-performance brake calipers, brake discs, wheel-side modules, complete braking systems and integrated engineering services, supporting the development of new models placed on the market by vehicle manufacturers. Brembo's products and services are used in the automotive industry, for light commercial and heavy industrial vehicles, motorbikes and racing competitions.

Manufacturing plants are located in Italy, Poland (Częstochowa, Dąbrowa Górnicza, Niepołomice), the United Kingdom (Coventry), the Czech Republic (Ostrava-Hrabová), Germany (Meitingen), Denmark (Svendborg), Spain (Barcelona), Mexico (Apodaca and Escobedo), Brazil (Betim), China (Nanjing, Langfang, Jiaying), India (Pune) and the United States (Homer). Other companies located in Spain (Zaragoza), Sweden (Göteborg), Germany (Leinfelden-Echterdingen), China (Qingdao), Japan (Tokyo) and Russia (Moscow) carry out distribution and sales activities.

Form and Content of the Condensed Consolidated Six Monthly Financial Report at 30 June 2022

Introduction

The Condensed Consolidated Six Monthly Financial Report at 30 June 2022 has been prepared in accordance with Article 154-ter of Legislative Decree No. 58/98 and applicable Consob provisions, as well as the provisions of IAS 34 – *Interim Financial Reporting*, and has been subjected to a limited audit according to the criteria recommended by Consob. In further detail, the Financial Report for the period ended 30 June 2022 has been prepared in condensed form and does not contain all the information and notes required for the consolidated annual financial statements. Consequently, the Report should be read in conjunction with the Consolidated Financial Statements for the year ended 31 December 2021.

The Condensed Consolidated Six Monthly Financial Report comprises 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 these Explanatory Notes; it includes the situation at 30 June 2022 of Brembo S.p.A., the Parent, and the companies controlled by Brembo S.p.A. pursuant to IFRS 10.

The Group has prepared the financial statements on the assumption that it will continue as a going concern, in the belief that there is no material uncertainty that might give rise to significant doubt with regard to this assumption. The Directors believe that there is a reasonable expectation that the Group possesses adequate resources to continue to operate in the near future and for a period of no less than 12 months from the reporting date.

On 28 July 2022, the Board of Directors approved the Condensed Consolidated Six Monthly Financial Report and



requested that it be made available to the public and Consob, within the terms and according to the procedures provided for by applicable laws and regulations.

Basis of Preparation and Presentation

The accounting standards adopted to prepare the Condensed Consolidated Six Monthly Financial Report comply with those used to prepare the Consolidated Financial Statements at 31 December 2021, without prejudice to the adoption of the new standards in effect from 1 January 2022. The Group did not opt for early adoption of any standard, interpretation or amendment that has been issued but has not entered into force yet.

Several amendments entered into effect in 2022 (first time adoption), but they did not have any impact on the Condensed Consolidated Six Monthly Financial Report.

Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The amendments to the Standard specify that when assessing the existence of an onerous contract, one must consider incremental costs (e.g., direct labour and materials) and allocations of costs that relate directly to fulfilling the contract and other contracts (e.g., depreciation on equipment used to fulfil the contract and the costs of managing and supervising the contract). General and administrative costs that do not directly refer to the contract are excluded, except in the case that they are expressly at the contractual counterparty's expense.

The Group applied the amendments to the contracts for which it had not yet discharged its obligations as at 1 January 2022. The application of amendments to IAS 37 had no impacts.

Reference to the Conceptual Framework – Amendments to IFRS 3

The amendments replace the references to the previous version of the IASB Conceptual Framework with the references to the most recent version issued in March 2018, without any significant changes to its requirements. They add an exception to IFRS 3 that requires the application of the criteria of IAS 37 and IFRIC 21, respectively, instead of the definition provided in the Conceptual Framework to determine whether, at the acquisition date, a present obligation exists. The amendment is intended to prevent 'day 2' gains or losses arising from the application of the Conceptual Framework criteria when accounting for business combinations that do not fall within the scope of IAS 37 or IFRIC 21. The amendments also clarify that contingent assets do not meet the requirements to be recognised at the acquisition date.

These amendments did not have any impact on the Group's Condensed Consolidated Six Monthly Financial Report.

Property, Plant and Equipment – Proceeds Before Intended Use – Amendments to IAS 16

The amendments prohibit deducting sales proceeds from the cost of an item of property, plant and equipment before it is in the conditions envisaged by management. Instead, the entity must recognise those sales proceeds and related cost in profit or loss. These amendments did not have any impact on the Condensed Consolidated Six Monthly Financial Report as there were no sales falling within the category subject to the amendments.

IFRS 9 – Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Financial Liabilities

The amendment clarifies the fees an entity must include in the quantitative test when assessing whether the changes made to financial liabilities are to be considered modifications or extinguishment of the original liability. The fees to be considered are only those between the two counterparties to the financial instrument. The amendment had no impact on the Condensed Six Monthly Financial Report.



The Condensed Consolidated Six Monthly Financial Report has been prepared on the basis of the half-yearly financial statements at 30 June 2022 drawn up by the Board of Directors of the relevant consolidated companies.

Due to the type of business, data included in the Condensed Consolidated Six Monthly Financial Report are not influenced by material seasonal or cyclical effects, compared to full year data.

The Condensed Consolidated Six Monthly Financial Report has been prepared in accordance with the general principle of providing a true and fair presentation of the Group's assets and liabilities, financial position, statement of income results and cash flows, based on the following general assumptions: going concern, accrual accounting, consistency of presentation, materiality and aggregation, prohibition of offsetting, and comparative information. The Condensed Consolidated Six Monthly Financial Report is presented in euro, which is the functional currency of the Parent, Brembo S.p.A., and all amounts are rounded to the nearest thousand unless otherwise indicated.

Discretionary Valuations and Significant Accounting Estimates

Preparing financial statements in compliance with the applicable accounting standards requires management to make estimates that may have a significant effect on the items reported in the accounts. Estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the current circumstances and given the information available at the reporting date. Actual results may differ from these estimates. Estimates and associated assumptions are reviewed on an ongoing basis. Revisions of estimates are recognised in the period in which such estimates are revised. Management's decisions that have a significant impact on the financial statements and estimates, and have a significant risk of material adjustments to the book value of assets and liabilities in the next accounting period, are discussed in the notes to the individual financial statement entries.

Estimates are mainly used to recognise the capitalisation of development costs, taxes (including the estimate of any tax liabilities associated with tax litigation, underway or that is likely to occur), impairment of non-financial assets, and the actuarial assumptions used in the valuation of defined benefit plans. Other estimates relate to provisions for contingencies, product warranties, inventory obsolescence, useful lives of certain assets, the designation of lease contracts and the determination of the fair value of financial instruments, including derivatives.

It should also be noted that certain measurement processes, particularly the most complex ones such as the determination of any impairment of 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 evaluations necessary to determine net employee benefits are conducted in complete form when preparing the Annual Financial Statements and in simplified form when preparing the Condensed Six Monthly Financial Report.



Consolidation Area

The list of consolidated subsidiaries, associates and joint ventures that are accounted for using the equity method, along with information regarding their registered offices and the percentage of share capital held, is included in the paragraph “Information About the Group” of these Explanatory Notes.

Compared to the first half of 2021, the following corporate transactions impacting the Group consolidation area were performed:

- on 4 November 2021, Brembo completed the acquisition of a 100% stake in the J.Juan Group, a Spanish company specialising in the development and production of motorbike braking systems. Founded in 1965, J.Juan is based in Gavà (Barcelona) and has three plants in Spain and one in China, manufacturing especially brake hoses, a strategic component for the braking system's safety that will complement the current range of Brembo products for motorbikes. The acquisition of J.Juan enables the Group to complete its range of solutions for the motorbike braking system and to expand its brand family for the growing motorbike sector. 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 third quarter of 2022.

The following table shows the exchange rates used in the translation of six monthly accounting statements denominated in currencies other than the functional one (euro).

Euro against other currencies	30.06.2022	2022 average	30.06.2021	2021 average
U.S. Dollar	1.038700	1.093973	1.188400	1.205666
Japanese Yen	141.540000	134.298713	131.430000	129.811724
Swedish Krona	10.730000	10.475335	10.111000	10.129897
Danish Krone	7.439200	7.440168	7.436200	7.436844
Polish Zloty	4.690400	4.632870	4.520100	4.536548
Czech Koruna	24.739000	24.636354	25.488000	25.855134
Mexican Peso	20.964100	22.174690	23.578400	24.320724
Pound Sterling	0.858200	0.842186	0.858050	0.868442
Brazilian Real	5.422900	5.557837	5.905000	6.491692
Indian Rupee	82.113000	83.324846	88.324000	88.448707
Argentine Peso	129.898400	122.453854	113.643500	109.973247
Chinese Renminbi	6.962400	7.082728	7.674200	7.798055
Russian Rouble	57.064000	87.167910	86.772500	89.605334



Green evolution.

The product becomes a sustainable solution:
when experience and knowledge lead to new
technologies that respect the environment,
innovation is increasingly green.



Group Activities, Segments and Further Information

Segment Report

Based on the IFRS 8 definition, an operating segment is a component of an entity:

1. that engages in business activities from which it may earn revenues and incur expenses;
2. whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
3. for which discrete financial information is available.

In light of such definition, the Brembo Group's operating segments are five Global Business Units: Discs, Systems, Motorbikes, Performance Group, After Market.

Each Global Business Unit Director reports to the top management and periodically discusses with them operating activities, financial statements results, forecasts or plans.

The Group thus aggregated the operating segments as follows for the purposes of financial reporting:

1. Discs – Systems – Motorbikes
2. After Market – Performance Group.

The segments that are included in each aggregate are similar in terms of:

- a) the nature of products (braking systems);
- b) the nature of production processes (melting process, subsequent processing for finishing and assembly);
- c) the type of customers (manufacturers for Group 1 and distributors for Group 2);
- d) the methods used to distribute the products (targeted to manufacturers for Group 1 and through distribution chains for Group 2);
- e) the economic characteristics (gross manufacturing margin percentage for Group 1 and gross operating income for Group 2).

Transfer prices applied to transactions between segments for the exchange of goods and services are settled according to usual market conditions.

In light of the requirements of IFRS 8 in terms of revenues earned from major customers, where a single customer is defined as all companies that belong to a given Group, Brembo had one customer in the first half of 2022 who accounted for over 10% of consolidated net revenues; also considering the individual car makers that compose such groups, only one of them slightly exceeded this threshold.



The following table shows segment information on operating data at 30 June 2022 and 30 June 2021:

	Total		Discs/Systems/Motorbikes		After Market / Performance Group		Interdivision		Non-segment data	
(euro thousand)	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021	30.06.2022	30.06.2021
Sales	1,766,509	1,376,696	1,499,555	1,150,946	294,826	234,822	(3,005)	(2,177)	(24,867)	(6,895)
Allowances and discounts	(31,989)	(25,136)	(4,407)	(2,842)	(27,582)	(22,294)	0	0	0	0
Net sales	1,734,520	1,351,560	1,495,148	1,148,104	267,244	212,528	(3,005)	(2,177)	(24,867)	(6,895)
Transport costs	15,336	11,622	9,847	8,140	5,475	3,476	0	0	14	6
Variable production costs	1,125,357	835,707	975,320	706,006	176,995	137,019	(2,997)	(2,163)	(23,961)	(5,155)
Contribution margin	593,827	504,231	509,981	433,958	84,774	72,033	(8)	(14)	(920)	(1,746)
Fixed production costs	234,566	201,633	215,769	185,731	15,226	14,528	0	0	3,571	1,374
Production gross operating income	359,261	302,598	294,212	248,227	69,548	57,505	(8)	(14)	(4,491)	(3,120)
BU personnel costs	105,984	93,985	64,917	57,260	31,170	26,905	(8)	(14)	9,905	9,834
BU gross operating income	253,277	208,613	229,295	190,967	38,378	30,600	0	0	(14,396)	(12,954)
Costs for Central Functions	80,457	59,862	59,042	40,247	8,418	6,640	0	0	12,997	12,975
Operating income (loss)	172,820	148,751	170,253	150,720	29,960	23,960	0	0	(27,393)	(25,929)
Extraordinary costs and revenues	4,416	2,898	0	0	0	0	0	0	4,416	2,898
Financial costs and revenues	9,954	1,773	0	0	0	0	0	0	9,954	1,773
Income (expense) from investments	9,234	7,726	0	0	0	0	0	0	9,234	7,726
Non-operating costs and revenues	1,675	6,994	0	0	0	0	0	0	1,675	6,994
Result before taxes	198,099	168,142	170,253	150,720	29,960	23,960	0	0	(2,114)	(6,538)
Taxes	(48,981)	(41,369)	0	0	0	0	0	0	(48,981)	(41,369)
Result before minority interests	149,118	126,773	170,253	150,720	29,960	23,960	0	0	(51,095)	(47,907)
Minority interests	(190)	165	0	0	0	0	0	0	(190)	165
Net result	148,928	126,938	170,253	150,720	29,960	23,960	0	0	(51,285)	(47,742)



A reconciliation between the Consolidated Six Monthly Financial Report and the above operating data is provided below:

(euro thousand)	30.06.2022	30.06.2021
REVENUE FROM CONTRACTS WITH CUSTOMERS	1,746,471	1,360,789
Scrap sales (in the segment report they are subtracted from "Variable production costs")	(14,739)	(8,660)
Differences between internal and statutory reports relating to development activities	1,881	(1,148)
Capital gains on sale of equipment (in the Consolidated Financial Statements they are included in "Other revenues and income")	1,040	460
Effect of adjustment of transactions among consolidated companies	(38)	(89)
Miscellaneous recharges (in the Consolidated Financial Statements they are included in "Other revenues and income")	1,221	825
Other	(1,316)	(617)
NET SALES	1,734,520	1,351,560

(euro thousand)	30.06.2022	30.06.2021
NET OPERATING INCOME	187,512	165,797
Differences between internal and statutory reports relating to development activities	1,096	(2,880)
Other differences between internal and statutory reports	(3,812)	(5,423)
Income (expense) from non-financial investments	(9,136)	(7,641)
Claim compensation and subsidies	(3,299)	(1,489)
Capital gains/losses on disposal of assets (in the segment report they are included in "Non-operating costs and revenues")	(48)	(218)
Different classification of banking expenses (in the segment report they are included in "Financial costs and revenues")	586	491
Reclassification of Brembo Argentina	(51)	(3)
Other	(28)	117
OPERATING RESULT	172,820	148,751

The breakdown of Group sales by geographical area of destination and by application is provided in the Directors' Report on Operations.



Segment information on Statement of Financial Position data at 30 June 2022 and 31 December 2021 is provided in the following table:

	Total		Discs/Systems/Motorbikes		After Market / Performance Group		Interdivision		Non-segment data	
(euro thousand)	30.06.2022	31.12.2021	30.06.2022	31.12.2021	30.06.2022	31.12.2021	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Property, plant and equipment	1,307,342	1,274,733	1,182,776	1,156,530	80,626	80,355	5	5	43,935	37,843
Intangible assets	199,353	196,189	178,820	170,973	19,328	19,332	0	0	1,205	5,884
Financial assets and other non-current assets/liabilities	95,474	94,815	426	1,871	0	0	0	0	95,048	92,944
(a) Total fixed assets	1,602,169	1,565,737	1,362,022	1,329,374	99,954	99,687	5	5	140,188	136,671
Inventories	638,453	482,891	498,961	369,379	138,410	112,626	0	0	1,082	886
Current assets	831,865	612,428	593,374	411,471	122,797	63,078	(18,644)	(14,415)	134,338	152,294
Current liabilities	(931,768)	(810,089)	(597,932)	(488,732)	(157,403)	(124,346)	18,644	14,415	(195,077)	(211,426)
Provisions for contingencies and charges and other provisions	(86,016)	(78,256)	0	0	0	0	0	0	(86,016)	(78,256)
(b) Net working capital	452,534	206,974	494,403	292,118	103,804	51,358	0	0	(145,673)	(136,502)
NET INVESTED OPERATING CAPITAL (a+b)	2,054,703	1,772,711	1,856,425	1,621,492	203,758	151,045	5	5	(5,485)	169
Extraordinary components	396,374	458,583	0	0	0	0	0	0	396,374	458,583
NET INVESTED CAPITAL	2,451,077	2,231,294	1,856,425	1,621,492	203,758	151,045	5	5	390,889	458,752
Group equity	1,804,135	1,762,596	0	0	0	0	0	0	1,804,135	1,762,596
Minority interests	33,823	33,524	0	0	0	0	0	0	33,823	33,524
(d) Equity	1,837,958	1,796,120	0	0	0	0	0	0	1,837,958	1,796,120
(e) Provisions for employee benefits	18,561	23,992	0	0	0	0	0	0	18,561	23,992
Medium/long-term financial debt	681,157	721,639	0	0	0	0	0	0	681,157	721,639
Short-term financial debt	(86,599)	(310,457)	0	0	0	0	0	0	(86,599)	(310,457)
(f) Net financial debt	594,558	411,182	0	0	0	0	0	0	594,558	411,182
(g) COVERAGE (d)+(e)+(f)	2,451,077	2,231,294	0	0	0	0	0	0	2,451,077	2,231,294

The following should be noted in regard to the non-segment data:

- intangible assets mainly consist of development costs;
- financial assets mainly refer to the value of investments in associates or other companies;
- current assets and liabilities mainly consist of trade receivables and payables;
- provisions for contingencies and charges and other provisions are not allocated.



Financial Risk Management

The Brembo Group is exposed to market, commodity, liquidity and credit risks, all of which are tied to the use of financial instruments. For a description of each type of risk, the reader is referred to the Consolidated Financial Statements for the year ended 31 December 2021, as no significant changes have occurred in the reporting period. Financial risk management is the responsibility of the central Treasury & Credit Department of Brembo S.p.A., which, together with the Group Finance Department, evaluates the main financial transactions and related hedging policies.

Fair Value Measurement

With regard to the disclosure on financial risks, the following information is provided:

a) the fair value hierarchy for the Group's assets and liabilities:

(euro thousand)	30.06.2022			31.12.2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets (liabilities) measured at fair value						
Forward contracts denominated in foreign currency	0	2,896	0	0	(1,121)	0
Interest rate swaps	0	20,248	0	0	2,417	0
Embedded derivative	0	0	(89)	0	0	130
Commodity derivatives	0	(30)	56,057	0	(29)	24,424
Total financial assets (liabilities) measured at fair value	0	23,114	55,968	0	1,267	24,554
Assets (liabilities) for which fair value is indicated						
Current and non-current payables to banks	0	(547,172)	0	0	(551,510)	0
Current and non-current lease liabilities	0	(227,144)	0	0	(226,576)	0
Other current and non-current financial liabilities	0	(1,935)	0	0	(3,927)	0
Total assets (liabilities) for which fair value is indicated	0	(776,251)	0	0	(782,013)	0

Movements for the period of Level 3 were as follows:

(euro thousand)	30.06.2022
Opening value	130
Movements in Statement of Income - decreases	(219)
Closing value	(89)



b) a reconciliation between the classes of financial assets and liabilities identified in the Group's Statement of Financial Position and the types of financial assets and liabilities identified based on the requirements of IFRS 7:

(euro thousand)	Carrying value		Fair value	
	30.06.2022	31.12.2021	30.06.2022	31.12.2021
Other financial assets	187,288	293,859	187,288	293,859
Held-to-maturity investments	726	754	726	754
Loans, receivables and financial liabilities valued at amortised costs:				
Current and non-current financial assets (excluding derivatives)	3,042	2,460	3,042	2,460
Trade receivables	688,919	468,222	688,919	468,222
Loans and receivables	99,587	87,599	99,587	87,599
Cash and cash equivalents	349,018	557,463	349,018	557,463
Current and non-current payables to banks	(739,581)	(741,468)	(756,735)	(762,372)
Current and non-current lease liabilities	(227,144)	(226,576)	(227,144)	(226,576)
Other current and non-current financial liabilities	(1,935)	(3,927)	(1,935)	(3,927)
Trade payables	(724,349)	(590,830)	(724,349)	(590,830)
Other current liabilities	(177,198)	(198,222)	(177,198)	(198,222)
Other non-current liabilities	(5,149)	(2,022)	(5,149)	(2,022)
Derivatives	79,082	25,821	79,082	25,821
Total	(467,694)	(326,867)	(484,848)	(347,771)

The approach used to calculate fair value is the present value of the future cash flows expected to derive from the instrument being measured, determined by discounting the scheduled instalments at a rate equal to the forward rate curve applicable to each account payable. In detail:

- loans, payables to other lenders with a duration of more than 12 months, were measured at fair value determined by applying the forward rates curve to the residual duration of the loan;
- receivables, trade payables, held-to-maturity financial assets, payables and receivables to and from banks due within 12 months were measured at their carrying amounts, inasmuch as this is believed to approximate fair values;
- the fair value of derivatives was determined on the basis of valuation techniques that take into account market parameters other than the prices of the financial instrument.



Related Parties

The Group carries out transactions with parents, subsidiaries, associates, joint ventures, directors, key management personnel and other related parties. The Parent Brembo S.p.A. is a subsidiary of Nuova FourB S.r.l., which holds 53.563% of its share capital. Brembo did not engage in dealings with its parent in the first half of 2022.

Information pertaining to the fees paid to Directors and Statutory Auditors of Brembo S.p.A. and of other Group companies and additional information required is reported below:

(euro thousand)	30.06.2022		30.06.2021	
	Directors	Auditors	Directors	Auditors
Emoluments and other incentives for the office held	3,275	99	3,623	98
Participation in committees and specific tasks	78	0	78	0
Salaries and other incentives	2,027	0	2,441	0

The item “Salaries and other incentives” includes the estimate of the cost of the 2022-2024 plan reserved for the Company’s top managers and accrued in the reporting period, remuneration paid as salaries for the employee function and provisions for bonuses still to be paid.



The following table provides a summary of related party transactions with reference to balances of the Statement of Financial Position and Statement of Income:

(euro thousand)	30.06.2022						31.12.2021					
	Carrying value	Related Parties					Carrying value	Related Parties				
		Total	Other*	Joint ventures	Associates	%		Total	Other*	Joint ventures	Associates	%
a) Weight of transactions or positions with related parties on items of the Statement of Financial Position												
Inventories	631,200	0	0	0	0	0.0%	482,924	13	0	13	0	0.0%
Trade receivables	688,919	1,911	12	1,756	143	0.3%	468,222	1,232	7	1,151	74	0.3%
Other non-current liabilities	(5,149)	(1,413)	(1,413)	0	0	27.4%	(2,022)	0	0	0	0	0.0%
Provisions for employee benefits	(18,561)	776	776	0	0	-4.2%	(23,992)	(1,424)	(1,424)	0	0	5.9%
Trade payables	(724,349)	(16,765)	(624)	(16,009)	(132)	2.3%	(590,830)	(11,969)	(3,902)	(7,597)	(470)	2.0%
Other current liabilities	(177,198)	(2,666)	(2,539)	(127)	0	1.5%	(198,222)	(14,699)	(14,572)	(127)	0	7.4%
	30.06.2022						30.06.2021					
	Carrying value	Related Parties					Carrying value	Related Parties				
		Total	Other*	Joint ventures	Associates	%		Total	Other*	Joint ventures	Associates	%
b) Weight of transactions or positions with related parties on items of the Statement of Income												
Revenue from contracts with customers	1,746,471	290	0	282	8	0.0%	1,360,789	164	0	164	0	0.0%
Other revenues and income	13,872	1,924	155	1,687	82	13.9%	10,340	1,703	12	1,606	85	16.5%
Raw materials, consumables and goods	(833,325)	(28,198)	0	(28,140)	(58)	3.4%	(608,806)	(22,359)	0	(22,331)	(28)	3.7%
Other operating costs	(340,410)	(6,574)	(4,498)	(1,799)	(277)	1.9%	(256,974)	(6,096)	(4,561)	(1,376)	(159)	2.4%
Personnel expenses	(301,749)	(3,001)	(3,001)	0	0	1.0%	(254,322)	(3,278)	(3,278)	0	0	1.3%
Net interest income (expense)	2,933	0	0	0	0	0.0%	(1,471)	1	2	(1)	0	-0.1%
Interest income (expense) from investments	7,804	7,726	7,726	0	0	99.0%	3,911	3,822	3,822	0	0	97.7%

* Other related parties include key management personnel of the entity and other related parties.

Sales of products, supply of services and the transfer of fixed assets between Group companies were carried out at prices reflecting fair market conditions. The trading volumes reflect the internationalisation process aimed at constantly improving both operating and organisational standards and optimising synergies within the Company. From a financial standpoint, the subsidiaries operate independently, although some of them benefit from various forms of centralised financing. Since 2008, a zero-balance cash-pooling system has been effective, with Brembo S.p.A. as the pool leader. In 2013, an additional cash pooling arrangement was put in place, denominated in CNY, with Brembo Nanjing Brake Systems Co. Ltd. as pooler and Brembo Nanjing Automobile Components Co. Ltd., Qingdao Brembo Trading Co. Ltd., Brembo Huilian (Langfang) Brake Systems Co. Ltd. and Jiaying Ciju Control Systems Co. Ltd. as participants. The cash pooling is entirely based in China, and Citibank China is the service provider.



Information About the Group

The key figures of Group companies are commented upon in the sections of the Directors' Report on Operations "Group Structure" and "Performance of Brembo Companies".

COMPANY	HEADQUARTERS		SHARE CAPITAL		STAKE HELD BY GROUP COMPANIES	
Brembo S.p.A.	Curno (Bergamo)	Italy	Eur	34,727,914		
AP Racing Ltd.	Coventry	United Kingdom	Gbp	135,935	100%	Brembo S.p.A.
Brembo Czech S.r.o.	Ostrava-Hrabová	Czech Republic	Czk	605,850,000	100%	Brembo S.p.A.
Brembo Deutschland GmbH	Leinfelden-Echterdingen	Germany	Eur	25,000	100%	Brembo S.p.A.
Brembo Inspiration Lab Corp.	Wilmington, Delaware	USA	Usd	300,000	100%	Brembo S.p.A.
Brembo Japan Co. Ltd.	Tokyo	Japan	Jpy	11,000,000	100%	Brembo S.p.A.
Brembo Nanjing Brake Systems Co. Ltd.	Nanjing	China	Cny	492,030,169	100%	Brembo S.p.A.
Brembo North America Inc.	Wilmington, Delaware	USA	Usd	33,798,805	100%	Brembo S.p.A.
Brembo Poland Spolka Zo.o.	Dąbrowa Górnicza	Poland	Pln	144,879,500	100%	Brembo S.p.A.
Brembo Russia LLC	Moscow	Russia	Rub	1,250,000	100%	Brembo S.p.A.
Brembo Scandinavia A.B.	Göteborg	Sweden	Sek	4,500,000	100%	Brembo S.p.A.
J. Juan S.A.U.	Barcelona	Spain	Eur	150,260	100%	Brembo S.p.A.
La.Cam (Lavorazioni Camune) S.r.l.	Stezzano (Bergamo)	Italy	Eur	100,000	100%	Brembo S.p.A.
Qingdao Brembo Trading Co. Ltd.	Qingdao	China	Cny	1,365,700	100%	Brembo S.p.A.
Brembo Argentina S.A. <i>in dissolution and winding up procedure</i>	Buenos Aires	Argentina	Ars	62,802,000	98.62%	Brembo S.p.A.
					1.38%	Brembo do Brasil Ltda.
Brembo (Nanjing) Automobile Components Co. Ltd.	Nanjing	China	Cny	235,194,060	60%	Brembo S.p.A.
					40%	Brembo Brake India Pvt. Ltd.
SBS Friction A/S	Svendborg	Denmark	Dkk	12,001,000	60%	Brembo S.p.A.
					40%	Brembo Brake India Pvt. Ltd.
Brembo México S.A. de C.V.	Apodaca	Mexico	Usd	20,428,836	49%	Brembo S.p.A.
					51%	Brembo North America Inc.
Brembo Brake India Pvt. Ltd.	Pune	India	Inr	140,000,000	99.99%	Brembo S.p.A.
Brembo do Brasil Ltda.	Betim	Brazil	Brl	159,136,227	99.99%	Brembo S.p.A.
Corporación Upwards '98 S.A.	Zaragoza	Spain	Eur	498,043	68%	Brembo S.p.A.
Brembo Huilian (Langfang) Brake Systems Co. Ltd.	Langfang	China	Cny	170,549,133	66%	Brembo S.p.A.
Brembo SGL Carbon Ceramic Brakes S.p.A.	Stezzano (Bergamo)	Italy	Eur	4,000,000	50%	Brembo S.p.A.
Petroceramics S.p.A.	Milan	Italy	Eur	123,750	20%	Brembo S.p.A.
Infibra Technologies S.r.l.	Pisa	Italy	Eur	53,133	20%	Brembo S.p.A.
Ap Racing North America Corp.	Wilmington, Delaware	USA	Usd	300,000	100%	AP Racing Ltd.
Brembo SGL Carbon Ceramic Brakes GmbH	Meitingen	Germany	Eur	25,000	100%	Brembo SGL Carbon Ceramic Brakes S.p.A.
J. Juan Brake Systems S.A.U.	Barcelona	Spain	Eur	60,000	100%	J. Juan S.A.U.
Montajes Y Acabados S.L.U.	Barcelona	Spain	Eur	3,005	100%	J. Juan S.A.U.
Jiaxing Ciju Control Systems Co. Ltd.	Jiaxing	China	Cny	16,309,640	100%	J. Juan S.A.U.



Commitments

The Group had no commitments at 30 June 2022.

Position or Transactions from Atypical and/or Unusual Operations

Pursuant to Consob Notice No. 6064293 dated 28 July 2006, it is hereby specified that during the first half of 2022 the Company did not carry out any atypical and/or unusual transactions, as defined by the said Notice.

Significant Events After 30 June 2022

On 25 July 2022, Brembo signed a 50/50 Joint Venture agreement with Shandong Gold Phoenix Co. Ltd., a Chinese company listed at Shanghai Stock Exchange, designing, testing, manufacturing and marketing braking system and pads/friction material for original equipment and aftermarket. The agreement provides for the formation of the new company — Shandong BRGP Friction Technology Co. Ltd. — that will be fully dedicated to the large scale manufacturing of innovative aftermarket 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.

No other significant events occurred after the end of the first half of the year and up to 28 July 2022.



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Contemporary, sustainable design involving
thought and action, intuition and inspiration.

Superior aesthetics and concreteness:
valuable elements for all new concepts.



Analysis of each item

Statement of Financial Position

1. Property, Plant and Equipment

Property, plant, equipment and other equipment

The changes in property, plant and equipment are shown in the table below and described in this section.

(euro thousand)	Land	Buildings	Plant and machinery	Industrial and commercial equipment	Other assets	Assets in course of construction and payments on account	Total
Historical cost	31,465	420,847	1,417,585	259,155	71,304	64,734	2,265,090
Accumulated depreciation	0	(141,911)	(878,236)	(218,184)	(48,084)	0	(1,286,415)
Write-down provision	0	(17)	(2,679)	(18)	(13)	(124)	(2,851)
Balance at 1 January 2021	31,465	278,919	536,670	40,953	23,207	64,610	975,824
Changes:							
Translation differences	223	6,267	10,366	466	670	1,404	19,396
Change in consolidation area	278	4,111	2,503	0	247	0	7,139
Reclassification	0	1,017	23,087	2,151	367	(28,623)	(2,001)
Acquisitions	4,534	1,574	23,504	6,239	1,409	40,253	77,513
Disposals	0	(3)	(1,270)	(145)	(17)	(9)	(1,444)
Depreciation	0	(9,337)	(55,788)	(9,347)	(3,159)	0	(77,631)
Impairment losses	0	0	(150)	0	0	(5)	(155)
Total changes	5,035	3,629	2,252	(636)	(483)	13,020	22,817
Historical cost	36,500	436,146	1,502,362	268,919	75,086	77,755	2,396,768
Accumulated depreciation	0	(153,585)	(960,817)	(228,584)	(52,351)	0	(1,395,337)
Write-down provision	0	(13)	(2,623)	(18)	(11)	(125)	(2,790)
Balance at 30 June 2021	36,500	282,548	538,922	40,317	22,724	77,630	998,641
Historical cost	37,074	450,345	1,625,330	278,172	83,703	78,047	2,552,671
Accumulated depreciation	0	(165,658)	(1,042,425)	(236,991)	(58,937)	0	(1,504,011)
Write-down provision	0	(14)	(1,232)	(18)	(14)	(123)	(1,401)
Balance at 1 January 2022	37,074	284,673	581,673	41,163	24,752	77,924	1,047,259
Changes:							
Translation differences	1,065	9,572	13,641	328	680	2,529	27,815
Reclassification	0	2,039	28,909	2,845	173	(38,609)	(4,643)
Acquisitions	0	1,830	34,525	4,589	1,261	54,349	96,554
Disposals	0	(1)	(267)	(199)	(90)	0	(557)
Depreciation	0	(9,282)	(64,824)	(8,744)	(3,469)	0	(86,319)
Impairment losses	0	0	0	0	2	0	2
Total changes	1,065	4,158	11,984	(1,181)	(1,443)	18,269	32,852
Historical cost	38,139	466,481	1,718,352	284,290	85,083	96,313	2,688,658
Accumulated depreciation	0	(177,636)	(1,123,492)	(244,290)	(61,763)	0	(1,607,181)
Write-down provision	0	(14)	(1,203)	(18)	(11)	(120)	(1,366)
Balance at 30 June 2022	38,139	288,831	593,657	39,982	23,309	96,193	1,080,111



In the first half of 2022, investments in property, plant and equipment amounted to €96,554 thousand, including €54,349 thousand in assets in course of construction. As already noted in the Directors' Report on Operations, the Group continued its international development programme. This involved significant investments in North America, Italy and the Czech Republic.

Net disposals amounted to €557 thousand and refer to the normal cycle of machinery replacement, as it becomes unusable in production processes.

Total depreciation charges for the first half of 2022 amounted to €86,319 thousand (€77,631 thousand at 30 June 2021).

Right of use assets

The following table shows the movements in item "Right of use assets":

(euro thousand)	Land	Buildings	Plant and machinery	Other assets	Total
Historical cost	4,530	212,698	0	30,524	247,752
Accumulated depreciation	(320)	(27,598)	0	(12,378)	(40,296)
Balance at 1 January 2021	4,210	185,100	0	18,146	207,456
Changes:					
Translation differences	166	3,472	0	249	3,887
Change in consolidation area	0	0	0	3	3
Reclassification from leased assets to property, plant and equipment	0	0	0	(21)	(21)
New contracts/leases for the period	0	6,570	0	1,142	7,712
Unwinding of lease contract	0	0	0	(1)	(1)
Depreciation	(44)	(8,105)	0	(4,028)	(12,177)
Total changes	122	1,937	0	(2,656)	(597)
Historical cost	4,711	223,307	0	31,069	259,087
Accumulated depreciation	(379)	(36,270)	0	(15,579)	(52,228)
Balance at 30 June 2021	4,332	187,037	0	15,490	206,859
Historical cost	4,970	249,900	441	35,461	290,772
Accumulated depreciation	(450)	(44,479)	(128)	(18,241)	(63,298)
Balance at 1 January 2022	4,520	205,421	313	17,220	227,474
Changes:					
Translation differences	116	4,420	0	62	4,598
New contracts/leases for the period	0	6,791	0	2,003	8,794
Unwinding of lease contract	0	0	0	(2)	(2)
Depreciation	(48)	(9,381)	(68)	(4,050)	(13,547)
Total changes	68	1,830	(68)	(1,987)	(157)
Historical cost	5,100	262,151	441	36,630	304,322
Accumulated depreciation	(512)	(54,900)	(196)	(21,397)	(77,005)
Balance at 30 June 2022	4,588	207,251	245	15,233	227,317

Note 13 provides information on the Group's financial commitment with respect to leased assets.



2. Intangible Assets (Development Costs, Goodwill and Other Intangible Assets)

Development costs, goodwill and other intangible assets

Changes in intangible assets are shown in the table below and described in this section.

	Development costs	Goodwill	Intangible assets with indefinite useful lives	Sub-total	Industrial patents and similar rights	Other intangible assets	Total other intangible assets	Total
(euro thousand)		A	B	A+B	C	D	C+D	
Historical cost	229,986	90,020	1,394	91,414	44,563	136,674	181,237	502,637
Accumulated amortisation	(133,714)	0	0	0	(32,404)	(99,351)	(131,755)	(265,469)
Write-down provision	(3,980)	(11,529)	(3)	(11,532)	(2,089)	0	(2,089)	(17,601)
Balance at 1 January 2021	92,292	78,491	1,391	79,882	10,070	37,323	47,393	219,567
Changes:								
Translation differences	357	3,093	17	3,110	11	1,067	1,078	4,545
Change in consolidation area	1,705	20,744	1,321	22,065	0	3,771	3,771	27,541
Reclassification	0	0	0	0	198	244	442	442
Acquisitions	11,901	0	0	0	414	4,952	5,366	17,267
Disposals	(1,123)	0	0	0	0	0	0	(1,123)
Amortisation	(8,465)	0	0	0	(818)	(4,621)	(5,439)	(13,904)
Impairment losses	(551)	0	0	0	0	0	0	(551)
Total changes	3,824	23,837	1,338	25,175	(195)	5,413	5,218	34,217
Historical cost	245,198	114,408	2,732	117,140	45,281	147,662	192,943	555,281
Accumulated amortisation	(144,551)	0	0	0	(33,317)	(104,926)	(138,243)	(282,794)
Write-down provision	(4,531)	(12,080)	(3)	(12,083)	(2,089)	0	(2,089)	(18,703)
Balance at 30 June 2021	96,116	102,328	2,729	105,057	9,875	42,736	52,611	253,784
Historical cost	262,828	119,771	11,342	131,113	46,328	182,200	228,528	622,469
Accumulated amortisation	(156,264)	0	0	0	(34,119)	(114,405)	(148,524)	(304,788)
Write-down provision	(5,435)	(12,335)	(3)	(12,338)	(2,589)	0	(2,589)	(20,362)
Balance at 1 January 2022	101,129	107,436	11,339	118,775	9,620	67,795	77,415	297,319
Changes:								
Translation differences	907	2,974	13	2,987	(15)	1,067	1,052	4,946
Reclassification	0	0	0	0	781	491	1,272	1,272
Acquisitions	11,505	0	0	0	518	4,738	5,256	16,761
Amortisation	(10,287)	0	0	0	(925)	(6,480)	(7,405)	(17,692)
Impairment losses	(270)	0	0	0	0	0	0	(270)
Total changes	1,855	2,974	13	2,987	359	(184)	175	5,017
Historical cost	276,578	122,488	11,354	133,842	47,567	189,818	237,385	647,805
Accumulated amortisation	(167,889)	0	0	0	(34,999)	(122,207)	(157,206)	(325,095)
Write-down provision	(5,705)	(12,078)	(2)	(12,080)	(2,589)	0	(2,589)	(20,374)
Balance at 30 June 2022	102,984	110,410	11,352	121,762	9,979	67,611	77,590	302,336



Development costs

The item “Development costs” includes costs for development, internal and external, for a gross historical cost of €276,578 thousand. They refer to development projects — of which the Group regularly monitors the progress and profitability perspectives — agreed upon with and confirmed by end customers, that at the reporting date have neither been suspended or cancelled. During the reporting period, this item changed due to higher costs incurred in the first half of 2022 for development orders received both during the half-year period and in previous periods, for which additional development costs were incurred; amortisation amounting to €10,287 thousand was recognised for development costs associated with orders regarding products that have already entered into production.

The gross amount includes development activities for projects underway totalling €49,635 thousand. The total amount of costs for capitalised internal works charged to the Statement of Income in the item “Costs for capitalised internal works” in the reporting period amounted to €11,343 thousand (first half of 2021: €11,547 thousand). Impairment losses totalled €270 thousand (€551 thousand in the first half of 2021) and are recognised in the Statement of Income under “Amortisation, depreciation and impairment losses.” Impairment losses refer to development costs incurred mainly by the Parent, Brembo S.p.A., in relation to projects that, consistent with the desire of the customer or Brembo, were not completed or underwent changes in terms of their end destination.

Goodwill

The item “Goodwill” arose from the following business combinations:

(euro thousand)	30.06.2022	31.12.2021
Discs - Systems - Motorbikes:		
Brembo North America Inc. (Hayes Lemmerz)	16,433	15,071
Brembo México S.A. de C.V. (Hayes Lemmerz)	1,000	917
Brembo Nanjing Brake Systems Co. Ltd.	1,005	973
Brembo Brake India Pvt. Ltd.	8,019	7,818
Brembo Huilian (Langfang) Brake Systems Co. Ltd.	48,355	46,793
SBS Friction A/S	20,742	20,749
J.JUAN Group	755*	755*
After Market – Performance Group:		
Corporación Upwards '98 (Frenco S.A.)	2,006	2,006
Ap Racing Ltd.	12,095	12,354
Total	110,410	107,436

* Provisional, pending completion of the purchase price allocation process.

The change compared to 31 December 2021 was attributable to the change in consolidation differences.

CGUs are typically identified as the business being acquired and therefore tested for impairment. If the asset being tested for impairment refers to businesses operating in multiple business lines, it is attributed to all business lines in existence at the date of acquisition; this approach is consistent with valuations carried out at the acquisition date, which are typically based on the estimated recoverable amount of the entire investment.



Intangible assets with indefinite useful lives

This item includes €1,030 thousand related to the Villar trademark, owned by the subsidiary Corporación Upwards '98 S.A., €1,321 thousand for the SBS Friction trademark, €8,585 thousand for the J.Juan trademark and the value of the trademark LF of Brembo Huilian (Langfang) Brake Systems Co. Ltd. for the remainder.

The value of trademarks was tested for impairment as described in the previous section. For information concerning impairment-testing methods, reference should be made to the above notes on goodwill.

Impairment test on goodwill and intangible assets with indefinite useful lives

The Group conducts an impairment test at year-end and whenever there are indicators of impairment losses. The Group's impairment test on goodwill and intangible assets with indefinite useful lives is based on value in use; the key assumptions used to determine the recoverable amount of invested capital for the various CGUs have been set out in the Consolidated Annual Financial Report for the year ended 31 December 2021.

Among the various indicators of impairment losses, the Group considers the relationship between its market capitalisation and equity, which as at 30 June 2022 did not show any indicators of impairment losses. In the first half of 2022, there were various external indicators (i.e., an increase in bank interest rates, which is reflected in the discount rate; the sudden rise in the inflation rate; higher costs of raw materials, natural gas and electricity; and supply chain issues) and factors of geopolitical uncertainty emerged, in connection above all with the conflict between Russia and Ukraine.

In addition to the external indicators, the Group analysed the final results of each CGU and forecast annual results, comparing them with those envisaged in business plans (2022 forecast and 2023-2025 plans).

For CGUs not showing internal indicators of impairment losses, sensitivity analyses were conducted with regard to the effect of the cash flow discount rate, using the plan cash flows used for the 2021 impairment test and the Group's discount rate (Group WACC), estimated to be 7.27% (6.30% in 2021) and assuming a zero growth rate "g" when determining terminal value.

The discount rate was adjusted to reflect the current market assessment of the risks and the weighted average cost of capital. Additional changes to the discount rate may be necessary in future to reflect the changing risks for the sector and changes in the weighted average cost of capital.

The sensitivity analyses conducted confirmed that the recoverable amounts of the various cash-generating units remain significantly higher than their carrying amounts.

For SBS Friction A/S and the LF trademark, recognised by Brembo Huilian (Langfang) Brake Systems Co. Ltd., the carrying amounts of which were €22,063 thousand (€20,742 thousand for goodwill and €1,321 thousand for the trademark) and €418 thousand, respectively, the 2022 cash flows were revised and specific considerations were made regarding the cash flows for the 2023-2025 plan period. The only changes made to cash flows related to the year 2022, for which the 2022 forecast data approved by the companies' boards of directors were used. The discount rate used is the Group WACC, equal to 7.27% (6.30% in 2021) and the growth rate for terminal value was estimated at 1% (1% in 2021). The impairment test conducted confirmed that the recoverable amount of the CGUs remains higher than their carrying amounts, even after the sensitivity analysis of WACC and the growth rate (change in WACC from 7.27% to 8.27% or in the growth rate from 1.0% to 0.5%).

Other intangible assets

Acquisitions recognised under "Other intangible assets" totalled €5,256 thousand and refer for €518 thousand to the filing of specific patents and trademarks, and for the remaining amount mainly to the share of the investment for the reporting period associated with the development of new features regarding the new Group ERP system and the acquisition of other IT applications.



3. Shareholdings Valued Using the Equity Method (Associates and Joint Ventures)

This item includes the amounts attributable to the Group related to the shareholdings valued using the equity method. The following table shows all relevant movements:

(euro thousand)	31.12.2021	Write-ups/ Write-downs	Dividends	30.06.2022
Brembo Group SGL Carbon Ceramic Brakes	43,187	9,136	0	52,323
Petroceramics S.p.A.	1,122	82	(60)	1,144
Infibra	791	16	0	807
Total	45,100	9,234	(60)	54,274

It should be noted that the impact on the Statement of Income of valuation of shareholdings using the equity method is classified in two items: “Income (expense) from non-financial investments”, attributable to the effect of the valuation using the equity method of the BSCCB Group, and “Interest income (expense) from investments”, attributable to the valuation of associates using the equity method.

The investment in Brembo SGL Carbon Ceramic Brakes S.p.A. was written up by €9,136 thousand, mainly to account for net income for the period.

4. Other Financial Assets (Including Investments in Other Companies and Derivatives)

This item is broken down as follows:

(euro thousand)	30.06.2022	31.12.2021
Shareholdings in other companies	187,288	293,859
Other securities	726	754
Derivatives	56,057	24,424
Other	1,556	1,215
Total	245,627	320,252

The item “Shareholdings in other companies” includes the 10% interest in International Sport Automobile S.a.r.l., the 4.78% interest in Pirelli S.p.A., the 3.27% interest in E-novia S.p.A. and the 1.20% interest in Fuji Co.

At 30 June 2022, the measurement of the interest in Pirelli S.p.A. at fair value resulted in a €106,632 thousand decrease in its value and in the Group equity compared to 31 December 2021 (due to the change in the market price of the stock from €6.108 to €3.876). In accordance with IFRS 9, this change was recognised in the Consolidated Statement of Comprehensive Income.

The further change of €61 thousand on 31 December 2021 was attributable to the Parent’s interest in consortium funds intended for research.

The item “Derivatives” refers to the fair value of derivative assets relating to a specific financial transaction hedging against the risk of fluctuation in the electricity price undertaken in 2021.



For further information, reference should be made to the section “Financial Risk Management” of these Explanatory Notes.

“Other” includes interest-free security deposits for utilities and car rental agreements.

5. Receivables and Other Non-Current Assets

This item is broken down as follows:

(euro thousand)	30.06.2022	31.12.2021
Receivables from others	20,817	20,643
Income tax receivables	2,291	2,541
Non-income tax receivables	34	34
Total	23,142	23,218

The item “Receivables from others” mainly includes the amounts related to contributions towards clients — on an advanced basis — for the acquisition of long-term exclusive supply arrangements, which were then released to the Statement of Income in accordance with the supply schedule for the clients.

Income tax receivables mainly refer to tax credits that can be used beyond one year, granted on the purchase of new property, plant and equipment, and other tax credits for which refunds have been requested.

6. Deferred Tax Assets and Liabilities

The net balance of deferred tax assets and liabilities at 30 June 2022 is broken down as follows:

(euro thousand)	30.06.2022	31.12.2021
Deferred tax assets	75,200	71,649
Deferred tax liabilities	(39,839)	(38,189)
Total	35,361	33,460

Deferred tax assets and liabilities were generated mainly due to temporary differences for capital gains with deferred taxation, other income items subject to future deductions or taxation, prior years’ tax losses and other consolidation adjustments.



Movements for the period are reported in the following table:

(euro thousand)	30.06.2022	30.06.2021
Balance at beginning of period	33,460	50,310
Change in consolidation area	0	2,178
Deferred tax liabilities generated	(2,588)	(933)
Deferred tax assets generated	15,107	14,241
Use of deferred tax assets and liabilities	(6,779)	(22,085)
Exchange rate fluctuations	287	625
Reclassification	95	3,286
Other movements	(4,221)	(1,748)
Balance at end of period	35,361	45,874

The recognition of deferred tax assets was made by assessing the existence of the prerequisites for their future recovery based on updated strategic plans. In particular, it should be noted that the consolidated subsidiary Brembo Poland Spolka Zo.o. is located in a “special economic zone” and is entitled to deduct a percentage from 25% to 50% of its investments from its current taxes owed through 2026. The company had used all the existing credit at 30 June 2022.

Brembo Czech Sro. has two tax incentive plans, one of CZK 132.7 million (expiring in 2026) and another of CZK 63.8 million (expiring in 2029), on which the company recognised deferred tax assets equal to CZK 8.9 million.

It should also be noted that:

- unrecognised deferred tax assets of Brembo do Brasil Ltda. — calculated on prior years’ losses (BRL 116.99 million) eligible to be unlimitedly carried forward — amounted to BRL 39.78 million;
- at 30 June 2022, deferred tax liabilities of €5,746 thousand were recognised on profits of subsidiaries, associates or joint ventures which the Group considers may be distributed in the foreseeable future.

7. Inventories

A breakdown of net inventories, which are stated net of the inventory write-down provision, is shown below:

(euro thousand)	30.06.2022	31.12.2021
Raw materials	242,600	196,685
Work in progress	131,747	93,916
Finished products	207,172	145,425
Goods in transit	49,681	46,898
Total	631,200	482,924

The change compared to 31 December 2021 is attributable to the higher cost of raw materials and greater volumes, as well as to a policy aimed at increasing the supply of inventories in order to tackle any supply chain-related risks.



Movements in the inventory write-down provision are reported in the following table:

(euro thousand)	31.12.2021	Provisions	Use/Release	Exchange rate fluctuations	30.06.2022
Inventory write-down provision	67,032	11,253	(1,926)	277	76,636

The inventory write-down provision is determined in order to align the cost of inventories to their estimated realisable value; the provision increased due to higher depreciation calculated on obsolete goods as a result of faster renewal of product ranges.

8. Trade Receivables

At 30 June 2022, the balance of trade receivables compared to the end of the previous year was as follows:

(euro thousand)	30.06.2022	31.12.2021
Accounts receivable from customers	687,020	466,997
Receivables from associates and joint ventures	1,899	1,225
Total	688,919	468,222

The increase in accounts receivable from customers is mainly due to higher sales volumes and, partly, to higher receivables past due within 15 days, which in any case did not entail any criticality.

The bad debt risk is not concentrated in any one area, as the Group has a client portfolio spread across the various geographical areas in which it operates. In this regard, the customers' risk profile is substantially unchanged compared to that assessed in the previous year.

Account receivables from customers are recognised net of the provision for bad debts, which amounted to €6,753 thousand. Movements in the provision for bad debts are shown below:

(euro thousand)	31.12.2021	Provisions	Use/Release	Exchange rate fluctuations	30.06.2022
Provision for bad debts	5,805	997	(87)	38	6,753

Brembo Group's maximum credit risk exposure is the book value of the gross financial assets recognised in the Statement of Financial Position, net of any amounts offset in accordance with IAS 32 and impairment losses recognised in accordance with IFRS 9.

It bears noting that Brembo has no credit insurance contracts as its credit risk is modest since its main business partners are leading car and motorbike manufacturers with high credit standing.



9. Other Receivables and Current Assets

This item is broken down as follows:

(euro thousand)	30.06.2022	31.12.2021
Income tax receivables	53,819	69,240
Non-income tax receivables	52,437	37,595
Other receivables	26,299	29,327
Total	132,555	136,162

The item “Income tax receivables” includes the receivable recognised by the Parent in prior years in relation to the application of an IRES refund, concerning the non-deductibility for IRAP purposes of personnel expenses, and other applications for IRES and IRAP refund, besides the R&D tax credit.

The item “Non-income tax receivables” primarily includes the VAT receivables of Brembo S.p.A. and of subsidiaries, in particular those located in Poland and Mexico.

“Other receivables” include receivables from insurance companies related to insurance refund claims underway at the reporting date, advances paid to suppliers for goods and services, and other accrued income.

10. Current Financial Assets and Derivatives

This item is broken down as follows:

(euro thousand)	30.06.2022	31.12.2021
Derivatives	23,217	4,347
Security deposits	1,428	1,186
Other receivables	58	59
Total	24,703	5,592

The item “Derivatives” mainly refers to the fair value at 30 June 2022 (amounting to €20,248 thousand) of two IRSs entered into directly by the Parent Brembo S.p.A., for a remaining notional amount of €100 million and €200 million, respectively, at 30 June 2022, hedging the change in interest rate risk associated with a specific outstanding loan. These IRSs fall within the requirements set forth in the accounting standards relating to hedge accounting (cash flow hedge). The change in fair value compared to 31 December 2021 was recognised as a component of comprehensive income, net of the tax effect, given that the hedge is fully effective.

The item also includes the fair value of derivative assets relating to hedging through currency forwards.



11. Cash and Cash Equivalents

Cash and cash equivalents include:

(euro thousand)	30.06.2022	31.12.2021
Bank and postal accounts	348,814	557,336
Cash-in-hand and cash equivalents	204	127
Total cash and cash equivalents	349,018	557,463
Payables to banks: overdrafts and foreign currency advances	(199,524)	(85,515)
Cash and cash equivalents from the Statement of Cash Flows	149,494	471,948

The items listed above can be converted readily into cash and are not exposed to a significant risk that their value may change. It is deemed that the book value of cash and cash equivalents approximates their fair value at the reporting date.

Cash is on deposit with credit institutions whose ratings are constantly monitored in order to select only financially sound counterparties.

It should be noted that, with regard to the amount recognised in the Statement of Cash Flows, interest paid in the half year totalled €6,442 thousand (€6,462 thousand at 30 June 2021).

12. Equity

Group consolidated equity at 30 June 2022 increased by €41,539 thousand compared to 31 December 2021. Movements are given in the relevant statement within the Condensed Consolidated Six Monthly Financial Report.

Share capital

The subscribed and paid up share capital amounted to €34,728 thousand at 30 June 2022. It is divided into 333,922,250 ordinary shares.

The table below shows the composition of the share capital and the number of shares outstanding at 30 June 2022 and 31 December 2021.

(No. of shares)	30.06.2022	31.12.2021
Ordinary shares issued	333,922,250	333,922,250
Own shares	(10,035,000)	(10,035,000)
Total shares outstanding	323,887,250	323,887,250

As part of Brembo's buy-back plan, the Company neither purchased nor sold own shares in the first half of 2022.

Other reserves and retained earnings/(losses)

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 income 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;
- the remaining amount carried forward.



Share capital and reserves of minority interests

This item changed due to dividends paid to minority shareholders, as well as to the change in consolidation differences.

13. Financial Debt and Derivatives

This item is broken down as follows:

(euro thousand)	30.06.2022			31.12.2021		
	Due within one year	Due after one year	Total	Due within one year	Due after one year	Total
Payables to banks:						
- overdrafts and advances	199,524	0	199,524	85,515	0	85,515
- loans	62,129	477,928	540,057	139,771	516,182	655,953
Total	261,653	477,928	739,581	225,286	516,182	741,468
Lease liabilities	25,250	201,894	227,144	24,236	202,340	226,576
Payables to other financial institutions	600	1,335	1,935	810	3,117	3,927
Derivatives	192	0	192	2,950	0	2,950
Total	26,042	203,229	229,271	27,996	205,457	233,453

The following table provides a breakdown of "Payables to banks":

(euro thousand)	Amount at 31.12.2021	Amount at 30.06.2022	Portion due within one year	Portion due between 1 and 5 years	Portion due after 5 years
Payables to banks:					
Banca Popolare di Sondrio loan (€75 million)	6,250	0			
BNL loan (€80 million)	3,333	0			
BNL loan (€100 million)	99,939	99,997	12,557	87,440	0
BNL loan (€300 million)	299,555	199,644	0	149,659	49,985
Banca Popolare di Sondrio loan (€125 million)	125,076	125,115	25,159	99,956	0
ISP loan (€100 million)	99,403	99,493	12,318	87,175	0
Banamex loan (USD 30 million)	4,409	0	0	0	0
Citi Nanjing loan (RMB 100 million)	10,942	9,876	9,876	0	0
BANKINTER loan (€105 thousand)	27	16	16	0	0
BANKINTER loan (€504 thousand)	148	97	97	0	0
BANKINTER loan (€2 million)	1,796	1,547	504	1,043	0
BANCO SABADELL loan (€500 thousand)	418	357	124	233	0
SANTANDER loan (€2 million)	942	797	269	528	0
SANTANDER loan (€600 thousand)	296	236	122	114	0
SANTANDER 2020 loan (€2 million)	1,681	1,437	496	941	0
CAIXABANK loan (€1 million)	854	729	250	479	0
BBVA loan (€2 million)	884	716	341	375	0
Total payables to banks	655,953	540,057	62,129	427,943	49,985



It should be noted that several loans require compliance with certain financial covenants. At the end of the reporting period, all of these covenants had been met. The current level of covenants allows the Group to benefit from a safety margin that does not entail the need to reclassify financial payables subject to such covenants as short-term financial payables. At 30 June 2022, there were no financial payables secured by collateral.

The following table shows the breakdown of “Other financial liabilities”.

(euro thousand)	Amount at 31.12.2021	Amount at 30.06.2022	Portion due within one year	Portion due between 1 and 5 years	Portion due after 5 years
Other financial liabilities:					
Payables to other financial institutions:					
Libra loan	1,034	1,028	254	774	0
Tivano loan	110	83	55	28	0
Ministerio Industria España	955	715	263	452	0
Ministerio de Ciencia e Innovación	137	109	28	81	0
Institut Català de Finances	1,691	0	0	0	0
Total payables to other financial institutions	3,927	1,935	600	1,335	0
Lease liabilities	226,576	227,144	25,250	75,355	126,539
Total other financial liabilities	230,503	229,079	25,850	76,690	126,539

The following table shows the structure of loans towards banks and other financial institutions at 30 June 2022, broken down by annual interest rate and currency:

(euro thousand)	30.06.2022			31.12.2021		
	Fixed rate	Variable rate	Total	Fixed rate	Variable rate	Total
Euro	306,779	225,337	532,116	317,551	326,978	644,529
US Dollar	0	0	0	0	4,409	4,409
Chinese Renminbi	0	9,876	9,876	0	10,942	10,942
Total	306,779	235,213	541,992	317,551	342,329	659,880

The average variable rate applicable to the Group’s debt is 0.99% and the average fixed rate is 1.01%.

The item “Derivatives” refers to the fair value relating to hedging through currency and commodity forward contracts entered into by Brembo S.p.A. and La.cam S.r.l. (€192 thousand).

At 30 June 2022, IRS derivatives had a positive fair value of €20,248 thousand, entirely recognised in a cash flow hedge reserve.

Changes in the Cash Flow Hedge Reserve are shown below, gross of tax effects:

(euro thousand)	30.06.2022
Opening value	(26,854)
Fair value reserve releases	(54,381)
Movements from reserve for payment/collection of differentials	4,957
Closing value	(76,278)



Net financial debt

The following table shows the reconciliation of the net financial debt at 30 June 2022 (€595,101 thousand) and at 31 December 2021 (€411,837 thousand) based on the layout prescribed by ESMA32-382-1138 Guidelines of 4 March 2021 and specified in Consob Warning Notice 5/21 of 29 April 2021 (Total financial debt):

(euro thousand)	30.06.2022	31.12.2021
A Cash	349,018	557,463
B Cash equivalents	0	0
C Other current financial assets	24,703	5,592
D Liquidity (A+B+C)	373,721	563,055
E Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	225,536	113,482
F Current portion of non-current financial debt	62,129	139,771
G Current financial debt (E + F)	287,665	253,253
H Net current financial debt (G - D)	(86,056)	(309,802)
I Non-current financial debt (excluding the current portion and debt instruments)	681,157	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)	681,157	721,639
M Total financial debt (H + L)	595,101	411,837

The various components that gave rise to the change in net financial debt during the reporting period are presented in the Statement of Cash Flows in the Directors' Report on Operations.

14. Other Non-current Liabilities

This item is broken down as follows:

(euro thousand)	30.06.2022	31.12.2021
Social security payables	313	0
Payables to employees	4,036	1,807
Other payables	800	215
Total	5,149	2,022

The change in the items "Payables to employees", "Social security payables" and "Other payables" includes the liability associated with the 2022-2024 three-year incentive plan reserved for top managers, to be settled in May 2025.



15. Provisions

This item is broken down as follows:

(euro thousand)	31.12.2021	Provisions	Use/Release	Exchange rate fluctuations	Other	30.06.2022
Provisions for contingencies and charges	7,477	1,353	(1,119)	132	8	7,851
Provision for product warranties	38,478	4,836	(1,053)	255	0	42,516
Total	45,955	6,189	(2,172)	387	8	50,367
<i>of which short-term</i>	960					368

Provisions totalled €50,367 thousand, including a provision for product warranties, which rose by €4,836 thousand for probable future costs linked to contractual warranties, supplemental customer indemnities — in connection with the Italian agency contract — and the valuation of risks related to litigation underway, as well as an estimate of liabilities that could arise as a result of tax litigation in place.

16. Net Employee Benefits

Group companies provide post-employment benefits through defined contribution plans or defined benefit plans. In the case of defined contribution plans, the Group companies pay contributions to public or private insurance institutes based on legal or contractual obligations or on a voluntary basis. Once such contributions have been paid, the companies have no further payment obligations.

Defined contribution plans include a plan relating to Brembo Huilian (Langfang) Brake Systems Co. Ltd. and reserved for approximately 28 early retired employees, who have guaranteed monthly payments until they reach pension age.

The employees of the UK subsidiary AP Racing Ltd. have the benefit of a corporate pension plan (AP Racing Pension Scheme), which is made up of two sections: the first is a defined contribution plan for employees hired after 1 April 2001, and the second is a defined benefit plan for those already in service at 1 April 2001 (and previously covered by the AP Group Pension Fund). The defined benefit plan is funded by employer and employee contributions made to a trustee that is legally separate from the enterprise providing benefits to its employees.

Brembo México S.A. de C.V., Brembo Japan Co. Ltd. and Brembo Brake India Pvt. Ltd. offer to their employees specific pension plans that qualify as defined benefit plans.

Unfunded defined benefit plans include also the “Employees’ leaving entitlement” provided by the Group’s Italian companies, in accordance with current applicable regulations.

The value of funds is calculated on an actuarial basis using the “Projected Unit Credit Method”. The item “Other employee provisions” also refers to other employee benefits.



Liabilities at 30 June 2022 are given in the table below:

(euro thousand)	31.12.2021	Provisions	Use/ Release	Interest expense	Exchange rate fluctuations	Other	30.06.2022
Employees' leaving entitlement	17,824	0	(948)	98	0	(3,006)	13,968
Defined benefit plans and other long-term benefits	5,142	269	(610)	87	370	(1,635)	3,623
Defined contribution plans	1,026	1,332	(1,404)	0	16	0	970
Total	23,992	1,601	(2,962)	185	386	(4,641)	18,561

17. Trade Payables

At 30 June 2022, trade payables were as follows:

(euro thousand)	30.06.2022	31.12.2021
Trade payables	708,208	582,763
Payables to associates and joint ventures	16,141	8,067
Total	724,349	590,830

The change compared to 31 December 2021 is chiefly due to the higher volume of supplies aimed at tackling any supply chain-related risks.

18. Tax Payables

This item reflects the net amount due for the current taxes of the Group's companies.

(euro thousand)	30.06.2022	31.12.2021
Tax payables	12,605	12,959

19. Other Current Payables

Other current payables at 30 June 2022 are given in the table below:

(euro thousand)	30.06.2022	31.12.2021
Tax payables other than current taxes	13,461	11,956
Social security payables	16,974	24,566
Payables to employees	64,159	80,576
Other payables	82,604	81,124
Total	177,198	198,222

"Other payables" also include deferred income in the form of public grants received and released to the Statement of Income in accordance with the related amortisation plans to which they refer, in addition to deferred income amounting to €49,845 thousand (€48,753 thousand at 31 December 2021) in the form of grants received by customers towards brake system development activities suspended until the conclusion of the development activity and then recognised over the useful lives of the products to which the grants refer.



Statement of Income

20. Revenue from Contracts with Customers

The item is broken down as follows:

(euro thousand)	30.06.2022	30.06.2021
Revenue from sales of brake systems	1,730,212	1,338,128
Revenue from equipment	7,749	9,678
Revenue from study and design activities	8,066	12,562
Revenue from royalties	444	421
Total	1,746,471	1,360,789

The breakdown of Group sales by geographical area of destination and by application is provided in the Directors' Report on Operations.

21. Other Revenues and Income

These are made up of:

(euro thousand)	30.06.2022	30.06.2021
Miscellaneous recharges	2,760	4,225
Gains on disposal of assets	686	667
Miscellaneous grants	5,752	1,811
Other revenues	4,674	3,637
Total	13,872	10,340

The item "Miscellaneous grants" mainly refers to grants for personnel training, research and development projects and the purchase of new capital goods.

22. Costs for Capitalised Internal Works

This item refers to the capitalisation of development costs incurred during the period, amounting to €11,343 thousand (first half of 2021: €11,547 thousand).



23. Cost of Raw Materials, Consumables and Goods

The item is broken down as follows:

(euro thousand)	30.06.2022	30.06.2021
Purchase of raw materials, semi-finished and finished products	753,977	548,510
Purchase of consumables	79,348	60,296
Total	833,325	608,806

The change compared to the first half of 2021 is attributable to the higher cost of raw materials and to a policy aimed at increasing supplies in order to tackle any supply chain-related risks.

24. Income (Expense) from Non-Financial Investments

Income (expense) from non-financial investments amounted to €9,136 thousand and is attributable to the effects of valuing the investment in the BSCCB Group using the equity method (first half of 2021: €7,641 thousand).

25. Other Operating Costs

These costs are broken down as follows:

(euro thousand)	30.06.2022	30.06.2021
Transports	50,750	35,893
Maintenance, repairs and utilities	121,714	78,594
Contracted work	67,618	56,977
Rent	12,083	9,895
Other operating costs	88,245	75,615
Total	340,410	256,974

The item "Other operating costs" mainly includes the costs of travels, quality-related costs and insurance costs, as well as fees for legal, technical and commercial consulting.

26. Personnel Expenses

The breakdown of personnel expenses is as follows:

(euro thousand)	30.06.2022	30.06.2021
Wages and salaries	210,639	176,815
Social security contributions	44,538	40,832
Employees' leaving entitlement and other personnel provisions	7,978	6,673
Other costs	38,594	30,002
Total	301,749	254,322





The average number and the period-end number of Group employees by category were as follows:

	Managers	White-collar	Blue-collars	Total
H1 2022: average	153	3,593	8,891	12,637
H1 2021: average	145	3,165	8,090	11,400
Change	8	428	801	1,237
Total at 30 June 2022	155	3,643	8,999	12,797
Total at 30 June 2021	144	3,196	8,062	11,402
Change	11	447	937	1,395

It should be noted that, compared to the first half of 2021, the figure also includes 628 employees of the J. Juan Group, acquired at the end of the previous year.

27. Depreciation, Amortisation and Impairment Losses

The item is broken down as follows:

(euro thousand)	30.06.2022	30.06.2021
Amortisation of intangible assets:		
Development costs	10,287	8,465
Industrial patents and similar rights for original work	609	576
Licences, trademarks and similar rights	316	242
Other intangible assets	6,480	4,621
Total	17,692	13,904
Depreciation of property, plant and equipment:		
Buildings	9,282	9,337
Plant and machinery	64,824	55,788
Industrial and commercial equipment	8,744	9,347
Other property, plant and equipment	3,469	3,159
Right of use assets	13,547	12,177
Total	99,866	89,808
Impairment losses:		
Property, plant and equipment	(2)	155
Intangible assets	270	551
Total	268	706
TOTAL AMORTISATION, DEPRECIATION AND IMPAIRMENT LOSSES	117,826	104,418

Further information on item "Impairment losses" is given in Note 2 of these Explanatory Notes.



28. Net Interest Income (Expense)

This item is broken down as follows:

(euro thousand)	30.06.2022	30.06.2021
Exchange rate gains	59,896	26,165
Interest income from employee's leaving entitlement and other personnel provisions	378	268
Interest income	1,199	1,384
Total interest income	61,473	27,817
Exchange rate losses	(50,946)	(22,358)
Interest expense from employees' leaving entitlement and other personnel provisions	(563)	(463)
Lease interest expense	(2,688)	(2,537)
Interest expense	(4,343)	(3,930)
Total interest expense	(58,540)	(29,288)
TOTAL NET INTEREST INCOME (EXPENSE)	2,933	(1,471)

Net exchange differences as at 30 June 2022, amounting to a positive €8,950 thousand, relate mainly to the effect of translation into local currency of accounts receivable and payable in foreign currencies included in the financial statements of foreign subsidiaries; the most significant impact is due to the appreciation of the dollar against the euro in relation to the purchases in euro made by Brembo México and Brembo North America.

29. Interest Income (Expense) from Investments

Net interest income from investments, which amounted to €7,804 thousand (€3,911 thousand in the first half of 2021), was attributable to the effects of valuing investments in associates using the equity method and dividends received by investees not included in the consolidation area.

30. Taxes

This item is broken down as follows:

(euro thousand)	30.06.2022	30.06.2021
Current taxes	54,479	35,316
Deferred tax (assets) and liabilities	(5,740)	8,777
Prior years' taxes and other tax payables	242	(2,724)
Total	48,981	41,369

The Group's actual tax rate was 24.7% (24.7% at 31 December 2021; 24.6% at 30 June 2021).



31. Earnings Per Share

Basic earnings per share were €0.46 at 30 June 2022 (€0.39 at 30 June 2021), and were calculated by dividing the net income or loss for the period attributable to holders of ordinary equity instruments of the Parent by the weighted average number of ordinary shares outstanding in the first half of 2022, amounting to 323,887,250 (323,887,250 in the first half of 2021). Diluted earnings per share are identical to basic earnings per share inasmuch as no share capital transactions were undertaken in the reporting period.

32. Non-Current Assets/Liabilities Held for Sale and/or Discontinued Operations

On 30 June 2019, Brembo discontinued its industrial operations at the Buenos Aires plant. As a result, the subsidiary Brembo Argentina S.A. was placed in dissolution and winding up procedure. Brembo took this decision as it was impossible to boost new projects because of the downtrend experienced by the Argentinian automotive sector and its quite discouraging recovery prospects, as well as because all main manufacturers decided not to proceed with industrial projects nor to launching new models.

Consequently, in accordance with IFRS 5, the Company's asset and liability items, net of intercompany payables, have been reclassified to "Assets/Liabilities from discontinued operations", whereas the Statement of Income items have been reclassified to "Result from discontinued operations", as shown here below.

(euro thousand)	30.06.2022
Revenue from contracts with customers	0
Other operating costs	(51)
GROSS OPERATING INCOME	(51)
Depreciation, amortisation and impairment losses	0
NET OPERATING INCOME	(51)
Net interest income (expense)	(99)
RESULT FROM DISCONTINUED OPERATIONS	(150)
TOTAL NON-CURRENT ASSETS	0
Cash and cash equivalents	543
TOTAL CURRENT ASSETS	543
TOTAL ASSETS	543
Non-current provisions	(11)
TOTAL NON-CURRENT LIABILITIES	(11)
Trade payables	(56)
TOTAL CURRENT LIABILITIES	(56)
TOTAL LIABILITIES	(67)



Statement of Comprehensive Income

The Statement of Comprehensive Income includes:

- the fair value measurement of the interest in Pirelli S.p.A., net of the tax effect, negative for €105,352 thousand (positive for €21,852 thousand in the first half of 2021);
- the fair value measurement of derivatives, net of the tax effect, positive for €45,641 thousand (€12,054 thousand in the first half of 2021);
- the actuarial value on defined benefit plans, net of the tax effect, positive for €3,374 thousand (€2,752 thousand in the same period of the previous year);
- the change in the translation adjustment reserve positive for €37,307 thousand (€28,679 thousand in the first half of 2021), mainly due to the change, compared to the end of the previous year, of the euro to US dollar exchange rate and the euro to Chinese renminbi exchange rate.

Stezzano, 28 July 2022

On behalf of the Board of Directors

The Executive Chairman

Matteo Tiraboschi



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REPORT ON REVIEW OF THE CONDENSED CONSOLIDATED SIX MONTHLY FINANCIAL REPORT

To the Shareholders of
Brembo S.p.A.

Introduction

We have reviewed the accompanying condensed consolidated six monthly financial report of Brembo S.p.A. and subsidiaries ("Brembo Group"), which comprise the statement of financial position as of June 30, 2022 and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of the condensed consolidated six monthly financial report in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on the condensed consolidated six monthly financial report based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("CONSOB") for the review of the condensed consolidated six monthly financial report under Resolution n° 10867 of July 31, 1997. A review of condensed consolidated six monthly financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated six monthly financial report of Brembo Group as at June 30, 2022 is not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Other Matter

The consolidated financial statements of Brembo Group for the period ended as of December 31, 2021 and the condensed consolidated six monthly financial report as at June 30, 2021 have been respectively audited and reviewed by other auditors that on March 21, 2022 and on July 29, 2021 expressed an unmodified opinion and an unmodified conclusion on those consolidated financial statements.

DELOITTE & TOUCHE S.p.A.

Signed by
Stefano Dell'Orto
Partner

Milan, Italy
July 28, 2022

This report has been translated into the English language solely for the convenience of international readers.



Attestation of the Condensed Six Monthly Financial Statements Pursuant to Article 81-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended and extended

1. We the undersigned, Matteo Tiraboschi, in his capacity as Executive Chairman, and Andrea Pazzi, in his capacity as Manager in Charge of the Financial Reports of Brembo S.p.A., hereby declare, pursuant to the provisions of Article 154-bis, paragraphs 3 and 4, of Italian Legislative Decree No. 58 of 24 February 1998, that the administrative and accounting procedures for preparing the Condensed Six Monthly Financial Statements for the period from 1 January 2021 to 30 June 2022:
 - are appropriate in relation to the company features; and
 - have been consistently applied.
2. The assessment of the adequacy of the administrative and accounting procedures used in preparing the Condensed Six Monthly Financial Statements at 30 June 2022 was based on a process defined by Brembo S.p.A. in accordance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission, an internationally-accepted reference framework. Regarding this point there are no issues.
3. The undersigned further declare that:
 - 3.1 The Condensed Six Monthly Financial Statements:
 - a) have been prepared in accordance with applicable International Accounting Standards, as adopted by the European Union through (EC) Regulation No. 1606/2002 of European Parliament and Council on 19 July 2002;
 - b) reflect the accounting books and records; and
 - c) provide a true and fair view of the assets, liabilities, profit or loss and financial position of the issuer and the companies included in the consolidation area.
 - 3.2 The interim Report on Operations includes a reliable analysis of the significant events that occurred during the first six months of the financial year and the impact of such events on the Company's Condensed Six Monthly Financial Statements, along with a description of the main risks and uncertainties for the remaining six months of the year.

Furthermore, the interim Report on Operations contains a reliable analysis of significant related party transactions.

Stezzano, 28 July 2022

Matteo Tiraboschi
Executive Chairman

Andrea Pazzi
Manager in Charge of the Company's
Financial Reports

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