brembo

2023

ANNUAL FINANCIAL REPORT

2023 CONSOLIDATED DISCLOSURE
OF FINANCIAL INFORMATION
IN ACCORDANCE
WITH LEGISLATIVE DECREE No. 254/2016

Brembo S.p.A.

Registered offices: CURNO (BG) – Via Brembo 25 – Italy
Share capital: €34,727,914.00 – Bergamo Register of Companies
Tax code and VAT Code No. 00222620163

ANNUAL FINANCIAL REPORT 2023

Translation from the original version issued in Italian. PDF courtesy copy. This version has been prepared for convenience of use and does not contain the ESEF information as specified in the ESEF regulatory technical standards (Delegated Regulation (EU) 2019/815).

STRENGTH IN NUMBERS

Increasingly digital and connected, projected into a future where knowledgeable use of data and artificial intelligence is essential. This is the new Brembo, and now it is time to look at its results, supported by the numbers, which tell us the history of this journey, its successes and milestones.

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CALLING OF THE ORDINARY AND EXTRAORDINARY SHAREHOLDERS’ MEETING

The Shareholders are convened to the Ordinary and Extraordinary Shareholders' Meeting to be held at the Company offices at Viale Europa 4 (Entry Gate 1), 24040 Stezzano (Bergamo) on **23 April 2024 at 11 a.m.**, **in single call**, to resolve on the following

AGENDA

Ordinary Session

1. Presentation of the Financial Statements of Brembo S.p.A. for the year ended 31 December 2023, with the Directors’ Report on Operations, the Statutory Auditors’ Report, the Independent Auditors’ Report and the Attestation of the Manager in charge of the Company's Financial Reports. Relevant and ensuing resolutions.
2. Allocation of profit for the year. Relevant and ensuing resolutions.
3. Presentation of the Consolidated Financial Statements of the Brembo Group for the year ended 31 December 2023, with the Directors’ Report on Operations, the Statutory Auditors' Report, the Independent Auditors' Report and the Attestation of the Manager in charge of Company's Financial Reports.
4. Presentation of the Consolidated Disclosure of Non-Financial Information of the Brembo Group for the year ended 31 December 2023, according to Legislative Decree No. 254 of 30 December 2016.
5. Report on the Remuneration Policy for 2024 and Remuneration Paid in 2023: examination of the Section I, drawn up pursuant to Article 123-*ter*, paragraph 3, of Legislative Decree No. 58 of 24 February 1998 (i.e., Remuneration Policy for 2024). Resolutions pursuant to Article 123-*ter*, paragraphs 3-*bis* and 3-*ter*, of Legislative Decree No. 58 of 24 February 1998.
6. Report on the Remuneration Policy for 2024 and Remuneration Paid in 2023: examination of Section II, drawn up pursuant to Article 123-*ter*, paragraph 4, of Legislative Decree No. 58 of 24 February 1998 (i.e., Remuneration paid in 2023). Resolutions pursuant to Article 123-*ter*, paragraph 6, of Legislative Decree No. 58 of 24 February 1998.
7. Authorisation to purchase treasury shares, with prior revocation of the previous authorisation granted by the Shareholders' Meeting dated 20 April 2023, for any portion not executed. Relevant and ensuing resolutions.

Extraordinary Session

1. Amendments to the text of the Articles of Association as approved by the Shareholders’ Meeting on 27 July 2023, operative from the effective date of the relocation of the Company’s registered office in the Netherlands. Relevant and ensuing resolutions.
   - 1.1 Amendments to the Article 4 ("Objects of the Company");
   - 1.2 Confirmation and ratification of authorised capital and of the number of shares as set out in Articles 5.1 and 5.2 ("Authorised Capital and Shares");
   - 1.3 Insertion of a new Article 45 ("Transitional Provisions").

Stezzano, 5 March 2024

On behalf of the Board of Directors
The Chairman
Matteo Tiraboschi

CONTENTS

LETTER FROM THE CHAIRMAN

Shareholders,

I am pleased to write the opening letter of the Annual Financial Report for a year in which Brembo forged ahead with its growth path. The year 2023 saw major industrial investments, the development of our product innovation strategy and the Company's opening to new business sectors. All this took place in the context of a global market that continued to present businesses with complex challenges.

For Brembo, the response to these challenges has always been to invest in the future. In 2023, in line with our strategic vision, we announced an investment plan of over half a billion euro to expand our industrial footprint. In Mexico, we completed the doubling of our production plant in Escobedo, in the Nuevo León State. In China, we are expanding our Nanjing plant and renovating the R&D centre to transform it into a hub for the innovations required by the Chinese market. In Poland, works began for the building of a new foundry, which will be endowed with cutting-edge technology, also in terms of sustainability. In addition to these projects, the production capacity of the joint venture Brembo SGL Carbon Ceramic Brakes was expanded in Germany and Italy to meet the increased demand for our carbon ceramic discs — one of Brembo's flagship products.

These investments consolidate Brembo's global positioning and are made possible by our results. In 2023, Brembo's consolidated net revenues exceeded €3,849 million, increasing by 6.1% compared to 2022, which had already shown extraordinary growth rates. My thanks for these results go out in particular to the over 15,600 Brembo People worldwide who every day make our Company great.

Our goal is to ensure that Brembo continues to grow and maintains its leading role in the automotive market at the global level. In support of this objective, in 2023 we began the process of transferring the Company's registered office to the Netherlands. The transaction, which will enter into effect on 24 April 2024, allows us to adopt a capital structure that is more flexible, and thus more consistent with the Company's future development strategy. I would like to take this opportunity to confirm again that the transaction will not affect Brembo People or the Company's business, identity, culture or presence in Italy and in the other areas around the world in which we operate. Brembo will retain its tax residence in Italy, and it will continue to be listed on the Italian Stock Exchange.

With regard to our core business, 2023 was a year of further significant progress, focusing in particular on the opportunities offered by artificial intelligence. As the world continues to familiarise with the practical applications of AI in daily life, Brembo has long been committed to harnessing its developments within the broader framework of the ongoing digitalisation of the automotive industry. Central to this strategy is Sensify, the first intelligent braking system, which continues to meet with a positive response at a global level.

In addition, in 2023 we launched Brembo Solutions, a new company unit established to provide companies operating in various sectors — and not just in the automotive industry — with solutions based on our direct experience with artificial intelligence applied to the industrial world.

From production to the racetrack — site and symbol of our passion. In 2023, we became Braking Inspiration Partner to MotoGP and enthusiastically participated in the 100th edition of the 24 Hours of Le Mans as Braking Technology Provider, supplying 44 of the 62 vehicles in the race, including the winning team. These are results and projects that strengthen our leading role in motorsports, which for Brembo is as an essential global showcase.

In 2023, the Company also stepped up its social commitment, in particular through two projects I would like to mention here: Child Friendly Space, in response to the earthquake in Turkey and Syria, and support for the Bergamo-Brescia Italian Capital of Culture 2023 initiative as a System Partner. As every year, these projects are described in detail in our Consolidated Disclosure of Non-Financial Information.

In conclusion, I would like to extend my gratitude for your ongoing trust. We look to the future with enthusiasm and determination. We are committed to guiding Brembo's digital evolution, with the goal of supporting our customers with the current transformation of the automotive sector. In this process, our Group's solidity allows us to seize the opportunities for growth and innovation that the most ambitious challenges hold in store for us.

The Executive Chairman
Matteo Tiraboschi

DRIVEN BY OUR VISION

"TURNING ENERGY INTO INSPIRATION"

Electrification, digitalisation, autonomous driving and environmental sustainability are macro-trends that have been at the centre of the automotive world and the strategies of the market's main players for some years.

Within this scenario, Brembo has been pursuing its mission of becoming a Solution Provider by proactively rising to the challenges posed by the ongoing transformation, focusing on the needs and desires of the new generations, which will be the users of tomorrow.

Brembo continues to invest significantly in innovation, driven by its vision "Turning Energy into Inspiration", which encourages the Group to extend its sphere of influence to embrace energy management in its broader meaning, not only in terms of components, but also in its role as authoritative systems provider. In addition to innovative hydraulic and mechanical components, innovation is also applied to software and artificial intelligence: this combination allows to aim at a high added-value product and service integration in order to anticipate the new mobility paradigms.

SENSIFY is the tangible outcome of this vision: the first fluid-free intelligent braking system that constantly interacts with the driver with a view to shaping a world without accidents. Its launch on the market, planned for 2025, will truly revolutionise the automotive industry.

At the heart of the Group's strategic vision there is also an overarching commitment to sustainability that has becomes a *modus operandi* within Brembo, permeating all activities, processes and products. This sustainability-driven approach is increasingly present also in the relationship with its People, with its supply chain and in the local areas in which the Group operates.

In 2023, the Group continued to implement strategic projects within the three Pillars — Digital, Global and Cool Brand — through dedicated working groups that leverage a shared leadership and the cross-cutting competencies of all parties involved, engaging all Group Regions and outlining the growth direction for the forthcoming future.

DIGITAL

The world has entered the era of artificial intelligence applications focusing on data processing. The ability to analyse and manage data is a crucial skill for continuing to grow and create innovation. Accordingly, Brembo has set itself an ambitious goal: becoming a company that, alongside the production of braking systems, is able to develop and offer all-round solutions to its customers through the widespread dissemination of a solid data culture within the Group and an increasingly data-driven approach. BREMBO SOLUTIONS is a brand new unit of the Group that develops breakthrough solutions based on the "AI-DOING" approach, which combines Brembo's experience in artificial intelligence and its application in the industrial field.

GLOBAL

Brembo has long ago embarked upon its decentralisation path and has now become a Group operating in 15 countries worldwide. Within this context, the Global Pillar aims to balance the Group's international footprint, not only from a commercial standpoint, but also in terms of technology and innovation, by developing and encouraging excellence at local level for the benefit of a global organisation whose mindset is based on multiculturality, valuing of diversity and with inclusion as a shared value. One essential asset for achieving this goal is Revelia, Brembo's first e-commerce platform, created in China and dedicated to the consumer market. It seeks to establish a direct relationship with consumers, promote the brand with the younger generations and collect the data increasingly necessary to supporting the business strategy.

COOL BRAND

Brembo does not set limits on creativity and considers it essential to continuously engage in strengthening its brand, anchoring it to new trends that are reconfiguring mobility in line with the values and sensibilities of the new generations, especially Generation Z. The objective is thus to identify their passion, needs and tastes, and translate them into a unique brand experience able to generate tangible solutions. In 2023, the second edition of the Brembo Hackathon was successfully completed at the Brembo Inspiration Lab in Silicon Valley: participants immersed themselves in machine learning and artificial intelligence to revolutionise today's braking technologies, going beyond the traditional innovation processes, in line with Brembo's vision.

COMPANY OFFICERS

Chairman Emeritus [1]	Alberto Bombassei

Board of Directors [2]

EXECUTIVE CHAIRMAN	Matteo Tiraboschi [7]
CHIEF EXECUTIVE OFFICER	Daniele Schillaci [7]
DIRECTORS	Cristina Bombassei [4] [7] Giancarlo Dallera [3] Elisabetta Magistretti [3] Umberto Nicodano [6] Elizabeth M. Robinson [3] Gianfelice Rocca [3] Michela Schizzi [3] [5] Manuela Soffientini [3] [8] Roberto Vavassori [7]

Board of Statutory Auditors [9]

CHAIRMAN	Fabrizio Riccardo Di Giusto [5]
ACTING AUDITORS	Stefania Serina Mario Tagliaferri
ALTERNATE AUDITORS	Giulia Pusterla [5] Alessandra Vaiani

Independent Auditors	Deloitte & Touche S.p.A. [10]

Manager in Charge of the Company's Financial Reports

Andrea Pazzi (11)

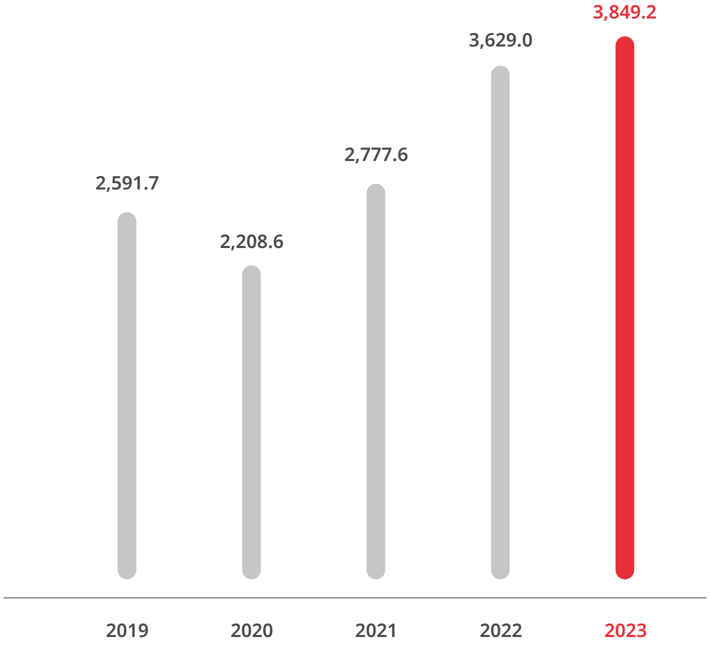
Committees

AUDIT, RISK & SUSTAINABILITY COMMITTEE (12)	Elisabetta Magistretti (Chairwoman) Michela Schizzi Manuela Soffientini
REMUNERATION & APPOINTMENTS COMMITTEE	Giancarlo Dallera (Chairman) Elizabeth M. Robinson Manuela Soffientini
SUPERVISORY COMMITTEE	Giovanni Canavotto (Chairman) (13) Elisabetta Magistretti Matteo Tradii (14)

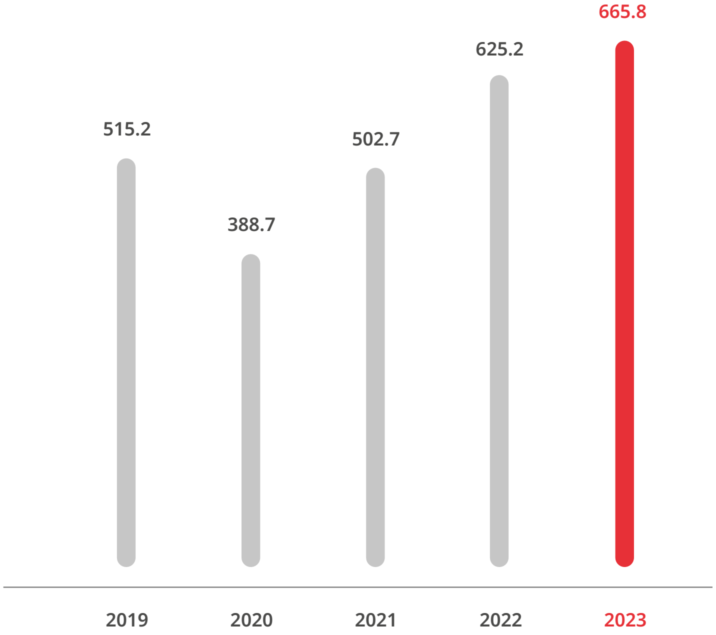
(1) Appointed for an indefinite period.
(2) In office until the Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2025.
(3) Non-Executive and Independent Directors.
(4) The Director also holds the position of Executive Director in charge of the Internal Control and Risk Management System, as well as of Chief CSR Officer.
(5) Director/Statutory Auditor elected from a minority list.
(6) Non-executive Director.
(7) Executive Director.
(8) This Director also holds the position of Lead Independent Director.
(9) In office until the Shareholders' Meeting called to approve the Financial Statements for the year ending 31 December 2025. This Board holds the role of the Internal Control & Audit Committee pursuant to Article 19 of Legislative Decree No. 39/2010.
(10) Appointed by the Shareholders' Meeting of 22 April 2021 for the years from 2022 to 2030.
(11) The appointment remains valid until the expiry of the current Board of Directors' term of office, i.e., until the General Shareholders' Meeting approving the Financial Statements for the year ending 31 December 2025.
(12) This Committee also acts as the Related Party Transactions Committee.
(13) Independent Expert.
(14) Chief Internal Audit Officer

SUMMARY OF GROUP RESULTS

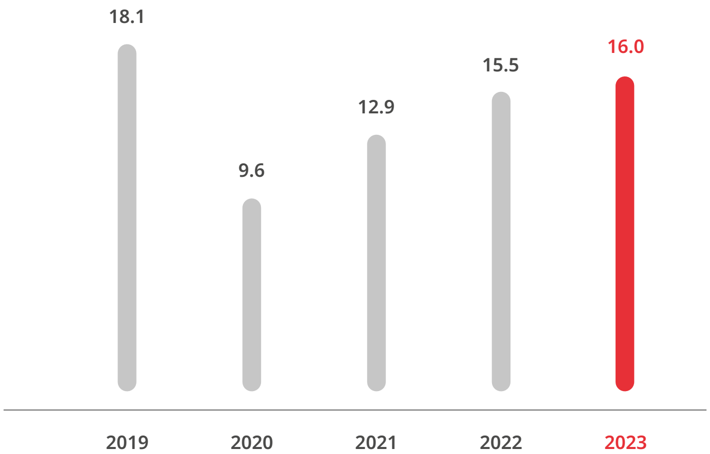
REVENUE FROM CONTRACTS WITH CUSTOMERS
(euro million)



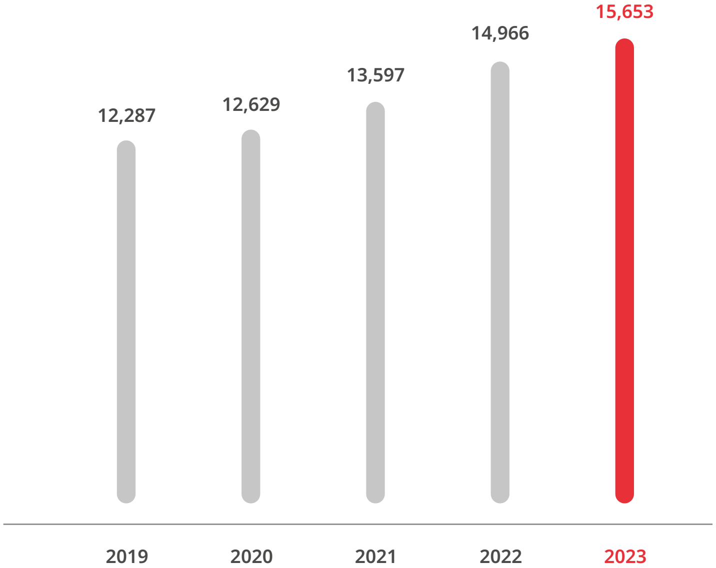
GROSS OPERATING INCOME
(euro million)



ROI
(percentage)



PEOPLE AT END OF YEAR
(number, including agency workers)



ECONOMIC RESULTS

(EURO THOUSAND)	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023	% 2023/2022
Revenue from contracts with customers	2,591,670	2,208,639	2,777,556	3,629,011	3,849,202	6.1%
Gross operating income	515,169	388,685	502,696	625,204	665,778	6.5%
% on revenue from contracts with customers	*19.9%*	*17.6%*	*18.1%*	*17.2%*	*17.3%*	
Net operating income	318,539	181,135	287,981	382,844	414,072	8.2%
% on revenue from contracts with customers	*12.3%*	*8.2%*	*10.4%*	*10.5%*	*10.8%*	
Result before taxes	307,691	156,044	286,791	382,234	392,000	2.6%
% on revenue from contracts with customers	*11.9%*	*7.1%*	*10.3%*	*10.5%*	*10.2%*	
Net result for the year	231,301	136,533	215,537	292,833	305,039	4.2%
% on revenue from contracts with customers	*8.9%*	*6.2%*	*7.8%*	*8.1%*	*7.9%*	

FINANCIAL RESULTS

(EURO THOUSAND)	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023	% 2023/2022
Net invested capital	1,758,638	1,891,493	2,231,294	2,472,841	2,590,611	4.8%
Equity	1,388,015	1,481,041	1,796,120	1,947,013	2,099,419	7.8%
Net financial debt	346,189	384,677	411,837	502,044	454,768	-9.4%

EMPLOYEES AND INVESTMENTS

(EURO THOUSAND)	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023	% 2023/2022
Employees at end of year (No.)	10,868	11,039	12,225	12,956	13,654	5.4%
Turnover per employee	238.5	200.1	227.2	280.1	281.9	0.6%
Net investments (*)	210,448	150,189	210,006	282,135	412,159	46.1%
Increases in leased assets	36,888	37,626	26,407	37,465	20,731	-44.7%

MAIN RATIOS

	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023
Net operating income/Revenue from contracts with customers	12.3%	8.2%	10.4%	10.5%	10.8%
Income before taxes/Revenue from contracts with customers	11.9%	7.1%	10.3%	10.5%	10.2%
Net investments(*)/Revenue from contracts with customers	8.1%	6.8%	7.6%	7.8%	10.7%
Net financial debt/Equity	24.9%	26.0%	22.9%	25.8%	21.7%
Adjusted net interest expense(**)/Revenue from contracts with customers	0.6%	0.8%	0.3%	0.4%	0.5%
Adjusted net interest expense(**)/Net operating income	4.5%	9.4%	3.4%	3.4%	4.9%
ROI	18.1%	9.6%	12.9%	15.5%	16.0%
ROE	17.3%	9.3%	12.0%	15.1%	14.6%

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.
(*) Net investments in property, plant, equipment and intangible assets, calculated as the sum total of increases (net of decreases) of property, plant and equipment and intangible assets.
(**) This item does not include exchange gains and losses.

15

COUNTRIES IN WHICH THE GROUP IS PRESENT

412 € MILLION

NET INVESTMENTS

3,849

€ MILLION

REVENUES

INVESTING IN THE FUTURE

It has been four years since we conceived our new Vision and Mission. A period in which Brembo has laid the groundwork for momentous change. The Group continues its rapid transformation in all the countries where it operates and is present, investing in its People and its future.

1. DIRECTORS’ REPORT ON OPERATIONS

BREMBO AND THE MARKET

MACROECONOMIC CONTEXT

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

Inflation is easing at **global level** thanks to more restrictive monetary policies. GDP growth has been stronger than expected in 2023, but is now moderating as the impact of tighter financial conditions, weak trade growth, lower business and consumer confidence and heightened geopolitical tensions is increasingly felt. Housing markets and economies reliant on bank-based finance, especially in Europe, have also been impacted, increasing uncertainty about the near-term outlook. According to most recent forecasts, GDP growth is projected at 2.9% in 2023, 2.7% in 2024 and 3.0% in 2025, as real income growth recovers and interest rates start to be lowered. A growing divergence across economies is expected in the near term, with growth in the emerging markets generally holding up better than in advanced economies. Annual consumer price inflation in the G20 economies is projected to continue easing gradually, declining from 6.2% in 2023 to 5.8% in 2024 and to 3.8% in 2025, getting back on target in most major economies.

In the **Eurozone**, GDP growth is projected at 0.6% in 2023, 0.9% in 2024 and 1.5% in 2025. Private consumption will be supported by tight labour markets and increasing real incomes as inflation recedes. At the same time, higher costs of financing and uncertainty will weigh on private investment. Wage growth is projected to ease only gradually over the projection period. Employment in the service sector will keep core inflation elevated until mid-2025, despite ongoing reductions in headline inflation.

Germany's economy is projected to grow by 0.6% in 2024 and 1.2% in 2025, after contracting slightly (0.1%) in 2023. Decreasing inflation and rising wages will support real incomes and private consumption. High interest rates will weigh on residential investment and damp export demand for investment goods. However, non-residential investment will gradually pick up due to support from high corporate savings and investment needs related to the offshoring of supply chains, digitalisation and renewable energy expansion. Exports will slowly recover as global demand strengthens.

In **France**, GDP growth is expected to ease from +0.9% in 2023 to +0.8% 2024 before picking up to +1.2% in 2025. After a slowdown in 2024, exports will recover in 2025 owing to a moderate improvement in external demand. Continued tightness in the labour market will maintain upward pressure on wages, allowing for some gains in purchasing power and a gradual improvement in private consumption, as inflation is expected to ease from 5.7% in 2023 to 2.7% in 2024 and 2.2% in 2025. However, less favourable financing conditions due to tighter monetary policy will continue to weigh on investment and consumption.

Italy's GDP growth is expected to slow to +0.7% in both 2023 and 2024, before picking up modestly to +1.2% in 2025. Low wage growth and high inflation have eroded real incomes, financial conditions have tightened, and most of the exceptional fiscal support related to the energy crisis has been withdrawn, weighing on private consumption and investment. The projected decline of inflation, targeted income tax cuts and the pick-up in public investment related to New Generation EU (NGEU) funds will only partly offset these headwinds. The main downside risk is a larger-than-expected tightening of financial conditions due to tighter Euro Area monetary policy or an increase in the risk premium on Italian government securities. On the upside, a significant pick-up in public investment related to the National Recovery and Resilience Plan (NRRP) could boost growth in 2024 and 2025.

According to most recent estimates, **US** GDP is projected to grow by 2.4% in 2023, 1.5% in 2024, and 1.7% in 2025. Growth in private consumption and investment are expected to moderate in response to the effects of tighter monetary and financial conditions. Employment growth will slow further in response to weaker demand and the unemployment rate will continue to edge up through the first half of 2024. Inflation will decline, allowing for monetary policy easing in the second half of 2024 and a recovery of domestic demand growth in 2025. Monetary policy will remain restrictive in the near term, exerting downward pressure on inflation while still allowing for economic growth, but will ease gradually from late 2024.

In **China**, economic growth will rebound only moderately in 2023 (+5.2%), to then slow to +4.7% and +4.2% in 2024 and 2025. Consumption growth will likely remain subdued due to increased precautionary savings, gloomier prospects for employment creation and heightened uncertainty. The ongoing adjustment in the real estate sector continues with falling investment and continued financial stress. Relaxation of some demand-side restrictions is expected to stabilise sales, aided by lower mortgage costs. Exports will remain weak amid sluggish global growth and the ongoing commercial tensions with the United States. Trade sanctions may disrupt production at some high-tech manufacturers.

According to latest forecasts, **India**'s GDP growth is projected at 6.3% in 2023 and 6.1% in 2024 on account of the weakening international outlook. Surging services exports and public investment will continue to drive the economy. Inflation will decline progressively, with corresponding improvements of purchasing power. This, along with the end of the El Niño weather pattern, productivity gains from recent policy reforms, and improved global conditions, will help economic activity to strengthen, with projected GDP growth of 6.5% in 2025. Monetary policy easing is assumed to start in the second half of 2024, supporting business investment and discretionary household spending. Government investment will remain at high levels. Nevertheless, further fiscal consolidation is expected, which will increase financial space for the private sector.

In **Japan**, GDP growth is projected to slow from 1.7% in 2023 to 1.0% in 2024, to then reach 1.2% in 2025, mainly driven by domestic demand. Private consumption will be supported by pent-up demand, stronger wage growth and the new economic package. Government subsidies for green and digital investment and high corporate profits will boost business investment, despite higher uncertainty. Headline inflation is projected to moderate, though remaining at around 2%.

Brazilian GDP is projected to grow by 3% in 2023, 1.8% in 2024 and 2.0% in 2025. Economic activity rebounded strongly in the first half of 2023 driven by an exceptional agriculture harvest and resilient household consumption. Despite tight financial conditions, household spending will remain strong due to buoyant employment growth, declining inflation, and higher social transfers. Private investment will recover slightly throughout 2024 as monetary policy eases. Though commodity prices are declining, agricultural products will drive a continued expansion of exports. Inflation declined markedly over 2023 and will converge toward the target band during 2024. Monetary policy easing started in August 2023. Real interest rates remain high, leaving room for continued reductions in interest rates over 2024 and 2025. Fiscal policy remains expansionary, but a gradual consolidation is expected in 2024 to achieve the 1% of GDP primary surplus target required by the new fiscal framework.

As regards **Russia**, the war in Ukraine has caused a thorough transformation of its economy and foreign policy. International sanctions severed commercial ties with the West, forcing the country to turn to Asia for new markets. The most recent estimates by the Bank of Russia indicate GDP growth of 3.1% in 2023 and of 1.3% in 2024. The country is expected to enter a period of stagnation, because the war has highlighted long-standing structural deficiencies in the Russian economy. The country's long-term prospects are less than rosy, with the further burden of unfavourable demographics.

Commodity prices are expected to keep falling as global demand weakens and supply proves adequate. As the global economy slows, the decline in private consumption, corporate spending and investments is expected to have a negative impact on the demand for commodities and hold back price growth. Similarly, **energy** prices are projected to fall at the global level until 2024 due to slowing overall energy demand. The ongoing real-estate crisis and moderate economic growth in China are also destined to slow energy demand. In 2023, the average price of Brent crude **oil** was around $82 a barrel. The price is expected to remain stable in 2024 and then fall to $79 in 2025. This prospect takes account of the expected increase in production, slightly outpacing demand, and thereby permitting modest inventory stock and exerting slight downward pressure on crude oil prices. However, the recent geopolitical crisis in the Middle East is increasing the risk of supply disruptions during the forecasting period, which could lead to higher prices and greater volatility.

CURRENCY MARKETS

In 2023, the **US dollar** began the period by appreciating to 1.0500. The currency then depreciated until early March, at around 1.1000. Afterwards, it appreciated again in March, to then depreciate to above 1.1000 at the beginning of May. The US dollar then appreciated, followed by a sharp depreciation to reach the high for the period of 1.1255 (18 July). Subsequently, it recorded a strong and marked appreciation until the beginning of October, to then reach its low for the period of 1.0469 (3 October). For the rest of the year, the US dollar depreciated, closing at 1.1050, above the average for the period of 1.0816.

The **Chinese yuan/renminbi** opened the reporting period by appreciating, reaching its low for the period of 7.2045 (6 January). The currency then began to depreciate constantly until July, when it reached its high for the year of 8.1014 (19 July). Subsequently, the currency appreciated again until early October, reaching 7.7000. At the end of the year, it depreciated slightly, closing at 7.8509, above the average for the period of 7.6591.

The **Polish zloty** opened the reporting period depreciating slightly and reaching its high for the period of 4.7875 (13 February). Subsequently, the currency began to constantly appreciate until early August to around 4.4000. The currency then depreciated in the first half of September, to then abruptly reverse course, appreciating until reaching its low for the year of 4.3090 (15 December) and closing at 4.3395, below the average for the period of 4.5421.

Regarding the currencies of the main markets in which Brembo operates at an industrial and commercial level, the table below shows the average, high and low closing values for 2023.

		EXCHANGE RATE AT 31.12.2023	2023 AVERAGE EXCHANGE RATE	HIGH FOR THE PERIOD	LOW FOR THE PERIOD
U.S. Dollar	USD	1.1050	1.0816	1.1255	1.0469
Japanese Yen	JPY	156.3300	151.9421	164.0500	137.9300
Swedish Krona	SEK	11.0960	11.4728	11.9872	11.0030
Danish Krone	DKK	7.4529	7.4510	7.4648	7.4370
Polish Zloty	PLN	4.3395	4.5421	4.7875	4.3090
Czech Koruna	CZK	24.7240	24.0007	24.7240	23.2710
Mexican Peso	MXN	18.7231	19.1897	20.8318	18.0507
Pound Sterling	GBP	0.8691	0.8699	0.8934	0.8511
Brazilian Real	BRL	5.3618	5.4016	5.7758	5.1860
Indian Rupee	INR	91.9045	89.3249	92.4490	86.4210
Argentine Peso	ARS	892.9239	316.3535	897.4745	187.9366
Chinese Renminbi	CNY	7.8509	7.6591	8.1014	7.2045
Russian Rouble	RUB	97.9143	92.1461	107.4191	72.5216
Swiss Franc	CHF	0.9260	0.9717	1.0056	0.9260
Thai Baht	THB	37.9730	37.6328	39.0810	34.4550

GROUP ACTIVITIES AND REFERENCE MARKET

Brembo is the world leader and acknowledged innovator in the development of braking solutions for automotive vehicles. It currently operates in 15 countries on 3 continents, through its production and business sites, and employs over 15,000 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, Jiaxing), India (Pune and Chennai) and the United States (Homer). Other companies located in Spain (Zaragoza), Sweden (Göteborg), Germany (Leinfelden-Echterdingen), China (Qingdao), Japan (Tokyo), the USA (Huntersville) 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 leading 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 and pads, in addition to pads, drums, brake shoes, drum-brake kits and hydraulic components: a vast and reliable range of products that allows the Company to meet the needs of nearly all European vehicles.

In 2023, Brembo's consolidated net sales amounted to €3,849,202 thousand, up 6.1% compared to €3,629,011 thousand in 2022.

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 2023, the global light vehicle market grew by 9.5% on a year basis compared to 2022, with 83.6 million units sold. As of mid-2023, the uptrend surged, with monthly double-digit increases in percentage terms.

Car registrations in the Western European market (EU14, EFTA and the United Kingdom) performed very well in 2023, with a 13.7% increase compared to 2022. All the main markets closed the year on a positive note: Italy (+19.3%), France (+14.7%), Spain (+17.4%), Germany (+7.6%) and the UK (+18.4%).

Eastern Europe (EU12) also recorded a particularly significant increase in car registrations (+34.9% compared to 2022). In Russia, light vehicle registrations closed 2023 reporting a 57.8% increase compared to the previous year.

Sales in the United States also performed well, rising by 15.7% overall compared to 2022. Brazil and Argentina recovered compared to the previous year, growing by 11.5% and 15.3%, respectively.

With reference to Asian markets, in the twelve months of 2023 light vehicles sales in China rose by 6.1% compared to the same period of 2022, confirming the country as the top global market with over 23.3 million vehicles sold throughout the year. This figure is largely attributable to exports and to the growth of many OEMs, especially those operating in the EV sector. The Japanese market also closed the year on a positive note, with a 13.4% increase in sales compared to 2022.

Within this context, Brembo’s net sales of car applications in 2023 amounted to €2,829,736 thousand, accounting for 73.5% of the Group's turnover, up by 7.2% compared to 2022.

MOTORBIKES

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

When considering two-wheel vehicles alone, Europe closed 2023 with a 4.4% increase of registrations compared to 2022. In Italy, sales of motorbikes and scooters, considered together, rose by 15.8% compared to 2022. Considering motorbike registrations alone, growth was 14.9% (+21.5% for motorbikes with displacements over 500cc). Scooters rose by 20.6% on 2022.

In the United States, registrations of motorbikes, scooters and ATVs (All Terrain Vehicles, quadricycles for recreation and work) closed 2023 with a +1.5% increase compared to 2022. ATVs alone declined by 7.1%, while motorbikes and scooters together grew by 4.4%.

The Japanese market, considering displacements over 50cc in general, improved by 23.0% overall during the twelve months of 2023. Analysing displacements over 125cc alone, they grew by 4% in 2023 compared to the same period of the previous year.

Registrations of two-wheel vehicles in India increased by 9.1% in 2023 compared to the previous year, while they rose by 16.1% in Brazil compared to 2022.

In this context, Brembo's net sales of motorbike applications amounted to €457,353 thousand in 2023, down by 4.1% compared to €477,084 thousand for 2022.

COMMERCIAL AND INDUSTRIAL VEHICLES

In 2023, the European commercial vehicles market (EU, EFTA and the UK) — Brembo's reference market — showed a 13.4% increase in registrations.

In the reporting period, sales of light commercial vehicles (up to 3.5 tonnes) in Europe rose by 13.0% compared to 2022, with a growth on the previous year in all the main markets by sales volume: +9.3% in Germany, +6.4% in France, +18.0% in Spain, +18.8% in Italy and +18.7% in the UK.

In Europe, the segment of medium and heavy commercial vehicles (over 3.5 tonnes) increased by 15.2% in 2023 compared to the previous year. Among the first five European markets by sales volume, a positive performance was reported by Germany (+24.2%), Spain (+14.2%), Italy (+12.3%) and France (+8.6%). In Eastern European countries (EU12) as well, sales of commercial vehicles over 3.5 tonnes reported positive results, especially in Poland and Romania.

In 2023, Brembo's net sales of applications in this segment amounted to €377,418 thousand, up 7.8% compared to €350,232 thousand for 2022.

RACING

In the racing sector, where Brembo has maintained undisputed supremacy for years, the Group operates through three leading brands: Brembo Racing, braking systems for race cars and motorbikes; AP Racing, braking systems and clutches for race cars; Marchesini, magnesium and aluminium wheels for racing motorbikes.

In 2023, Brembo's net sales of applications in this segment amounted to €183,852 thousand, up by 13.6% compared to €161,777 thousand for 2022.

SALES BREAKDOWN BY GEOGRAPHICAL AREA AND APPLICATION

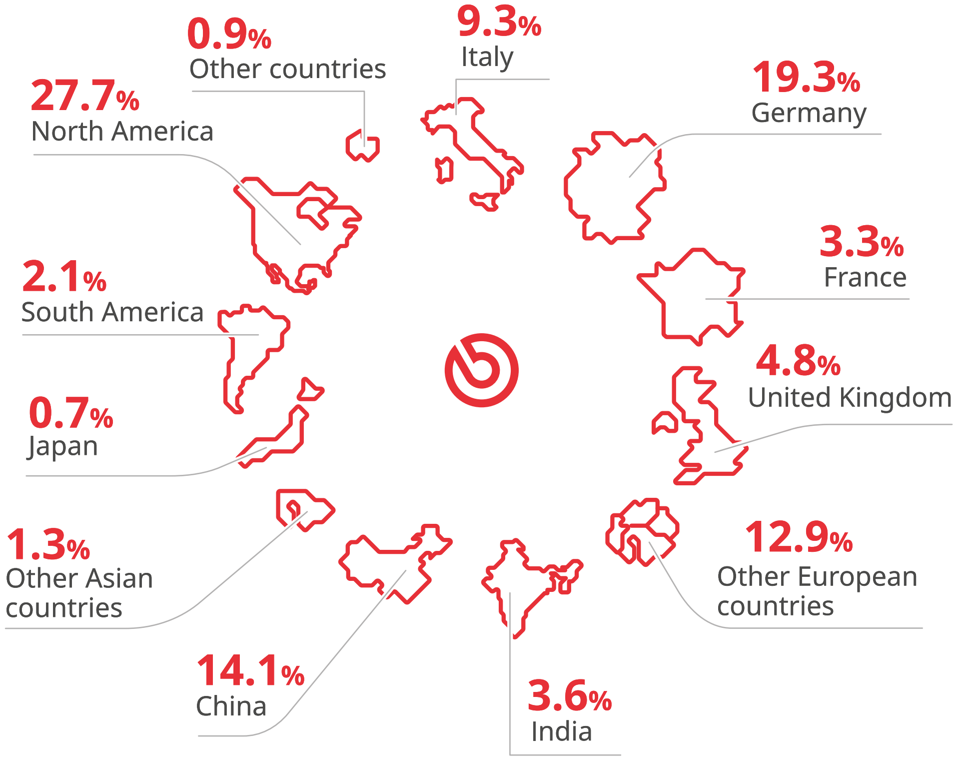
GEOGRAPHICAL AREA

(EURO THOUSAND)	31.12.2023	%	31.12.2022	%	CHANGE	%
Italy	359,463	*9.3%*	354,814	*9.8%*	4,649	*1.3%*
Germany	747,032	*19.3%*	668,399	*18.4%*	78,633	*11.8%*
France	125,650	*3.3%*	111,781	*3.1%*	13,869	*12.4%*
United Kingdom	184,414	*4.8%*	178,425	*4.9%*	5,989	*3.4%*
Other European countries	496,923	*12.9%*	436,292	*12.0%*	60,631	*13.9%*
India	139,835	*3.6%*	131,154	*3.6%*	8,681	*6.6%*
China	543,733	*14.1%*	568,044	*15.7%*	(24,311)	*-4.3%*
Japan	25,884	*0.7%*	23,551	*0.6%*	2,333	*9.9%*
Other Asian countries	49,174	*1.3%*	51,555	*1.4%*	(2,381)	*-4.6%*
South America (Argentina and Brazil)	80,954	*2.1%*	64,818	*1.8%*	16,136	*24.9%*
North America (USA, Mexico and Canada)	1,062,663	*27.7%*	1,011,271	*27.9%*	51,392	*5.1%*
Other countries	33,477	*0.9%*	28,907	*0.8%*	4,570	*15.8%*
Total	**3,849,202**	***100.0%***	**3,629,011**	***100.0%***	**220,191**	***6.1%***

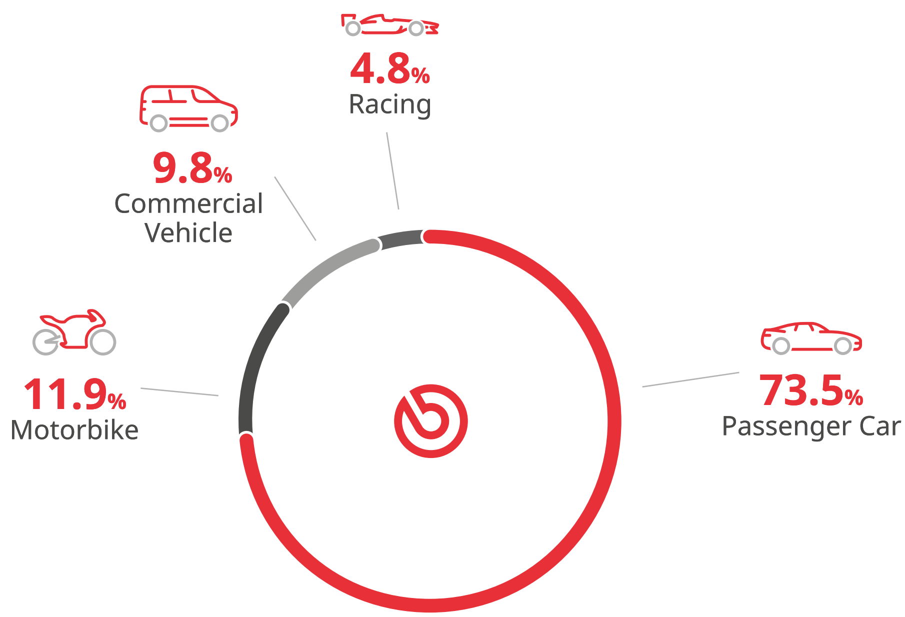
APPLICATION

(EURO THOUSAND)	31.12.2023	%	31.12.2022	%	CHANGE	%
Passenger Car	2,829,736	*73.5%*	2,639,658	*72.7%*	190,078	*7.2%*
Motorbike	457,353	*11.9%*	477,084	*13.1%*	(19,731)	*-4.1%*
Commercial Vehicle	377,418	*9.8%*	350,232	*9.7%*	27,186	*7.8%*
Racing	183,852	*4.8%*	161,777	*4.5%*	22,075	*13.6%*
Miscellaneous	843	*0.0%*	260	*0.0%*	583	*224.2%*
Total	**3,849,202**	***100.0%***	**3,629,011**	***100.0%***	**220,191**	***6.1%***

NET SALES BREAKDOWN BY GEOGRAPHICAL AREA



NET SALES BREAKDOWN BY APPLICATION



BREMBO’S CONSOLIDATED RESULTS

CONSOLIDATED STATEMENT OF INCOME

(EURO THOUSAND)	31.12.2023	31.12.2022	CHANGE	%
Revenue from contracts with customers	**3,849,202**	**3,629,011**	**220,191**	**6.1%**
Cost of sales, operating costs and other net charges/income (*)	(2,518,848)	(2,404,558)	(114,290)	4.8%
Income (expense) from non-financial investments	17,044	16,931	113	0.7%
Personnel expenses	(681,620)	(616,180)	(65,440)	10.6%
GROSS OPERATING INCOME	**665,778**	**625,204**	**40,574**	**6.5%**
% on revenue from contracts with customers	*17.3%*	*17.2%*		
Depreciation, amortisation and impairment losses	(251,706)	(242,360)	(9,346)	3.9%
NET OPERATING INCOME	**414,072**	**382,844**	**31,228**	**8.2%**
% on revenue from contracts with customers	*10.8%*	*10.5%*		
Interest income (expense) from investments	(22,072)	(610)	(21,462)	3,518.4%
RESULT BEFORE TAXES	**392,000**	**382,234**	**9,766**	**2.6%**
% on revenue from contracts with customers	*10.2%*	*10.5%*		
Taxes	(84,837)	(88,193)	3,356	-3.8%
Result from discontinued operations	136	(180)	316	-175.6%
RESULT BEFORE MINORITY INTERESTS	**307,299**	**293,861**	**13,438**	**4.6%**
% on revenue from contracts with customers	*8.0%*	*8.1%*		
Minority interests	(2,260)	(1,028)	(1,232)	119.8%
NET RESULT FOR THE YEAR	**305,039**	**292,833**	**12,206**	**4.2%**
% on revenue from contracts with customers	*7.9%*	*8.1%*		
BASIC AND DILUTED EARNINGS PER SHARE (euro)	**0.94**	**0.90**		

(*) 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”.

Brembo’s **net sales** amounted to €3,849,202 thousand in 2023, up 6.1% compared to 2022.

The car applications sector, which accounted for 73.5% of the Group’s sales, closed 2023 with a +7.2% increase compared to the previous year. Applications for commercial vehicles closed at +7.8% and racing applications at +13.6%, whereas motorbike applications declined by 4.1%.
At geographical level, and with specific reference to Europe, Germany grew by 11.8% compared to 2022. All the other European countries also reported positive results, with France up by 12.4%, Italy by 1.3% and the United Kingdom by 3.4%. Sales also rose by 5.1% in North America and by +24.9% in South America. In the Far East, China declined by 4.3% compared to 2022. India and Japan grew by +6.6% and +9.9%, respectively.

In 2023, the **cost of sales and other net operating costs** amounted to €2,515,848 thousand, with a 65.4% ratio to sales, down compared to 66.3% for the previous year. Within this item, costs for capitalised internal works included in intangible assets amounted to €28,601 thousand compared to €23,060 thousand for 2022.

Income (expense) from non-financial investments amounted to €17,044 thousand and was mainly attributable to the effects of valuing the investment in the BSCCB Group using the equity method (€16,931 thousand in 2022).

Personnel expenses for 2023 amounted to €681,620 thousand, with a 17.7% ratio to sales, in line with the previous year (17.0%). At 31 December 2023, people numbered 15,653 (14,966 at 31 December 2022), including agency workers amounting to 1,999 (2,010 at 31 December 2022).

Gross operating income for 2023 was €665,778 thousand compared to €625,204 thousand in the previous year, with a 17.3% ratio to sales (17.2% in 2022).

Net operating income amounted to €414,072 thousand

(10.8% of sales) compared to €382,843 thousand (10.5% of sales) in 2022, after depreciation, amortisation and impairment losses of property, plant and equipment and intangible assets of €251,706 thousand, compared to depreciation, amortisation and impairment losses amounting to €242,360 thousand in 2022.

Net interest expense amounted to €34,328 thousand (€8,509 thousand in 2022) and consisted of net exchange losses of €13,951 thousand (net exchange gains of €4,637 thousand in 2022) and other net interest expense of €20,377 thousand (€13,146 thousand in 2022).

Net interest income from investments amounted to €12,256 thousand (€7,899 thousand in 2022) and was chiefly attributable to the dividends received by investees not included in the consolidation area and the effects of valuing investments in associates using the equity method.

Result before taxes was a profit of €392,000 thousand, up 2.6% compared to €382,234 thousand for the previous year. Estimated taxation amounted to €84,837 thousand, with a tax rate of 21.6% (23.1% in 2022).

The **result from discontinued operations**, positive for €136 thousand, was attributable to the contribution of the company Brembo Argentina S.A. in dissolution and winding up procedure, reclassified to this item following the Group’s decision, taken in 2019, to discontinue its industrial operations at the Buenos Aires plant.

The Group’s **net result** was €305,039 thousand (7.9% of sales), up 4.2% compared to €292,833 thousand for the previous year (8.1% of sales).

STATEMENT OF FINANCIAL POSITION

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

- "Financial assets/liabilities" 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 31 December 2023 amounted to €2,590,611 thousand, up by €117,770 thousand compared to €2,472,841 thousand at 31 December 2022.

Net financial debt for 2023 amounted to €454,768 thousand compared to €502,044 thousand at 31 December 2022. Net financial debt decreased by €47,276 thousand in the year, mainly due to the combined effect of the following factors:

- the positive effect of gross operating income of €665,778 thousand, with a €62,924 thousand increase in working capital;
- net investments totalling €412,159 thousand and increases in leased assets for €20,731 thousand;
- payment of taxes totalling €86,640 thousand;
- the Parent’s payment of the approved dividends in the amount of €90,754 thousand;
- dividends received by the associates totalling €10,040 thousand and by investees not included in the consolidation area amounting to €12,167 thousand.

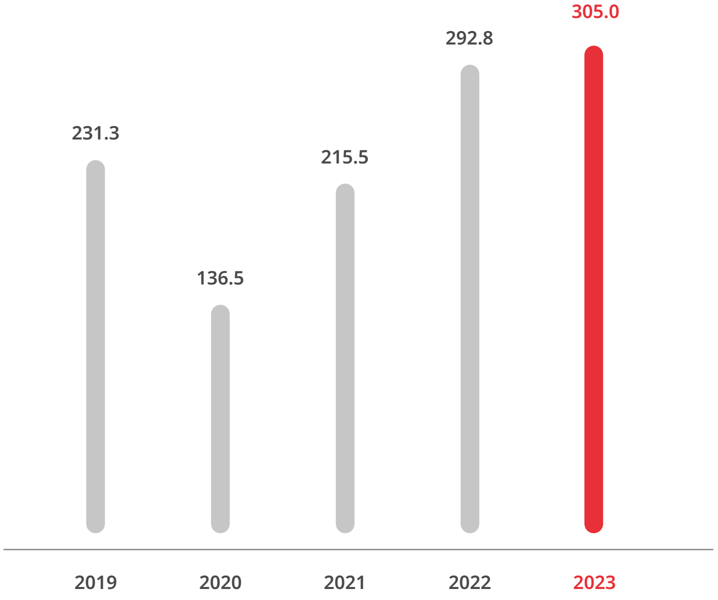
The Explanatory Notes to the Consolidated Financial Statements provide detailed information on the financial position and its assets and liabilities items.

STATEMENT OF FINANCIAL POSITION

(EURO THOUSAND)	31.12.2023	31.12.2022	CHANGE
Property, plant and equipment	1,522,879	1,367,832	155,047
Intangible assets	300,732	300,422	310
Financial assets/liabilities	354,518	325,614	28,904
Other receivables and non-current liabilities	135,517	87,688	47,829
Fixed capital	**2,313,646**	**2,081,556**	**232,090**
			11.1%
Inventories	621,697	586,034	35,663
Trade receivables	604,877	594,253	10,624
Other receivables and current assets	94,539	130,345	(35,806)
Current liabilities	(979,374)	(860,086)	(119,288)
Provisions/deferred taxes	(64,774)	(59,248)	(5,526)
Hedging assets/liabilities	0	(13)	13
Net working capital	**276,965**	**391,285**	**(114,320)**
			(29.2%)
Net invested capital from discontinued operations	**0**	**0**	**0**
NET INVESTED CAPITAL	**2,590,611**	**2,472,841**	**117,770**
			4.8%
Equity	**2,099,419**	**1,947,013**	**152,406**
Employees' leaving entitlement and other personnel provisions	**36,445**	**24,086**	**12,359**
Medium/long-term financial debt	628,983	596,894	32,089
Short-term net financial debt	(174,215)	(94,850)	(79,365)
Net financial debt	**454,768**	**502,044**	**(47,276)**
			(9.4%)
Net financial debt from discontinued operations	**(21)**	**(302)**	**281**
COVERAGE	**2,590,611**	**2,472,841**	**117,770**
			4.8%

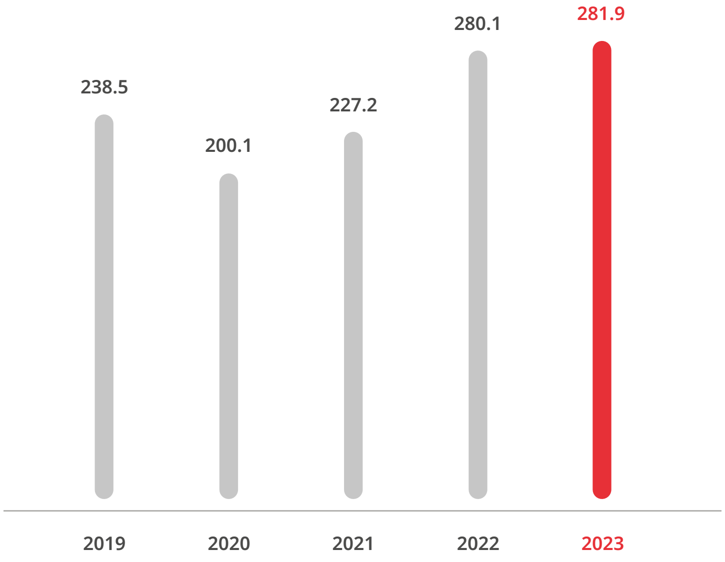
NET RESULT

(euro million)



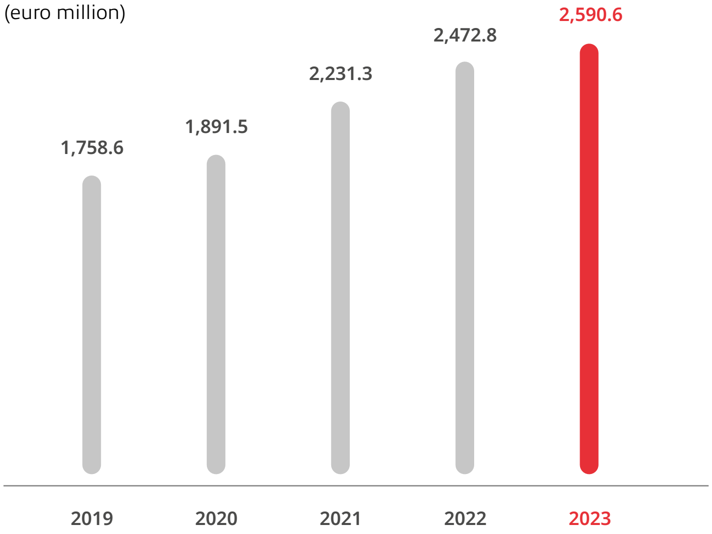
TURNOVER PER EMPLOYEE

(€ thousand)



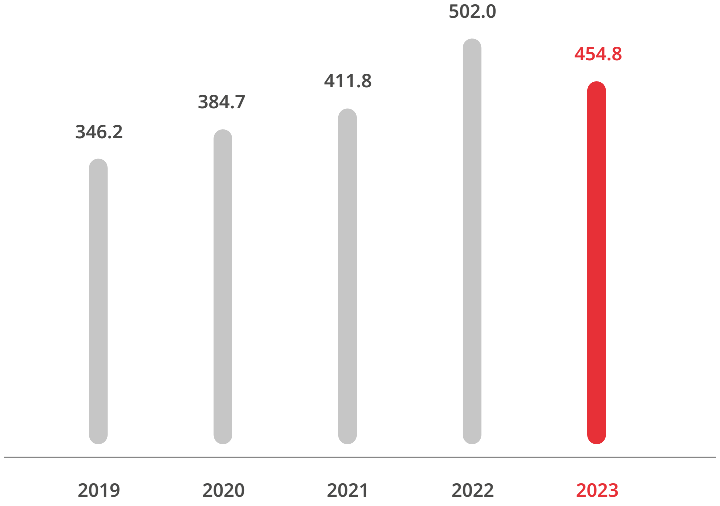
NET INVESTED CAPITAL

(euro million)



NET FINANCIAL DEBT

(euro million)



STATEMENT OF CASH FLOWS

(EURO THOUSAND)	31.12.2023	31.12.2022
NET FINANCIAL POSITION AT BEGINNING OF YEAR (*)	**(502,044)**	**(411,837)**
Net operating income	**414,072**	**382,844**
Depreciation, amortisation and impairment losses	251,706	242,360
Gross operating income	**665,778**	**625,204**
Investments in property, plant and equipment	(369,084)	(249,398)
Investments in intangible assets	(43,733)	(34,542)
Increases in leased assets	(20,731)	(37,465)
Investments in financial assets	(3,338)	(31,512)
Disposals of property, plant and equipment and intangible assets	658	1,805
Amounts (paid)/received for the acquisition/disposal of subsidiaries, net of the net financial position	0	(3,395)
Net investments	**(436,228)**	**(354,507)**
Change in inventories	(35,503)	(113,151)
Change in trade receivables	(11,794)	(127,511)
Change in trade payables	88,937	62,332
Change in other liabilities	32,836	(43,802)
Change in receivables from others and other assets	(4,551)	16,123
Translation adjustment reserve not allocated to specific items	(7,001)	(4,313)
Change in working capital	**62,924**	**(210,322)**
Change in provisions for employee benefits and other provisions	13,975	25,566
Operating cash flows	**306,449**	**85,941**
Interest income and expense	(21,583)	(928)
Result from discontinued operations	136	(180)
Current taxes paid	(86,640)	(71,167)
Dividend paid in the year to minority shareholders	(2,122)	(800)
Buy-back of own shares	(65,620)	0
Interest (income)/expense from investments, net of dividends received	(7,004)	(1,871)
Dividends paid in the year	(90,754)	(87,389)
Net cash flows	**32,862**	**(76,395)**
Effect of translation differences on net financial position	14,414	(13,812)
NET FINANCIAL POSITION AT END OF YEAR (*)	**(454,768)**	**(502,044)**

(*) 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, 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 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 debt; these indicators are also commonly used by analysts and investors in the sector to which the Group belongs to evaluate company performance.

BREMBO WORLDWIDE

Brembo S.p.A.'s headquarters are located in Italy, Curno (Bergamo).

Italy
Stezzano, Curno, Mapello, Sellero

Czech Republic
Ostrava-Hrabová

Denmark
Svendborg

Germany
Leinfelden-Echterdingen, Meitingen

Poland
Częstochowa, Dąbrowa Górnicza, Niepołomice

Russia
Moscow

Spain
Barcelona, Zaragoza

Sweden
Göteborg

United Kingdom
Coventry

Brazil
Betim

Mexico
Apodaca, Escobedo

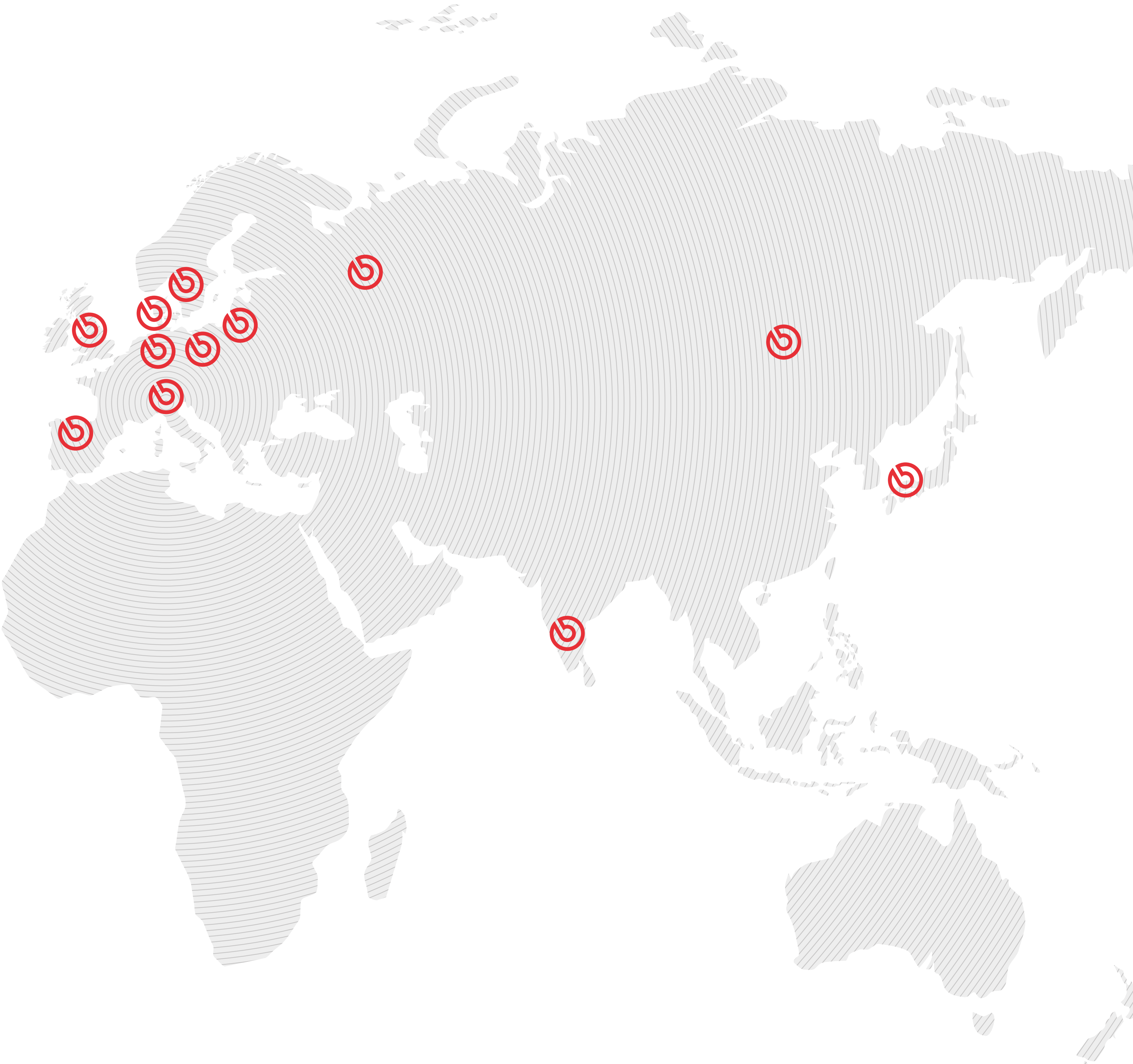
USA
Homer, Plymouth, Sunnyvale, Wilmington

China
Nanjing, Langfang, Jiaxing, Qingdao, Jinan

India
Pune, Chennai

Japan
Tokyo

Manufacturing sites
Commercial sites
R&D centres
Brembo Inspiration Lab



15
Countries
in the world

25
Manufacturing
sites

9
R&D centres
(including Brembo Inspiration Lab)

GROUP STRUCTURE

PERFORMANCE OF BREMBO COMPANIES

The following figures were taken from the accounting situations and/or draft financial statements 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 year 2023 closed with net sales amounting to €1,265,173 thousand, up 7.3% compared to €1,179,278 thousand in 2022. The item "Other revenues and income" amounted to €66,773 thousand in 2023 compared to €59,058 thousand in 2022, whereas capitalised development costs for the year totalled €21,446 thousand.

Gross operating income went from €175,916 thousand (14.9% of sales) in 2022 to €200,600 thousand (15.9% of sales) in 2023, whereas net operating income, after depreciation, amortisation and impairment losses of property, plant, equipment and intangible assets amounting to €73,890 thousand, closed at €126,711 thousand compared to €108,081 thousand for the previous year.

Net interest expense from financing activities amounted to €5,661 thousand compared to €4,586 thousand for 2022.

Income from investments amounted to €50,709 thousand and was mainly attributable to the distribution of dividends by some subsidiaries.

In the reporting year, net income amounted to €139,265 thousand compared to €164,919 thousand in 2022.

At 31 December 2023, employees numbered 3,370, increasing by 199 compared to 3,171 at the end of 2022.

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 amounted to GBP 64,548 thousand (€74,202 thousand) in 2023 compared to GBP 52,499 thousand (€61,575 thousand) in 2022. In the reporting year, net income amounted to GBP 5,306 thousand (€6,099 thousand), compared to GBP 3,980 thousand (€4,668 thousand) in 2022.

At 31 December 2023, employees numbered 167, increasing by 14 compared to the end of 2022.

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, effectively based in Huntersville (North Carolina), specialises in developing and simplifying communications between the parent and the US-based customers, throughout the different phases of project planning and management.

As in the previous year, the company did not generate net sales at 31 December 2023, whilst reporting a net income of USD 19 thousand (€18 thousand) compared to USD 10 thousand (€9 thousand) at 31 December 2022.

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 2023, net sales totalled INR 13,940,522 thousand (€156,065 thousand), with a net income of INR 1,517,215 thousand (€16,985 thousand). In 2022, net sales had amounted to INR 12,428,203 thousand (€150,254 thousand), with a net income of INR 1,131,041 thousand (€13,674 thousand).
At 31 December 2023, employees numbered 1,152 compared to 972 in the previous year.

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 2023, net sales amounted to CZK 7,443,562 thousand (€310,140 thousand) compared to CZK 6,954,382 thousand (€283,156 thousand) in 2022, closing the year with a net loss of CZK 595,282 thousand (€24,803 thousand) compared to a net loss of CZK 338,475 thousand (€13,781 thousand) in 2022.
At 31 December 2023, employees numbered 1,009, increasing by 54 compared to the previous year.

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 31 December 2023, net sales amounted to €2,700 thousand (€2,143 thousand for 2022), with a net income of €1,494 thousand (€1,007 thousand for 2022).
At 31 December 2023, employees numbered 11, increasing by one compared to the same date of the previous year.

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 sales of car brake discs in the South American OEM market.
Net sales for 2023 amounted to BRL 421,795 thousand (€78,087 thousand), with a net income of BRL 39,201 thousand (€7,257 thousand). In 2022, net sales had amounted to BRL 333,320 thousand (€61,236 thousand), with a net income of BRL 19,859 thousand (€3,648 thousand).
At 31 December 2023, the employees numbered 212, increasing by 8 compared to 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 amounted to CNY 598,717 thousand (€78,171 thousand) in 2023 compared to CNY 540,893 thousand (€76,396 thousand) in 2022. In the reporting year, net income amounted to CNY 42,281 thousand (€5,520 thou-

sand) compared to CNY 21,337 thousand (€3,014 thousand) in 2022.
At 31 December 2023, employees numbered 464, decreasing by 28 compared to the end of 2022.

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.
At 31 December 2023, the company did not generate revenues and closed with a net income of USD 136 thousand (€126 thousand) compared to a net income of USD 64 thousand (€61 thousand) in 2022. At the end of 2023, employees numbered 9, one more compared to 2022.

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 Group companies operating in Japan.
Net sales amounted to JPY 1,085,811 thousand (€7,146 thousand) in 2023 compared to JPY 1,005,099 thousand (€7,283 thousand) in 2022. Net income for the reporting year was JPY 89,684 thousand (€590 thousand) compared to JPY 86,342 thousand (€626 thousand) in 2022.
At 31 December 2023, employees numbered 27, increasing by 1 compared to the end of 2022.

BREMBO MÉXICO S.A. DE C.V.
Apodaca (Mexico)

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

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 2023, net sales amounted to USD 574,836 thousand (€531,478 thousand), with a net income for the year of USD 23,064 thousand (€21,325 thousand).
In 2022, net sales had amounted to USD 536,296 thousand (€508,879 thousand), with a net income for the year of USD 41,632 thousand (€39,504 thousand).
At 31 December 2023, employees numbered 1,832 compared to 1,805 at the end of 2022.

BREMBO (NANJING) AUTOMOBILE COMPONENTS CO. LTD.
Nanjing (China)

Activities: casting, production and sale 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 April 2016 and carries out casting, processing, assembly and sale of braking systems for cars and commercial vehicles.
At 31 December 2023, net sales amounted to CNY 1,756,817 thousand (€229,377 thousand) compared to CNY 1,723,769 thousand (€243,467 thousand) at the end of 2022.
Net income at 31 December 2023 was CNY 252,920 thousand (€33,022 thousand) compared to net income of CNY 229,331 thousand (€32,391 thousand) in 2022.
At 31 December 2023, employees numbered 677 compared to 539 in 2022.

BREMBO NANJING BRAKE SYSTEMS CO. LTD.

Nanjing (China)

Activities: development, casting, 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. Ltd. became effective. The transaction aimed at developing an integrated industrial hub, including foundry and manufacture of brake discs for the car OEM.

At 31 December 2023, net sales amounted to CNY 1,218,751 thousand (€159,125 thousand) and net income was CNY 175,921 thousand (€22,969 thousand); in 2022, net sales had amounted to CNY 1,187,565 thousand (€167,733 thousand), with net income of CNY 115,450 thousand (€16,306 thousand).

At 31 December 2023, employees numbered 579 compared to 625 at the end of 2022.

BREMBO NORTH AMERICA INC.

Wilmington, Delaware (USA)

Activities: development, casting, production and sale of brake discs for car original equipment market 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 operates at the facility in Plymouth (Michigan) to develop and market new solutions in terms of materials and designs for the U.S. market.

Net sales for 2023 amounted to USD 465,786 thousand (€430,654 thousand) compared to net sales amounting to USD 459,727 thousand (€436,225 thousand) for the previous year.

Net income was USD 40,789 thousand (€37,713 thousand) at 31 December 2023, compared to net income of USD 18,728 thousand (€17,770 thousand) for 2022.

At the end of the year, employees numbered 697, an increase of 40 compared to the end of 2022.

BREMBO POLAND SPOLKA ZO.O.

Dąbrowa-Górnicza (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-Górnicza 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 Niepołomice 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-Górnicza plant as well.

Net sales amounted to PLN 3,154,581 thousand (€694,526 thousand) in 2023 compared to PLN 2,983,080 thousand (€636,800 thousand) in 2022. Net income at 31 December 2023 was PLN 218,175 thousand (€48,034 thousand) compared to a net income of PLN 277,746 thousand (€59,291 thousand) for the previous year.

At the end of the year, employees numbered 2,381 compared to 2,274 at the end of 2022.

BREMBO RUSSIA LLC.

Moscow (Russia)

Activities: promotion of the sale of car brake discs.

Founded in 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.

Net sales for 2023 amounted to RUB 27,646 thousand (€300 thousand) compared to RUB 23,137 thousand (€310 thousand) in 2022; net loss was RUB 3,108 thousand (€34 thousand) compared to a net loss of RUB 24,232 thousand (€325 thousand) at 31 December 2022.

At the end of the year, the company's employees numbered 3, unchanged compared to the end of 2022.

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 exclusively in the aftermarket.
Net sales for the reporting year amounted to SEK 10,587 thousand (€923 thousand), with a net income of SEK 5,360 thousand (€467 thousand), compared to net sales of SEK 10,408 thousand (€979 thousand) and net income of SEK 4,807 thousand (€452 thousand) for 2022.
At 31 December 2023, employees numbered 2, unchanged compared to the same date of the previous year.

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 for 2023 amounted to €33,534 thousand compared to €31,915 thousand in 2022. Net income was €3,238 thousand compared to €2,104 thousand in 2022.
At 31 December 2023, employees numbered 64, increasing by 1 compared to the end of 2022.

J.JUAN S.A.U.

Barcelona (Spain)

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

On 4 November 2021, Brembo acquired the 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.
In 2022, the merger of the companies J.Juan Brake Systems S.A.U. and Montajes y Acabados S.L.U. into J.Juan S.A.U. was launched and completed, with accounting effects as of 1 January 2022.
Net sales at 31 December 2023 amounted to €75,429 thousand compared to €73,980 thousand in 2022, while net income had been €8,799 thousand compared to €6,043 thousand in the same period of 2022.
At 31 December 2023, employees numbered 466 compared to 453 at the end of 2022.

JIAXING CIJU CONTROL SYSTEMS CO. LTD.

Jiaxing (China)

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

On 4 November 2021, Brembo acquired the 100% stake in the J.Juan Group, a Spanish company specialising in the development and production of motorbike braking systems, to which Jiaxing Ciju Control Systems Co. Ltd. belongs.
At 31 December 2023, net sales amounted to CNY 287,117 thousand (€37,487 thousand) and net income was CNY 48,020 thousand (€6,270 thousand).
At 31 December 2022, net sales had amounted to CNY 292,003 thousand (€41,243 thousand), with net income of CNY 53,598 thousand (€7,570 thousand).
At 31 December 2023, employees numbered 195, decreasing by 17 compared to the same period of the previous year.

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 Brembo Group 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.
In 2023, net sales, which were mainly to Brembo Group companies, amounted to €57,364 thousand compared to €53,456 thousand in 2022.
Net income for 2023 was €2,198 thousand, compared to a net income of €2,147 thousand at the end of 2022.
At 31 December 2023, employees numbered 174 compared to 171 for the previous year.

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. Net sales for 2023 amounted to CNY 698,610 thousand (€91,213 thousand) compared to CNY 537,917 thousand (€75,976 thousand) for the previous year. Net income for the year was CNY 39,753 thousand (€5,190 thousand), up compared to CNY 22,672 thousand (€3,202 thousand) for 2022.
At 31 December 2023, employees numbered 52, increasing by 4 compared to the same date of 2022.

SBS FRICTION A/S
Svendborg (Denmark)

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

On 7 January 2022, 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 2023, net sales amounted to DKK 186,661 thousand (€25,052 thousand) compared to DKK 170,242 thousand (€22,883 thousand) in 2022, closing the year with a net income of DKK 388 thousand (€52 thousand) compared to a net income of DKK 962 thousand (€129 thousand) at 31 December 2022.
At 31 December 2023, employees numbered 108, decreasing by 4 compared to 31 December 2022.

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 31 December 2023 were €92,667 thousand compared to €69,454 thousand at 31 December 2022. Net income for the year was €20,229 thousand compared to net income of €32,063 thousand for 2022.
At 31 December 2023, employees numbered 195, increasing by 23 compared to the end of 2022.

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 2023 amounted to €184,801 thousand compared to €172,583 thousand for the previous year. At 31 December 2023, net income totalled €23,203 thousand compared to a net income of €26,547 thousand for the previous year.
At 31 December 2023, employees numbered 502 compared to 440 the end of 2022.

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 for 2023 amounted to €2,316 thousand, with a net income of €90 thousand. In 2022, net sales had been €2,625 thousand, with a net income of €542 thousand.

INFIBRA TECHNOLOGIES S.R.L.

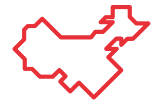
Milan (Italy)

Activities: development, design, industrialisation, manufacturing, installation and marketing of fibre optic sensors systems and photonic subsystems for sensing and communications.

In 2021, 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 for 2023 amounted to €606 thousand, with a net loss of €54 thousand. In 2022, net sales had been €455 thousand, with a net income of €52 thousand.

SHANDONG BRGP FRICTION TECHNOLOGY CO. LTD.

Jinan (China)



Activities: large-scale manufacturing of innovative aftermarket brake pads for the car and commercial vehicle segments.

On 25 July 2022, Brembo signed a 50/50 joint venture agreement with Shandong Gold Phoenix Co. Ltd., a Chinese company listed on Shanghai Stock Exchange, leader in designing, testing, manufacturing and marketing braking system and pads/friction material for the original equipment market and aftermarket. The agreement led to the formation of the new company — Shandong BRGP Friction Technology Co. Ltd. — that is dedicated to the large-scale manufacturing of innovative aftermarket pads for the car and commercial vehicle segments.
The company reported net sales amounting to CNY 96,471 thousand (€12,596 thousand) in 2023 and closed with a net loss of CNY 13,636 thousand (€1,780 thousand) compared to a net loss of CNY 177 thousand (€24 thousand) at the end of 2022.
At 31 December 2023, employees numbered 287.

1,555

PEOPLE WORKING IN R&D

FTEs (FULL-TIME EQUIVALENT)

OVER 1.3

MILLION HOURS OF R&D TESTS CONDUCTED

9

R&D CENTRES

INCLUDING BREMBO INSPIRATION LAB

AN EVOLVING INSPIRATION

Vision and inspiration are becoming real and tangible thanks to the development of new products and new services that are increasingly intelligent, able to communicate and exchange information with the vehicle, such as Sensify. But also new entities, such as the Inspiration Lab in California and Brembo Solutions. These are tangible proofs of the evolution taking place at Brembo's R&D centres, which today involve researchers and engineers all over the world.

INVESTMENTS

In 2023, 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.

Brembo has launched an investment plan of approximately €500 million to consolidate its global industrial footprint, particularly in Mexico, China and Poland, where new plants are expected to be built with a view to digital transformation and sustainability.
In Mexico, Brembo is completing the expansion of its plant specialising in the manufacturing of brake calipers located in Escobedo, in the Nuevo León State. Once fully operational, the plant will enable to double the Group’s production capacity in the country.
With regard to China, Brembo’s plan calls for the expansion of the brake system manufacturing plant in Nanjing to strengthen its production capacity in the country. The investment also provides for the renewal of the R&D centre within the said site, with the aim of creating an advanced centre supporting the development of the new technologies required by the Chinese market. Works began in the second half of 2023 and the project is expected to be completed by the end of 2025.
In Poland, Brembo decided to build another cast iron foundry in Dąbrowa Górnicza. The investment will create the Group’s most innovative foundry at global level, which will be endowed with cutting-edge technology, also in terms of sustainability. The first pouring of the foundry is expected in the first half of 2025.
These projects are in addition to the already announced acquisition of the Italcementi property at Kilometro Rosso in Stezzano (Bergamo), which will allow Brembo to expand its headquarters in Italy.
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.

Group's total net investments undertaken in 2023 at all operations amounted to €412,159 thousand, of which €368,426 thousand was invested in property, plant and equipment and €43,733 thousand in intangible assets. The most significant investments were concentrated in Italy (36.3%), North America (22.9%), Poland (19.7%) and China (9.7%).
With regard to investments in intangible assets, development costs for 2023 amounted to €28,910 thousand (7.0% of the Group’s total net investments).
In the same period, increases in leased assets amounted to €20,731 thousand.

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 introducing increasingly green solutions on the market, with a particular focus on improving the environmental impact of products also when in use. Since the market requires increasingly 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 R&D Centres based in Italy, Poland, Denmark, Spain, the United Kingdom, North America, China and India.
In 2023, R&D activities mainly focused on the following aspects.

BRAKE DISCS FOR CARS AND COMMERCIAL VEHICLES

In the area of brake discs for cars and light commercial vehicles, in 2023 the strategic priority was the development of solutions to meet the criteria of the new Euro 7 standard.
The proposal for defining the new Euro7 standards on pollutant emissions from cars and commercial vehicles is currently awaiting the final approval by the European Commission. For the first time, this proposal will also include provisions on emissions of particulate matter from braking systems. The entry into force of the new standard is expected to take place starting from 2026 for all cars and light commercial vehicles and as of 2028 for heavy vehicles.
Brembo has been active for years in the development of solutions for the reduction of particulate emissions from brakes. As early as in 2020, Brembo had presented its Greentive® disc, which is characterised by an innovative coating applied to the cast-iron braking ring that ensures very low wear and tear, extends disc life and, thanks to the combination with the specifically developed friction material, also reduces particulate emissions during braking, thus limiting the impact on the environment.
Relying on the expertise gained through Greentive®, Brembo has forged ahead with research, development and testing of advanced solutions to be applied to cast-iron discs through the study of materials and the adoption of technologies and surface treatments never used before for brake disc applications
After defining for each market segment the product most suitable for the different needs of individual customers, in 2023 activities mainly focused on application developments with the major European market players.
Equally important is Brembo Friction's concurrent development of brake pads that can markedly contribute to creating an ideal combination with the brake disc.
Thinking of the single component — disc or pad — as an independent unit fails to address the problem of emissions in its entirety. The development of a friction module, consisting of disc and pad, designed for each of these new types of disc therefore becomes essential for achieving emission key targets without compromising performance, thus managing to offer Brembo customers solutions consistent with the Group's vision and its guiding principles: low emissions, high performance and best driving experience.
Considerable attention is being devoted to the new needs of hybrid and electric vehicles: as they use regenerative braking, they introduce new requirements for brake discs, instrumental to solving issues relating to disc resistance to corrosion.
All the 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 this regard, the development phases with major car manufacturers continued, while in Europe production of discs that will adopt one of these technologies began already in 2023.
According to precise guidelines applied throughout the automotive sector and all of the Group's development activities, Brembo also devotes considerable attention to new solutions that are able to reduce disc weight: a lower

weight translates into a greater driving range for electric vehicles and lower fuel consumption of internal combustion vehicles, and consequently into a reduced environmental impact. This aspect will become even more important due to the entry into force of the new European Regulation setting stricter limits on polluting emissions generated by cars and commercial vehicles.
In car applications, after having worked with a major German customer to develop the concept for the light brake disc installed in its new platform of core vehicles, Brembo will also extend the supply of this product — 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) — to a new platform of fully electric vehicles, whose application development phase is underway. The lightweight disc was also successfully developed for other major car manufacturers, which already use it to equip some of their models, attracting the interest of other Brembo customers, especially in the Far East market and among the new players entering the electric vehicle market.
At some major European clients, the application development activity on discs for heavy commercial vehicles — a segment which is of particular interest to Brembo — entered its final phase with solutions aimed at improving performance and reducing weight. Series production of these discs will start in 2024.
Building on the experience gained in the field of light commercial vehicles, 2024 will see research and development of new products continue in this sector as well, so as to comply with the pollutant emission requirements (Euro 7).

MOTORBIKES

The design strategy activity continued, which, in addition to defining the style of all the segment's new products, aims to increase the ability to meet customer needs through greater product customisation using modular production lines.
The first product resulting from this strategy was the new top-of-the-line HYPURE monobloc front caliper, which was presented to the market in November 2023 and is scheduled for production in June 2024 for the first customer. As part of the design strategy activities, the development of a new front brake master cylinder has been launched, which envisages the completion of the Design Freeze phase by the end of the first quarter of 2024.
Work continued on integrating the GBU's various companies (Brembo S.p.A, J.Juan, SBS Friction and Brembo Brake India) with the aim of sharing methodologies and expertise in order to present themselves to customers as Brake System Suppliers and Solution Providers. Thanks to this approach, new European and Indian application projects are thus being developed that will allow Brembo to increase its footprint in both the thermal engine and electric propulsion scooter market.
The search for new markets in the two-wheel field is also focusing on green mobility. A collaboration agreement was signed with a first customer for the development of a high-performance braking system to be used on high-performance products. After concluding the first set of tests on the "laboratory" prototypes, the product requirements were defined followed by the start of the Design Freeze phase, which will be completed by the end of the first quarter of 2024.
As regards methodology, a first digital project aimed to reduce the design times of the main motorbike products is underway. The process of automating the various design phases for the floating caliper has already been completed, reporting a 25% time reduction, and work has begun on the disc product. This methodology will be extended to all products within the next two years.
A second digital project aims to define the "mission profile" of motorbike brake products: the first data collection campaign throughout Italy has been closed with the goal of defining the motorbike product usage profile by April 2024, and then subsequently extending the data collection to Europe and the other continents.
Work is also continuing on developing "green" materials such as friction materials for pads: in particular, compounds with no "non-green" components are being developed for OEM products. In this way, Brembo aims to stand out as the first motorbike pad supplier with products compliant with the strictest automotive regulations.
The product roadmap is being gradually updated in accordance with the Company's mission and constant market developments. The continuous improvement of existing products, the development of new materials and technical solutions, and the focus on costs, especially with regard to products for low-cost countries, are the main drivers for newly developed products.

RACING

Since the first Formula 1 race in 2022, both the new evolution of racing discs and the latest generation carbon/carbon pad have been used, both produced and engineered entirely within the new dedicated plant in Curno (Italy), which is able to guarantee performance and production consistency at the highest levels.
The development of the full carbon braking system continued in 2023 with customers testing a new brake system specification. The results have been excellent and this new system will be used by major customers in 2024. Currently, all the activities are being set up to define the braking system of the new Formula 1 cars that will race in 2026: the main focus of the development remains the correct initial setting of the carbon system.
The new material, developed and produced entirely within the Carbon Factory, also made its debut in the new Hypercar category (LMH and LMDH) with very positive feedback, with Ferrari winning the Le Mans 24 Hours.
The carbon material produced within the Carbon Factory is also used for other competitions where this material is permitted to be used, such as Formula-E and the Japanese Super Formula.
In collaboration with Petroceramics, work continued on developing the carbon-ceramic material (CCMR) for both car and motorbike applications.
Brembo has already launched the innovation projects for the 2024-2026 three-year period, focusing on the introduction of new caliper concepts with amplified force, which are more efficient and lighter than the amplified calipers already used for several years in the car and motorbike racing world. Several new products have also been offered to the teams, including Formula 1 electro-hydraulic brake-by-wire systems made with innovative production technologies.
A new caliper concept has been approved on-vehicle and on dynamic test benches with a revolutionary type of fastening with eight pistons and four pads. The system’s first approval was with a new racing car with extreme characteristics that will be in production in 2024 and will have a full carbon braking system. The same caliper concept will also be used on a road car, again of the same customer, which will be developed in 2024-2025.
With regard to carbon ceramic discs intended for road applications, the validation of the new CCMR-L disc has been completed in 2023 with an important Brembo customer. This disc features a ceramic layer that has further improved its performance also in terms of braking in. Production has started for another customer, while the approval of new systems, again for road application, will begin for three other customers.
For the first time, another customer will use a new brake caliper concept that is being designed at the Curno plant and will be subsequently produced and marketed by AP Racing. This new concept is also used on a track car with a carbon/carbon system and on a road car with CCMR-L carbon ceramic disc.
Thanks to the valuable collaboration of one of our technical development partners, the first characterisation phase for racing braking systems in terms of emissions has been completed. The information obtained will be essential for correctly guiding future choices.
In the mechatronic and smart systems area, the championships that saw the debut of two new electromechanical brake-by-wire systems ended.
In the Formula E championship, Brembo is the exclusive supplier of all 22 participating cars, which competed with the brake-by-wire systems on the car’s front axle and reported no problems.
In another championship, Brembo is the exclusive supplier of a team that has the latest version of the electromechanical braking systems controlled by electronic control units, also based on the layout of the vehicle and its regenerative capacity. This team achieved an important victory in 2023. The car was equipped with the most advanced braking systems, all developed and produced in Curno: billet-machined monobloc calipers, discs in advanced material and 410 carbon pads, as well as the brake-by-wire electronically controlled electromechanical braking system.
It should be noted that the application development of these electromechanical brake-by-wire projects began in 2018 with the introduction of safety concepts already used in Formula 1 and, above all, with the introduction of the 48 Volt power supply on all Brembo systems.
Within the racing world, customers were offered the possibility to apply a new concept of electronically controlled braking system that can warn the rider if tyre grip is not sufficient to ensure a correct braking performance in a curve.
Other projects are being currently developed in the motorbike and mechatronic-digital fields and will be destined for normal commercial usage in a time frame of about three years.
Huge effort is being dedicated to the development of the future braking systems to be used on high-performance and racing cars with an electric powertrain, which is therefore no longer based on internal combustion. The Brembo Performance Division has analysed the requirements of electric motors and batteries to better integrate them into Brembo's current braking systems and, above all, to define their subsequent developments. Collaboration with universities and dedicated partners are in place for this project. The first concept phase involves also the creation of a

demonstration prototype at the "wheel corner" level of the regenerative braking system, defined BRB.
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. For several years now, advanced integration of testing and calculation has made it possible to use various virtual sensors obtained through the calculation model and/or models obtained from the database.
For years, Brembo has offered its customers a methodology capable of processing braking torque starting from the system’s friction maps that are regularly provided to the teams together with the products. This is a typical virtual sensing application that was complemented in 2023 by the evolution of the new fully equipped caliper able to measure actual braking torque on the front and rear axles. Results were in line with expectations.
A number of virtual sensing applications are also available on cars that use the ceramic material, both in road and racing applications.
The work on integrating experimentation and simulation has also been extended to the production of Formula 1 discs. Brembo is able to couple the discs during the customer delivery stage with specific neural network algorithms, ensuring a more consistent performance when using the system. This methodology, started with Formula 1 systems, will be also applied to other systems in 2024.
This activity will continue in 2024 to integrate the world of simulation and the world of experimentation through tests on customer vehicle simulators and at Milan Polytechnic.
Specific research activities in the mechanical, composite material science, chemical and electronic/control fields are currently underway with Milan Polytechnic, which is an integral part of Brembo’s developments and an historical partner for technical development able to provide a valuable scientific contribution to research projects.

FRICTION

Friction's commitment to developing traditional, customer-oriented friction materials and increasingly high-performance materials for racing cars continues at a steady pace. The consolidated expertise on friction materials also relies on the know-how of the subsidiary BSCCB (Brembo SGL Carbon Ceramic Brakes), for the development of pads combined with carbon ceramic discs for ultra-high performance cars.
This commitment stands alongside and anticipates the trend of the automotive market, which is increasingly oriented towards sustainability and the introduction of hybrid and electric vehicles that require materials that are no longer merely high-performance, but also ecological, with a specific focus also on aesthetics.
The fact that for the first time the Euro 7 standard has also included the braking system, and in particular pad emissions, clearly outlines this trend.
Friction is therefore critical to expanding the portfolio of braking materials that allow to ensure high performance, guaranteeing braking safety and paying increasing attention both to the aesthetic aspect in general and to component corrosion. All this without neglecting driving comfort with the absence of noise and vibrations, as well as developing expertise that can also be applied in new and more complex systems such as the Electric Parking Brake and Sensify™.
Thanks to the constant technological evolution in the automotive field, the integration with new mechatronic systems has paved the way for the development of a brake pad concept with embedded sensors that aims to make the braking system increasingly integrated within new vehicles.
To this end, Brembo Friction avails of data-driven methods with a view to developing specific formulations and identifying the raw materials that most influence their different properties.
On this basis, dedicated works continued on developing friction materials aimed at increasingly innovative discs. In fact, new coatings and new treatments require pads designed and produced specifically to reduce PM10 emissions. This development is made possible by the support of cutting-edge internal testing, a top-tier laboratory, and constant collaboration with university centres. These allow the new approach for obtaining the best results to be defined synergistically, every time. In this way it is possible to extend the expertise gained in the field of passenger cars to light and heavy commercial vehicles as well.
Thanks to the skills acquired, projects that not only measure the quantity of particulates emitted but also at their quality are continuing, allowing Brembo to participate in various European projects (VERA, RE-BREATH).
The AFFIDA project made a further step forwards in reducing volatile organic compound (VOC) emissions. This is a natural extension of the COBRA project (part of the Europe-

an Life+ project) which aims to bring to the OE market the innovative technology of organic binders so as to enable the production of a brand-new pad concept.
With a view to sustainability and carbon neutrality, the Life Cycle Assessment and eco-design focus on the use of recyclable and recycled raw materials with a low environmental impact, as well as on the reduction of greenhouse gas generation during the production process.
The Group's interest in continuing and extending its leadership in the pad sector was also extended to the aftermarket through the newly formed BRGP joint venture (50% Brembo and 50% Gold Phoenix, world leader in pad production) in Jinan (Shandong, China), which has created Brembo's first production site entirely dedicated to the large-scale production of brake pads. Friction will play a crucial role in the project, bringing with it the skills acquired over the years. At the beginning of 2024, the new Greenance, EV Kit and Xtra kit products, which are enjoying so much success on the market, are expected to be launched.
The strong collaboration with SBS Friction, a company specialised in the development and production of brake pads from sintered and organic materials recently acquired by the Group, allows to expand the range of products and further advance Brembo’s expertise also in the motorbike sector.

CAR AND COMMERCIAL VEHICLE SYSTEMS

With regard to Car and Commercial Vehicle Systems, all products are developed in accordance with the Group's vision and pursue its three guiding principles: low emissions, high performance and best driving experience.
The main example of the focus on these three principle is Sensify™, Brembo’s revolutionary braking system already presented to the European, Chinese, U.S. and Japanese press.
Sensify™ is an ecosystem in which artificial intelligence, software and sensors manage the braking of each wheel independently. The application development and industrialisation phases for Sensify™ are still ongoing, whereas launch into production with the first manufacturers will take place in 2025. Moreover, in keeping with Brembo’s strategic priorities, the promotional phase for Sensify™ is fully underway for both Group clients and new players that have entered the electric vehicles market.
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 yields an evolution of the entire braking system, which can thus be calibrated to the actual use of the vehicle, with the consequent benefits in terms of weight.
With reference to mechatronics — which is no longer a mere advanced research area, but also an application field — the promotional phase for electric parking brakes, in various configurations, for both cars and commercial vehicles up to 7.5 tonnes, is ongoing.
The guiding principle referring to low emissions, i.e., aimed at contributing to the reduction of vehicle consumption and the resultant CO_2 and fine particulate emissions through braking systems, requires Brembo to adopt methods designed to minimise caliper mass, while maintaining performance and advancing solutions for the reduction of the residual torque.
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. Examples include the Dyadema™ caliper, designed to significantly reduce the track operating temperature, the Flexira™ caliper, developed to meet the needs of several new market segments, the Octyma™ caliper, in production since September 2023, designed to optimise pressure distribution in the pads-brake disc interface, and a new type of caliper developed with a methodology that allows mass to be reduced from 5% to 10%, which is scheduled to enter into production in the fourth quarter of 2024.
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 braking system comfort and caliper functionality. Brembo’s objective is to increase the simulation capacity of the entire 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 braking 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 constant performance over time, the reduction of the residual torque and the car’s pedal feel.

PRODUCT DEVELOPMENT METHODOLOGIES

Digitalisation of the Brembo product life cycle is ensured by the Product Development Methods function that, with the GBUs and GCFs, provides methodological and operational support for managing data and project flows.
Product Development Methods support and guide the GBUs/GCFs in adopting Product Lifecycle Management (PLM) 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, the various technical bases and CAD drawings employed for numerical simulations. The simultaneous distribution of information through PLM promotes collaborative product development, resulting in reduced project development times.
Particular attention is paid to the development of parametric CAD models shared between multiple business functions to reduce development times and facilitate the parallelisation of design activities and to the reduction of low value-added human operations in traditional, error-prone and non-standardised design phases through the internal development of automated procedures directly linked to CAD models.
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 (multiphysics digital twins), 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 into procedures the know-how gained in implementing simulations and reducing errors relating to manual performance of such simulations, while 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.
The most modern additive manufacturing and generative design techniques are also constantly monitored and tested to increase the final innovative content of the product under development.

GLOBAL DATA SCIENCE, AI & HPC

On the basis of the know-how consolidated during the previous years, the global Data Science, Artificial Intelligence & High Performance Computing team continued its upgrade process. The process focuses on constantly broadening the resources dedicated to achieving the Company's digital transformation through the application of artificial intelligence. In particular, the current historical phase focuses on hiring specific professionals and adopting technologies dedicated to software quality and on implementing complex software applications in an automated way.
In addition to Italy’s central team, the function currently avails of the operating unit at the Brembo Inspiration Lab Center of Excellence in Silicon Valley, California, and of that in China focused on the on-site collection and analysis of new data sources to feed all Brembo innovation processes. Brembo Inspiration Lab's mission is part of the digital transformation plan. This is an operational and coordinated unit, stemming from the contribution of AI and Data Science, Advanced Product Technologies (in collaboration with the R&D GCF), Process 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.

The global team carries out, *inter alia*, the following activities:
- developing mobile technologies for gathering data from multiple internal and external sources;
- assembling, analysing and enriching big data through virtual sensoring;
- 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 of software applications that implement the algorithms and solutions described above;
- development of apps for mobile devices (smartphones) and the related APIs (Application Programming Interfaces);
- construction of a patent portfolio for certifying know-how.

All the solutions developed in this context with a strong “continuous improvement” character are validated by the Group’s business and subsequently become part of the Brembo Solutions portfolio, so that they can be offered to the external market in accordance with the "solution provider" mission.

Acting as a competence centre for all GBUs and GCFs, the team operates within a multi-disciplinary ecosystem 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.

INNOVATION & ADVANCED R&D

GFC R&D activities constantly monitor vehicle evolution, in line with the main general trends which are: ensuring high performance, reducing emissions and providing users with the best possible experience.

To do this, the research areas Brembo is working on are electrification and the study of fuel cells, driver assistance systems (ADAS) and autonomous driving, the constant reduction of environmental impact and connectivity. The high level of integration is increasingly bringing 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.

Brembo continued to conduct its R&D activities 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 constant need to reduce product weight is leading the research function to evaluate the use of unconventional materials or treatments, such as technopolymers or reinforced light metal alloys, to produce structural components. This approach is also necessary to further improve product sustainability, extending ecodesign and life cycle assessment methodologies (through the use of new specific programmes) to new projects and using such methodologies as a lever to developments increasingly geared towards sustainability and circularity.

New developments are also taking place in collaboration with universities and international research centres. Research activities continued with investees such as Infibra Technologies, a spin-off of the Sant'Anna School of Advanced Studies in Pisa, and PhotonPath, a spin-off from Milan Polytechnic, in the field of development of photonic sensors. This will allow to speed up the study and fine-tuning of new solutions for the digitalisation of braking systems, a path undertaken with the launch of the new Sensify™ intelligent braking system.

The AppLogger project continued, in collaboration with the Digital & Innovation area. Launched in 2021, this project led to an application created exclusively by Brembo, able to collect braking data in a reliable, constant, continuous and anonymous way, with absolute respect for privacy. After the 2022 release of a new version that allowed data collection in the Brembo cloud, in 2023 the application was made available not only to Brembo employees in EU countries, but also to those in the rest of the world, opening up the study of new features (e.g., the activation of personal statistics) that will allow further developments, also with a view to creating internal contests and reward programmes.

Given the growing importance attached to particulate emissions, Brembo is also working on several fronts to assess the emissions of its braking systems, through special test benches and with various research projects funded at European level.

Some of these projects aim at reducing fine particulate emissions, such as the LIFE RE-BREATH project, geared at demonstrating and measuring the reduction of PM10 emissions related to the braking system of buses, as well as at modelling a concentration map for pollutants emitted by brake wear; the project also intends to define a map of the exposure risk to pedestrian health, using two fleets of 10 buses in two European cities, Bergamo and Bratislava, located in regions having the highest declared concentrations of PM2.5 and PM10.

In this context, the VERA project intends to develop, optimise and show innovative tailpipe retrofit solutions for particle (sub-23nm) and NO_x emissions from petrol and natural gas road vehicles that travel high mileages within the city (taxis, delivery vans, buses).

The nPETS (nano Particle Emissions from the Transport Sector) project received funding from the European Union's Horizon 2020 in order to understand and mitigate the effects on public health of unregulated nanoparticle emissions. The aim is to evaluate the impact of particles with dimensions below 100nm on humans and animals. The nPETS consortium aims to improve knowledge of exhaust and non-exhaust nanoparticle emissions generated by all modes of transport, their impact on health and, ultimately, how new government policies can reduce these emissions and their impacts.

The amount of particulate matter emitted by the braking system can be measured by performing specific tests, as required by Euro 7 standard. These tests are carried out on test benches that allow the collection of the particles emitted during braking, followed by laboratory analysis, which allows their numerical and, in some cases, also toxicological identification. A total of 3 dynamic benches that can perform these tests are available, one of which fully meets the requirements of the Euro 7 standard.

With regard to R&D, an activity is currently underway regarding the virtualisation of tests traditionally performed on the vehicle. This increases the efficiency of the development phase, reducing the number of tests performed on the vehicle only to those with high value added, where the driver's actual perception is fundamental. The activities carried out on R&D vehicle simulators are of great support. These allow different test conditions to be easily recreated by modifying the simulator set-up and providing the user with a similar perception to that experienced on the vehicle.

In 2023, the globalisation of innovation processes also began at Brembo Inspiration Lab, with the launch of the new ATC (Advanced Technology Center) in Silicon Valley: here, product innovation takes place in synergy with the integration of new methodologies and algorithms related to data science, making use of research centres, institutions and universities within the local innovation ecosystem.

RISK MANAGEMENT POLICY

Effective risk management is a key factor to protect the Group's value in a historical period that continues to be marked by great volatility and uncertainty at global level. In particular, 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) and, more generally, with national and international best practices.

The Internal Control and Risk Management System (ICRMS) 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, 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, in particular in a period characterised by strong volatility, uncertainty within the macro-economic context and growing geopolitical risks. However, it believes that the ICRMS may reduce and mitigate the likelihood and impact of risk events associated with human error, wrong decisions, fraud, violations of laws, regulations and company procedures, as well as unexpected events such as, for instance, the Israeli-Palestinian conflict, the war in Ukraine and previously the global pandemic.
The ICRMS is 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. In detail:

- 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 Head of Risk Management, responsible for supporting the management team in identifying, assessing and mitigating risks relating to the performance of corporate activities, with a view to managing the Company in line with strategic objectives;
- the Managerial Risk Committees, tasked with defining risk management plans with respect to company projects and/or specific risks.

Brembo's general risk-management principles and the bodies charged with risk evaluation and monitoring are included in Brembo's Corporate Governance Code (approved on 17 December 2021), under "Policies for the implementation of the Internal Control and Risk Management System", in its latest edition issued at year-end 2021, in the Risk Management Procedure, the Organisational, Management and Control Model (as per Italian 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 Italian 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 continuous improvement, as approved by the Board of Directors. The Chief Executive Officer, in addition to coordinating the risk mitigation actions implemented by the competent management team, has a key role in the management of potential corporate “crisis” events, including for example the global pandemic and most recently the Israeli-Palestinian conflict and the war in Ukraine, in relation to which he directly takes on the direction of the Crisis Management Committee, in accordance with the provisions of the company Guidelines for crisis management.
In order to provide the organisation with the instruments for defining the risk categories to which attention should be drawn, starting from risk classes broken down by type, Brembo has developed a model which identifies and classifies risk classes taking into account the different corporate functions from which such risks may originate and/or that are 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 regular meetings, where results, opportunities and risks are analysed for the business units and geographical areas in which Brembo operates. At these meetings, further necessary actions are also defined to mitigate new internal or external risks emerged in the performance of corporate activities.

The first-tier risk families 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
Due to its international footprint and the increasing geopolitical tensions at global level, 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.
To ensure the monitoring of the evolution of political, economic, financial, security and safety risk relating to countries in which the political and economic context is or may in future become unstable, and to manage any escalation in specific geographical areas, Brembo has set up a working group that, in the most serious cases, takes on the characteristics and composition of a Crisis Committee. It is tasked with monitoring related developments and defining the actions necessary to mitigate the risks and their possible direct and indirect impacts on the Group.
With specific regard to the Israeli-Palestinian conflict, there are no Group plants and/or plants of strategic suppliers or sub-suppliers located in the territories affected by the conflict. However, given the seriousness of the situation, the risk of escalation and its effects on maritime transport, Brembo constantly monitors the state of the crisis to assess possible impacts in terms of additional logistics costs and delays in the handling of goods, as well as risks of increases in the prices of commodities, utilities and energy.
With regard to the war in Ukraine, Brembo continues to monitor the situation and maintain the control measures and processes adopted since the conflict broke out, including with the aim of ensuring compliance with the series of sanction packages implemented over time.

Risks Associated with Macroeconomic and Demand Changes
In 2023, the global economy recorded a level of inflation that had not been seen in 20 years. The International Monetary Fund therefore reviewed the global growth outlook for 2024 downwards, with a risk of recession for some EU countries. The automotive market could therefore be negatively impacted by the possible resulting decline in demand. Brembo’s focus on the top-premium market and its geographical diversification translate into a lower Group overall exposure to such potentially recessionary effects.
In order to constantly align its production and sales forecasts and monitor the risks associated with macroeconomic and demand changes, Brembo keeps constant control of its order portfolio, the performance of the automotive market in the various countries in which it operates and the related macroeconomic indicators.

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 breakthrough technologies and more efficient processes. 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, reference should be made to 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 within the Legal and Corporate Affairs GCF, called IPR – Intellectual Property Rights, is responsible for managing patents and, more generally, all aspects associated with protecting the Group's intellectual property.

Market

Brembo traditionally holds a significant market share in 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 forged ahead with its strategy aimed at evenly distributing sales at geographical level and is gradually broadening its product range, also by focusing on the premium segment. In addition, the Group is also developing new products, solutions and services for its customers, in line with its corporate mission statement.
Within this context, the trend towards an increase in the market share of electric vehicle manufacturers in China and the ensuing entry into the market of new local braking system manufacturers have resulted in increased competition, mainly in the middle and lower segments of the market.

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. Within the context of this assessment, the risks associated with climate change, such as the physical risks connected with the effects of possible catastrophic natural events, are also taken into account.

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 Italian 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. The following risks stand out among those mapped:

- the use of water resources, which is a risk issue managed at production sites by diversifying supply sources, as well as the risks linked to the pollution of waterbodies due to any contamination;
- health and safety in the workplace, which is a priority, where the relevant risks are assessed and managed by the competent functions, as described in the related chapter;
- the supply chain, which is increasingly global and strategic, and within which suppliers are asked to operate in compliance with the sustainability standards defined by the Group, with particular reference to environment protection and working conditions.

Brembo identifies the main sustainability-related aspects of its corporate strategy, generally anticipating the methodologies and requirements provided for by EU Directives and the customers, namely taking into account the sustainability opportunities and risks that may have a positive or negative impact on the Company's future cash flows and therefore creating or reducing the Company's value in the short, medium and long term, by influencing its development, performance, and positioning.
Within this context, Brembo manages and monitors the achievement of the internal sustainability targets and compliance with any regulatory requirements, including for instance the net zero target. For further details, reference should be made to the latest Consolidated Disclosure of Non-Financial Information (NFI).

Climate Change

Brembo is strongly committed to responding to the challenges posed by climate change to improve the Group's resilience and seize the opportunities arising from the tran-

sition to a low-carbon economy.
A key element to achieve this objective is the active management of climate-related risks and opportunities and their impacts. In this context, Brembo conducted a Climate Change Risk Assessment (CCRA) in line with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The evaluation was updated in 2023 with the support of a specialised consulting firm and involves a scenario analysis and qualitative and quantitative assessment of the main risks and opportunities with regard to physical and transition risks over various time horizons.
In terms of physical risks, most of the Group's sites are exposed to acute atmospheric events, which, however, on the basis of the technical evaluations performed, do not give rise to significant exposures to the risk of damage to property and/or the business. Some manufacturing plants are exposed to flood risk. However, thanks to the existing prevention and control systems (including hydraulic barriers), the residual risk exposure is modest, in addition to being transferred to the insurance market in financial terms.
At the level of physical risks associated with chronic events, some Group sites are exposed to the risk of water shortages. To lower this exposure, the Group has already implemented — and is further investing in — measures to reduce water consumption, differentiate water sources (mainly water mains and wells drawing on aquifers) and implement water purification and storage systems that enable the utmost flexibility in the various industrial and civil uses at plants.
With regard to transition risks, opportunities and risks have been mapped over time horizons to 2030 and to 2050. The main opportunities are attributable to both some effects associated with the trend towards an increase in the share of electric vehicles in the global automotive market, with the possibility of extending the Group's segments and value chain thanks to the improvement of existing products and the new solution to be launched on the market (e.g., Sensify), as well as to the appreciation and spread of products with a high environmental performance (e.g., Greenance discs).
The main risks relate to the spread of alternative forms of mobility, the effects associated with regenerative braking in electric vehicles and, potentially, greater durability of "traditional" braking system components and the reduction of the related contribution, as well as to the costs that might arise from the implementation of net zero policies and possible new systems of taxation associated with externalities, such as possible cap-and-trade systems.
For further details, reference should be made to the Consolidated Disclosure of Non-Financial Information (NFI).

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. In response to this risk, the Purchasing GCF identifies, where possible, alternate suppliers as potential replacements (Supplier Risk Management Program) for goods and services deemed strategic, whereas the Quality GCF monitors and ensures the robustness and stability of the supply chain in providing products that meet the requirements of Brembo and its customers.
The supplier monitoring process has been reinforced for the purpose of prevention, particularly as regards suppliers' financial solidity and the availability of production capacity even in the face of sudden demand fluctuations — aspects that, following the pandemic emergency and the outbreak of the conflicts in Ukraine and in the Israeli-Palestinian area, have taken on growing importance due to the ensuing repercussions on transportation and logistics at global level. In addition, feasibility analysis activities were intensified to enable adequate management of technical risks from the initial phases of development, thereby ensuring product durability.
With regard to risks relating to logistics and associated with the continuity and the prices of transport of raw materials and finished products, Brembo's mitigation actions focus on a strategy for diversifying methods of transport and the relevant operators, 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 reduce risk factors in terms of probability of occurrence and to implement protective measures aimed at limiting the impact of this

risk and maintaining the operating continuity levels of the Group's production facilities.
In line with this vision, following the outbreak of the conflict in Ukraine, Brembo conducted analyses to assess and mitigate the effects associated with continuity of utility supplies, with particular regard to the supply of gas to its European facilities. This project resulted in the conversion back from natural gas to LPG of several furnaces installed in various European plants.
Brembo is also exposed to risks of disruption of its business due to events relating to its supply chain. This was the case in the second half of 2023, when Brembo suffered the effects of extended strikes at the premises of some of its customers operating in North America, which were also mitigated through thorough replanning of production and constant monitoring of the order backlog.

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 and efficient quality management, both at its own plants and at suppliers. As part of this process, it has instituted a worldwide Supplier Quality Assurance function, specifically dedicated to quality control of components, in addition to constantly optimising prevention activities, such as for instance the Failure Mode & Effect Analysis (FMEA).
In addition, the Quality GCF bears global responsibility for properly managing binding requirements and the safety behaviour of products, with particular regard to the risk of recall from the market, for which specific company procedures have been set up.

Information Technology

Brembo considers the operating continuity of its IT systems to be a significant priority and it has implemented a framework for managing cyber risks aimed at business continuity and the availability, integrity and confidentiality of data, while also ensuring compliance with the European GDPR and the national legislation applicable in the various EU member states. 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.
In 2020, the Group's three Italian companies were 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. Over the years, certification was extended to Poland, the Czech Republic and North America. A Security Operations Center (SOC), reporting to the Group's Head of Information Security, was also established to ensure real-time monitoring of cyber events in order to prevent and promptly react to any cyber attacks.

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 compliance 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 and/or pecuniary fines against Brembo, the entity of which could be material in the case of sanctions related to Italian 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 45001 and ISO 14001 standards, respectively, 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 Brembo 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 the Group'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 and Corporate Affairs GCF 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 GCF is responsible for the appropriate checks or assessments 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. It should be noted that, as part of the Digital Transformation Programme, the Group is expected to be gradually migrated to the new ERP IT programme, according to the project timelines centrally defined at global level.

FINANCIAL RISKS

In conducting its business, the Brembo Group is exposed to various financial risks, including market, 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 and the Purchasing function, evaluates the main financial transactions and related hedging policies. The various risk management strategies adopted by the Group are illustrated in detail here below.

Market Risk

Interest rate risk management
The year 2023 was characterised by constant interest rate hikes applied by the various central banks at global level. 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 52% of gross financial position.
The objective is to eliminate the variability of the borrowing costs associated with a portion of debt and benefit from sustainable 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 com-

modities. In particular, the Group undertakes specific financial transactions to hedge against the risk of energy price fluctuation and a financial hedge aimed at mitigating aluminium price fluctuation.
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:

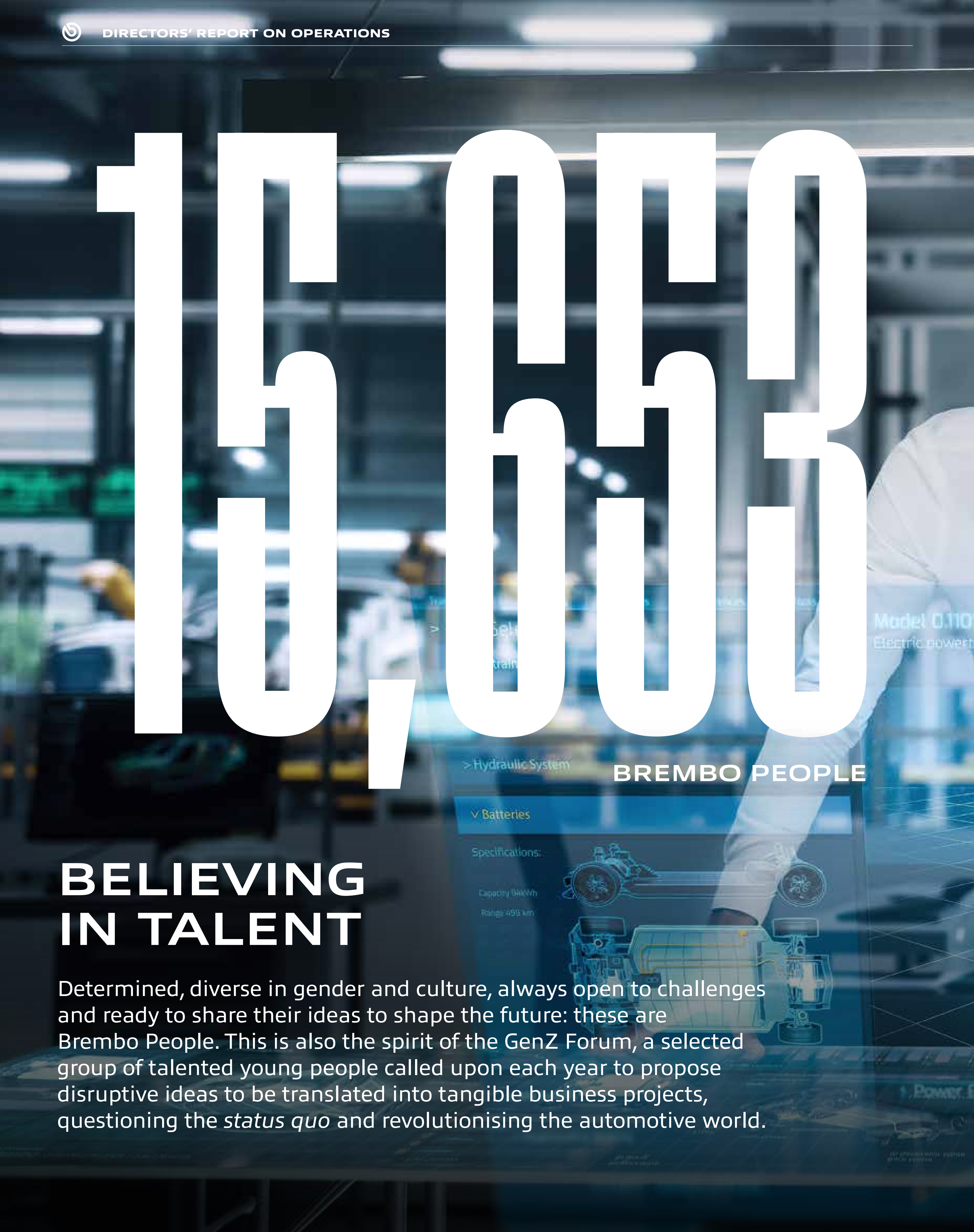
- it constantly assesses financial requirements to ensure that appropriate measures are taken in a timely manner (obtaining additional credit lines, capital increases, etc.);
- it obtains adequate credit lines;
- it optimises liquidity, where feasible, through cash-pooling arrangements;
- it ensures 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, and in particular the acquisition of new customers in the electric vehicle sector, 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 personalised insurance coverage, which has been optimised to significantly decrease the Company's exposure to intrinsic risks related to the type of activities carried out. 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 withdrawal/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.
In 2023, Brembo set up its own captive reinsurance company Brembo Reinsurance AG based in Zurich, Switzerland, that reinsures a portion of the risks transferred to the insurance market, such as liability and product withdrawal/recall risks. This transaction, also supported by the expansion of the Brembo Group's business, stemmed from the strategic need to increase the Group's level of autonomy with respect to insurance market trends, characterised in recent years by a hard market phase that has also pushed several companies — not only in the automotive sector — to set up their own captive reinsurance company.



15,653

BREMBO PEOPLE

BELIEVING IN TALENT

Determined, diverse in gender and culture, always open to challenges and ready to share their ideas to shape the future: these are Brembo People. This is also the spirit of the GenZ Forum, a selected group of talented young people called upon each year to propose disruptive ideas to be translated into tangible business projects, questioning the *status quo* and revolutionising the automotive world.

39 YEARS

AVERAGE AGE OF EMPLOYEES

68 PEOPLE INVOLVED IN THE GENZ FORUM

(2021-2023)

HUMAN RESOURCES AND ORGANISATION

In 2023, Brembo’s organisation continued to evolve to support the Company's vision and mission and to invest in innovation and in people training and development through targeted initiatives.

Within a company context that requires to always ensure utmost synergy among its different structures, in March 2023 the Transformation GCF (Global Central Function) — tasked with managing the Digital Transformation programme that focuses on the data science, AI & HPC, Brembo Solutions, product development methodologies, cost engineering and Brembo Inspiration Lab. Corp. areas — integrated in its structure the organisational areas previously covered by the ICT GCF (Global IT Operations, Global Architecture & Governance, Global Information Security and Regional BRM).

In May 2023, Brembo presented to the market Brembo Solutions, aimed at supporting global businesses in maximising AI and machine learning potential through the “AI-Doing” approach, rooted in Brembo’s extensive expertise in the highly competitive sector in which it operates.

The second half of 2023 saw an organisational restructuring of the Testing & Validation area within the R&D GCF, marking the completion of a transition in hardware/software competencies and mechatronic methodologies towards this area. The restructuring also involved the Marketing GCF, with the aim to ensure greater oversight of processes and activities, and Brembo Brake India Ltd., in view of the increasing complexity of the Motorbike GBU and its development strategy in Asia.

The year 2023 was also intense in terms of development of managerial skills and techniques with the aim of supporting the business strategy and the spread of the corporate culture. The main projects included the Learning & Development Program for Brembo Global Executives, which involved a diverse group of executives recently appointed or newly hired from the external market. The course combined skills related to the global scenario of Brembo's reference business — also deepening the Solution Provider approach — with the acquisition of managerial and organisational competencies that are fundamental for implementing corporate strategies, ensuring inclusive people management and managing growing complexities.

Another international project launched in 2023 focused on the Regional Training and Development Hubs, which aim to extend guidelines, models and methodologies, tools and corporate training courses to the different Regions, ensuring an increasingly global and inclusive dissemination of knowledge and organisational behaviour. Moreover, two editions of the B-GIP (Brembo-Global Induction Program) were also launched in two different time zones: a programme dedicated to white-collars and managers recently hired by the Group that offers a journey into Brembo’s organisation and business through the words of GBU and GCF managers.

Digitalisation competencies were further spread through two courses — Culture of Data and Artificial Intelligence & Machine Learning — attended by the Group’s white-collars and managers. The HUB for LifeLong Learning training, with which Brembo brings Italian blue-collars to the classroom as part of initiatives for continuous training and periodic refresher activities, continued. Various global training projects were launched in multilingual and e-learning mode, i.e., available on demand and asynchronously. Such projects included e-learning courses on the WCM (World Class Manufacturing) methodology and CSR (Corporate Social Responsibility) – Turning Sustainability Into Action. Other self-learning initiatives included also the Infinity project: three virtual learning paths dedicated to green manufacturing, designed in partnership with prestigious European universities, research institutions and Kilometro Rosso, and supervised by Brembo experts. The Company also continued its process of certifying Domain Experts: Brembo employees with the critical skills needed to ensure that their knowledge is transferred within the Group through internal teaching and the drafting of specific technical manuals. A total of 83 Domain Experts were certified in July 2023 during a dedicated ceremony. Investments also continued in corporate Academies managed by Brembo Academy certified internal teachers. The first Disc Academy programme was also launched alongside the R&D Academy and the Manufacturing Academy.

The projects regarding the three strategic Pillars — Digital, Global and Cool — continued with the involvement of more than 150 staff with a different provenance, gender and professional background. Within the Digital Pillar, the digital transformation global programme called “Ishango”, launched in 2021, is being implemented. It focuses on the implementation of digital platforms integrated into the existing ecosystem and on the adoption of new ways of working and digital solutions In particular, the Journey 10 People & Change Management saw new releases on the Brembo HCM – Human Capital Management system. After the Performance module, which includes performance evaluation and MBO, the Competence Assessment and Recruiting modules were launched.

November 2023 also saw the conclusion of the third edition of the Gen Z Forum project, in which young Brembo employees from all around the world presented five ideas potentially capable of revolutionising automotive trends to the CEO and a jury of members of the C-Suite; four of these ideas were approved and will be implemented in the Pillars in 2024. In this process, the teams were supported by external and internal facilitators, as well as by several members of the C-Suite as Idea Sponsors.
With regard to innovation, in 2023 Brembo Inspiration Lab Corp. — the centre of excellence located in Silicon Valley, California, and focused on strengthening the Company's expertise in data science, AI and software development — hosted the second edition of the Brembo Hackathon, involving 50 young data scientists and AI experts from the external market. The goal of this 48-hour marathon event was to turn raw data into strategic resources that can revolutionise current braking technologies and the mobility of the future, going beyond the traditional innovation processes.
At the beginning of 2023, the annual Brembo Yearly Review (BYR) process was launched globally, consisting of the individual 2022 performance review and the assignment of 2023 performance targets. At the same time, the process for completing the 2022 MBO and opening the 2023 MBO was also launched. With regard to the Talent Review and Succession Planning activities, the definition of development plans for the Group's talent was finalised and the 2023 process was managed, culminating with the Development Committees.
The Plant Organisational Development Project also continued in 2023 to standardise the plant organisational structure at the global level. In particular, following the standardisation of Italian and Polish plants, pilot competence assessment projects were launched for white-collars and managers. The global Skill Factory development project in the ICT field, with structured feedback to participants from HR and managers and with the definition of individual development plans, was also completed. In addition, two Development Centre sessions were held, involving managerial personnel in a structured process of assessing leadership profiles — carried out by external assessors — followed by the definition of individual development plans.
The third and last rotation of the 2022-2024LIFT Program, Brembo's Graduate Program, began in December 2023. The programme provides for participants to rotate over three different organisational areas and geographies every nine months, for a total of 27 months. In this last rotation, half of the participants were allocated to organisational areas in foreign sites.
As part of people listening initiatives, in April and October 2023 Brembo carried out two Pulse Surveys on white-collar personnel in specific organisational areas, designed to measure the engagement and enablement level of employees during the implementation of the action plans arising from the Global Engagement Survey at the end of 2021.

ENVIRONMENT, SAFETY AND HEALTH

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

ENVIRONMENT AND ENERGY

In 2023, the Environment and Energy area continued to contribute actively to the sustainability process undertaken by Brembo through actions to improve performance that involved a series of projects to reduce environmental impacts and increase energy efficiency, consolidate practices for the continuous improvement of the system and the gradual extension of the scope of ISO 50001-certified plants.
Among the SDGs monitored by the Environment and Energy team, mention should be made of the contribution to Goals 6 and 12 connected to the use of water. In late 2023, at the cast-iron foundry in Escobedo, Mexico — an area at risk of water shortages — a system was put in place to treat water from the municipal purifier so that it is suitable for the production process, thus significantly reducing withdrawals from the city water main.

The main areas of focus with regard to environmental issues for 2023 are set out below.

Energy management: in 2023, the energy consumption monitoring platform, which has been operating in Brembo since 2018, continued to ensure operation. Moreover, an assessment process to migrate the current platform to a new solution began. With regard to energy efficiency, in 2023 the Group planned the launch of projects to reduce consumption by 2.71%, calculated as the reduction in consumption achieved thanks to energy efficiency projects compared to that of 2022. The energy management system compliant with the ISO 50001 standard continued to be extended. In 2024, this process provides for the certification of seven additional plants, increasing the percentage of Brembo Group plants certified to 52%.

LCA (Life Cycle Assessment): in 2023, several products in series production — mainly brake callipers — and in the development phase were subject to study. The LCA studies conducted by Brembo are based on international standards (ISO 14040 and 14044) and are designed to quantify the impact categories of the product life phases, such as global warming, impact on water and toxicity for people and nature, as limited to phases between the extraction of raw materials and their transformation into finished products (cradle to gate). The results of these studies are then used to define actions that may reduce the areas of greatest impact (hotspots) in the design, procurement and production phases.

Circular economy: the project to measure circularity within Brembo was concluded. The results obtained will be subject to internal assessment to identify the main areas of improvement and actions to be taken to meet the expectations of stakeholders and create value within the Company. In addition to measuring the degree of material circularity, understood as the ratio of raw materials to recovered materials used in production processes, the study also assessed other aspects of circularity, such as the strategies adopted, logistics flows and research to develop more circular production processes.

Sustainability and energy efficiency objectives: sustainability and energy efficiency objectives set for 2023 were reached, with 31.7% and 3.48%, respectively. The sustainability objective was achieved through an increase in the electricity generated from renewable sources, which climbed to 75% from 69% in 2022, whereas the energy efficiency objective reached a total of 200 projects that collectively avoided energy consumption of 117,843 GJ.

For further details, reference should be made to the Consolidated Disclosure of Non-Financial Information (NFI).

WORKPLACE SAFETY

The trend of a constant improvement in the incident rate continued in 2023 as well. Its value for the year just ended was 0.55, the Brembo Group's best result of all time, compared to 0.66 recorded in 2022 (-16.7%). There were 70 incidents in 2023, with a decrease compared to 2022 (79), against an increase in hours worked of 10% and the expansion of the consolidation scope considered for calculating the parameter. In 2023, there was only one incident that caused permanent damage to the person involved. At 14 of 40 production plants there were no incidents in all of 2023, and 28 sites ended the year with an incident rate below the targets set. For further details, reference should be made to the Consolidated Disclosure of Non-Financial Information (NFI).

These results were achieved thanks to a more efficient application by all plants of the systems and tools adopted to protect worker health and safety, as well as to the development of ad-hoc projects at both the central level (shared by all plants) and locally (i.e., that of the single plants, sites or regions), such as:

WCM (World Class Manufacturing): the process of implementing the WCM programme continued in 2023. The main activities carried out by the sites, in particular for the WCM Safety sub-process, concerned the implementation of improvement projects, as well as the analysis of events using a new incident analysis model. Worker engagement was also increased, both through visual tools/signage and through the request for a greater number of near misses, unsafe actions and objective conditions to be reported.

Ergonomics: the year 2023 saw the implantation of the training activity on ergonomic analysis methods for Central Technologies and Plant Industrialisation, using the Curno site as a pilot area. The aim was to develop the competencies needed to evaluate and design production lines and workstations, optimising and improving them ergonomically early in early design stages and minimising post-installation improvements, as well as designing lines that satisfy ergonomic criteria fully.

At the same time, Brembo started the experimentation phase on the use of exoskeletons in the plant aimed at alleviating the musculoskeletal load on the operator where, due to product/process constraints, a different process optimisation is not possible. As part of this vision, Brembo, along with other organisations, participates in an investment in Agade, an innovative, high-tech start-up founded in 2020 as a spin-off of Milan Polytechnic, specialised in designing, prototyping, testing, producing and marketing exoskeletons. The company has already started an experimentation activity with Brembo for a first semi-active upper-limb (shoulder) exoskeleton capable of assisting operators who perform manual load handling tasks with different weights and sizes. The research was carried out at the Mapello aluminium foundry and the plant in Curno (cars), with other Group Regions (Poland and North America) to be involved in the future.

In addition, an experimental theoretical and practical training project on proper body movement and posture was launched. This project saw the first applications at Brembo’s plants in Italy, Poland, the United States and Mexico.

Safe Behaviours project: incidents due to unsafe behaviour remain the majority. As a result, this project, aimed to involve site prevention personnel, team leaders, department heads and shift managers — as both observers of the behaviours and “trainers” in the proper behaviours to be adopted —, continued in 2023 and was extended to more plants. The audit system developed through the Layered Process Audit project, also aimed at improving behaviours in workplace safety terms, was integrated into the WCM methodology and will be disseminated to all Group sites as the programme is developed. The aim is to identify unsafe actions and objective conditions that are then analysed so as to implement countermeasures aimed at their elimination or reduction.

Communication campaign: in 2023, work started on the second internal communication campaign focused on workplace health and safety ("I AM SAFETY"/"IO SONO LA SICUREZZA"), resuming the 2018-2019 campaign. The first personnel engagement activities took place at the Italian sites with the aim of raising awareness and collecting contributions from the greatest number of people in order to identify the contents to be developed in the new communication campaign. Visuals depicting the main messages collected were also produced and displayed inside the various factories. The next phase of the campaign will again be based on the results obtained, with the aim of extending it at the Group level.

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 passed this resolution 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 new 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 Consolidated Financial Statements. 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 year with Related Parties are also discussed in Explanatory Notes to the Consolidated Financial Statements.

FURTHER INFORMATION

SIGNIFICANT EVENTS DURING THE YEAR

Following the prior resolution of the Board of Directors of Brembo S.p.A., the Switzerland-based company Brembo Reinsurance AG was incorporated on 13 January 2023. The objectives of this company include, *inter alia*, improving the conditions and efficiency of the process of financing the Brembo Group's risks through access to the reinsurance market and the possibility of underwriting risks not adequately covered by the insurance market and that cannot be financed through a fund. In the first half of 2023, two new companies were incorporated in Poland, i.e., Brembo Poland Manufacturing Sp.Zo.o. and Brembo Heratech Sp.Zo.o., fully owned by Brembo Poland Sp.Zo.o. Once fully operational, they will focus on casting and processing activities on behalf of the said company. In the second half of 2023, the new company Brembo Thailand Ltd. was incorporated, fully owned by Brembo S.p.A. The new site, which will become operational in the first quarter of 2025, will manufacture braking systems for motorbike manufacturers in Thailand, starting with European and American producers.

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

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

- to the Shareholders, a gross ordinary dividend of €0.28 per ordinary share outstanding, excluding own shares;
- the remaining amount carried forward.

On 20 June 2023, the Board of Directors of Brembo S.p.A. resolved to submit to the Shareholders' Meeting called on 27 July 2023 (Extraordinary Shareholders' Meeting) the proposal to transfer the Company's registered office to the Netherlands, adopting the legal form of a public company with limited liability N.V. (*naamloze vennootschap*), governed by the laws of the Netherlands. Brembo will retain its tax residence in Italy and its shares will continue to be listed on Borsa Italiana's Euronext Milan ("Euronext Milan"). The transaction allows Brembo to strengthen its international drive and have a solid basis for its further development at global level, while retaining its Italian identity and its historic presence in Italy. This will allow Brembo to benefit from a legal framework capable of enhancing the Group's global business dimension. In detail, Brembo will offer its shareholders a strengthened increased voting right mechanism compared to the current one, thus ensuring an even more solid shareholder base and higher flexibility in pursuing growth opportunities through acquisitions that can be made through the issue of new shares.

PLANS FOR THE BUY-BACK AND SALE OF OWN SHARES

The General Shareholders' Meeting held on 20 April 2023 passed a new plan for the buy-back and sale of own shares with the following objectives:

- undertaking any investments, directly or through intermediaries, including aimed at containing abnormal movements in stock prices, stabilising stock trading and prices, supporting the liquidity of the Company's stock on the market, so as to foster the regular conduct of trading beyond normal fluctuations related to market performance, without prejudice in any case to compliance with applicable statutory provisions;
- carrying out, in accordance with the Company's strategic guidelines, share capital transactions or other transactions which make it necessary or appropriate to swap or transfer share packages through exchange, contribution, or any other methods;
- buying back own shares as a medium-/long-term investment.

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

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

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

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

With reference to the disposal of own shares, the Board of Directors will define, from time to time, in accordance with applicable legislation and/or allowed market practices, the criteria to set the relevant consideration and/or methods, terms and conditions to use own shares in portfolio, taking due account of the realisation methods applied, the price trend of the stock in the period before the transaction and the best interest of the Company.
The authorisation to buy back own shares is valid for a period of 18 months from the date of the resolution by the General Shareholders' Meeting.
In the year, Brembo bought back 629,557 own shares (€8,164 thousand), which, together with the 10,035,000 own shares already held, represent 3.194% of the Company’s share capital.

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 Issuers' Regulation (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.

SUBSIDIARIES FORMED UNDER AND GOVERNED BY THE LAW OF COUNTRIES NOT BELONGING TO THE EUROPEAN UNION – OBLIGATIONS UNDER ARTICLES 36 AND 39 OF THE MARKET REGULATION

In accordance with the requirements of Articles 36 and 39 of the Market Regulation (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 Regulation.
The Brembo Group believes that its current administrative, accounting and reporting systems are adequate to ensure that the Parent’s management and auditing firm regularly 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.

RECONCILIATION STATEMENT OF BREMBO S.P.A.'S EQUITY/RESULT WITH CONSOLIDATED EQUITY/RESULT

The reconciliation of Equity and Result for the year, as reported in the Parent’s Financial Statements, and the Equity and Result for the year recognised in the Consolidated Financial Statements shows that the Group's Equity at 31 December 2023 was €1,181,711 thousand higher than the figure reported in the Brembo S.p.A.'s Financial Statements. Consolidated Net Result for the year, amounting to €305,039 thousand, was €165,774 thousand higher than that of Brembo S.p.A.

ECONOMIC RESULTS

(EURO THOUSAND)	NET INCOME 2023	EQUITY AT 31.12.2023	NET INCOME 2022	EQUITY AT 31.12.2022
Brembo S.p.A.	**139,265**	**886,084**	**164,919**	**862,531**
Consolidation adjustments:				
Equity of consolidated companies and allocation of their result	198,575	1,651,926	196,470	1,473,761
Goodwill and other allocated surplus	0	68,965	0	72,197
Elimination of intra-Group dividends	(35,780)	0	(70,275)	0
Book value of consolidated shareholdings	0	(578,510)	0	(527,192)
Valuation of shareholdings in associate companies/JVs measured using the equity method	7,084	30,571	2,065	23,844
Elimination of intra-Group income	(831)	(7,954)	1,164	(7,475)
Other consolidation adjustments	(1,014)	48,337	(482)	49,347
Equity and result for the year attributable to minority interests	(2,260)	(31,624)	(1,028)	(33,132)
Total consolidation adjustments	**165,774**	**1,181,711**	**127,914**	**1,051,350**
Group consolidated equity and result	**305,039**	**2,067,795**	**292,833**	**1,913,881**

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2023

With regard to the Company's cross-border conversion (the "Cross-Border Conversion" or the "Transaction") approved by the Extraordinary Shareholders' Meeting of Brembo held on 27 July 2023, as announced in the press release dated 12 January 2024, the Company proceeded with the Share Capital Decrease, from €34,727,914.00 to €3,339,222.50, instrumental to the Transaction, as the disbursement amount condition, upon which the completion of the Transaction was conditional, had been met.

The Share Capital Decrease from €34,727,914.00 to €3,339,222.50 was executed without cancellation of shares and without any reimbursement of capital to shareholders, through recognition to the Company's equity of a reserve of an equal amount. Therefore, this decrease had no impact on Brembo Shareholders' capital and administrative rights. Following this:

- the notarial deed of conversion, also amending the Articles of Association, drafted pursuant to Dutch law was executed on 25 January 2024 and will be effective as of the day following the date of the Shareholders' Meeting of Brembo called on 23 April 2024 to approve, *inter alia*, the Company's Financial Statements for the year ended 31 December 2023;
- the payment of the liquidation value to those who had validly exercised the withdrawal right was effected on 31 January 2024. The Company thus acquired 4,387,303 unopted shares, equal to €57,456,120.09, accounting for 1.31387% of the share capital. Accordingly, as at the date of the approval of this Report, the Company holds 15,051,860 own shares representing 4.51% of share capital (2.93% of voting rights).

For further details on the foregoing, reference should be made to the press releases published on the Company's website (www.brembo.com, section "Investors", "For Shareholders", "Registered Office Relocation").

No other significant events occurred after the end of 2023 and up to 5 March 2024.

FORESEEABLE EVOLUTION

Based on the order book and barring significant changes in the current macro-economic and geopolitical context, Brembo expects an increase in revenues in the mid-single digit range for the current year compared to the previous year.

CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE REPORT

Brembo S.p.A.'s Corporate Governance and Ownership Structure Report pursuant to Article 123-*bis* of the Consolidated Law on Finance presented in an individual report, separate from the Directors' Report on Operations, has been published at the same time as the latter and is available on Brembo's website (www.brembo.com, section "Company", "Corporate Governance", "Corporate Governance Reports").

CONSOLIDATED DISCLOSURE OF NON-FINANCIAL INFORMATION (NFI)

The Consolidated Disclosure of Non-Financial Information for 2023 pursuant to Italian Legislative Decree No. 254/2016 presented in an individual report, separate from the Directors' Report on Operations, has been published at the same time as the latter and is available on Brembo's website (www.brembo.com, section "Sustainability", "Report", "Report and Presentations").

INFORMATION ABOUT THE BREMBO S.P.A. DIVIDEND PROPOSAL

To conclude the description of the performance of the Brembo Group for the year ended 31 December 2023, based also on the examination of our Report concerning the Consolidated Financial Statements of the Brembo Group and the separate Financial Statements of Brembo S.p.A., in which we outlined the guidelines and operations, we submit for the Shareholders’ approval our proposal for distributing Brembo S.p.A.'s net income amounting to €139,265,254.39, as follows:

- to the Shareholders, a gross ordinary dividend of €0.30 per ordinary share outstanding, excluding own shares (payment as of 22 May 2024, ex-coupon date 20 May 2024, and record date 21 May 2024);
- the remaining amount carried forward.

Stezzano, 5 March 2024

On behalf of the Board of Directors

The Executive Chairman
Matteo Tiraboschi

BREMBO S.P.A. STOCK PERFORMANCE

Brembo's stock closed 2023 at €11.10, a 6.2% increase compared to year-start, reaching its high for the period on 28 February (€14.92) and its low on 30 October (€10.02). The FTSE MIB index closed the year up 28%, whereas the BBG EMEA Automobiles Parts index rose by 14.7%.
An overview of stock performance of Brembo S.p.A. is given below, compared with that of the previous year:

(EURO THOUSAND)	31.12.2023	31.12.2022
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 year) (euro)	746,818,305	697,611,430
Net income for the year (euro)	139,265,254	164,919,102
Trading price (euro)		
Low	*10.02*	*8.14*
High	*14.92*	*13.38*
Year-end	11.10	10.45
Market capitalisation (euro million)		
Low	*3,346*	*2,718*
High	*4,982*	*4,468*
Year-end	3,707	3,489
Gross dividend per share	0.30 (*)	0.28

(*) To be approved by the Shareholders' Meeting convened on 23 April 2024.

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

70

CHAMPIONSHIPS WON IN 2023

21

F1 AND MOTOGP
TEAMS SUPPLIED

OVER

600

VICTORIES
SINCE 1975

BORN TO WIN

Overwhelming joy and utmost satisfaction: powerful emotions that are never the same and that flow every time a first place is taken. Since 1975, when Brembo first saw that chequered flag waving at a vehicle equipped with its braking system crossing the finish line.

2. PALMARES 2023

BREMBO BRAKE SYSTEMS

CARS

"Open wheels" Championships

Formula 1 (calipers)	
Drivers Championship	Max Verstappen - Red Bull Racing RBPT
Constructors Championship	Red Bull Racing RBPT
Formula E (calipers, carbon discs)	
Drivers Championship	Jake Dennis
Team Championship	Envision Racing
Formula 2 (calipers)	
Drivers Championship	Théo Pourchaire
Team Championship	Art Grand Prix
Formula 3 (calipers, iron discs)	
Drivers Championship	Gabriel Bortoleto
Team Championship	Prema Racing
Super Formula (calipers, carbon discs)	
Drivers Championship	Ritomo Miyata

"Covered wheels" Championships

FIA World Endurance Championship - WEC (calipers)	Andrade, Deletraz, Kubica - Team WRT
Fanatec GT World Challenge Europe	
Drivers Championship (iron discs)	Marciello, Boguslavskiy
Constructors Championship (iron discs)	Akkodis ASP Team - Mercedes AMG GT3
NASCAR Camping World Truck Series (calipers, iron discs)	
Drivers Championship	Ben Rodes
Team Championship	Chevrolet
IMSA WeatherTech Sportscar Championship	
Grand Touring Prototype Drivers (calipers)	Derani, Sims
Grand Touring Prototype Team (calipers)	Whelen Engineering Racing
Grand Touring Prototype Constructors (calipers)	Cadillac
Le Mans Prototype 2 Drivers (calipers)	Chatin, Keating
Le Mans Prototype 2 Team (calipers)	PR1/Mathiasen Motorsports
Le Mans Prototype 3 Drivers (calipers, iron discs)	Robinson, Grist
Le Mans Prototype 3 Team (calipers, iron discs)	Riley Motorsports
Fanatec GT World Challenge America (iron discs)	
Pro-Am Drivers	Kurtz, Braun
Am Drivers	Pilgrim, Barone
Porsche Supercup (calipers, iron discs)	
Drivers Championship	Bastian Buus
Team Championship	BWT Lechner Racing

MOTORBIKES

"Open wheels" Championships

MotoGP (calipers, carbon discs)	
Drivers Championship	Francesco Bagnaia
Team Championship	Prima Pramac Racing
Constructors Championship	Ducati
Moto2 (calipers, pumps)	
Drivers Championship	Pedro Acosta
Team Championship	Red Bull KTM Ajo
Constructors Championship	Kalex
Moto3 (calipers, steel discs)	
Drivers Championship	Jaume Masiá
Team Championship	Liqui Moly Husqvarna Intact GP
Constructors Championship	KTM
MotoE (calipers, steel discs)	
Drivers Championship	Mattia Casadei
Team Championship	HP Pons Los40
FIM JuniorGP (calipers)	
Drivers Championship	Angel Piqueras
Constructors Championship	Honda
FIM World Superbike (calipers, steel discs)	
Drivers Championship	Alvaro Bautista
Team Championship	Aruba.it Racing Ducati
Constructors Championship	Ducati
FIM Supersport World (calipers, steel discs)	
Drivers Championship	Nicolò Bulega
Team Championship	Ten Kate Racing Yamaha
Constructors Championship	Ducati
Red Bull Rookies Cup (calipers)	
Drivers Championship	Angel Piqueras
EWC Endurance World Championship (calipers, steel discs)	
Drivers Championship	Canepa, Hanika, Fritz
Team Championship	Yamaha YART
MotoAmerica	
Superbike (calipers)	Jake Gagne
Supersport (calipers)	Xavi Fores
Twins Cup (calipers, steel discs)	Blake Davis
Junior Cup (calipers)	Avery Dreher
King of the Baggers (calipers, steel discs)	Hayden Gillim
BSB (calipers, steel discs)	
Superbike	Tommy Bridewell - Ducati
Supersport	Ben Currie - Ducati
GP2	Cameron Fraser

Off-Road Championships

FIM World Motocross	
MXGP Drivers (calipers, steel discs)	Jorge Prado
MXGP Constructors (clutch pumps)	Yamaha
MX2 Drivers (calipers, steel discs)	Andrea Adamo
MX2 Constructors (clutch pumps)	Yamaha
FIM S1GP Supermoto World (calipers)	
Drivers Championship	Marc-Reiner Schmidt
Constructors Championship	TM
Enduro	
EnduroGP Drivers (clutch pumps)	Steve Holcombe
EnduroGP Constructors (clutch pumps)	Beta
E1 Drivers (calipers, steel discs)	Josep Garcia Montaña
E1 Constructors (calipers, steel discs)	KTM
E2 Drivers (clutch pumps)	Steve Holcombe
E2 Constructors (clutch pumps)	Beta
E3 Drivers (clutch pumps only)	Brad Thomas Freeman
E3 Constructors (clutch pumps)	Beta
Hard Enduro Drivers (calipers, steel discs)	Manuel Lettenbichler
Hard Enduro Constructors (calipers, steel discs)	KTM
FIM Trial World	
Trial GP (brake pumps)	Antoni Bou Mena
X-Trial (brake pumps)	Antoni Bou Mena
FIM World Rally-Raid (calipers, steel discs)	
RallyGP Drivers	Luciano Benavides
RallyGP Constructors	Honda
Dakar Rally	
Motorbile winner (calipers, steel discs)	Kevin Benavides

MARCHESINI RUOTE

MOTORBIKES

World Championships

MotoGP	
Drivers Championship	Francesco Bagnaia
MotoE	
Drivers Championship	Mattia Casadei
FIM Superbike World	
Drivers Championship	Alvaro Bautista
EWC Endurance World Championship	
Drivers Championship	Canep, Hanika, Fritz

AP RACING

CARS

"Covered wheels" Championships

SINGLE SEATER	
Indycar Series (clutches)	
Drivers Championship	Alex Palou
Team Championship	Chip Ganassi Racing
NASCAR	
Cup Series (calipers, iron discs, pedal box)	
Drivers Championship	Ryan Blaney
Team Championship	Team Penske
Constructors Championship	Chevrolet
Xfinity Series (calipers, iron discs)	
Drivers Championship	Cole Custer
ENDURANCE	
FIA - WEC	
Hypercar Drivers (clutches)	Hartley, Hirawaka, Buemi
Hypercar Constructors (clutches)	Toyota
LMP2 (carbon discs)	Andrade, Deletraz, Kubica - Team WRT
IMSA WeatherTech Sportscar	
Grand Touring Prototype Drivers (clutches)	Derani e Sims
Grand Touring Prototype Team (clutches)	Whelen Engineering Racing
Grand Touring Prototype Constructors (clutches)	Cadillac
Le Mans Prototype 2 Drivers (carbon discs)	Chatin e Keating
Le Mans Prototype 2 Team (carbon discs)	PR1/Mathiasen Motorsports
GT Daytona Pro Drivers (calipers, iron discs, clutches, pedal box)	Barnicoat e Hawksworth
GT Daytona Pro Team (calipers, iron discs, clutches, pedal box)	Vasser Sullivan
GT Daytona Pro Constructors (calipers, iron discs, clutches, pedal box)	Lexus
Porsche Supercup (pedal box)	
Drivers Championship	Bastian Buus
Team Championship	BWT Lechner Racing
RALLY	
FIA World Rally Championship	
WRC Drivers and Team (clutches)	Kalle Rovanpera
WRC Constructors (clutches)	Toyota Gazoo Racing WRT
TOURING CAR	
BTCC (calipers, iron discs, clutches, pedal box)	
Drivers Championship	Ash Sutton
Team Championship	Napa Racing UK
Constructors Championship	Alliance Racing - Ford
Australia V8 Supercar (calipers, iron discs, clutches, pedal box)	
Drivers Championship	Kostecki - Erebus Motorsport - Chevrolet
Team Championship	erebus Motorsport - Chevrolet Camaro

MOTORBIKES

Motobike Championships

MotoGP (clutches)	
Drivers Championship	Francesco Bagnaia
Team Championship	Prima Pramac Racing
Constructors Championship	Ducati

SBS FRICTION

MOTORBIKES

World Supersport Championships

Isle of Man TT (pads)	
MXW World Championship	Courtney Duncan - DRT Kawasaki
WSSP300	Jeffrey Buis - MtM Kawasaki Racing
MXGP - Team World Championship	Team - Constructor - Wilvo Yamaha Factory MXGP
World FIM Supersport - Team World Championship	Team - Constructor - Ten Kate Racing Team
World FIM Moto3 GP - Team World Championship	Team - Constructor - Team Intact GP
British BSB Superbike	Tommy Bridewell - PBM Ducati
Isle of Man TT - Superstock + Senior TT	Peter Hickman - FHO Racing BMW Motorrad
Isle of Man TT - Supersport + Superbike TT	Michael Dunlop - Hawk Racing
FIM Asia Superbike	Markus Reiterberger - ONEXOX BMW TKKR Team
American Flat Track - Mission SuperTwins	Jared Mees
American Flat Track - Parts Unlimited AFT Singles	Kody Kopp
American Flat Track - Jace Johnson	Jace Johnson
American Flat Track - Royal Enfield Build. Train. Race	Morgan Monroe

J.JUAN

CARS

Rally Championships

FIA World Rally - Raid Championship	
T3 (calipers)	
Drivers Championship	Seth Quintero
Team Championship	South Racing
T4 (calipers)	
Drivers Championship	Rokas Baciuska
Team Championship	South Racing
Dakar Rally	
SXS -T3 (calipers, hoses)	
Drivers Championship	Austin Jones
Team Championship	South Racing
SXS -T4 (calipers, hoses)	
Drivers Championship	Eryc Goczal
Team Championship	South Racing
US Best in the desert (calipers)	
UTV Turbo Pro	
Drivers Championship	Vito Ranuio
Team Championship	CanAm Maverick X3
FIA World Cup Cross-Country Bajas	
T3	
Drivers Championship	Otavio Sousa Leite
Team Championship	South Racing
T4	
Drivers Championship	Cristiano Da Sousa
Team Championship	South Racing

MOTORBIKES

Off-Road Championships

FIM Trial World (calipers, hoses, clutches)	
Drivers Championship	Toni Bou Mena
Team Championship	Honda-Montesa
Trial 2 (calipers, hoses, clutches)	Billy Green
Trial 3 (clutches)	George Hemingway
Women (calipers, hoses, clutches)	Emma Bristow
X-Trial (calipers, hoses, clutches)	Toni Bou Mena


3
PILLARS:
DIGITAL, GLOBAL,
COOL BRAND
4
YEARS
OF TRANSITION

400

PEOPLE ACTIVELY INVOLVED IN THE PILLAR PROGRAMMES

THE PERFECT NUMBER

Digital, Global and Cool Brand. The Company's whole strategy revolves around these three Pillars — solid foundations at the basis of the perfect alignment between Vision and Mission. Hundreds of people are involved in developing these three Pillars: they are the source of a constant flow of cutting-edge ideas and initiatives, essential to build the Brembo of today and of tomorrow.

3. CONSOLIDATED FINANCIAL STATEMENTS 2023

CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

(EURO THOUSAND)	NOTES	31.12.2023	*OF WHICH WITH RELATED PARTIES*	31.12.2022	*OF WHICH WITH RELATED PARTIES*	CHANGE
NON-CURRENT ASSETS						
Property, plant, equipment and other equipment	1	1,353,548		1,125,711		227,837
Right of use assets	1	169,331		242,121		(72,790)
Development costs	2	104,423		101,658		2,765
Goodwill and other intangible assets with indefinite useful life	2	119,579		123,235		(3,656)
Other intangible assets	2	76,730		75,529		1,201
Shareholdings valued using the equity method	3	60,187		50,671		9,516
Investments in other companies	4	280,132		228,079		52,053
Derivatives	4	20,385		65,945		(45,560)
Other non-current financial assets	4	2,911		2,734		177
Receivables and other non-current assets	5	41,743		23,791		17,952
Deferred tax assets	6	97,661		66,256		31,405
TOTAL NON-CURRENT ASSETS		**2,326,630**		**2,105,730**		**220,900**
CURRENT ASSETS						
Inventories	7	621,697		586,034		35,663
Trade receivables	8	604,877	*3,121*	594,253	*1,706*	10,624
Other receivables and current assets	9	94,539		130,345		(35,806)
Derivatives	10	12,949		10,678		2,271
Other current financial assets	10	3,097		1,888		1,209
Cash and cash equivalents	11	510,058		415,882		94,176
TOTAL CURRENT ASSETS		**1,847,217**		**1,739,080**		**108,137**
ASSETS FROM DISCONTINUED OPERATIONS		**21**		**302**		**(281)**
TOTAL ASSETS		**4,173,868**		**3,845,112**		**328,756**

EQUITY AND LIABILITIES

(EURO THOUSAND)	NOTES	31.12.2023	*OF WHICH WITH RELATED PARTIES*	31.12.2022	*OF WHICH WITH RELATED PARTIES*	CHANGE
GROUP EQUITY						
Share capital	12	34,728		34,728		0
Other reserves	12	48,184		158,690		(110,506)
Retained earnings/(losses)	12	1,679,844		1,427,630		252,214
Net result for the year	12	305,039		292,833		12,206
TOTAL GROUP EQUITY		**2,067,795**		**1,913,881**		**153,914**
TOTAL MINORITY INTERESTS		**31,624**		**33,132**		**(1,508)**
TOTAL EQUITY		**2,099,419**		**1,947,013**		**152,406**
NON-CURRENT LIABILITIES						
Non-current payables to banks	13	487,615		464,526		23,089
Long-term lease liabilities	13	149,785		152,985		(3,200)
Derivatives	13	0		0		0
Other non-current financial liabilities	13	680		1,198		(518)
Other non-current liabilities	14	3,887	*628*	2,359	*105*	1,528
Non-current provisions	15	24,180		23,991		189
Employee benefits	16	36,445	*7,151*	24,086	*2,822*	12,359
Deferred tax liabilities	6	30,956		33,649		(2,693)
TOTAL NON-CURRENT LIABILITIES		**733,548**		**702,794**		**30,754**
CURRENT LIABILITIES						
Current payables to banks	13	272,269		241,213		31,056
Short-term lease liabilities	13	21,455		88,211		(66,756)
Derivatives	13	160		3,586		(3,426)
Other current financial liabilities	13	58,005		601		57,404
Trade payables	17	742,099	*21,160*	653,162	*10,117*	88,937
Tax payables	18	11,560		16,128		(4,568)
Current provisions	15	9,638		1,608		8,030
Contract liabilities	19	75,461		56,547		18,914
Other current liabilities	19	150,254	*3,920*	134,249	*3,726*	16,005
TOTAL CURRENT LIABILITIES		**1,340,901**		**1,195,305**		**145,596**
TOTAL LIABILITIES		**2,074,449**		**1,898,099**		**176,350**
TOTAL EQUITY AND LIABILITIES		**4,173,868**		**3,845,112**		**328,756**

CONSOLIDATED STATEMENT OF INCOME

(EURO THOUSAND)	NOTES	31.12.2023	*OF WHICH WITH RELATED PARTIES*	31.12.2022	*OF WHICH WITH RELATED PARTIES*	CHANGE
Revenue from contracts with customers	**20**	**3,849,202**	***450***	**3,629,011**	***468***	**220,191**
Other revenues and income	21	45,126	*4,689*	33,322	*3,877*	11,804
Costs for capitalised internal works	22	28,601		23,060		5,541
Raw materials, consumables and goods	23	(1,788,322)	*(76,706)*	(1,758,819)	*(57,238)*	(29,503)
Income (expense) from non-financial investments	24	17,044		16,931		113
Other operating costs	25	(804,253)	*(12,566)*	(702,121)	*(12,289)*	(102,132)
Personnel expenses	26	(681,620)	*(7,285)*	(616,180)	*(6,272)*	(65,440)
GROSS OPERATING INCOME		**665,778**		**625,204**		**40,574**
Depreciation, amortisation and impairment losses	27	(251,706)		(242,360)		(9,346)
NET OPERATING INCOME		**414,072**		**382,844**		**31,228**
Interest income	*28*	*170,589*		*116,012*		*54,577*
Interest expense	*28*	*(204,917)*		*(124,521)*		*(80,396)*
Net interest income (expense)	28	(34,328)	*168*	(8,509)	*229*	(25,819)
Interest income (expense) from investments	29	12,256	*12,164*	7,899	*7,692*	4,357
RESULT BEFORE TAXES		**392,000**		**382,234**		**9,766**
Taxes	30	(84,837)		(88,193)		3,356
Result from discontinued operations	32	136		(180)		316
RESULT BEFORE MINORITY INTERESTS		**307,299**		**293,861**		**13,438**
Minority interests		(2,260)		(1,028)		(1,232)
NET RESULT FOR THE YEAR		**305,039**		**292,833**		**12,206**
BASIC/DILUTED EARNINGS PER SHARE (euro)	**31**	**0.94**		**0.90**		

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(EURO THOUSAND)	31.12.2023	31.12.2022	CHANGE
RESULT BEFORE MINORITY INTERESTS	**307,299**	**293,861**	**13,438**
Other comprehensive income/(losses) that will not be subsequently reclassified to income/(loss) for the year:			
Effect of actuarial income/(loss) on defined benefit plans	(1,000)	5,351	(6,351)
Tax effect	234	(1,518)	1,752
Effect of actuarial income/(loss) on defined benefit plans, for companies valued using the equity method	(50)	693	(743)
Fair value measurement of investments	51,503	(94,453)	145,956
Tax effect	(618)	1,133	(1,751)
Total other comprehensive income/(losses) that will not be subsequently reclassified to income/(loss) for the year	**50,069**	**(88,794)**	**138,863**
Other comprehensive income/(losses) that will be subsequently reclassified to income/(loss) for the year:			
Effect of hedge accounting (cash flow hedge) of derivatives	(49,241)	49,227	(98,468)
Tax effect	10,002	(15,365)	25,367
Change in translation adjustment reserve	(7,293)	214	(7,507)
Total other comprehensive income/(losses) that will be subsequently reclassified to income/(loss) for the year	**(46,532)**	**34,076**	**(80,608)**
COMPREHENSIVE RESULT FOR THE YEAR	**310,836**	**239,143**	**71,693**
Of which attributable to:			
– Minority Interests	614	408	206
– the Group	310,222	238,735	71,487

CONSOLIDATED STATEMENT OF CASH FLOWS

(EURO THOUSAND)	31.12.2023	31.12.2022
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**254,013**	**471,948**
Result before taxes	**392,000**	**382,234**
Depreciation, amortisation/impairment losses	251,706	242,360
Capital gains/losses	(780)	(984)
Income/expense from investments, net of dividends received	(7,084)	(2,065)
Financial portion of provisions for defined benefits and payables for personnel	569	(124)
Long-term provisions for employee benefits	16,018	10,768
Other provisions net of utilisations	3,362	20,186
Result from discontinued operations	136	(180)
Cash flows generated by operating activities	**655,927**	**652,195**
Current taxes paid	(86,640)	(71,167)
Uses of long-term provisions for employee benefits	(5,405)	(5,388)
(Increase) reduction in current assets:		
inventories	(35,503)	(113,151)
financial assets	(177)	(765)
trade receivables	(11,794)	(127,511)
receivables from others and other assets	7,358	(12,822)
Increase (reduction) in current liabilities:		
trade payables	88,937	62,332
payables to others and other liabilities	44,904	(34,340)
Translation differences on current assets	1,864	(7,876)
Net cash flows from/(for) operating activities	**659,471**	**341,507**
Investments in:		
property, plant and equipment	(369,084)	(249,398)
intangible assets	(43,733)	(34,542)
financial assets	(3,338)	(31,512)
Price for disposal or reimbursement value of fixed assets	1,438	2,789
Amounts (paid)/received for the acquisition/disposal of subsidiaries, net of the relevant cash and cash equivalents	0	(3,395)
Net cash flows from/(for) investing activities	**(414,717)**	**(316,058)**
Dividends paid in the year	(90,754)	(87,389)
Buy-back of own shares	(8,164)	0
Dividend paid to minority shareholders in the year	(2,122)	(800)
Change in fair value of derivatives	(5,907)	1,573
Reimbursement of lease liabilities	(92,590)	(30,893)
Loans and financing granted by banks and other financial institutions in the year	125,000	25,123
Repayment of long-term loans and other financing	(80,367)	(142,964)
Net cash flows from/(for) financing activities	**(154,904)**	**(235,350)**
Total cash flows	**89,850**	**(209,901)**
Translation differences on cash and cash equivalents	2,004	(8,034)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**345,867**	**254,013**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(EURO THOUSAND)	SHARE CAPITAL	OTHER RESERVES	RETAINED EARNINGS/ (LOSSES)	NET RESULT FOR THE YEAR	GROUP EQUITY	EQUITY OF MINORITY INTERESTS	EQUITY
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)**
Reclassification		(99)	99		**0**	**0**	**0**
Components of comprehensive income:							
Effect of actuarial income/(loss) on defined benefit plans			3,833		**3,833**	**0**	**3,833**
Effect of actuarial income/(loss) on defined benefit plans, for companies valued using the equity method			693		**693**	**0**	**693**
Fair value measurement of investments			(93,320)		**(93,320)**	**0**	**(93,320)**
Effect of hedge accounting (cash flow hedge) of derivatives		33,862			**33,862**	**0**	**33,862**
Change in translation adjustment reserve		834			**834**	**(620)**	**214**
Net result for the year				292,833	**292,833**	**1,028**	**293,861**
Balance at 1 January 2023	**34,728**	**158,690**	**1,427,630**	**292,833**	**1,913,881**	**33,132**	**1,947,013**
Allocation of profit for the previous year			202,145	(202,145)	**0**	**0**	**0**
Payment of dividends				(90,688)	**(90,688)**	**(2,122)**	**(92,810)**
Buy-back of own shares		(8,164)			**(8,164)**	**0**	**(8,164)**
Shares from withdrawn shareholders		(57,456)			**(57,456)**	**0**	**(57,456)**
Components of comprehensive income:							
Effect of actuarial income/(loss) on defined benefit plans			(766)		**(766)**	**0**	**(766)**
Effect of actuarial income/(loss) on defined benefit plans, for companies valued using the equity method			(50)		**(50)**	**0**	**(50)**
Fair value measurement of investments			50,885		**50,885**	**0**	**50,885**
Effect of hedge accounting (cash flow hedge) of derivatives		(39,239)			**(39,239)**	**0**	**(39,239)**
Change in translation adjustment reserve		(5,647)			**(5,647)**	**(1,646)**	**(7,293)**
Net result for the year				305,039	**305,039**	**2,260**	**307,299**
Balance at 31 December 2023	**34,728**	**48,184**	**1,679,844**	**305,039**	**2,067,795**	**31,624**	**2,099,419**

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2023

BREMBO'S ACTIVITIES

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

The extensive product range consists of brake calipers and pads, brake discs, wheel-side modules, complete braking systems with integrated engineering services, supporting the development of the new models offered to customers. 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, Jiaxing, Jinan), India (Pune and Chennai) and the United States (Homer). Other companies located in Spain (Zaragoza), Sweden (Göteborg), Germany (Leinfelden-Echterdingen), China (Qingdao), Japan (Tokyo), the USA (Huntersville) and Russia (Moscow) carry out distribution and sales activities.

FORM AND CONTENT OF THE CONSOLIDATED FINANCIAL STATEMENTS

INTRODUCTION

The Consolidated Financial Statements of the Brembo Group for the year ended 31 December 2023 have been prepared in accordance with the provisions of European Regulation No. 1606/2002 and the IFRS effective at 31 December 2023, issued by the International Accounting Standards Board (IASB) and adopted pursuant to Italian and EU regulations applicable from time to time, including Commission Delegated Regulation (EU) No. 2019/815 of 17 December 2018 (hereafter "ESEF Regulation").
IFRS means all international accounting standards and all interpretations issued by the International Financial Reporting Interpretation Committee (IFRIC).

The Consolidated Financial Statements include 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, in accordance with IFRS requirements.

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.

On 5 March 2024, the Board of Directors approved the Consolidated 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 Consolidated Financial Statements were prepared on the basis of draft Financial Statements for the year ended 31 December 2023, prepared by the Boards of Directors, or, when available, of Financial Statements approved at the Share-

holders' Meetings of the relevant consolidated companies, appropriately adjusted to align them with Group classification criteria and accounting standards.
The Consolidated Financial Statements have 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 administrative period and the closing date for preparing the Consolidated Financial Statements correspond to the ones for the Financial Statements of the Parent and all the consolidated companies. The Consolidated Financial Statements are 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.

The Consolidated Financial Statements provide comparison figures for the previous year. When applying an accounting standard or retroactively recognising an adjustment, or reclassifying financial statement items, the Group includes an additional column showing the Statement of Financial Position for the first comparison year.

The Group made the following choices in relation to the presentation of the Financial Statements:
- for the Consolidated Statement of Financial Position, there is separate disclosure of the current and non-current assets and the current and non-current liabilities. Current assets, which include cash and cash equivalents, are those assets that will be realised, sold or consumed in the Group's normal operating cycle. Current liabilities are obligations that will be liquidated within the Group's normal operating cycle or within twelve months of the close of the accounting period;
- in the Consolidated Statement of Income, expense and income items are stated based on their nature;
- the Consolidated Statement of Comprehensive Income has been reported in a separate statement;
- for the Consolidated Statement of Cash Flows, the indirect method was used, as indicated in IAS 7.

The Financial Statements presented herein comply with Consob Resolution No. 15519 of 27 July 2006.

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.

The main estimates are used to recognise the capitalisation of development costs, recognition of 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 bad debts, 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.

In particular, the following items should be noted:
- Capitalisation of development costs: the initial capitalisation is based on management's judgement about the technical and economic feasibility of the project, usually when the project has reached a certain phase of the development plan. When assessing the recoverability of development costs, recoverable amount is estimated on the basis of the future cash flows expected from the project, the applicable discount rates and the period in which expected benefits

will be generated. Further information is given in Note 2 of these Explanatory Notes;

- Recognition of taxes: the Consolidated Financial Statements include deferred tax assets associated with the recognition of tax losses or tax credits that may be used in subsequent years and income components that are tax-deductible on a deferred basis, resulting in an amount the future recovery of which is deemed highly probable by company management The recoverability of such deferred tax assets is conditional on earning future taxable income sufficient to offset such tax losses and for the use of the benefits of other deferred tax assets. Significant management's judgement is required in assessing the probability of the recoverability of deferred tax assets, taking into account all possible negative and positive evidence, and in determining the amount that may be recognised on the basis of the timing and amount of future taxable income, future tax planning strategies and the tax rates in effect when the differences will be reversed. Deferred tax liabilities for taxes on non-distributed profits of subsidiaries, associates or joint ventures are not recognised to the extent that it is considered probable that they will not be distributed in the foreseeable future. The wide range of international commercial relations, the long-term nature and the complexity of current contractual agreements, any differences between actual results and formulated hypothesis, or future changes of those assumptions, may require future adjustments to previously recognised income taxes and expenses. If it should be concluded that the Group is no longer able to recover in future years part or all of the deferred tax assets recognised, the consequent adjustment will be taken to the Statement of Income in the year in which this occurs. The recoverability of deferred tax assets is reviewed at the end of each period. Deferred tax assets not recognised in the financial statements are reassessed at each reporting date to verify the conditions for recognising them. Further information is given in Note 6 of these Explanatory Notes;
- Impairment of non-financial assets: the recoverable amounts of such assets have been verified in accordance with the criteria laid down in IAS 36. When determining their recoverable amount, the Group generally applies the criterion of value in use, defined as the present value of the future cash flows expected from the assets being assessed. CGUs (cash-generating units) have been identified in accordance with the Group's organisational and business structure as assets that generate independent cash inflows from their ongoing use. CGUs are thus represented by the individual legal entities that serve the markets, and the criteria for defining them were not changed during the year. In limited cases, the CGU may be represented by the business of reference present in the region, even if managed by multiple legal entities; An impairment loss occurs when the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, which is the greater of fair value less costs to sell and its value in use. Recoverable amount is highly dependant on the discount rate used in the discounted cash flow model (which reflects the current market assessments of the time value of money and the risks specific to the asset in question), the expected future cash flows and the growth rate used for extrapolation. The expected future cash flows used to determine value in use are based on the most recent financial plan approved by management, containing projected volumes, revenues, operating costs and investments. The key assumptions used to determine the recoverable amounts of the various cash-generating units, including a sensitivity analysis, are described in detail in Note 2 hereto;
- Actuarial assumptions used in the measurement of defined benefit plans: the cost of defined benefit pension plans and other post-employment medical care and the present value of the defined benefit obligation are determined according to an actuarial assessment. Costs and liabilities associated with such plans are calculated based on estimates prepared by actuarial consultants, who use a combination of statistical and actuarial factors, including statistical data concerning previous years and projections of future costs. In addition, the components of estimation also include mortality and retirement rates, assumptions regarding the future evolution of discount rates, salary growth rates, inflation rates and an analysis of the performance of healthcare costs. These estimates may differ substantially from actual results due to the development of economic and market conditions, increases or decreases in retirement rates and the life expectancy of participants and changes in actual healthcare costs. Due to the complexity of the assessment and its long-term nature, such estimates are extremely sensitive to changes in assumptions. All assumptions are therefore reviewed annually. Further information is given in Note 16 of these Explanatory Notes;
- Determination of the fair value of financial instruments: the determination of the fair value of financial instruments is a structured process involving the use of complex valuation methodologies and techniques and the collection of up-to-date information from the markets of reference and/or the use of internal input data. The fair value of financial instruments is calculated on the basis of market prices, where available, or, for unlisted financial instruments, by applying specific valuation techniques based on the discounting of future cash flows. As with other estimates, the determination of fair value, while based on the best available information and the adoption of adequate valuation methodologies and

techniques, is intrinsically characterised by elements of uncertainty and the use of professional judgement, which could result in projected values that differ from actual results.

CHANGE IN ACCOUNTING STANDARDS AND DISCLOSURES

The valuation and measurement criteria used are based on the IFRS in force as of 31 December 2023 and endorsed by the European Union. In the reporting year, the Group applied a series of amendments to the international accounting standards issued by the IASB that entered into effect on a mandatory basis for accounting periods that begin on or after 1 January 2023. Their adoption had no impact on the information or the amounts indicated in these Financial Statements.

IFRS 17 and Amendments to IFRS 17 – *Insurance Contracts*
The objective of the new standard is to ensure that an entity provides relevant information that accurately represents the rights and obligations arising from the insurance contracts issued. To this end, the IASB has developed a standard to eliminate inconsistencies and weaknesses in existing accounting policies, providing a single principle-based approach that takes into account all types of insurance contracts, including the reinsurance contracts held by an insurer. Therefore, under the new standard, an insurance contract is measured on the basis of a general model or a simplified version of it, called Premium Allocation Approach (PAA). The new standard also includes presentation and disclosure requirements to improve comparability between entities belonging to this sector. The IASB has also published an amendment to IFRS 17 providing for a transition option for comparative information on financial assets presented at the date of initial application of IFRS 17.

Amendments to IAS 1 – *Presentation of Financial Statements* and IAS 8 – *Accounting Estimates*
The amendments are intended to improve disclosure of the accounting policies applied in order to provide more useful information to investors and other primary users of the financial statements, as well as to help companies distinguish changes in accounting estimates from changes in accounting policies.

Amendments to IAS 12 – *Income Taxes – Deferred Taxes Related to Assets and Liabilities Arising from a Single Transaction*
On 7 May 2021, the IASB published an amendment clarifying how deferred taxes on certain transactions that may give rise to equal amounts of assets and liabilities, such as leases and decommissioning obligations, are to be accounted for.

Amendments to IAS 12 – *Income Taxes – International Tax Reform – Pillar Two Model Rules*
On 23 May 2023, the IASB published an amendment that introduces a temporary exception to the obligations to recognise and disclose deferred tax assets and liabilities relating to the Pillar Two Model Rules (the relevant legislation for which entered into force in Italy on 31 December 2023, but which is applicable from 1 January 2024) and establishes specific disclosure obligations for entities affected by the related international tax reform.
In particular, the amendment provides for the immediate application of the temporary exception, whereas the disclosure obligations apply solely for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

Other standards, interpretations or amendments, endorsed or not yet endorsed, and not yet entered into force at the reporting date, are listed in the following table:

DESCRIPTION	ENDORSED	EXPECTED DATE OF ENTRY INTO FORCE
Amendments to IFRS 16 – *Leases: Lease Liability in a Sale and Leaseback* (issued on 22 September 2022)	YES	1 January 2024
Amendments to IAS 1 – *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current* (issued on 23 January 2020); *Classification of Liabilities as Current or Non current – Deferral of Effective Date* (issued on 15 July 2020); *Non-current Liabilities with Covenants* (issued on 31 October 2022)	YES	1 January 2024
Amendments to IAS 7 – *Statement of Cash Flows* and IFRS 7 – *Financial Instruments: Disclosures: Supplier Finance Arrangements* (issued on 25 May 2023)	NO	1 January 2024
Amendments to IAS 21 – *The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability* (issued on 15 August 2023)	NO	1 January 2025

The Group did not opt for early adoption of new standards, interpretations or amendments that have been issued but have not entered into force yet.

CLIMATE CHANGE

A worldwide process of decarbonisation and electrification of the global economy is in progress. In accordance with the requirements of the Paris Agreement, this process is crucial to achieving the net zero goal, which should prevent the severe consequences of an increase in temperatures of over 1.5°C.

To this end, and as illustrated in greater detail in the NFI (Consolidated Disclosure of Non-financial Information), the Group has set its own strategic guidelines, which lay down:

- a process aimed at reducing to zero by 2040 the CO_2 emissions classified as Scope 1 and 2 (direct and indirect emissions generated by its activities) and Scope 3 (emissions generated by the value chain);
- the development of solutions that facilitate the emission reduction, increasing vehicles' overall efficiency.

Within this framework, IAS 1 requires that the Notes to the Financial Statements include a disclosure of the entity's assumptions concerning the future that might entail a significant risk of causing a material adjustment in the subsequent financial year. The consequences in terms of investments, costs and cash flows are taken into consideration when preparing the financial statements, in accordance with the progress of the roadmap of the process (e.g., revision of the useful lives of assets planned to be replaced, adjustment of impairment tests to reflect the impacts on investment flows, etc.). It is possible that in the future the carrying amounts of assets and liabilities in the Group's financial statements may be subject to various impacts as the strategy for managing climate change continues to evolve. These aspects are monitored through coordination between the various company functions involving a cross-functional work team set up to conduct thorough analyses of the impact of projects aimed at reducing the emissions generated by the production process and value chain. The roadmap to achieving the net zero goal is periodically updated and discussed within the CSR Committee to assess specific investment needs, evaluate the impact of external events and update the state of progress.

Pursuant to IAS 36, impairment tests are conducted on the basis of the Group's Business Plan, which in turn is founded on short-, medium- and long-term strategic objectives. The cash flows used are therefore drawn from this plan and include both the risks and opportunities associated with climate change (e.g., energy efficiency projects, replacement of energy sources, development of low-emissions products, etc.).
IAS 16 and 38 establish the criteria for capitalising costs. Costs, including those of developing new solutions that reduce consumption, are capitalised when they meet the requirements set by the two standards. The useful lives of property, plant and equipment, along with those of intangible assets, are determined in accordance with the Group's strategic objectives

and Business Plan.
IFRS 13 requires a disclosure of the key assumptions used when assets are measured at fair value and measurement may include various possible scenarios. The Group's portfolio includes VPPAs (Virtual Power Purchase Agreements) measured at fair value on the basis of market scenarios that reflect actual transactions, fundamental models and operators' expectations regarding short-, medium- and long-term energy scenarios. In addition, specific sensitivity analyses are conducted to take account of the various future scenarios.
On the basis of IAS 37, it is possible that the provisions previously recognised for future events could be realised sooner, with the resulting change in the estimate to be recognised. Climate change, and the ensuing associated legislation, might require the reconsideration of such estimates and recognition of liabilities previously not recognised, for which specific disclosure would be provided.
Despite including considerable investments relating to sustainability objectives in its financial plans, Brembo has introduced an additional sensitivity scenario for its flows (at both consolidated level and GBU level), designed to reflect its carbon neutrality goals. Accordingly, cash outflows were simulated, both during the explicit period and in the estimate of terminal value, which simulate the cost of neutralising CO_2 emissions (Scope 1) on the basis of the market values that would be incurred to neutralise them.

CONSOLIDATION CRITERIA

The Consolidated Financial Statements include the Financial Statements of the Parent, Brembo S.p.A., at 31 December 2023, and the Financial Statements of the companies controlled by Brembo S.p.A. pursuant to IFRS 10.

Control arises when the Group is exposed, or has rights, to variable returns from its involvement with the investee and at the same time has the ability to influence those returns through its power over the said investee.

Specifically, the Group controls an investee if, and only if, the Group has:
- power over the investee (i.e., existing rights that give the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- ability to exert power over the investee to influence the amount of the investor's returns.

It is generally presumed that the majority of voting rights confers control. In support of this assumption, where the Group holds less than the majority of voting rights (or similar rights), the Group considers all facts and circumstances relevant to determining whether it controls the investee, including:
- contractual agreements with other vote-holders;
- rights under contractual agreements;
- the Group's actual and potential voting rights.

The Group reconsiders whether it controls an investee if the facts and circumstances indicate that there have been changes in one or more of the three factors relevant to determining control. A subsidiary begins to be consolidated when the Group obtains control of it and ceases to be consolidated when the Group loses control. The assets, liabilities, revenues and costs of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group obtains control until the date the Group no longer controls the company.
Income (loss) for the year and other comprehensive income components are allocated to the shareholders of the Parent and minority interests, even if this results in a negative balance for the minority interests. Where necessary, the appropriate adjustments are applied to the financial statements of subsidiaries, so as to ensure compliance with the Group's accounting policies. All intra-group assets and liabilities, equity, revenues, costs and cash flows relating to transactions between Group entities are completely eliminated during the consolidation process.
Changes in percent interests in a subsidiary that do not entail a loss of control are recognised at equity. If the Group loses control of a subsidiary, it eliminates the related assets (including goodwill), liabilities, minority interests and other equity components, while any profit or loss is recognised in the Statement of Income. The residual interest, if any, is measured at fair value.

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.

The following corporate transactions impacting the Group's consolidation area were performed in 2023:

- following the prior resolution of the Board of Directors of Brembo S.p.A., the Switzerland-based company Brembo Reinsurance AG was incorporated on 13 January 2023. The objectives of this company include, *inter alia*, improving the conditions and efficiency of the process of financing the Brembo Group's risks through access to the reinsurance market and the possibility of underwriting risks not adequately covered by the insurance market and that cannot be financed through a fund;
- in the first half of 2023, two new companies were incorporated in Poland, i.e., Brembo Poland Manufacturing Sp.Zo.o. and Brembo Poland Heratech Sp.Zo.o., fully owned by Brembo Poland Sp. Zo.o. Once fully operational, they will focus on casting and processing activities on behalf of the said company;
- in the second half of 2023, the new company Brembo Thailand Ltd., fully owned by Brembo S.p.A., was established. The new site, which will become operational in the first quarter of 2025, will manufacture braking systems for motorbike manufacturers in Thailand, starting with European and American producers.

ACCOUNTING STANDARDS AND VALUATION CRITERIA

BUSINESS COMBINATIONS AND GOODWILL

Business combinations (established after the date of transition to IFRS) are accounted for using the purchase accounting method envisaged by IFRS 3.
The value of the entity included in the business combination is the sum of the fair value of the assets acquired and liabilities assumed, including contingent liabilities.
The cost of a business combination is identified as the fair value, at the date control is obtained, of the assets acquired, liabilities assumed and equity instruments issued for the purposes of the combination. That cost is then compared with the fair value of the identifiable assets, liabilities and contingent liabilities upon acquisition. Any positive difference between the cost of the acquisition and the Group's share of the fair value of the identifiable assets, liabilities and contingent liabilities upon acquisition is recognised as goodwill. Any negative differences are charged directly to the Statement of Income. If the initial cost of a business combination can only be determined provisionally, adjustments to the initial provisional values must be made within twelve months of the acquisition date. Minority interests are recognised on the basis of the fair value of the net assets acquired. If a business combination involves more than one transaction, with successive share purchases, each transaction is treated separately using the cost of the transaction and fair value information on the assets, liabilities and contingent liabilities at the date of each transaction to determine the amount of any differences. When control of a company is obtained through a subsequent share purchase, the previously held interests are accounted for based on the fair value of identifiable assets, liabilities and contingent liabilities at the date control is acquired.

The acquiree measures contingent consideration at fair value at the acquisition date. The change in fair value of contingent consideration classified as an asset or liability, in that it is a financial instrument falling within the scope of IFRS 9, must be recognised in profit or loss or in Other Comprehensive Income. If the contingent consideration is not within the scope of IFRS 9, it is measured in accordance with the relevant IFRS. If the contingent consideration is classified as an equity instrument, its value is not remeasured and its subsequent settlement is recognised in equity.

Goodwill is initially recognised at cost, as the difference of the aggregate of the value of the consideration transferred and the amount attributed to minority interests compared to net identifiable assets acquired and liabilities assumed by the

Group. If the consideration is lower than the fair value of net assets of the acquired subsidiary, the difference is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is allocated from the acquisition date to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree have been assigned to those units.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal. The goodwill associated with the operation disposed of is measured on the basis of the relative value of the operation disposed of and the portion of the cash-generating unit retained.

EQUITY INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is a company over which the Group exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, without exercising control or joint control over the investee.
A joint venture is a joint arrangement whereby the parties that have joint control have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control, which exists only when decisions about the relevant activities require the unanimous consent of all parties sharing control.
Considerations used to determine significant influence or joint control are similar to those required to determine control of subsidiaries.

The Group's investments in associates and joint ventures are accounted for using the equity method. Under the equity method, an investment in an associate or a joint venture is initially recognised at cost. The carrying amount is increased or decreased to recognise the investor's share of the investee's profit or loss realised after the acquisition date. The goodwill related to the associate or joint venture is included in the carrying amount of the investment and is not tested separately for impairment.

The Statement of Income reflects the Group's share of the profits or losses of the associate or joint venture. All changes in Other Comprehensive Income relating to such investees have been presented in the Group's Statement of Comprehensive Income. In addition, when an associate or a joint venture recognises a change directly in equity, the Group recognises its share of that change, where applicable, in its Statement of Changes in Equity. Unrealised gains and losses on transactions between the Group and associates or joint ventures are eliminated in proportion to the interest held in the associates or joint ventures.

The aggregate share of the net result of associates and joint ventures attributable to the Group is recognised in the Statement of Income and represents the income or loss after taxes and the amounts attributable to the other shareholders of the associate or joint venture.

The financial statements of associates and joint ventures are prepared at the same reporting date as the Group's Financial Statements. Where necessary, such financial statements are adjusted to bring them into line with the Group's accounting standards.

Once the equity method has been applied, at each reporting date the Group assesses whether there is objective evidence that the investments in the associates or joint ventures have become impaired. In such cases, the Group calculates the amount of the loss as the difference between the recoverable amount of the associate or joint venture and the carrying amount of the investment in its financial statements, and then accounts for that difference in the Statement of Income.

When significant influence over an associate or joint control of a joint venture is lost, the Group measures and recognises the residual investment at fair value. The difference between the carrying amount of the investment at the date significant influence or joint control is lost and the fair value of the residual investment and consideration received is recognised in profit or loss.

SHAREHOLDINGS IN OTHER COMPANIES

Shareholdings in other companies are classified and measured at fair values through other comprehensive income (OCI), as better described in the section "Financial Instruments – Financial Assets" below.

CONVERSION OF ITEMS DENOMINATED IN FOREIGN CURRENCIES

Conversion of the Financial Statements of foreign companies

The financial statements of the Group companies included in the Consolidated Financial Statements are denominated in the currency used in the primary market in which they operate (functional currency). The Group's Consolidated Financial Statements are denominated in euro, which is the functional currency of the Parent Brembo S.p.A.

At year end, the assets and liabilities of subsidiaries, associates and joint ventures with a functional currency other than the euro are translated into the currency used to prepare the consolidated Group accounts at the exchange rate prevailing at that date. Statement of Income items are translated at the average exchange rate for the period (as it is considered to represent the average of the exchange rates prevailing on the dates of the individual transactions). The differences arising from the translation of initial equity at end-of-period exchange rates and the differences arising as a result of the different method used for translating the result for the period are recognised under a specific heading of equity. If consolidated foreign companies are subsequently sold, accumulated conversion differences are recognised in the Statement of Income.

The following table shows the exchange rates used in the translation of financial statements denominated in currencies other than the Group's functional currency (euro).

EURO AGAINST OTHER CURRENCIES	31.12.2023	2023 AVERAGE	31.12.2022	2022 AVERAGE
US Dollar	1.105000	1.081580	1.066600	1.053877
Japanese Yen	156.330000	151.942108	140.660000	138.005064
Swedish Krona	11.096000	11.472809	11.121800	10.627434
Danish Krone	7.452900	7.450991	7.436500	7.439574
Polish Zloty	4.339500	4.542063	4.680800	4.684487
Czech Koruna	24.724000	24.000676	24.116000	24.560268
Mexican Peso	18.723100	19.189748	20.856000	21.204548
Pound Sterling	0.869050	0.869907	0.886930	0.852607
Brazilian Real	5.361800	5.401616	5.638600	5.443192
Indian Rupee	91.904500	89.324864	88.171000	82.714489
Argentine Peso	892.923900	316.353476	188.503300	136.674581
Chinese Renminbi	7.850900	7.659070	7.358200	7.080095
Russian Rouble	97.914300	92.146067	76.125500	74.544749
Swiss Franc	0.926000	0.971730	0.984700	1.005172
Thai Baht	37.973000	37.632835	36.835000	36.861823

Transactions in currencies other than the functional currency

Transactions in currencies other than the functional currency are initially converted into the functional currency using the exchange rate prevailing at the date of the transaction. At the closing date of the accounting period, monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the exchange rate prevailing at that date. Exchange differences arising from such translation are recognised in the Statement of Income.

Non-monetary assets and liabilities denominated in currencies other than the functional currency that are carried at cost are translated using the exchange rate prevailing at the transaction date, while those carried at fair value are translated using the exchange rate prevailing on the date the fair value is determined.

PROPERTY, PLANT, EQUIPMENT AND OTHER EQUIPMENT

Recognition and measurement

Property, plant, equipment and other equipment are recognised at cost, net of the related accumulated depreciation and any impairment loss. The cost includes the purchase or production price and direct costs incurred for bringing the asset to the location and in the conditions necessary for it to be capable of being operated; interest expense is also included, where applicable under IAS 23.

Subsequent to initial recognition, the asset continues to be carried at cost and depreciated based on its useful life net of any impairment in value, taking into account any residual value.

Land, including land linked to buildings, is recognised separately and is not depreciated since it is regarded as having an indefinite useful life.

Subsequent costs

Costs for improvements and transformations that increase the value of assets (i.e., they result in probable future economic rewards that can be reliably measured) are recognised in the assets section of the Statements of Financial Position as increases to the assets in question or as separate assets. Costs are recognised in the year in which they are incurred, where they relate to maintenance or repair and do not lead to any significant and measurable increase in productive capacity or in the useful life of the relevant asset.

Depreciation

Depreciation represents the economic and technical loss of value of the asset and is charged from when the asset is available for use; it is calculated using the straight-line method based on the rate considered representative of the estimated useful life of the asset.

The range of expected useful lives of property, plant and equipment used for calculating depreciation is reported below:

CATEGORY	USEFUL LIFE
Land	Indefinite
Buildings	10-35 years
Plant and machinery	5-20 years
Industrial and commercial equipment	2.5-10 years
Other assets	4-10 years

The residual values, useful lives and depreciation methods applied to property, plant and equipment are reviewed at the end of each year and prospectively corrected, where appropriate. Useful lives are unchanged compared to the previous year.

Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. It requires lessees to recognise all lease contracts in the financial statements on the basis of a single accounting model similar to that used to recognise finance leases that were governed by IAS 17. The lessee recognises a liability for payments of rental fees specified in the lease contract and an asset representing the right to use the underlying asset for the period of the contract. Lessees must recognise separately the interest paid on the lease liability and depreciation of the right to use the asset. Lessees must also re-measure the lease liability when certain events happen (e.g., a change in lease contract conditions or a change in future lease payments caused by a change in an index or rate used to determine those payments). The lessee generally recognises the re-measured amount of the lease liability as an adjustment to the right to use the asset. The Group determines the lease term as the non-cancellable portion of the lease, together with the periods covered by the option to extend the lease, where it is reasonably certain that this option will be exercised, as well as the periods covered by the lease break option, if it is reasonably certain that this option will not be exercised.

Leasehold improvements

Improvements to third-party assets that can be considered fixed assets are capitalised to the appropriate asset category and depreciated over the shorter of their useful life or the lease term.

DEVELOPMENT COSTS AND OTHER INTANGIBLE ASSETS

The Company recognises intangible assets when the following conditions are met:

- the asset is identifiable, or separable, or can be separated or removed from the entity;
- the asset is controlled by the Group, meaning that the company has the power to obtain future economic rewards from the asset;

- it is probable that the Group will enjoy future rewards attributable to the asset.

Intangible assets are initially measured at cost; subsequent to initial recognition, they are carried at cost less amortisation (except for goodwill and other intangible assets with indefinite useful lives), which is calculated using the straight-line method (beginning on the date the assets are available for use) over their useful lives, and net of any impairment losses, taking into account any residual value. The useful life of assets is reviewed periodically.

An intangible asset generated in the development phase of an internal project is recognised as asset if the Group can demonstrate:
- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and the ability to use or sell it;
- how the intangible asset will generate probable future economic rewards;
- the availability of adequate resources to complete the asset;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development;
- the ability to use the intangible asset generated.

Research costs are recognised in the Statement of Income. Similarly, in the case of externally acquired intangibles that qualify as research and development costs, only the costs attributable to the development phase are recognised as assets, provided that the above requirements are met.
Such costs are capitalised under "Development costs" and amortised only when the development phase is concluded and the asset developed generates economic rewards. In the period in which internal development costs that can be capitalised are incurred, these costs are excluded from the Statement of Income item "Increase on internal works capitalised" and recognised in the item "Costs for capitalised internal works".

The range of expected useful lives of intangible fixed assets used for calculating amortisation is reported below:

CATEGORY	USEFUL LIFE
Development costs	3-5 years
Goodwill and other fixed assets with indefinite useful lives	Indefinite
Industrial patents and similar rights	5-10 years
Other intangible assets	3-5 years

The residual values, useful lives and amortisation methods applied to intangible assets are reviewed at the end of each year and prospectively corrected, where appropriate. Useful lives are unchanged compared to the previous year.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill, intangible assets with an indefinite life and development costs underway are systematically tested for impairment at least once a year, and whenever there are any indications of impairment.
Property, plant and equipment, as well as intangible assets that are subject to depreciation and amortisation are tested for impairment whenever indications of impairment arise.
Write-downs correspond to the difference between the carrying value and recoverable value of the assets in question. The recoverable value is the greater of the fair value of an asset or cash-generating unit less the costs of disposal and the value in use, determined as the present value of estimated future cash flows. The value in use is defined as the cash flows expected to arise from the use of an asset, or the sum of the cash flows in the case of more cash-generating units. The expected future cash flows are measured using the unlevered discounted cash flows method and each group of assets is discounted to the present value using the WACC method (weighted average cost of capital). If the recoverable amount is less than the carrying amount, the carrying amount is reduced to the recoverable amount, and, as a general rule, the impairment loss is

recorded in the Statement of Income. When the impairment loss of an asset (except for goodwill) is subsequently reversed, the carrying value of the asset (or cash-generating unit) is increased to the new estimate of recoverable value, without exceeding the value prior to write-down.

INVENTORIES

Inventories of raw materials and finished products are stated at the lower of cost of acquisition or market value and the corresponding presumable net realisable value estimated from market trends.
The purchase cost includes costs incurred to bring each asset to the place it is stored. Manufacturing costs of finished products and semi-finished goods include direct costs and a portion of indirect costs that can be reasonably attributed to the products based on normal exploitation of the production capacity; interest expense is excluded. Work in progress is valued at production costs for the year, based on the progress report.
The cost of inventories of raw materials, finished goods, goods for resale and semi-finished products is calculated using the weighted mean cost method.
For raw materials, ancillaries and consumables, the presumable net realisable value corresponds to the replacement cost. For finished products and semi-finished goods, the presumable net realisable value corresponds to the estimated sales price in the ordinary course of business, less the estimated costs of completion and costs to sell.
Inventories that are obsolete or characterised by a long turnover period are written down on the basis of their possible useful life or future realisable value, by creating a special provision for inventory adjustment.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash balances, unrestricted deposits and other treasury investments with original maturities of up to three months. A treasury investment is classified among cash and cash equivalents when it is instantly convertible to cash with minimal risk of any fluctuation in value and when it is intended to meet short-term cash requirements and is not held as an investment.
For purposes of the Statement of Cash Flows, cash balances are stated net of bank overdrafts at the end of the period.

PROVISIONS

Provisions include certain or probable costs of a specific nature, the amount or settlement date of which could not be determined at year end. A provision is recognised when:
- there is a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

Provisions are recognised at the present value of the expected expenditure required to settle the obligation in question. Where the Group expects some or all of the expenditure required to settle a provision to be reimbursed, such as for the case of insured risks, the reimbursement is treated as a separate asset and is recognised when, and only when, it is virtually certain that the reimbursement will be received. In this case, the expense relating to the provision is presented in the Statement of Income net of the amount recognised for the reimbursement. Provisions are periodically updated to reflect changes in cost estimates, timing and present value, if any; revisions to estimates of provisions are recognised under the same item of the Statement of Income under which the original provision was recognised and in the Statement of Income of the period in which the change is made. When provisions are discounted to present value, the change resulting from the passage of time or interest rate fluctuations is recognised under "Net interest income (expense)".
Any provisions for restructuring costs are recognised when the company involved has approved a formal detailed plan and communicated it to affected parties.

A provision for costs arising from tax liabilities is recognised when the dispute to which the contingent liability refers is ongoing or likely.
Provisions for product warranty costs are recognised when products are sold. Initial recognition is based on historical experience, excluding exceptional events, for which a precise assessment is conducted. The initial estimate of the costs of warranty work is reviewed annually.

EMPLOYEE BENEFITS

The difference between defined contribution plans, wholly unfunded defined benefit plans, wholly or partly funded defined benefit plans and other forms of long-term benefits is reported below.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which a company pays contributions to an insurance company or pension fund and has no legal or constructive obligation to pay further contributions if, when the benefit right matures, the fund does not have sufficient assets to pay all benefits relating to employee service in the current or prior periods.
These contributions, which are paid for the services rendered by employees, are recognised in the same accounting period in which the services are rendered.

Defined benefit plans and other long-term benefits

Defined benefit plans are post-employment benefit plans that entail a future obligation for the company. The company assumes actuarial and investment risks in relation to the plan.
To determine the present value of its obligations relating to such plans and the related service costs, the Group uses the "Projected Unit Credit Method".
This actuarial calculation method requires the use of unbiased and mutually compatible actuarial assumptions about demographic variables (mortality rate and employee turnover rate) and financial variables (discount rates and future increases in salary and benefits). When a defined benefit plan is wholly or partly funded by contributions paid either into a fund that is legally separate from the company or to an insurance company, any plan assets are measured at fair value. The obligation is therefore stated net of the fair value of the plan assets that will be used to directly meet such obligation. Remeasurements, which include actuarial gains and losses, any changes in the effect of the assets ceiling (excluding net interest) and return on plan assets (excluding net interest) are recognised immediately in the Statement of Financial Position, debiting or crediting retained earnings through Other Comprehensive Income in the period in which they occur. Remeasurements are not reclassified through profit or loss in the following years.
Other long-term benefits refer to employee benefits other than post-employment benefits. They are accounted for in the same manner as defined benefit plans.

OWN SHARES

Own shares bought back are recognised at cost and are deducted from equity. No gain or loss is recognised in the Statement of Income on the purchase, sale, or cancellation of the company's own shares. The difference between the carrying amount and the consideration, in case of reissue, is recognised in the share premium reserve.

25

PRODUCTION PLANTS

OPERATING EXCELLENCE

Brembo's 25 production plants are the Group's beating heart. The striving for operating excellence also translates into hundreds of improvement projects proposed and implemented each year. And it is often the contribution of the many men and women who work at our plants that makes the difference.

675

IMPROVEMENT
PROJECTS GENERATED
WITHIN PLANTS

4,971

SUGGESTIONS MADE
BY PLANT WORKERS
AND APPROVED

GOVERNMENT GRANTS

Government grants are recognised at fair value, when there is reasonable assurance that all necessary conditions attached to them have been satisfied and the grants will be received.
Grants received in recognition of specific expenses are recognised as liabilities and credited to the Statement of Income on a systematic basis over the periods necessary to match the grant income with the related expenditure. Grants received for defined assets that are recognised as fixed assets are accounted for as non-current liabilities and credited to the Statement of Income in relation to the period in which depreciation or amortisation is charged for the relevant assets.

FAIR VALUE MEASUREMENT

The Group measures financial instruments, such as derivatives, at fair value at the end of each financial period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement assumes a sale of the asset or transfer of the liability taking place:
- in the principal market for the asset or liability; or
- in the absence of a principal market, the most advantageous market for the asset or liability.

The principal or most advantageous market must be accessible to the Group.

Fair value measurement takes into account the characteristics of the asset or liability being measured that market participants would consider when pricing the asset or liability, assuming that market participants act with the aim of best satisfying their economic interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic rewards by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
The Group uses valuation techniques appropriate to the circumstances and for which sufficient data for fair value measurement are available, thus maximising the use of significant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities, the fair value of which has been measured or recognised in the financial statements, are categorised based on the fair value hierarchy, as described below:
- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3 - measurement techniques whereby inputs are unobservable inputs for the asset or liability.

The fair value measurement is categorised in its entirety in the hierarchy level of the lowest level input that has been used for the measurement.
For assets and liabilities that are measured at fair value on a recurring basis, the Group determines whether shifts have occurred between hierarchy levels and revises the categorisation (based on the lowest level input that is significant to the entire fair value measurement) at the end of each financial period.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Financial assets are initially recognised at their fair value, plus ancillary costs. Upon initial recognition, financial assets are classified, depending on their nature, in the following categories: financial assets measured at fair value through profit or loss or through other comprehensive income (OCI), loans, receivables and financial assets available for sale.
Loans and receivables (the category of greatest significance for the Group) are non-derivative financial assets, with fixed or determinable payments, that are not quoted in an active market. After initial recognition, such financial assets are measured at amortised cost, using the effective interest rate method, less impairment losses. Amortised cost is calculated by including any discounts, premiums or fees and/or costs, which are an integral part of the effective interest rate. The effective interest rate is recognised as interest income in the Statement of Income. Impairment losses are recognised in the Statement of Income as interest expense. This category normally includes trade and other receivables.
When accounting for financial assets measured at amortised cost, the Group first assesses whether impairment exists for each financial asset that is individually significant, and collectively for financial assets that are not individually significant. The carrying amount of an asset is reduced by recognising a write-down provision, and the amount of the loss is recognised in the Statement of Income. Loans and the associated write-down provisions are derecognised when there is no realistic prospect that they may be recovered in future and the guarantees have been enforced or transferred to the Group. If, in a subsequent year, the amount of an estimated impairment loss increases or decreases because of an event occurring after the impairment is recognised, the previously recognised impairment loss is increased or decreased by adjusting the provision.
Financial assets are classified and measured at fair values through OCI when they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Upon the initial recognition of investments in equity instruments, the Group may irrevocably elect to classify its investments as equity instruments measured at fair value through OCI where they meet the definition of an equity instrument pursuant to IAS 32 – *Financial Instruments*: *Presentation* and are not held for trading. The classification is determined for each instrument. Gains and losses on such financial assets are never transferred to profit or loss. Dividends are recognised as other income in profit or loss when entitlement to payment is approved, unless the Group benefits from such income as a recovery of part of the cost of the financial asset, in which case the profits are taken to OCI. Equity instruments measured at fair value through OCI are not tested for impairment.
Financial assets are derecognised from the financial statements when the right to receive cash flows ceases, the Group transfers the right to receive cash flows from the asset to a third party, or the Group assumes a contractual obligation to pay them in full and without delay, and (1) it has transferred substantially all of the risks and rewards of ownership of the financial asset, or (2) it has neither transferred nor retained substantially all of the risks and rewards of the asset, but has transferred control of the asset.
Where the Group has transferred the rights to receive the cash flows from an asset, or has entered into a contractual arrangement whereby it retains its contractual right to receive the cash flows from the asset, but assumes a contractual obligation to pay cash flows to one or more beneficiaries (pass-through arrangement), it evaluates the extent to which it has retained the risks and rewards of ownership.

Financial liabilities

Upon initial recognition, financial liabilities are classified among financial liabilities at fair value through profit or loss, loans and financing or derivatives designated as hedging instruments. All financial liabilities are initially recognised at fair value, in addition to directly attributable transaction costs in the case of loans, financing and payables. The Group's financial liabilities extend to trade payables and other payables, loans and financing, including account overdrafts, guarantees issued and derivative financial instruments, as well as lease liabilities.
Loans and payables (the category of greatest significance for the Group) are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the Statement of Income when the liability is extinguished, as well as through the amortisation process.

Amortised cost is calculated by including the discount or premium of the acquisition, as well as costs and fees, which are an integral part of the effective interest rate. Amortisation at the effective interest rate is gradually recognised to profit or loss over the life of the loan.

Financial guarantees issued are contracts that require a payment to reimburse the holder of a debt instrument for a loss incurred by the holder due to default by the debtor on payment at the contractual due date. When the Group issues financial guarantees, the financial guarantee contracts are initially recognised as liabilities at fair value, plus the transaction costs directly attributable to issuing the guarantee. The liability is then measured at the greater of the best estimate of the outlay required to meet the guaranteed obligation at the reporting date and the initially recognised amount, less cumulative amortisation.

A financial liability is derecognised when the obligation underlying the liability is extinguished, cancelled or discharged. Where one existing financial liability is replaced by another attributable to the same borrower with substantially different conditions, or the conditions of an existing liability are substantially modified, such exchange or modification is accounted for by derecognising the original liability and recognising a new liability, with any differences between carrying amounts recognised in the Statement of Income.

Offsetting of financial instruments

A financial asset and a financial liability may be set off against one another, and the net balance presented in the Statement of Financial Position, if there is a legally enforceable right to set off the recognised amounts and the entity intends either to settle on a net basis or realise the asset and settle the liability simultaneously.

Loans, payables and other financial and/or trade liabilities with a fixed or determinable maturity are initially recognised at fair value, net of the transaction costs. After initial recognition, these payables are evaluated using the criterion of amortised cost at the effective interest rate.

Long-term debts for which an interest rate is not specified are recognised by discounting future cash flows at market rate, if the increase in payables arises from the passage of time, with subsequent recognition of interest through profit or loss, in item "Net interest income (expense)".

DERIVATIVES

Derivatives, including embedded derivatives separated from their host contracts, are initially recognised at fair value.

Derivatives are classified as hedging instruments when the relationship between the derivative and the object of the hedge is formally documented and the degree of coverage, which is periodically checked, is high.

When hedging derivatives hedge the risk of changes in the fair values of the hedged instruments, they are recognised at fair value through profit or loss. Accordingly, the hedged instruments are adjusted to reflect changes in fair value associated with the hedged risk.

When derivatives hedge the risk of changes in the cash flows of the hedged instruments (cash flow hedges), the hedges are designated on the basis of the exposure to changes in cash flows attributable to risks that may influence profit or loss at a later date. Such risks are generally associated with a recognised asset or liability (such as future payments of variable-rate debt).

The effective portion of the change in the fair value of the part of derivative contracts designated as hedges in accordance with the requirements of IFRS 9 is recognised in the Statement of Comprehensive Income (hedging reserve). That reserve is then released to the profit or loss when the hedged transaction is recognised in the Statement of Income.

The ineffective portion of the change in fair value, along with the entire change in the fair value of derivatives not designated as hedges or that do not meet the requirements presented in IFRS 9, is recognised directly in profit or loss.

REVENUE FROM CONTRACTS WITH CUSTOMERS, OTHER REVENUES AND INCOME

Revenue from contracts with customers is recognised in the Statement of Income for an amount that reflects the consideration to which the entity claims entitlement in exchange for transferring the control of the goods or services to the customer.
Revenues are recognised net of sales returns, discounts, allowances and taxes that are directly associated with the sale of the product or provision of the service.

Sales of goods and services are recognised at the fair value of the consideration received when the following conditions are met:
- the control associated with ownership of the good is transferred;
- the revenue amount can be measured reliably;
- it is probable that the economic rewards arising from the sale will flow to the Company;
- the costs incurred or that will be incurred can be measured reliably.

Revenues on the sale of equipment and study and design services to customers may be recognised as follows:
a) recognition of the full amount in a single instalment when the control is transferred, if it is assessed as a separate contract from the subsequent supply;
b) recognition of the amount through an increase in sales price of the products created, over a variable period of time in relation to the number of products sold, if it is assessed as a contract to be combined with the subsequent supply ("multiple element arrangement").

INTEREST INCOME (EXPENSE)

Interest income/expense is recognised after being measured on an accrual basis.

INCOME TAXES

Current tax assets and liabilities are measured as the amount that is expected to be recovered from or paid to the taxation authorities. The tax rates and laws used to calculate that amount are those enacted, or substantially enacted, at the reporting date in the countries in which the Group operates and generates its taxable income. Management periodically assesses the position assumed in the income tax return, where tax laws are subject to interpretation, and recognises provisions, where appropriate.
Any differences between the calculation of taxes in the financial statements and income tax returns or amounts paid or provisioned for direct income tax disputes are presented under the item “Prior years' taxes and other tax payables”.
Deferred tax assets and liabilities are recognised in order to reflect the temporary differences between the value attributed to an asset/liability for tax purposes and that attributed based on the accounting standards applied at the reporting date. They are measured using the tax rates that are expected to apply in the year when the assets will be realised or the liabilities will be settled, based on tax rates in force or those already enacted or substantially enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, unused tax credits and unused tax losses eligible to be carried forward, to the extent it is probable that sufficient future taxable income will be available to permit the use of the deductible temporary differences, unused tax credits and unused tax losses carried forward, except for the cases in which:

- the deferred tax asset related to the deductible temporary differences arises from initial recognition of an asset or liability in a transaction other than a business combination that does not affect accounting or taxable income at the time of the transaction;
- there are deductible temporary differences related to equity investments in subsidiaries, associates and joint ventures. In this case deferred tax assets are recognised solely to the extent it is probable that they will be reversed in the foreseeable future and there will be sufficient taxable income to permit such temporary differences to be recovered.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent it is no longer probable that there will be sufficient future taxable income to permit all or part of the credit concerned to be used. Unrecognised deferred tax assets are reviewed at each reporting date and are recognised to the extent it has become probable that taxable income will be sufficient to permit such deferred tax assets to be recovered.

Deferred tax liabilities are recognised on all taxable temporary differences, with the following exceptions:

- the deferred tax liabilities arise from the initial recognition of goodwill or an asset or liability in a transaction other than a business combination that does not affect accounting or taxable income at the time of the transaction;
- reversal of the taxable temporary differences related to equity investments in subsidiaries, associates and joint ventures may be controlled, and it is probable that it will not occur in the foreseeable future.

Tax balances (current and deferred) attributable to amounts recognised directly in equity are also recognised directly in equity.
Current and deferred tax assets and liabilities are offset only when the legal right of offset exists; such amounts are recognised as receivables or payables in the Statement of Financial Position.

The Company has monitored, and continues to monitor, the implementation of the OECD Pillar II in all countries in which the Group operates. In light of the analyses conducted thus far, the Company has not identified any potential impacts arising from the Global Minimum Tax, yet it reserves the right to continue its analyses in 2024 — the first year of actual application of Pillar II — to assess any impacts.

DIVIDENDS

Dividends are recognised when the shareholders' right to receive payment is established under local law.

The Parent recognises a liability to account for the distribution to its shareholders of cash or non-cash assets once the distribution has been appropriately authorised and is no longer at the Company's discretion. Under current Italian company law, a distribution is authorised when it has been approved by the shareholders. The corresponding amount is recognised directly in equity.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

The Group classifies non-current assets and disposal groups as held for sale if their carrying amount will be recovered primarily through sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value net of costs to sell. Costs to sell are incremental costs directly attributable to disposal, excluding interest expense and taxes. The conditions for classification as held for sale are only considered to be met when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. The actions required to complete the disposal should indicate that it is unlikely that significant changes to the disposal will be made or that the disposal will be withdrawn. Management must be committed to the disposal, the completion of which must be expected to occur within one year of the classification date. Depreciation of property, plant and equipment and amortisation of intangible assets cease when such assets are classified as available for sale. Assets and liabilities classified as held for sale are recognised separately among the current items of the financial statements. Assets held for sale are excluded from result from continuing operations and are presented through profit or loss for the year in a single item as "Net income/(loss) from assets held for sale".

GROUP ACTIVITIES, SEGMENTS, SIGNIFICANT TRANSACTIONS 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 GBUs (Global Business Units): Discs, Systems, Motorbikes, Performance Group, Aftermarket.
Each GBU 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. Aftermarket – 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 2023 who accounted for over 10% of consolidated net revenues; also considering the individual car manufacturers that compose such group, only one of them slightly exceeded this threshold.

The following table shows segment information on sales of goods and services and results at 31 December 2023 and 31 December 2022:

	TOTAL		DISCS/SYSTEMS/ MOTORBIKES		AFTERMARKET/ PERFORMANCE GROUP		INTERDIVISION		NON-SEGMENT DATA	
(EURO THOUSAND)	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Sales	3,933,310	3,685,757	3,330,114	3,159,826	650,978	567,722	(5,994)	(5,924)	(41,788)	(35,867)
Allowances and discounts	(79,817)	(64,851)	(10,434)	(11,767)	(69,377)	(53,082)	0	0	(6)	(2)
Net sales	**3,853,493**	**3,620,906**	**3,319,680**	**3,148,059**	**581,601**	**514,640**	**(5,994)**	**(5,924)**	**(41,794)**	**(35,869)**
Transport costs	28,557	29,717	18,086	18,278	10,422	11,396	0	0	49	43
Variable production costs	2,446,822	2,344,987	2,138,880	2,044,984	361,741	342,475	(5,981)	(5,908)	(47,818)	(36,564)
Contribution margin	**1,378,114**	**1,246,202**	**1,162,714**	**1,084,797**	**209,438**	**160,769**	**(13)**	**(16)**	**5,975**	**652**
Fixed production costs	520,578	484,509	488,474	446,106	30,080	30,201	0	0	2,024	8,202
Production gross operating income	**857,536**	**761,693**	**674,240**	**638,691**	**179,358**	**130,568**	**(13)**	**(16)**	**3,951**	**(7,550)**
BU personnel costs	258,476	223,683	161,358	136,799	74,938	65,621	(12)	(16)	22,192	21,279
BU gross operating income	**599,060**	**538,010**	**512,882**	**501,892**	**104,420**	**64,947**	**(1)**	**0**	**(18,241)**	**(28,829)**
Costs for Central Functions	187,263	168,801	136,756	125,435	18,561	16,360	0	0	31,946	27,006
Operating income (loss)	**411,797**	**369,209**	**376,126**	**376,457**	**85,859**	**48,587**	**(1)**	**0**	**(50,187)**	**(55,835)**
Extraordinary costs and revenues	5,453	5,155	0	0	0	0	0	0	5,453	5,155
Financial costs and revenues	(23,375)	(2,453)	0	0	0	0	0	0	(23,375)	(2,453)
Income (expense) from investments	17,124	17,125	0	0	0	0	0	0	17,124	17,125
Non-operating costs and revenues	(18,863)	(6,982)	0	0	0	0	0	0	(18,863)	(6,982)
Result before taxes	**392,136**	**382,054**	**376,126**	**376,457**	**85,859**	**48,587**	**(1)**	**0**	**(69,848)**	**(42,990)**
Taxes	(84,837)	(88,193)	0	0	0	0	0	0	(84,837)	(88,193)
Result before minority interests	**307,299**	**293,861**	**376,126**	**376,457**	**85,859**	**48,587**	**(1)**	**0**	**(154,685)**	**(131,183)**
Minority interests	(2,260)	(1,028)	0	0	0	0	0	0	(2,260)	(1,028)
Net result	**305,039**	**292,833**	**376,126**	**376,457**	**85,859**	**48,587**	**(1)**	**0**	**(156,945)**	**(132,211)**

A reconciliation between the annual Consolidated Financial Statements and the above information is provided below:

(EURO THOUSAND)	31.12.2023	31.12.2022
Revenue from contracts with customers	**3,849,202**	**3,629,011**
Scrap sales (in the segment report they are subtracted from "Variable production costs")	(27,521)	(27,819)
Differences between internal and statutory reports relating to developments activities	18,897	7,827
Capital gains on sale of equipment (in the Consolidated Financial Statements they are included in "Other revenues and income")	422	1,619
Effect of adjustment of transactions among consolidated companies	(290)	86
Miscellaneous recharges (in the Consolidated Financial Statements they are included in "Other revenues and income")	1,653	3,016
Other	11,130	7,166
Net sales	**3,853,493**	**3,620,906**

(EURO THOUSAND)	31.12.2023	31.12.2022
NET OPERATING INCOME	**414,072**	**382,844**
Differences between internal and statutory reports relating to developments activities	16,171	7,843
Other differences between internal and statutory reports	690	(361)
Income (expense) from non-financial investments	(17,044)	(16,931)
Claim compensation and subsidies	(4,156)	(5,221)
Capital gains/losses on disposal of assets (in the segment report they are included in "Non-operating costs and revenues")	(574)	(53)
Different classification of banking expenses (in the segment report they are included in "Financial costs and revenues")	1,421	1,574
Reclassification of Brembo Argentina	(62)	(104)
Other	1,279	(382)
OPERATING RESULT	**411,797**	**369,209**

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

Statement of Financial Position data at 31 December 2023 and 31 December 2022 are provided in the tables below:

	TOTAL		DISCS/SYSTEMS/ MOTORBIKES		AFTERMARKET/ PERFORMANCE GROUP		INTERDIVISION		NON-SEGMENT DATA	
(EURO THOUSAND)	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Property, plant and equipment	1,522,879	1,367,832	1,377,799	1,242,819	82,157	76,777	5	5	62,918	48,231
Intangible assets	196,309	198,765	174,268	178,360	19,562	19,056	0	0	2,479	1,349
Financial assets and other non-current assets/liabilities	138,427	90,422	3,756	369	0	0	0	0	134,671	90,053
Total fixed assets (A)	**1,857,615**	**1,657,019**	**1,555,823**	**1,421,548**	**101,719**	**95,833**	**5**	**5**	**200,068**	**139,633**
Inventories	621,359	585,573	461,134	424,242	159,301	160,467	0	0	924	864
Current assets	716,387	749,765	537,329	529,383	75,964	80,023	(27,086)	(20,349)	130,180	160,708
Current liabilities	(996,007)	(884,791)	(611,448)	(548,619)	(160,951)	(137,413)	27,086	20,349	(250,694)	(219,108)
Provisions for contingencies and charges and other provisions	(62,275)	(55,047)	(116)	0	0	0	0	0	(62,159)	(55,047)
Net working capital (B)	**279,464**	**395,500**	**386,899**	**405,006**	**74,314**	**103,077**	**0**	**0**	**(181,749)**	**(112,583)**
NET INVESTED OPERATING CAPITAL (A + B)	**2,137,079**	**2,052,519**	**1,942,722**	**1,826,554**	**176,033**	**198,910**	**5**	**5**	**18,319**	**27,050**
Extraordinary components	453,532	420,322	0	0	0	0	0	0	453,532	420,322
NET INVESTED CAPITAL	**2,590,611**	**2,472,841**	**1,942,722**	**1,826,554**	**176,033**	**198,910**	**5**	**5**	**471,851**	**447,372**
Group equity	2,067,795	1,913,881	0	0	0	0	0	0	2,067,795	1,913,881
Minority interests	31,624	33,132	0	0	0	0	0	0	31,624	33,132
Equity (D)	**2,099,419**	**1,947,013**	**0**	**0**	**0**	**0**	**0**	**0**	**2,099,419**	**1,947,013**
Provisions for employee benefits (E)	**36,445**	**24,086**	**0**	**0**	**0**	**0**	**0**	**0**	**36,445**	**24,086**
Medium/long-term financial debt	628,983	596,894	0	0	0	0	0	0	628,983	596,894
Short-term financial debt	(174,236)	(95,152)	0	0	0	0	0	0	(174,236)	(95,152)
Net financial debt (F)	**454,747**	**501,742**	**0**	**0**	**0**	**0**	**0**	**0**	**454,747**	**501,742**
COVERAGE (D + E + F)	**2,590,611**	**2,472,841**	**0**	**0**	**0**	**0**	**0**	**0**	**2,590,611**	**2,472,841**

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

- intangible assets mainly consist of development costs;
- financial assets are not allocated; they mainly refer to the value of shareholdings in associates, joint ventures and 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.
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.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices resulting from shifts in exchange rates, interest rates and equity security prices.

Interest Rate Risk

Interest rate risk applies to variable-rate financial instruments recognised in the Statement of Financial Position (particularly short-term bank loans, other loans, leases, bonds, etc.) that are not hedged by other financial instruments.

In order to fix the financial burden relating to a part of its debt, Brembo has mainly entered into fixed-rate financing contracts and interest rate swaps. However, the Company continues to be exposed to interest-rate risk due to the fluctuation of variable rates.

A sensitivity analysis was performed to analyse the effects of a change in interest rates of +/-50 basis points compared to the rates at 31 December 2023 and 31 December 2022, with other variables held constant. The potential impacts were calculated on the variable-rate financial liabilities at 31 December 2023. The aforementioned change in interest rates would result in a higher (or lower) annual net pre-tax expense of approximately €1,463 thousand (€1,517 thousand at 31 December 2022), gross of the tax effect.
The average weekly gross financial debt was used to provide the most reliable information possible.

Exchange Rate Risk

Brembo deals in international markets with currencies other than the euro and is therefore exposed to exchange rate risk.

To mitigate this risk, Brembo uses natural hedging (offsetting receivables and payables) and hedges only net positions in foreign currency, using mostly short-term financing denominated in the currency to be hedged, in order to offset any unbalances; currency forward contracts are also used to hedge this risk category.

A sensitivity analysis is provided below to illustrate the effects on pre-tax result arising on a positive (negative) change in exchange rates.

Starting with the exposures at 31 December 2023 and 2022, a change calculated as the standard deviation of the exchange rate with respect to the average exchange rate was applied to the average exchange rates for 2023 and 2022 to measure exchange rate volatility.

	31.12.2023			31.12.2022		
(EURO THOUSAND)	CHANGE %	EFFECT OF EXCHANGE RATE INCREASE	EFFECT OF EXCHANGE RATE DECREASE	CHANGE %	EFFECT OF EXCHANGE RATE INCREASE	EFFECT OF EXCHANGE RATE DECREASE
EUR/CNY	2.88%	(388.3)	411.3	2.42%	(1,216.8)	1,277.2
EUR/GBP	1.23%	(7.5)	7.6	1.86%	1.1	(1.2)
EUR/JPY	4.75%	100.2	(110.2)	3.97%	44.6	(48.3)
EUR/PLN	2.81%	(27.9)	29.5	1.84%	(99.3)	103.1
EUR/SEK	2.29%	7.2	(7.5)	2.21%	1.1	(1.1)
EUR/USD	1.52%	(199.7)	205.8	4.78%	(70.0)	77.1
EUR/CZK	1.63%	(0.6)	0.7	1.05%	(28.6)	29.3
EUR/CHF	1.70%	(8.2)	8.5	2.94%	26.3	(27.9)
EUR/RUB	23.11%	121.8	(195.1)	30.05%	63.4	(117.8)
EUR/DKK	0.09%	(7.0)	7.0	0.03%	(2.4)	2.4
PLN/CNY	5.38%	17.0	(18.9)	3.67%	4.9	(5.3)
PLN/EUR	2.80%	(1,664.3)	1,760.3	1.85%	(1,385.8)	1,438.0
PLN/GBP	2.12%	0.0	0.0	2.01%	0.1	(0.1)
PLN/USD	3.66%	(35.4)	38.1	6.29%	(46.1)	52.3
PLN/CZK	3.86%	2.1	(2.2)	1.75%	(0.1)	0.1
PLN/CHF	1.85%	4.8	(5.0)	4.46%	9.5	(10.4)
GBP/EUR	1.23%	13.5	(13.9)	1.84%	4.3	(4.4)
GBP/USD	2.14%	2.9	(3.0)	6.19%	31.9	(36.1)
GBP/AUD	3.46%	(0.9)	1.0	3.26%	(1.2)	1.3
USD/CNY	2.64%	(19.4)	20.5	4.53%	(22.9)	25.1
USD/EUR	1.52%	(54.2)	55.9	4.75%	31.8	(35.0)
USD/MXN	3.90%	161.4	(174.5)	2.04%	43.2	(45.0)
BRL/EUR	2.40%	13.0	(13.6)	5.88%	21.7	(24.4)
BRL/USD	2.92%	4.3	(4.6)	4.45%	7.7	(8.4)
JPY/EUR	4.84%	23.3	(25.7)	4.03%	16.2	(17.6)
JPY/USD	4.89%	3.7	(4.0)	8.29%	3.4	(4.1)
CNY/EUR	2.92%	(14.6)	15.5	2.40%	32.8	(34.4)
CNY/JPY	2.51%	2.6	(2.7)	4.21%	3.4	(3.7)
CNY/USD	2.67%	(189.1)	199.4	4.52%	(419.4)	459.1
CNY/CHF	4.38%	0.0	0.0	3.30%	5.6	(5.9)
INR/EUR	1.38%	7.4	(7.6)	2.71%	(40.8)	43.1
INR/JPY	4.37%	24.9	(27.2)	5.24%	45.3	(50.3)
INR/USD	0.69%	7.9	(8.0)	3.46%	9.2	(9.8)
CZK/EUR	1.63%	462.3	(477.6)	1.03%	171.7	(175.3)
CZK/GBP	2.37%	0.8	(0.8)	2.34%	2.8	(2.9)
CZK/PLN	3.84%	14.1	(15.3)	1.75%	5.0	(5.2)
CZK/USD	2.54%	(2.9)	3.1	4.87%	(104.2)	114.9
DKK/EUR	0.09%	3.8	(3.8)	0.03%	0.1	(0.1)
DKK/JPY	4.69%	(0.1)	0.1	3.99%	(0.5)	0.5
DKK/USD	1.53%	(0.1)	0.1	4.77%	(0.9)	1.0

Commodity Risk

The Group is exposed to changes in prices of main raw materials and commodities. 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 thus mitigate the risk of fluctuations in commodities prices. When it was not possible to take these mitigating measures, derivatives hedging the risk of fluctuations in commodities prices have been implemented, in particular for a little portion of purchases of aluminium and for a portion of Brembo Poland Spolka Zo.o.'s exposure to the risk of fluctuation in the price of electricity through a VPPA (Virtual Power Purchase Agreement) derivative.

Liquidity Risk

Liquidity risk can arise from the inability to obtain the financial resources necessary to guarantee Brembo's operation.

To mitigate liquidity risk, the Treasury & Credit area:

- constantly assesses financial requirements to ensure the appropriate measures are taken in a timely manner (obtaining additional credit lines, capital increases, etc.);
- obtains adequate credit lines;
- ensures the appropriate composition of net financial debt, i.e., investments are financed with medium-to-long-term debt (as well as with equity), and net working capital requirements are financed using short-term credit lines;
- includes the Group companies in cash pooling structures to optimise any excess liquidity of participating companies.

The following table provides information on payables, other payables and derivatives broken down by maturity. The maturities are determined based on the period from the reporting date to the expiry of the contractual obligations. The amounts shown in the table reflect undiscounted cash flows and the fair value of existing derivative liabilities.

(EURO THOUSAND)	CARRYING VALUE	CONTRACTUAL CASH FLOWS	WITHIN 1 YEAR	FROM 1 TO 5 YEARS	BEYOND 5 YEARS
Non-derivative financial liabilities					
Short-term credit lines and bank overdrafts	164,191	164,191	164,191	0	0
Payables to banks (loans and bonds)	595,693	641,441	125,002	516,439	0
Payables to other financial institutions	58,685	58,694	58,010	684	0
Lease liabilities	171,240	171,240	21,455	60,949	88,836
Trade and other payables	892,353	892,353	892,353	0	0
Derivative financial liabilities					
Derivatives	160	160	160	0	0
Total	**1,882,322**	**1,928,079**	**1,261,171**	**578,072**	**88,836**

For fixed- and variable-rate financial liabilities, both principal and interest were considered for the different maturity periods; for variable-rate liabilities, the rate at 31 December 2023 plus the relevant spread was used.

Some of the Group's loan agreements require the satisfaction of financial covenants and the obligation for the Group to meet certain financial ratio levels.
In detail, the following covenants and relevant maximum thresholds are to be complied with:

- Net financial debt/Gross operating income not exceeding 4.5.

If the covenants are not met, the financial institutions can request early repayment of the relevant loan.
The values of these covenants are monitored at the end of each quarter, and at 31 December 2023 the Group had complied with the covenants in question by a considerable margin.

Management believes that currently available lines of credit, apart from the cash flow generated by operating activities will allow Brembo to meet its financial requirements arising from investing activities, working capital management, and the payment of payables at their natural maturities.
In further detail, at 31 December 2023, unused bank credit facilities accounted for 79% of the total (credit facilities totalled €778.3 million).

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 for the Group arises mainly in relation to trade receivables. Most parties with which the Group does business are leading car and motorbike manufacturers with high credit standings.
The Group evaluates the creditworthiness of all new customers using assessments from external sources and then assigns a credit limit.

Fair Value Measurement

To complete the disclosure of financial risks, the following information is provided:

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

	31.12.2023				31.12.2022			
(EURO THOUSAND)	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets measured at fair value through profit or loss:								
Current derivatives	0	3,152	0	**3,152**	0	737	0	**737**
Hedging derivatives:								
Current derivatives	0	9,797	0	**9,797**	0	9,941	0	**9,941**
Non-current derivatives	0	9,097	11,288	**20,385**	0	21,815	44,130	**65,945**
Total financial assets measured at fair value	**0**	**22,046**	**11,288**	**33,334**	**0**	**32,493**	**44,130**	**76,623**
Financial liabilities measured at fair value:								
Current derivatives	0	(160)	0	**(160)**	0	(3,514)	(59)	**(3,573)**
Hedging derivatives:								
Current derivatives	0	0	0	**0**	0	(13)	0	**(13)**
Non-current derivatives	0	0	0	**0**	0	0	0	**0**
Total financial liabilities measured at fair value	**0**	**(160)**	**0**	**(160)**	**0**	**(3,527)**	**(59)**	**(3,586)**
Assets (liabilities) for which fair value is indicated:								
Current and non-current payables to banks	0	(611,718)	0	**(611,718)**	0	(565,002)	0	**(565,002)**
Current and non-current lease liabilities	0	(171,240)	0	**(171,240)**	0	(241,196)	0	**(241,196)**
Other current and non-current financial liabilities	0	(58,685)	0	**(58,685)**	0	(1,799)	0	**(1,799)**
Total assets (liabilities) for which fair value is indicated	**0**	**(841,643)**	**0**	**(841,643)**	**0**	**(807,997)**	**0**	**(807,997)**

Movements for the period of Level 3 were as follows:

(EURO THOUSAND)	31.12.2023	31.12.2022
Opening value	**(59)**	**130**
Movements in Statement of Income – increases	59	0
Movements in Statement of Income – decreases	0	(189)
Closing value	**0**	**(59)**

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)	31.12.2023	31.12.2022
Financial assets		
Financial assets at fair value through profit or loss		
Other financial assets at fair value through profit or loss	0	0
Current derivatives	3,152	737
Financial assets at amortised cost		
Other non-current receivables	40,264	24,400
Current trade receivables	604,877	594,253
Other current receivables	68,299	80,416
Cash and cash equivalents	510,058	415,882
Financial assets measured at fair value through other comprehensive income (FVOCI)		
Other financial assets at fair value through other comprehensive income	278,446	226,942
Hedging derivatives		
Current derivatives	3,797	9,941
Non-current derivatives	20,385	65,945
Total financial assets	**1,535,278**	**1,418,516**

Financial liabilities		
Financial liabilities at fair value through profit or loss		
Current derivatives	(160)	(3,573)
Non-current derivatives	0	0
Financial liabilities measured at amortised cost		
Non-current payables to banks and other financial institutions (excluding lease payables)	(488,295)	(465,724)
Other non-current payables	(3,887)	(2,359)
Current payables to banks and other financial institutions (excluding lease payables)	(330,274)	(241,815)
Trade payables	(742,099)	(653,162)
Other current payables	(150,254)	(134,249)
Lease payables		
Long-term lease liabilities	(149,785)	(152,985)
Current lease payables	(21,455)	(88,211)
Hedging derivatives		
Non-current derivatives	0	0
Current derivatives	0	(13)
Total financial liabilities	**(1,886,209)**	**(1,742,091)**

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 and 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, and 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 observable 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 (with voting rights equal to 69.706%). Brembo did not engage in dealings with its parent in 2023, except for the dividend distribution.

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:

	31.12.2023		31.12.2022	
(EURO THOUSAND)	DIRECTORS	AUDITORS	DIRECTORS	AUDITORS
Emoluments and other incentives for the office held	6,460	195	5,690	197
Participation in committees and specific tasks	155	0	155	0
Salaries and other incentives	6,103	0	4,649	0

The item "Salaries and other incentives" includes the estimate of the cost of the 2022-2024 three-year plan reserved for the Company's top managers and accrued in 2023, 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:

	31.12.2023						31.12.2022					
(EURO THOUSAND)	CARRYING VALUE	TOTAL	OTHER (*)	JOINT VENTURES	ASSOCIATES	%	CARRYING VALUE	TOTAL	OTHER (*)	JOINT VENTURES	ASSOCIATES	%
a) Weight of transactions or positions with related parties on items of the Statement of Financial Position												
Trade receivables	604,877	3,121	18	2,998	105	0.5%	594,253	1,706	11	1,604	91	0.3%
Other non-current liabilities	(3,887)	(628)	(628)	0	0	16.2%	(2,359)	(105)	(105)	0	0	4.5%
Employee benefits	(36,445)	(7,151)	(7,151)	0	0	19.6%	(24,086)	(2,822)	(2,822)	0	0	11.7%
Trade payables	(742,099)	(21,160)	(3,278)	(17,301)	(581)	2.9%	(653,162)	(10,117)	(738)	(9,269)	(110)	1.5%
Other current liabilities	(150,254)	(3,920)	(3,787)	(133)	0	2.6%	(134,249)	(3,726)	(3,598)	(128)	0	2.8%
b) Weight of transactions or positions with related parties on items of the Statement of Income												
Revenue from contracts with customers	3,849,202	450	5	445	0	0.0%	3,629,011	468	0	457	11	0.0%
Other revenues and income	45,126	4,689	27	4,452	210	10.4%	33,322	3,877	164	3,527	186	11.6%
Raw materials, consumables and goods	(1,788,322)	(76,706)	(11)	(76,300)	(395)	4.3%	(1,758,819)	(57,238)	(4)	(57,066)	(168)	3.3%
Other operating costs	(804,253)	(12,566)	(8,945)	(3,218)	(403)	1.6%	(702,121)	(12,289)	(8,236)	(3,628)	(425)	1.8%
Personnel expenses	(681,620)	(7,285)	(7,285)	0	0	1.1%	(616,180)	(6,272)	(6,272)	0	0	1.0%
Net interest income (expense)	(34,328)	168	174	(6)	0	-0.5%	(8,509)	229	231	(2)	0	-2.7%
Interest income (expense) from investments	12,256	12,164	12,164	0	0	99.2%	7,899	7,692	7,692	0	0	97.4%

(*) 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 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 Jiaxing Ciju Control Systems Co. Ltd. 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 Reinsurance AG	Zurich	Switzerland	EUR	6,148,533	100%	Brembo S.p.A.
Brembo Thailand Ltd.	Bangkok	Thailand	THB	90,000,000	100%	Brembo S.p.A.
Brembo Argentina S.A. *in dissolution and winding up procedure*	Buenos Aires	Argentina	ARS	44,537,022	98.62%	Brembo S.p.A.
					1.38%	Brembo do Brasil Ltda.
Brembo (Nanjing) Automobile Components Co. Ltd.	Nanjing	China	CNY	226,565,500	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.
Shandong BRGP Friction Technology Co. Ltd.	Shandong	China	CNY	82,800,000	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.
Jiaxing Ciju Control Systems Co. Ltd.	Jiaxing	China	CNY	16,309,640	100%	J.Juan S.A.U.
Brembo Poland Manufacturing Sp.Zo.o.	Dąbrowa Górnicza	Poland	PLN	50,000,000	100%	Brembo Poland Spolka Zo.o.
Brembo Poland Heratech Sp.Zo.o.	Częstochowa	Poland	PLN	5,000	100%	Brembo Poland Spolka Zo.o.

INDEPENDENT AUDITORS' FEES

Details on the fees paid to the independent audit firm and other companies within its network pursuant to Article 149-*duodecies* of the Implementation Rules of Italian Legislative Decree No. 58 of 24 February 1998 are provided below:

(EURO THOUSAND)	31.12.2023	31.12.2022
Independent Auditors' fees for the provision of audit services:		
– to the Parent Brembo S.p.A.	270	255
– to the subsidiaries (services provided by the network)	573	521
Independent Auditors' fees for the provision of auditing services for issuing attestation:		
– to the Parent Brembo S.p.A.	65	53
– to the subsidiaries (services provided by the network)	61	2
Fees of entities belonging to the Independent Auditors' network for the provision of services:		
– to the Parent Brembo S.p.A.	0	6
– other services rendered to subsidiaries	0	2

COMMITMENTS

Contractual commitments for investments in property, plant and equipment and intangible assets already entered into with third parties at 31 December 2023 and not yet recognised in the Consolidated Financial Statements amounted to €311 million.

POSITIONS OR TRANSACTIONS FROM ATYPICAL AND/OR UNUSUAL OPERATIONS

Pursuant to Consob Notice No. 6064293 dated 28 July 2006, it is hereby specified that during 2023 the Company did not carry out any atypical and/or unusual transactions, as defined by the said Notice.

GOVERNMENT GRANTS – INFORMATION PURSUANT TO ARTICLE 1, PARAGRAPHS 125-129, OF LAW No. 124/2017

In light of the interpretation provided by Assonime in its Circular No. 5 of 22 February 2019, the obligations to disclose and publish government grants established by Article 1, paragraphs 125-129 of Italian Law No. 124/2017, as also governed by the subsequent Security Decree-Law (No. 113/2018) and Simplification Decree-Law (No. 135/2018), which introduced a series of disclosure and publication obligations for entities that engage in economic relations with the public administration, with effect from the 2018 financial statements, are not believed to apply in the following cases:

- subsidies, grants and economic advantages of all kinds the benefits of which are accessible to all undertakings that meet certain conditions on the basis of predetermined general criteria (e.g., measures provided for in ministerial decrees aimed at specific sectors of industry and intended to finance activities relating to research and development projects);
- general measures accessible to all undertakings and that are part of the general structure of the system of reference established by the government (e.g., the economic growth aid ACE mechanism aimed at encouraging the reinvestment of profits);
- European/international public resources;
- interprofessional funds for financing training courses, considering that the funds are financed by the beneficiary undertakings' own contributions and are required to meet specific management criteria intended to ensure transparency (e.g., training courses financed by Fondimpresa).

10th

ANNIVERSARY OF GCF CORPORATE SOCIAL RESPONSIBILITY

15

SUSTAINABILITY OBJECTIVES PUBLISHED

6

AREAS OF ACTION FOR SOCIAL PROJECTS

AN ANNIVERSARY TO BE CELEBRATED

It is the tenth anniversary of the foundation of the Corporate Social Responsibility Department, which has taken a strong, systematic approach to environment, social and governance matters — always a part of Brembo's identity. This path continues to be strengthened, through a tangible daily commitment.

In light of the foregoing, in 2023 the Group received a grant for the "Watchman" Call Hub project, Priority Axis 1 Research and Innovation – Strengthening research, development and innovation in support of collaborative R&D activities for the development of new sustainable technologies and new products and services, provided by the Region of Lombardy for €212 thousand.

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2023

With regard to the Company's cross-border conversion (the "Cross-Border Conversion" or the "Transaction") approved by the Extraordinary Shareholders' Meeting of Brembo held on 27 July 2023, as announced in the press release dated 12 January 2024, the Company proceeded with the Share Capital Decrease, from €34,727,914.00 to €3,339,222.50, instrumental to the Transaction, as the disbursement amount condition, upon which the completion of the Transaction was conditional, had been met.

The Share Capital Decrease from €34,727,914.00 to €3,339,222.50 was executed without cancellation of shares and without any reimbursement of capital to shareholders, through recognition to the Company's equity of a reserve of an equal amount. Therefore, this decrease had no impact on Brembo Shareholders' capital and administrative rights.

Following this:

- the notarial deed of conversion, also amending the Articles of Association, drafted pursuant to Dutch law was executed on 25 January 2024 and will be effective as of the day following the date of the Shareholders' Meeting of Brembo called on 23 April 2024 to approve, *inter alia*, the Company's Financial Statements for the year ended 31 December 2023;
- the payment of the liquidation value to those who had validly exercised the withdrawal right was effected on 31 January 2024. The Company thus acquired 4,387,303 unopted shares, equal to €57,456,120.09, accounting for 1.31387% of the share capital. Accordingly, as at the date of the approval of this Report, the Company holds 15,051,860 own shares representing 4.51% of share capital (2.93% of voting rights).

For further details on the foregoing, reference should be made to the press releases published on the Company's website (www.brembo.com, section "Investors", "For Shareholders", "Registered Office Relocation").

No other significant events occurred after 31 December 2023 and up to 5 March 2024.

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	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	715	4,424	6,292	227	(45)	1,451	**13,064**
Reclassification	0	5,001	41,943	5,942	105	(57,668)	**(4,677)**
Acquisitions	0	7,821	100,979	18,166	5,445	116,987	**249,398**
Disposals	0	(7)	(1,161)	(533)	(104)	0	**(1,805)**
Depreciation	0	(18,651)	(132,041)	(18,410)	(7,340)	0	**(176,442)**
Impairment losses	0	0	(1,081)	0	0	(5)	**(1,086)**
Total changes	**715**	**(1,412)**	**14,931**	**5,392**	**(1,939)**	**60,765**	**78,452**
Historical cost	37,789	467,765	1,767,495	298,789	86,515	138,809	**2,797,162**
Accumulated depreciation	0	(184,504)	(1,168,763)	(252,216)	(63,692)	0	**(1,669,175)**
Write-down provision	0	0	(2,128)	(18)	(10)	(120)	**(2,276)**
Balance at 1 January 2023	**37,789**	**283,261**	**596,604**	**46,555**	**22,813**	**138,689**	**1,125,711**
Changes:							
Translation differences	(598)	(1,944)	(3,631)	241	(854)	(1,948)	**(8,734)**
Reclassification	0	11,610	51,471	6,527	1,793	(73,664)	**(2,263)**
Acquisitions	10,000	41,948	119,635	22,944	4,695	169,862	**369,084**
Disposals	0	(25)	(314)	(119)	(177)	(23)	**(658)**
Other	11,052	50,087	0	(4,260)	(16)	0	**56,863**
Depreciation	0	(19,988)	(138,746)	(19,994)	(7,024)	0	**(185,752)**
Impairment losses	0	(183)	(236)	(24)	0	(260)	**(703)**
Total changes	**20,454**	**81,505**	**28,179**	**5,315**	**(1,583)**	**93,967**	**227,837**
Historical cost	58,243	569,758	1,922,562	326,205	89,442	233,023	**3,199,233**
Accumulated depreciation	0	(204,816)	(1,295,852)	(270,036)	(68,205)	0	**(1,838,909)**
Write-down provision	0	(176)	(1,927)	(4,299)	(7)	(367)	**(6,776)**
Balance at 31 December 2023	**58,243**	**364,766**	**624,783**	**51,870**	**21,230**	**232,656**	**1,353,548**

In 2023, investments in tangible fixed assets amounted to €369,084 thousand, including €169,862 thousand in fixed assets in course of construction.

As already noted in the Report on Operations, the Group continued its development programme. This involved significant investments in Italy, North America, Poland, and China.

Net disposals amounted to €658 thousand and refer to the normal cycle of machinery replacement, as it becomes unusable in production processes.
Total depreciation charges for 2023 amounted to €185,752 thousand (2022: €176,442 thousand).
Item “Other"chiefly refers to the acquisition by Brembo México S.A. de C.V. of two buildings dedicated to the casting, processing and assembly of braking systems for cars and commercial vehicles, previously included in item “Right of use assets”.

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	4,970	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	(94)	4,454	0	70	**4,430**
New contracts/leases for the year	0	33,886	0	3,579	**37,465**
Unwinding of lease contract	0	(63)	0	(239)	**(302)**
Depreciation	(97)	(18,896)	(136)	(7,817)	**(26,946)**
Total changes	**(191)**	**19,381**	**(136)**	**(4,407)**	**14,647**
Historical cost	4,862	288,679	441	36,426	**330,408**
Accumulated depreciation	(533)	(63,877)	(264)	(23,613)	**(88,287)**
Balance at 1 January 2023	**4,329**	**224,802**	**177**	**12,813**	**242,121**
Changes:					
Translation differences	(185)	(3,450)	1	123	**(3,511)**
Reclassification from leased assets to property, plant and equipment	0	(63,672)	0	(6)	**(63,678)**
New contracts/leases for the year	0	14,777	0	5,954	**20,731**
Unwinding of lease contract	0	(359)	0	(94)	**(453)**
Depreciation	(90)	(17,605)	(136)	(8,048)	**(25,879)**
Total changes	**(275)**	**(70,309)**	**(135)**	**(2,071)**	**(72,790)**
Historical cost	4,648	222,769	441	32,495	**260,353**
Accumulated depreciation	(594)	(68,276)	(399)	(21,753)	**(91,022)**
Balance at 31 December 2023	**4,054**	**154,493**	**42**	**10,742**	**169,331**

Item “Reclassification from leased assets to property, plant and equipment" refers to the acquisition by Brembo México S.A. de C.V. of two buildings dedicated to the casting, processing and assembly of braking systems for cars and commercial vehicles.

Note 13 provides other 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

The changes in this item are shown in the table below and described in this section.

(EURO THOUSAND)	DEVELOPMENT COSTS	GOODWILL (A)	INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (B)	SUB-TOTAL (A + B)	INDUSTRIAL PATENTS AND SIMILAR RIGHTS (C)	OTHER INTANGIBLE ASSETS (D)	TOTAL OTHER INTANGIBLE ASSETS (C + D)	TOTAL
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	**756**	(1,072)	(9)	**(1,081)**	(13)	(123)	**(136)**	**(461)**
Change in consolidation area	**0**	5,541	0	**5,541**	0	0	**0**	**5,541**
Reclassification	**0**	0	0	**0**	816	551	**1,367**	**1,367**
Acquisitions	**22,849**	0	0	**0**	1,488	10,205	**11,693**	**34,542**
Amortisation	**(21,922)**	0	0	**0**	(1,956)	(12,854)	**(14,810)**	**(36,732)**
Impairment losses	**(1,154)**	0	0	**0**	0	0	**0**	**(1,154)**
Total changes	**529**	**4,469**	**(9)**	**4,460**	**335**	**(2,221)**	**(1,886)**	**3,103**
Historical cost	**287,214**	123,591	11,332	**134,923**	48,591	193,028	**241,619**	**663,756**
Accumulated amortisation	**(178,967)**	0	0	**0**	(36,047)	(127,454)	**(163,501)**	**(342,468)**
Write-down provision	**(6,589)**	(11,686)	(2)	**(11,688)**	(2,589)	0	**(2,589)**	**(20,866)**
Balance at 1 January 2023	**101,658**	**111,905**	**11,330**	**123,235**	**9,955**	**65,574**	**75,529**	**300,422**
Changes:								
Translation differences	**(271)**	(3,629)	(27)	**(3,656)**	41	(1,326)	**(1,285)**	**(5,212)**
Reclassification	**0**	0	0	**0**	510	648	**1,158**	**1,158**
Acquisitions	**28,910**	0	0	**0**	1,910	12,913	**14,823**	**43,733**
Other	**1**	0	0	**0**	2	0	**2**	**3**
Amortisation	**(23,461)**	0	0	**0**	(2,165)	(11,332)	**(13,497)**	**(36,958)**
Impairment losses	**(2,414)**	0	0	**0**	0	0	**0**	**(2,414)**
Total changes	**2,765**	**(3,629)**	**(27)**	**(3,656)**	**298**	**903**	**1,201**	**310**
Historical cost	**315,056**	120,203	11,305	**131,508**	51,252	203,754	**255,006**	**701,570**
Accumulated amortisation	**(201,631)**	0	0	**0**	(38,410)	(137,277)	**(175,687)**	**(377,318)**
Write-down provision	**(9,002)**	(11,927)	(2)	**(11,929)**	(2,589)	0	**(2,589)**	**(23,520)**
Balance at 31 December 2023	**104,423**	**108,276**	**11,303**	**119,579**	**10,253**	**66,477**	**76,730**	**300,732**

Development costs

Item "Development costs" includes costs for development, internal and external, for a gross historical cost of €315,056 thousand. During the reporting year, this item changed due to higher costs incurred in 2023 for development orders received both during the year and in previous years, for which additional development costs were incurred; amortisation amounting to €23,461 thousand was recognised for development costs associated with orders regarding products that have already entered production.

The gross amount includes development activities for projects underway totalling €50,734 thousand. The total amount of costs for capitalised internal works charged to the Statement of Income in item "Costs for capitalised internal works" during the year amounted to €28,601 thousand (2022: €23,060 thousand).

Impairment losses totalled €2,414 thousand 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

Item "Goodwill" arose from business combinations and the ensuing allocation to the following GCUs:

(EURO THOUSAND)	31.12.2023	31.12.2022
Discs – Systems – Motorbikes:		
Brembo North America Inc. (Hayes Lemmerz)	15,447	16,003
Brembo México S.A. de C.V. (Hayes Lemmerz)	940	974
Brembo Nanjing Brake Systems Co. Ltd.	892	951
Brembo Brake India Pvt. Ltd.	7,165	7,468
Brembo Huilian (Langfang) Brake Systems Co. Ltd.	42,882	45,754
SBS Friction A/S	20,703	20,749
J.Juan Group	6,296	6,296
Aftermarket – Performance Group:		
Corporación Upwards '98 (Frenco S.A.)	2,006	2,006
AP Racing Ltd.	11,945	11,704
Total	**108,276**	**111,905**

The change compared to 31 December 2022 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., €1,318 thousand to the SBS Friction trademark, €8,585 thousand to the J.Juan trademark and €370 thousand to the trademark LF of Brembo Huilian (Langfang) Brake Systems Co. Ltd.

Impairment test

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.

Among the various indicators of impairment losses, the Group considers the relationship between its market capitalisation and equity, which at 31 December 2023 did not show any indicators of impairment losses.

In 2023, several external indicators emerged, such as the increase in bank interest rates, which impacted the discounting rate, and factors of geopolitical uncertainty, arising above all from the conflict between Russia and Ukraine and the Israel-Palestine crisis.

Future cash flows used for the calculation are based on management's most recent operating and financial plans. In particular, in defining the future cash flows reference was made to:

- the Group's 2024 Budget approved by the Board of Directors on 19 December 2023;
- the Group's 2025-2027 Industrial Plan approved by the Board of Directors on 22 June 2023.

The main assumptions that determined the test outcome were:

- the Group's rate (Group WACC) of 9.79% (9.15% in 2022). The change compared to the previous year was due to the increase in the risk-free rate and various risk factors;
- a growth rate (g-rate) used in determining terminal value of 1.5% (1.5% in 2022).

The previously mentioned impairment tests did not indicate the need to recognise any impairment loss in the reporting year.

After having performed the base tests, according to the calculation for each CGU, the sensitivity analyses were conducted. In the event of a change in the WACC from 9.79% to 10.79%, in the growth rate from 1.5% to 1% or a decline in sales volumes/margins of 5% over the plan period, no impairment loss would be required. Only in the event of a decrease in sales volumes/margins of 10% over the plan period would some intangibles become impaired.

In addition to the foregoing, the Group analysed the presence of impairment indicators on the various CGUs that do not present goodwill recognised or fixed assets with indefinite useful lives. However, for these CGUs, the impairment test for Property, plant, equipment and other equipment, Right of use assets, Development costs and Other intangible assets is only required when such indicators are present.

In the reporting year, impairment indicators were identified with reference to Brembo Czech S.r.o. The impairment test and sensitivity analyses on the above CGUs did not identify any risks of impairment (for methodology, reference is made to what is stated above with regard to goodwill).

Despite including considerable investments relating to sustainability objectives in its financial plans, Brembo has introduced an additional sensitivity scenario for its flows (at both Group level and GBU level), designed to reflect its carbon neutrality goals. Accordingly, cash outflows were simulated, both during the explicit period and in the estimate of terminal value, which simulate the cost of neutralising CO_2 emissions (Scope 1) on the basis of the market values that would be incurred to neutralise them. Impairment tests did not indicate the need to recognise any impairment loss in the reporting year.

Other intangible assets

Acquisitions recognised under "Other intangible assets" totalled €14,823 thousand and refer for €1,910 thousand to the filing of specific patents and trademarks, and for the remaining amount mainly to the share of the investment for the reporting year associated with the development of the Group's Digital Transformation plan.

3. SHAREHOLDINGS VALUED USING THE EQUITY METHOD (ASSOCIATES AND JOINT VENTURES)

This item includes the Group's share of equity in companies that are valued using the equity method. The following table shows all relevant movements:

(EURO THOUSAND)	31.12.2022	ACQUISITIONS AND NEW SHAREHOLDINGS	EXCHANGE RATE FLUCTUATIONS	WRITE-UPS/ WRITE-DOWNS	DIVIDENDS	OTHER CHANGES	31.12.2023
Brembo Group SGL Carbon Ceramic Brakes	45,823	0	0	17,934	(10,000)	(50)	53,707
Shandong BRGP Friction Technology Co. Ltd.	2,801	2,788	(306)	(890)	0	0	4,393
Petroceramics S.p.A.	1,243	0	0	91	(40)	0	1,294
Infibra Technologies S.r.l.	804	0	0	(11)	0	0	793
Total	**50,671**	**2,788**	**(306)**	**17,124**	**(10,040)**	**(50)**	**60,187**

It should be noted that the impact on the Statement of Income of investments valued using the equity method refers to two items: "Income (expense) from non-financial investments", attributable to the effect of the valuation using the equity method of the BSCCB Group and the company Shandong BRGP Friction Technology Co. Ltd., and "Interest income (expense) from investments", attributable to the valuation of associates using the equity method.

The following is a breakdown of the assets, liabilities, costs and revenues referring to joint ventures and associates.

JOINT VENTURES

	BREMBO GROUP SGL CARBON CERAMIC BRAKES		SHANDONG BRGP FRICTION TECHNOLOGY CO. LTD.	
(EURO THOUSAND)	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Revenue from contracts with customers	**254,789**	**225,415**	**12,596**	**0**
Other revenues and income	5,090	4,281	(8)	0
Raw materials, consumables and goods	(79,171)	(72,463)	(8,616)	0
Other operating costs	(61,524)	(48,189)	(1,738)	(13)
Personnel expenses	(58,410)	(51,653)	(2,790)	(16)
Gross operating income	**60,774**	**57,391**	**(556)**	**(29)**
Depreciation, amortisation and impairment losses	(11,395)	(10,924)	(1,190)	0
Net operating income	**49,379**	**46,467**	**(1,746)**	**(29)**
Net interest income (expense)	107	(423)	(623)	(3)
Result before taxes	**49,486**	**46,044**	**(2,369)**	**(32)**
Taxes	(13,554)	(12,434)	589	8
Net result for the year	**35,932**	**33,610**	**(1,780)**	**(24)**
% ownership	*50%*	*50%*	*50%*	*50%*
Other consolidation adjustments	(32)	138		
Group net result	**17,934**	**16,943**	**(890)**	**(12)**
Property, plant, equipment and other equipment	71,246	46,829	9,982	4,308
Right of use assets	11,566	13,518	8,389	0
Other intangible assets	196	237	113	89
Other non-current financial assets	131	131	0	0
Receivables and other non-current assets	950	844	0	0
Deferred tax assets	3,690	2,678	582	8
Total non-current assets	**87,779**	**64,237**	**19,066**	**4,405**
Inventories	39,918	32,551	999	8
Trade receivables	34,541	22,242	5,404	0
Other receivables and current assets	6,873	6,959	1,917	380
Other current financial assets	6	9	0	0
Cash and cash equivalents	4,551	27,592	3,046	2,449
Total current assets	**85,889**	**89,353**	**11,366**	**2,837**
Total assets	**173,668**	**153,590**	**30,432**	**7,242**

	BREMBO GROUP SGL CARBON CERAMIC BRAKES		SHANDONG BRGP FRICTION TECHNOLOGY CO. LTD.	
(EURO THOUSAND)	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Share capital	4,000	4,000	10,547	5,626
Other reserves	34,765	22,701	0	0
Translation adjustment reserve	0	0	43	0
Retained earnings/(losses)	31,068	29,622	0	0
Prior years' net income/(loss)	0	0	(24)	0
Net result for the year	35,932	33,610	(1,780)	(24)
Total equity	**105,765**	**89,933**	**8,786**	**5,602**
Non-current payables to banks	0	0	4,891	0
Long-term lease liabilities	9,833	11,838	8,558	0
Other non-current liabilities	1,667	1,355	0	0
Non-current provisions	2,954	3,218	0	0
Employee benefits	2,971	2,712	0	0
Total non-current liabilities	**17,425**	**19,123**	**13,449**	**0**
Current payables to banks	1,712	0	193	0
Short-term lease liabilities	2,405	2,305	**261**	**0**
Trade payables	31,059	25,370	**7,489**	**1,635**
Tax payables	2,060	6,749	**0**	**0**
Current provisions	0	428	**0**	**0**
Other current liabilities	13,242	9,682	**254**	**5**
Total current liabilities	**50,478**	**44,534**	**8,197**	**1,640**
Total liabilities	**67,903**	**63,657**	**21,646**	**1,640**
Total equity and liabilities	**173,668**	**153,590**	**30,432**	**7,242**
% ownership	*50%*	*50%*	*50%*	*50%*
Goodwill	1,033	1,033	0	0
Other consolidation adjustments	(209)	(177)	0	0
Carrying value of Group shareholding	**53,707**	**45,823**	**4,393**	**2,801**

ASSOCIATES

	PETROCERAMICS S.P.A.		INFIBRA TECHNOLOGIES S.R.L.	
(EURO THOUSAND)	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Revenue from contracts with customers	2,316	2,625	606	455
Net result for the year	**454**	**906**	**(54)**	**63**
% ownership	*20%*	*20%*	*20%*	*20%*
Group net result	**91**	**181**	**(11)**	**13**
Total current assets	5,120	5,377	775	948
Total non-current assets	3,160	2,212	278	224
Total current liabilities	1,512	1,106	81	132
Total non-current liabilities	299	268	129	142
Total equity	**6,469**	**6,215**	**843**	**898**
% ownership	*20%*	*20%*	*20%*	*20%*
Other consolidation adjustments	0	0	624	624
Carrying value of Group shareholding	**1,294**	**1,243**	**793**	**804**

4. INVESTMENTS IN OTHER COMPANIES, DERIVATIVES AND OTHER NON-CURRENT FINANCIAL ASSETS

This item is broken down as follows:

(EURO THOUSAND)	31.12.2023	31.12.2022
Investments in other companies measured at fair value	278,446	226,942
Investments in other companies measured at cost	1,686	1,137
Derivatives measured at fair value	20,385	65,945
Other securities	447	436
Other	2,464	2,298
Total	**303,428**	**296,758**

Item "Investments in other companies measured at fair value" consisted of the fair value of the 5.58% interest held in Pirelli S.p.A. for €274,927 thousand and of the 2.33% interest held in E-Novia S.p.A. amounting to €3,519 thousand. The change in value of the interest in Pirelli S.p.A. compared to 31 December 2022 was attributable for €51,503 thousand to the fair value measurement, which led to an increase in its value and in the Group equity (due to the change in the market price of the stock from €4.004 to €4.927). In accordance with IFRS 9, changes in fair value are recognised in the Consolidated Statement of Comprehensive Income.

"Investments in other companies measured at cost" also includes the 10% interest in International Sport Automobile S.àr.l. and the 1.20% interest in Fuji Co. The change of €550 thousand on 31 December 2022 was attributable to the Parent's interest in consortium funds intended for research.

Item "Derivatives" refers for €11,288 thousand 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 by Brembo Poland Sp.Zo.o. and for €9,097 thousand to the non-current portion of the fair value of two IRSs entered into directly by the Parent Brembo S.p.A., for a remaining notional amount of €75 million and €200 million, respectively, at 31 December 2023, 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 2022 was recognised as a component of comprehensive income, net of the tax effect, given that the hedge is fully effective.

"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)	31.12.2023	31.12.2022
Other non-current assets	35,634	20,496
Income tax receivables	6,075	3,261
Non-income tax receivables	34	34
Total	**41,743**	**23,791**

Item "Other non-current assets" refers to contributions towards clients for the acquisition of long-term exclusive supply arrangements, which were 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 is broken down as follows:

(EURO THOUSAND)	31.12.2023	31.12.2022
Deferred tax assets	97,661	66,256
Deferred tax liabilities	(30,956)	(33,649)
Total	**66,705**	**32,607**

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 year are reported in the following table:

(EURO THOUSAND)	31.12.2023	31.12.2022
Balance at beginning of year	**32,607**	**33,460**
Change in consolidation area	0	(2,146)
Deferred tax liabilities generated	(1,364)	(1,027)
Deferred tax assets generated	29,328	36,486
Use of deferred tax assets and liabilities	(1,520)	(17,921)
Exchange rate fluctuations	(1,735)	(411)
Reclassification	0	(29)
Other movements	9,389	(15,805)
Balance at end of year	**66,705**	**32,607**

The nature of temporary differences that generated deferred tax assets and liabilities is detailed below:

	ASSETS		LIABILITIES		NET	
(EURO THOUSAND)	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Property, plant, equipment and other equipment	44,182	29,453	25,172	23,659	19,010	5,794
Development costs	2,517	3,017	340	287	2,177	2,730
Goodwill and other indefinite useful life assets	246	373	2,356	2,356	(2,110)	(1,983)
Other intangible assets	530	487	9,063	10,389	(8,533)	(9,902)
Equity shareholdings	38	37	803	185	(765)	(148)
Other financial assets	0	0	99	790	(99)	(790)
Trade receivables	6,074	2,792	0	0	6,074	2,792
Inventories	18,657	18,505	0	0	18,657	18,505
Other receivables and current assets	86	83	6,860	2,175	(6,774)	(2,092)
Financial liabilities	56	45	4,460	7,566	(4,404)	(7,521)
Other financial liabilities	8,696	7,507	159	19	8,537	7,488
Provisions	7,651	7,261	695	917	6,956	6,344
Provisions for employee benefits	9,088	5,368	1,435	1,325	7,653	4,043
Short/long-term lease liabilities	699	1,075	0	0	699	1,075
Trade payables	160	251	0	0	160	251
Cash and cash equivalents	10	9	0	0	10	9
Other liabilities	13,628	11,619	1,218	1,442	12,410	10,177
Other	461	690	8,838	14,131	(8,377)	(13,441)
Tax losses	15,424	9,276	0	0	15,424	9,276
Compensation balance	(30,542)	(31,592)	(30,542)	(31,592)	0	0
Total	**97,661**	**66,256**	**30,956**	**33,649**	**66,705**	**32,607**

Item "Tax losses" refers to deferred tax assets on losses for the year or previous years recognised by Brembo Czech S.r.o. (€12,721 thousand), Brembo do Brasil Ltd. (€1,994 thousand) and SBS Friction A/S (€709 thousand), considering there to be a basis for the future recoverability of the tax assets in light of updated strategic plans.

It should also be noted that:
- unrecognised deferred tax assets of Brembo do Brasil Ltda. — calculated on prior years' losses (BRL 81.87 million) eligible to be unlimitedly carried forward — amounted to BRL 27.84 million, whereas recognised deferred tax assets amounted to BRL 10.1 million;
- unrecognised deferred tax assets of J.Juan S.A.U. — calculated on prior years' losses (€447 thousand) eligible to be unlimitedly carried forward — amounted to €112 thousand;
- Brembo Czech Sro. has three tax incentive plans, one of CZK 133.1 million (expiring in 2026), one of CZK 63.8 million (expiring in 2029) and another of CZK 367.0 million (expiring in 2031), on which the company did not recognise any deferred tax assets;
- at 31 December 2023, deferred tax liabilities of €6,693 thousand were recognised on profits of subsidiaries, associates or joint ventures which the Group considers may be distributed in the foreseeable future;
- at 31 December 2023, the temporary differences between the Parent's share of the net assets of the subsidiary, associate or investee company, including the book value of goodwill, and the value of the investment or shareholding (cost) (as indicated in §38 of IAS 12) amounted to €1,080 million and were considered to be permanently reinvested, since these provisions are used to fund current transactions and future business growth in those countries in which the same subsidiary resides; as a result, no deferred tax liability was recognised on the taxable portion of such differences.

7. INVENTORIES

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

(EURO THOUSAND)	31.12.2023	31.12.2022
Raw materials	228,060	236,272
Work in progress	148,749	115,164
Finished products	196,547	195,870
Goods in transit	48,341	38,728
Total	**621,697**	**586,034**

The change compared to 31 December 2022 was 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)	31.12.2023	31.12.2022
Balance at beginning of year	**77,073**	**67,032**
Provisions	16,021	16,928
Use/Release	(16,267)	(6,881)
Exchange rate fluctuations	77	(26)
Reclassification	9	20
Balance at end of year	**76,913**	**77,073**

The inventory write-down provision was determined in order to align the cost of inventories to their estimated realisable value.

8. TRADE RECEIVABLES

At 31 December 2023, the balance of account receivables from customers compared to the end of the previous year was as follows:

(EURO THOUSAND)	31.12.2023	31.12.2022
Accounts receivable from customers	601,774	592,558
Receivables from associates and joint ventures	3,103	1,695
Total	**604,877**	**594,253**

The increase in trade receivables was mainly attributable to higher business volumes with leading and well-established car manufacturers that are already among the Group's customers.

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.

Account receivables from customers are recognised net of the provision for bad debts, which amounted to €8,455 thousand. Movements in the provision for bad debts are shown below:

(EURO THOUSAND)	31.12.2023	31.12.2022
Balance at beginning of year	**7,285**	**5,805**
Provisions	2,734	2,943
Use/Release	(2,164)	(1,474)
Exchange rate fluctuations	148	11
Reclassification	452	0
Balance at end of year	**8,455**	**7,285**

The Brembo Group's maximum credit risk exposure is the book value of the gross financial assets recognised in the financial statements, net of any amounts offset in accordance with IAS 32 and any 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.

To mitigate commercial credit risk towards third parties, the Group applies procedures for assessing their financial solidity. These involve an analysis of the last three annual financial statements available, with the assignment of the relevant rating and commercial credit limit. Operating credit management is entrusted to a dedicated team that performs thorough checks on past-due accounts, involving the Sales Departments to which the customers are assigned as necessary.

To express the creditworthiness of financial assets the Group has elected to distinguish between clients who are listed or not listed on the stock exchange. Listed clients are those listed on a stock market, directly or indirectly controlled by a listed company or closely connected to listed companies.

(EURO THOUSAND)	31.12.2023	31.12.2022
Listed clients	516,571	512,437
Unlisted clients	96,761	89,101
Total	**613,332**	**601,538**

The following table provides details on trade receivables that have not been adjusted for impairment, broken down by maturity.

LISTED CLIENTS

(EURO THOUSAND)	31.12.2023	WRITE-DOWN 2023	31.12.2022	WRITE-DOWN 2022
Current	485,074	0	471,166	0
Expired by up to 30 days	4,567	0	9,218	0
Expired by 30 to 60 days	9,162	0	7,667	0
Expired by over 60 days	17,768	5,815	24,386	4,345
Total	**516,571**	**5,815**	**512,437**	**4,345**
% ratio of expired receivables not written down to total exposure	*5.0%*		*7.2%*	
Total expired receivables, not written down	**25,682**		**36,926**	

UNLISTED CLIENTS

(EURO THOUSAND)	31.12.2023	WRITE-DOWN 2023	31.12.2022	WRITE-DOWN 2022
Current	82,496	0	79,973	0
Expired by up to 30 days	4,296	0	1,489	0
Expired by 30 to 60 days	3,052	32	2,644	0
Expired by over 60 days	6,917	2,608	4,995	2,940
Total	**96,761**	**2,640**	**89,101**	**2,940**
% ratio of expired receivables not written down to total exposure	*12.0%*		*6.9%*	
Total expired receivables, not written down	**11,625**		**6,188**	

Expired receivables from listed clients mainly refer to leading car manufacturers; the related repayment plans were almost fully set at the beginning of 2024.

With regard to the portion of expired receivables from unlisted clients, most of this amount has already been collected in the first months of 2024.

9. OTHER RECEIVABLES AND CURRENT ASSETS

This item is broken down as follows:

(EURO THOUSAND)	31.12.2023	31.12.2022
Income tax receivables	29,338	51,817
Non-income tax receivables	39,224	57,966
Other receivables	25,977	20,562
Total	**94,539**	**130,345**

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.

Item “Non-income tax receivables” primarily includes the VAT receivables of Brembo S.p.A. and of subsidiaries located in Poland and Mexico.

Item “Other receivables” includes dividends to be received by investees and advances paid to suppliers for goods and services, as well as other accrued income.

10. DERIVATIVES AND OTHER CURRENT FINANCIAL ASSETS

This item is broken down as follows:

(EURO THOUSAND)	31.12.2023	31.12.2022
Derivatives measured at fair value	12,949	10,678
Security deposits	2,969	1,811
Other receivables	128	77
Total	**16,046**	**12,566**

Item "Derivatives" refers for €9,797 thousand to the current portion of the fair value of two IRSs entered into directly by the Parent Brembo S.p.A., for a remaining notional amount of €75 million and €200 million, respectively, at 31 December 2023, 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 2022 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 for €3,152 thousand.

11. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include:

(EURO THOUSAND)	31.12.2023	31.12.2022
Bank and postal accounts	509,935	415,770
Cash-in-hand and cash equivalents	123	112
Total cash and cash equivalents	**510,058**	**415,882**
Payables to banks: overdrafts and foreign currency advances	(164,191)	(161,869)
Cash and cash equivalents from the Statement of Cash Flows	**345,867**	**254,013**

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.

In addition to the amount recognised in the Statement of Cash Flows, it should be noted that interest paid in the year totalled €36,668 thousand (€14,348 thousand in 2022). This interest does not include the €10,251 thousand positive differentials on the IRSs entered into to hedge against the change in interest-rate risk on the variable-rate loans.

12. EQUITY

Group consolidated equity at 31 December 2023 increased by €153,914 thousand compared to 31 December 2022. Movements are given in the relevant statement.

Share capital

The Parent's subscribed and paid up share capital amounted to €34,728 thousand at 31 December 2023. It is divided into 333,922,250 ordinary shares.

The table shows the composition of the share capital and a reconciliation of the number of shares outstanding at 31 December 2023 and 31 December 2022:

(No. OF SHARES)	31.12.2023	31.12.2022
Ordinary shares issued	333,922,250	333,922,250
Own shares	(10,664,557)	(10,035,000)
Total shares outstanding	**323,257,693**	**323,887,250**

As part of its buy-back plan, in the year Brembo bought back 629,557 own shares (€8,164 thousand), which, together with the 10,035,000 own shares already held, represent 3.194% of the Company's share capital.

Other reserves and retained earnings/(losses)

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

- to the Shareholders, a gross ordinary dividend of €0.28 per ordinary share outstanding, excluding own shares;
- 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)	31.12.2023			31.12.2022		
	DUE WITHIN ONE YEAR	DUE AFTER ONE YEAR	TOTAL	DUE WITHIN ONE YEAR	DUE AFTER ONE YEAR	TOTAL
Payables to banks:						
– overdrafts and advances	164,191	0	164,191	161,869	0	161,869
– loans	108,078	487,615	595,693	79,344	464,526	543,870
Total	**272,269**	**487,615**	**759,884**	**241,213**	**464,526**	**705,739**
Lease liabilities	21,455	149,785	171,240	88,211	152,985	241,196
Payables to other financial institutions	58,005	680	58,685	601	1,198	1,799
Derivatives measured at fair value	160	0	160	3,586	0	3,586
Total	**79,620**	**150,465**	**230,085**	**92,398**	**154,183**	**246,581**

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

(EURO THOUSAND)	AMOUNT AT 31.12.2022	AMOUNT AT 31.12.2023	PORTION DUE WITHIN ONE YEAR	PORTION DUE BETWEEN 1 AND 5 YEARS	PORTION DUE AFTER 5 YEARS
Payables to banks:					
BNL loan (€100 million)	100,230	75,288	25,309	49,979	0
BNL loan (€300 million)	201,142	205,009	30,160	174,849	0
Banca Popolare di Sondrio loan (€125 million)	112,999	88,237	25,755	62,482	0
ISP loan (€100 million)	99,585	74,754	24,883	49,871	0
Banca Popolare di Sondrio loan (€150 million)	25,104	149,786	0	149,786	0
Bankinter loan (€105 thousand)	5	0	0	0	0
Bankinter loan (€504 thousand)	44	0	0	0	0
Bankinter loan (€2 million)	1,298	797	521	276	0
Banco Sabadell loan (€500 thousand)	296	170	127	43	0
Santander loan (€2 million)	651	354	303	51	0
Santander loan (€600 thousand)	175	52	52	0	0
Santander 2020 loan (€2 million)	1,191	689	515	174	0
Caixabank loan (€1 million)	604	354	250	104	0
BBVA loan (€2 million)	546	203	203	0	0
Total payables to banks	**543,870**	**595,693**	**108,078**	**487,615**	**0**

The most significant transactions finalised in 2023 included the full draw-down of the medium-term loan of €125,000 thousand contracted with Banca Popolare di Sondrio.

It should be noted that several loans require compliance with certain financial covenants. At the end of the reporting year, 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 31 December 2023, there were no financial payables secured by collateral.

The following table shows the breakdown of "Other financial liabilities".

(EURO THOUSAND)	AMOUNT AT 31.12.2022	AMOUNT AT 31.12.2023	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	902	648	258	390	0
Tivano loan	55	0	0	0	0
Payables due to liquidation of shares subject to withdrawal	0	57,456	57,456	0	*0*
Ministerio Industria España	733	500	262	238	0
Ministerio de Ciencia e Innovación	109	81	29	52	0
Total payables to other financial institutions	**1,799**	**58,685**	**58,005**	**680**	**0**
Lease liabilities	**241,196**	**171,240**	**21,455**	**60,949**	**88,836**
Total other financial liabilities	**242,995**	**229,925**	**79,460**	**61,629**	**88,836**

At 31 December 2023, Brembo S.p.A. recognised an account payable to the parties that validly exercised the right of withdrawal. Debt was repaid on 31 January 2024. For further information, reference should be made to section "Significant Events After 31 December 2023" of these Explanatory Notes.

With regard to payments relating to optional lease renewal periods not included in the calculation of liabilities at 31 December 2023, €15,927 thousand of lease instalments, relating solely to properties and due beyond five years, were not subject to discounting.

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

	31.12.2023			31.12.2022		
(EURO THOUSAND)	FIXED RATE	VARIABLE RATE	TOTAL	FIXED RATE	VARIABLE RATE	TOTAL
Euro	341,246	313,132	654,378	307,376	238,293	545,669

The average variable rate applicable to the Group's debt is 5.06% and the average fixed rate is 0.99%.

Item "Derivatives" includes the fair value relating to hedging through currency forward for €160 thousand.

At 31 December 2023, IRS derivatives had a positive fair value of €18,894 thousand, entirely recognised in a cash flow hedge reserve, gross of tax effects.

Changes in the Cash Flow Hedge Reserve, gross of tax effects, are as follows:

(EURO THOUSAND)	31.12.2023	31.12.2022
Opening value	**(75,643)**	**(26,854)**
Change in the fair value reserve	28,288	(59,908)
Change in the reserve for payment/collection of differentials	17,481	11,119
Closing value	**(29,873)**	**(75,643)**

OVER
100
CLIENT
BRANDS

100%
LUXURY APPLICATIONS:
CARS EQUIPPED WITH
BREMBO CCM DISCS

3,902

PATENTS, UTILITY MODELS AND DESIGNS

ALWAYS IN POLE POSITION

The processes of electrification, development of autonomous driving and vehicle digitalisation make the driving experience increasingly safer and ever more pleasant. It is essential to constantly increase innovation and performance. Thanks to the thousands of patents filed and its over one hundred client brands, Brembo always starts in pole position.

Net financial debt

The following table shows the reconciliation of the net financial debt at 31 December 2023 (€454,768 thousand) and at 31 December 2022 (€502,044 thousand) based on the layout prescribed by ESMA 32-382-1138 Guidelines of 4 March 2021 and specified in Consob Warning Notice 5/21 of 29 April 2021:

	(EURO THOUSAND)	31.12.2023	31.12.2022
A	Cash	510,058	415,882
B	Cash equivalents	0	0
C	Other current financial assets	16,046	12,566
D	**Liquidity (A+B+C)**	**526,104**	**428,448**
E	Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	243,811	254,254
F	Current portion of non-current financial debt	108,078	79,344
G	**Current financial debt (E+F)**	**351,889**	**333,598**
H	**Net current financial debt (G-D)**	**(174,215)**	**(94,850)**
I	Non-current financial debt (excluding the current portion and debt instruments)	628,983	596,894
J	Debt instruments	0	0
K	Trade payables and other non-current payables	0	0
L	**Non-current financial debt (I+J+K)**	**628,983**	**596,894**
M	**Total financial debt (H+L)**	**454,768**	**502,044**

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

Item "Non-current financial debt (excluding the current portion and debt instruments)" includes the non-current component of IRS derivatives amounting to €9,097 thousand.

Pursuant to IAS 7 — *Statement of Cash Flows*, changes in liabilities arising from financing activities are reported below. The table allows a reconciliation of the cash flows recognised in the Statement of Cash Flows in the Directors' Report on Operations and the total changes in the year of the Statement of Financial Position items that contribute to financial debt.

	31.12.2021	CASH FLOWS	NON-CASH FLOWS				31.12.2022
(EURO THOUSAND)			ACQUISITIONS	EXCHANGE RATE DELTA	FV	OTHER MOVEMENTS	
Loans and payables to other financial institutions	659,880	(117,841)	0	5	0	3,625	545,669
Lease liabilities	226,576	(30,893)	41,833	2,210	0	1,470	241,196
Derivatives measured at fair value	2,950	0	0	0	636	0	3,586
Total liabilities from financing activities	**889,406**	**(148,734)**	**41,833**	**2,215**	**636**	**5,095**	**790,451**

(EURO THOUSAND)	31.12.2022	CASH FLOWS	NON-CASH FLOWS				31.12.2023
			ACQUISITIONS	EXCHANGE RATE DELTA	FV	OTHER MOVEMENTS	
Loans and payables to other financial institutions	545,669	44,633	0	0	0	64,076	654,378
Lease liabilities	241,196	(92,590)	16,054	(3,545)	0	10,125	171,240
Derivatives measured at fair value	3,586	0	0	0	(3,426)	0	160
Total liabilities from financing activities	**790,451**	**(47,957)**	**16,054**	**(3,545)**	**(3,426)**	**74,201**	**825,778**

14. OTHER NON-CURRENT LIABILITIES

This item is broken down as follows:

(EURO THOUSAND)	31.12.2023	31.12.2022
Social security payables	1,887	695
Payables to employees	2,000	1,561
Other payables	0	103
Total	**3,887**	**2,359**

15. PROVISIONS

This item is broken down as follows:

(EURO THOUSAND)	31.12.2023			31.12.2022		
	PROVISIONS FOR CONTINGENCIES AND CHARGES	PROVISION FOR PRODUCT WARRANTIES	TOTAL	PROVISIONS FOR CONTINGENCIES AND CHARGES	PROVISION FOR PRODUCT WARRANTIES	TOTAL
Balance at beginning of year	**9,557**	**16,042**	**25,599**	**7,477**	**38,478**	**45,955**
Provisions	7,563	4,253	11,816	5,327	10,826	16,153
Use/Release	(4,143)	(5,331)	(9,474)	(3,319)	(33,194)	(36,513)
Exchange rate fluctuations	151	(198)	(47)	68	(68)	0
Other	5,924	0	5,924	4	0	4
Balance at end of year	**19,052**	**14,766**	**33,818**	**9,557**	**16,042**	**25,599**
of which short-term			***9,638***			***1,608***

Provisions totalled €33,818 thousand, including a €14,766 thousand provision for product warranties 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. 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 18 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.
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 defined benefit plans is calculated on an actuarial basis using the "Projected Unit Credit Method".
Item "Other employee benefits" includes the liability associated with the 2022-2024 three-year incentive plan reserved for top managers, to be settled in May 2025.

Liabilities at 31 December 2023 are given in the table below:

	31.12.2023					31.12.2022				
(EURO THOUSAND)	EMPLOYEES' LEAVING ENTITLEMENT	DEFINED BENEFIT PLANS	DEFINED CONTRIBUTION PLANS	OTHER LONG-TERM BENEFITS	TOTAL	EMPLOYEES' LEAVING ENTITLEMENT	DEFINED BENEFIT PLANS	DEFINED CONTRIBUTION PLANS	OTHER LONG-TERM BENEFITS	TOTAL
Balance at beginning of year	**12,350**	**3,698**	**924**	**7,114**	**24,086**	**17,824**	**5,142**	**1,026**	**0**	**23,992**
Provisions	0	802	3,060	12,156	16,018	0	474	2,539	7,755	10,768
Use/Release	(838)	(1,202)	(3,365)	0	(5,405)	(1,359)	(1,405)	(2,624)	0	(5,388)
Interest expense	478	305	0	(214)	569	197	299	0	(620)	(124)
Exchange rate fluctuations	0	237	(5)	(55)	177	0	227	(17)	(21)	189
Other	608	392	0	0	1,000	(4,312)	(1,039)	0	0	(5,351)
Balance at end of year	**12,598**	**4,232**	**614**	**19,001**	**36,445**	**12,350**	**3,698**	**924**	**7,114**	**24,086**

DEFINED BENEFIT PLANS

	UNFUNDED PLAN (EMPLOYEES' LEAVING ENTITLEMENT)		FUNDED PLAN (AP RACING PLAN)		BREMBO MÉXICO PLAN		BREMBO BRAKE INDIA PLAN		BREMBO JAPAN PLAN	
(EURO THOUSAND)	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
A. Change in defined benefit obligation										
1. Defined benefit obligation at end of prior year	**12,350**	**17,824**	**24,701**	**41,561**	**2,718**	**2,331**	**1,827**	**1,799**	**307**	**311**
2. Service cost:										
Current service cost	0	0	0	0	514	425	238	240	21	21
3. Interest expense	478	197	1,237	719	268	199	130	119	3	3
4. Cash flows:										
Benefit payments from plan	0	0	(878)	(1,568)	0	0	(16)	(30)	0	0
Benefit payments from employer	(838)	(1,359)	0	0	(62)	(129)	(37)	(33)	(4)	(5)
Other significant events:										
6. Remeasurements:										
Effects of changes in demographic assumptions	*0*	*0*	*(541)*	*(30)*	*0*	*0*	*(131)*	*17*	*0*	*0*
Effects of changes in financial assumptions	608	(4,312)	441	(17,224)	27	(351)	144	(109)	0	0
Effects of experience adjustments (changes occurred since the previous measurement not in line with assumptions)	0	0	42	2,838	(110)	(15)	54	(88)	0	0
7. Effect of changes in foreign exchange rates	0	0	507	(1,595)	342	258	(85)	(88)	(26)	(23)
8. Defined benefit obligations at end of year	**12,598**	**12,350**	**25,509**	**24,701**	**3,697**	**2,718**	**2,124**	**1,827**	**301**	**307**
B. Change in fair value of plan assets										
1. Fair value of plan assets at end of prior year	**0**	**0**	**25,293**	**40,346**	**0**	**0**	**562**	**514**	**0**	**0**
2. Interest income	0	0	1,291	707	0	0	42	34	0	0
3. Cash flows:										
Total employer contributions:										
- employer contributions	0	0	951	1,114	0	0	85	88	0	0
- employer direct benefit payments	838	1,361	0	0	62	129	37	33	0	0
Benefit payments from plan	0	0	(878)	(1,568)	0	0	(16)	(30)	0	0
Benefit payments from employer	(838)	(1,361)	0	0	(62)	(129)	(37)	(33)	0	0
5. Remeasurements:										
Return on plan assets (excluding interest income)	0	0	(427)	(13,704)	0	0	9	(16)	0	0
6. Effect of changes in foreign exchange rates	0	0	523	(1,602)	0	0	(31)	(28)	0	0
7. Fair value of plan assets at end of year	**0**	**0**	**26,753**	**25,293**	**0**	**0**	**651**	**562**	**0**	**0**
E. Amounts recognised in the Statement of Financial Position										
1. Defined benefit obligation	12,598	12,350	25,509	24,701	3,697	2,718	2,124	1,827	301	307
2. Fair value of plan assets	0	0	26,753	25,293	0	0	651	562	0	0
3. Funded status	12,598	12,350	(1,244)	(592)	3,697	2,718	1,473	1,265	301	307
5. Net liability (asset)	**12,598**	**12,350**	**(1,244)**	**(592)**	**3,697**	**2,718**	**1,473**	**1,265**	**301**	**307**

(EURO THOUSAND)	UNFUNDED PLAN (EMPLOYEES' LEAVING ENTITLEMENT) 31.12.2023	31.12.2022	FUNDED PLAN (AP RACING PLAN) 31.12.2023	31.12.2022	BREMBO MÉXICO PLAN 31.12.2023	31.12.2022	BREMBO BRAKE INDIA PLAN 31.12.2023	31.12.2022	BREMBO JAPAN PLAN 31.12.2023	31.12.2022
F. Components of defined benefit cost										
1. Service cost:										
Current service cost	0	0	0	0	514	425	238	240	21	21
Total service costs	*0*	*0*	*0*	*0*	*514*	*425*	*238*	*240*	*21*	*21*
2. Net interest expense:										
Interest expense on defined benefit plans	478	197	1,237	719	268	199	130	119	3	3
Interest (income) on plan assets	0	0	(1,291)	(707)	0	0	(42)	(34)	0	0
Total net interest expense	*478*	*197*	*(54)*	*12*	*268*	*199*	*88*	*85*	*3*	*3*
3. Remeasurement on other long-term benefits	0	0	0	0	0	0	(48)	(171)	0	0
5. Defined benefit cost included in P&L	478	197	(54)	12	782	624	278	154	24	24
6. Remeasurements (recognised in Other Comprehensive Income)										
a. Effects of changes in demographic assumptions	0	0	(541)	(30)	0	0	(31)	1	0	0
b. Effects of changes in financial assumptions	608	(4,312)	441	(17,224)	27	(351)	89	(64)	0	0
c. Effects of experience adjustments (changes occurred since the previous measurement not in line with assumptions)	0	0	42	2,838	(110)	(15)	57	54	0	0
d. Return on plan assets (excluding interest income)	0	0	427	13,704	0	0	(9)	16	0	0
Total remeasurements included in OCI	*608*	*(4,312)*	*369*	*(712)*	*(83)*	*(366)*	*106*	*7*	*0*	*0*
7. Total defined benefit cost recognised in P&L and OCI	**1,086**	**(4,115)**	**315**	**(700)**	**699**	**258**	**384**	**161**	**24**	**24**
G. Net defined benefit liability (asset) reconciliation										
1. Net defined benefit liability (asset)	12,350	17,824	(592)	1,215	2,718	2,331	1,265	1,285	307	311
2. Defined benefit cost included in P&L	478	197	(54)	12	782	624	278	154	24	24
3. Total remeasurements included in OCI	608	(4,312)	369	(712)	(83)	(366)	106	7	0	0
4. Other significant events										
5. Cash flows:										
Employer contributions	0	0	(951)	(1,114)	0	0	(85)	(88)	0	0
Employer direct benefit payments	(838)	(1,359)	0	0	(62)	(129)	(37)	(33)	(4)	(5)
7. Effect of changes in foreign exchange rates	0	0	(16)	7	342	258	(54)	(60)	(26)	(23)
8. Net defined benefit liability (asset) at end of year	**12,598**	**12,350**	**(1,244)**	**(592)**	**3,697**	**2,718**	**1,473**	**1,265**	**301**	**307**

	UNFUNDED PLAN (EMPLOYEES' LEAVING ENTITLEMENT)		FUNDED PLAN (AP RACING PLAN)		BREMBO MÉXICO PLAN		BREMBO BRAKE INDIA PLAN		BREMBO JAPAN PLAN	
(EURO THOUSAND)	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
H. Defined benefit obligation										
1. Defined benefit obligation by participant status:										
Actives	12,584	12,350	0	0	3,697	2,718	2,124	1,827	0	0
Vested deferred	0	0	12,641	11,584	0	0	0	0	0	0
Retirees	0	0	12,868	13,117	0	0	0	0	0	0
Total	**12,584**	**12,350**	**25,509**	**24,701**	**3,697**	**2,718**	**2,124**	**1,827**	**0**	**0**
I. Plan assets										
1. Fair value of plan assets										
Cash and cash equivalents	0	0	158	6	0	0	0	0	0	0
Equity instruments	0	0	8,410	7,149	0	0	0	0	0	0
Debt instruments	0	0	4,071	4,622	0	0	0	0	0	0
Derivatives	0	0	8,461	8,157	0	0	0	0	0	0
Investment funds	0	0	5,653	5,359	0	0	0	0	0	0
Assets held by insurance company	0	0	0	0	0	0	651	562	0	0
Total	**0**	**0**	**26,753**	**25,293**	**0**	**0**	**651**	**562**	**0**	**0**
2. Fair value of assets that have quoted market prices										
Cash and cash equivalents	0	0	158	6	0	0	0	0	0	0
Equity instruments	0	0	8,410	7,149	0	0	0	0	0	0
Debt instruments	0	0	4,071	4,622	0	0	0	0	0	0
Derivatives	0	0	8,461	8,157	0	0	0	0	0	0
Investment funds	0	0	5,653	5,359	0	0	0	0	0	0
Total	**0**	**0**	**26,753**	**25,293**	**0**	**0**	**0**	**0**	**0**	**0**
J. Significant actuarial assumptions										
Weighted-average assumptions to determine benefit obligations										
1. Discount rates	3.40%	4.10%	4.80%	4.80%	9.25%	9.25%	7.30%	7.60%	0.50%	0.50%
2. Duration used to set the discount rate (years)	n.a.	n.a.	15.00	15.00	10.08	10.23	8.85	11.55	n.a.	n.a.
3. Rate of salary increase	n.a.	-	n.a.	n.a.	4.50%	4.05%	10.00%	9.00%	n.a.	n.a.
4. Pension increase rate	n.a.	n.a.	3.00%	3.00%	0.00%	0.00%	0.00%	0.00%	2.50%	2.50%
4. Rate of price inflation	2.00%	2.00%	3.20%	3.20%	3.50%	3.50%	0.00%	0.00%	0.00%	0.00%
Weighted-average assumptions to determine defined benefit cost										
1. Discount rates	4.10%	1.15%	5.00%	1.80%	9.25%	8.00%	7.60%	6.90%	0.50%	0.50%
2. Rate of salary increase	n.a.	n.a.	n.a.	n.a.	4.50%	4.50%	9.00%	9.00%	n.a.	n.a.
3. Pension increase rate	n.a.	n.a.	3.10%	3.30%	0.00%	0.00%	0.00%	0.00%	n.a.	n.a.
4. Rate of price inflation	2.40%	1.80%	3.30%	3.50%	3.50%	3.50%	0.00%	0.00%	0.00%	0.00%

(EURO THOUSAND)	UNFUNDED PLAN (EMPLOYEES' LEAVING ENTITLEMENT) 31.12.2023	UNFUNDED PLAN (EMPLOYEES' LEAVING ENTITLEMENT) 31.12.2022	FUNDED PLAN (AP RACING PLAN) 31.12.2023	FUNDED PLAN (AP RACING PLAN) 31.12.2022	BREMBO MÉXICO PLAN 31.12.2023	BREMBO MÉXICO PLAN 31.12.2022	BREMBO BRAKE INDIA PLAN 31.12.2023	BREMBO BRAKE INDIA PLAN 31.12.2022	BREMBO JAPAN PLAN 31.12.2023	BREMBO JAPAN PLAN 31.12.2022
K. Sensitivity analysis										
Present value of defined benefit obligation										
Discount rate -25 basis points	12,938	12,695	26,353	25,550	3,771	2,785	2,161	1,863	n.a.	n.a.
Discount rate +25 basis points	12,240	11,987	24,709	23,895	3,601	2,655	2,094	1,793	n.a.	n.a.
Rate of salary increase -25 basis points	12,584	12,336	25,509	24,701	3,614	2,664	2,100	1,797	n.a.	n.a.
Rate of salary increase +25 basis points	12,584	12,336	25,509	24,701	3,757	2,776	2,156	1,858	n.a.	n.a.
% impact on the defined benefit obligation										
Discount rate -25 basis points	2.82%	2.92%	3.31%	3.44%	2.35%	2.43%	1.60%	1.94%	0.00%	0.00%
Discount rate +25 basis points	-2.74%	-2.83%	-3.14%	-3.26%	-2.27%	-2.35%	-1.55%	-1.87%	0.00%	0.00%
Rate of salary increase -25 basis points	0.00%	0.00%	0.00%	0.00%	-1.92%	-2.02%	-1.31%	-1.64%	0.00%	0.00%
Rate of salary increase +25 basis points	0.00%	0.00%	0.00%	0.00%	1.97%	2.07%	1.34%	1.69%	0.00%	0.00%
Change in defined benefit obligation										
Discount rate -25 basis points	354	359	843	849	87	66	34	35	n.a.	n.a.
Discount rate +25 basis points	(344)	(348)	(801)	(806)	(84)	(64)	(33)	(34)	n.a.	n.a.
Rate of salary increase -25 basis points	0	0	0	0	(71)	(55)	(28)	(30)	n.a.	n.a.
Rate of salary increase +25 basis points	0	0	0	0	73	56	28	31	n.a.	n.a.
Duration of defined benefit obligation (in years)										
Weighted average duration of defined benefit obligation (in years)	11.49	11.50	15.00	13.52	10.08	9.62	9.13	7.68	n.a.	n.a.

By applying a uniform change in the discount rate by +/-25 basis points, the consolidated liabilities would have been respectively lower/higher by approximately €1.29 million compared to the base liabilities value of €44.1 million. The average duration of the plans is 13.29 years.

17. TRADE PAYABLES

At 31 December 2023, trade payables were as follows:

(EURO THOUSAND)	31.12.2023	31.12.2022
Trade payables	724,217	643,783
Payables to associates and joint ventures	17,882	9,379
Total	**742,099**	**653,162**

The change compared to 31 December 2023 is chiefly due to the increase in supply volumes, aimed at tackling any supply chain-related risks, and in debts for the acquisition of property, plant and equipment

18. TAX PAYABLES

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

(EURO THOUSAND)	31.12.2023	31.12.2022
Tax payables	11,560	16,128

19. CONTRACT LIABILITIES AND OTHER CURRENT PAYABLES

At 31 December 2023, this item was broken down as follows:

(EURO THOUSAND)	31.12.2023	31.12.2022
Tax payables other than current taxes	12,190	13,080
Social security payables	25,048	22,230
Payables to employees	78,081	70,688
Contract liabilities	75,461	56,547
Other payables	34,935	28,251
Total	**225,715**	**190,796**

Item "Contract liabilities" refers to grants received by customers towards 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.

CONSOLIDATED STATEMENT OF INCOME

20. REVENUE FROM CONTRACTS WITH CUSTOMERS

The item is broken down as follows:

(EURO THOUSAND)	31.12.2023	31.12.2022
Revenue from sales of brake systems	3,788,929	3,579,183
Revenue from equipment	33,435	26,500
Revenue from study and design activities	25,205	22,482
Revenue from royalties	1,633	846
Total	**3,849,202**	**3,629,011**

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

This item is made up of:

(EURO THOUSAND)	31.12.2023	31.12.2022
Miscellaneous recharges	9,788	7,698
Gains on disposal of assets	1,228	1,357
Miscellaneous grants	29,316	11,628
Other revenues	4,794	12,639
Total	**45,126**	**33,322**

The item "Miscellaneous grants" refers to grants for personnel training, research and development projects and the purchase of new capital goods. Moreover, in 2023 Brembo S.p.A. and Brembo Poland Spolka Zo.o. recognised €21,472 thousand for grants relating to electricity and gas.

22. COSTS FOR CAPITALISED INTERNAL WORKS

This item refers to the capitalisation of development costs incurred during the year, amounting to €28,601 thousand (2022: €23,060 thousand).

23. COST OF RAW MATERIALS, CONSUMABLES AND GOODS

The item is broken down as follows:

(EURO THOUSAND)	31.12.2023	31.12.2022
Purchase of raw materials, semi-finished and finished products	1,599,569	1,594,926
Purchase of consumables	188,753	163,893
Total	**1,788,322**	**1,758,819**

The change compared to 2022 is attributable 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 €17,044 thousand and was attributable to the effects of valuing the investment in the BSCCB Group and the company Shandong BRGP Friction Technology Co. Ltd. using the equity method (€16,931 thousand in 2022).

25. OTHER OPERATING COSTS

These costs are broken down as follows:

(EURO THOUSAND)	31.12.2023	31.12.2022
Transports	93,693	101,373
Maintenance, repairs and utilities	308,788	250,858
Contracted work	153,379	134,331
Leases	37,592	27,851
Other operating costs	210,801	187,708
Total	**804,253**	**702,121**

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

Breakdown of personnel expenses is as follows:

(EURO THOUSAND)	31.12.2023	31.12.2022
Wages and salaries	467,540	423,385
Social security contributions	103,362	91,241
Employees' leaving entitlement and other personnel provisions	15,875	15,071
Other costs	94,843	86,483
Total	**681,620**	**616,180**

Item "Other costs" refers for €63,247 thousand (€55,502 thousand in 2022) to the cost of the agency workers incurred by the Group.

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

	MANAGERS	WHITE-COLLARS	BLUE-COLLARS	TOTAL
2023 average	**162**	**3,975**	**9,344**	**13,481**
2022 average	155	3,661	8,957	**12,773**
Change	7	314	387	**708**
Total at 31 December 2023	**162**	**4,109**	**9,383**	**13,654**
Total at 31 December 2022	158	3,785	9,013	**12,956**
Change	4	324	370	**698**

The number of agency workers at 31 December 2023 was 1,999 (2,010 at 31 December 2022).

27. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

The item is broken down as follows:

(EURO THOUSAND)	31.12.2023	31.12.2022
Amortisation of intangible assets:		
Development costs	23,461	21,922
Industrial patents and similar rights for original work	1,355	1,242
Licences, trademarks and similar rights	810	714
Other intangible assets	11,332	12,854
Total	**36,958**	**36,732**
Depreciation of property, plant and equipment:		
Buildings	19,988	18,651
Plant and machinery	138,746	132,041
Industrial and commercial equipment	19,994	18,410
Other property, plant and equipment	7,024	7,340
Right of use assets	25,879	26,946
Total	**211,631**	**203,388**
Impairment losses:		
Property, plant and equipment	703	1,086
Intangible assets	2,414	1,154
Total	**3,117**	**2,240**
Total amortisation, depreciation and impairment losses	**251,706**	**242,360**

Comments on impairment losses are provided in the notes to the Statement of Financial Position items.

28. NET INTEREST INCOME (EXPENSE)

This item is broken down as follows:

(EURO THOUSAND)	31.12.2023	31.12.2022
Exchange rate gains	147,358	109,342
Interest income from employee's leaving entitlement and other personnel provisions	1,332	741
Interest income	21,899	5,929
Total interest income	**170,589**	**116,012**
Exchange rate losses	(161,309)	(104,705)
Interest expense from employees' leaving entitlement and other personnel provisions	(2,115)	(1,237)
Lease interest expense	(5,448)	(5,837)
Interest expense	(36,045)	(12,742)
Total interest expense	**(204,917)**	**(124,521)**
Total net interest income (expense)	**(34,328)**	**(8,509)**

Items "Exchange rate gains" and "Exchange rate losses" include the effects of the management of foreign exchange hedges undertaken through forward contracts. For contracts of this type, the Company does not opt to apply hedge accounting pursuant to IFRS 9 since there is no formal designation of the hedged item and hedging instrument, in the belief that the representation of the impact of the strategy for hedging this risk on the Statement of Income and Statement of Financial Position is nonetheless assured.

Net exchange differences as at 31 December 2023, amounting to a negative €13,951 thousand (positive for €4,637 thousand at 31 December 2022), 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.

29. INTEREST INCOME (EXPENSE) FROM INVESTMENTS

Net interest income from investments (excluding non-financial investments described in Note 24) amounted to €12,256 thousand (€7,899 thousand in 2022), and was mainly attributable to the dividends received by investees not included in the consolidation area and, for the remainder, to the effects of valuing investments in associates using the equity method.

30. TAXES

This item is broken down as follows:

(EURO THOUSAND)	31.12.2023	31.12.2022
Current taxes	110,759	103,420
Deferred tax (assets) and liabilities	(26,444)	(17,538)
Prior years' taxes and other tax payables	522	2,311
Total	**84,837**	**88,193**

The following is a reconciliation of theoretical and actual tax burden:

(EURO THOUSAND)	31.12.2023	31.12.2022
Theoretical income taxes	91,119	88,882
Prior years' taxes	(347)	421
Other differences	7,282	5,431
Tax incentive effects	(17,917)	(10,177)
Unallocated DTA effect	(1,316)	(1,476)
DTA adjustment effect	(396)	(292)
Current and deferred taxes (excluding IRAP)	**78,425**	**82,789**
Current and deferred IRAP	6,412	5,404
Total	**84,837**	**88,193**

The Group's actual tax rate is 21.6%, compared with a theoretical tax rate of 24.9% (at 31 December 2022: actual tax rate was 23.1%; theoretical tax rate was 24.7%)

31. EARNINGS PER SHARE

Basic earnings per share were €0.94 at 31 December 2022 (€0.90 at 31 December 2022), and were calculated by dividing the net income or loss for the year attributable to holders of ordinary equity instruments of the Parent by the weighted average number of ordinary shares outstanding in 2023, amounting to 323,640,100 (2022: 323,887,250). Diluted earnings per share are identical to basic earnings per share inasmuch as no diluting transactions were undertaken.

32. NON-CURRENT ASSETS/LIABILITIES FROM DISCONTINUED OPERATIONS

In 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, which was completed in February 2024.

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)	31.12.2023
Revenue from contracts with customers	0
Other operating costs	(61)
Gross operating income	**(61)**
Depreciation, amortisation and impairment losses	0
Net operating income	**(61)**
Net interest income (expense)	197
Result from discontinued operations	**136**
Property, plant, equipment and other equipment	0
Total non-current assets	**0**
Cash and cash equivalents	21
Total current assets	**21**
Total assets	**21**
Non-current provisions	0
Total non-current liabilities	**0**
Other current liabilities	0
Total current liabilities	**0**
Total liabilities	**0**

33. STATEMENT OF COMPREHENSIVE INCOME

The Statement of Comprehensive Income includes:

- the fair value measurement of the interests in Pirelli S.p.A. and E-Novia S.p.A., net of the tax effect, positive for €50,885 thousand (negative for €93,320 thousand in 2022);
- the fair value measurement of derivatives, net of the tax effect, negative for €39,239 thousand (positive for €33,862 thousand in 2022);
- the actuarial value on defined benefit plans, net of the tax effect, negative for €816 thousand (positive for €4,526 thousand in the previous year);
- the change in the translation adjustment reserve negative for €7,293 thousand (positive for €214 thousand in 2022)

Stezzano, 5 March 2024

On behalf of the Board of Directors
The Executive Chairman
Matteo Tiraboschi

INDEPENDENT AUDITORS' REPORTS

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Brembo S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Brembo S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of income,s consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Brembo S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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2

Impairment test	
Description of the key audit matter	Brembo consolidated financial statements show property, plant, equipment and other equipment equal to Euro 1.354 million, right of use assets equal to Euro 169 million, development costs equal to Euro 104 million, goodwill and other indefinite useful life assets equal to Euro 120 million and other intangible assets equal to Euro 77 million. The goodwill and the other tangible and intangible assets has been allocated to the related Cash Generating Units (the "CGU"). The methodology adopted by the Group to ensure that all the assets under the scope of the International Accounting Standard no. 36 "Impairment of assets" are not carried in the financial statements at more than the recoverable amount are complex and based on assumptions. The processes and methods to evaluate and determine the recoverable amount of each CGU, in terms of value in use, are based on assumptions that, due to their nature, imply the use of management's judgement, in particular with reference to the future cash flows forecast in the period of the Group budget and business plan, to the determination of the normalized cash flows and long term growth rate (the so called g-rate) used to estimate terminal value and, finally, the discount rate. Considering the level of judgment and the complexity of the assumptions applied in estimating the recoverable amount of the above-mentioned tangible and intangible assets, we consider this area to be a key audit matter. The disclosure related to the recoverability valuation of the above-mentioned assets is given in Note 2 - Impairment test paragraph and in the sections "Discretionary valuations and significant accounting estimates" and "Impairment of non-financial assets".
Audit procedures performed	We have preliminarily analyzed the methods used by Management to determine the value in use of the CGU, focusing on the methods and assumptions adopted to develop the impairment test. Our audit procedures in response to this key audit matter included, among others, also involving our experts: • Understanding of the relevant controls that the Group has in place with reference to the impairment test process; • Analysis of the main assumptions adopted to estimate the future cash flows forecast, also through sector analysis and the information obtained by Management;

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- Comparison of the actual data and the estimated ones, in order to evaluate the deviations nature and the reliability of the budgeting and planning process;

- Analysis of the discount rate (WACC) and of the long-term growth rate (g-rate);

- Analysis of the mathematical accuracy of the model used to determine the CGU value in use;

- Analysis of the correct determination of the CGU carrying amount;

- Check of the sensitivity analysis carried out by Management.

Finally, we reviewed the adequacy and the compliance of the disclosure given by the Company on the impairment test to what provided by IAS 36.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

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Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Brembo S.p.A. has appointed us on April 22, 2021 as auditors of the Company for the years from 2022 to 2030.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Brembo S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements as at December 31, 2023, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at December 31, 2023 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the illustrative notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Brembo S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Brembo Group as at December 31, 2023, including their consistency with the related consolidated financial statements and their compliance with the law.

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We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Brembo Group as at December 31, 2023 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Brembo Group as at December 31, 2023 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Brembo S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Stefano Dell'Orto
Partner

Bergamo, Italy
March 21, 2024

As disclosed by the Directors on page 3, the accompanying consolidated financial statements of Brembo S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative

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

ATTESTATION OF THE CONSOLIDATED 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 Consolidated Financial Statements for the period from 1 January to 31 December 2023:
   - 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 Consolidated Financial Statements at 31 December 2023 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:

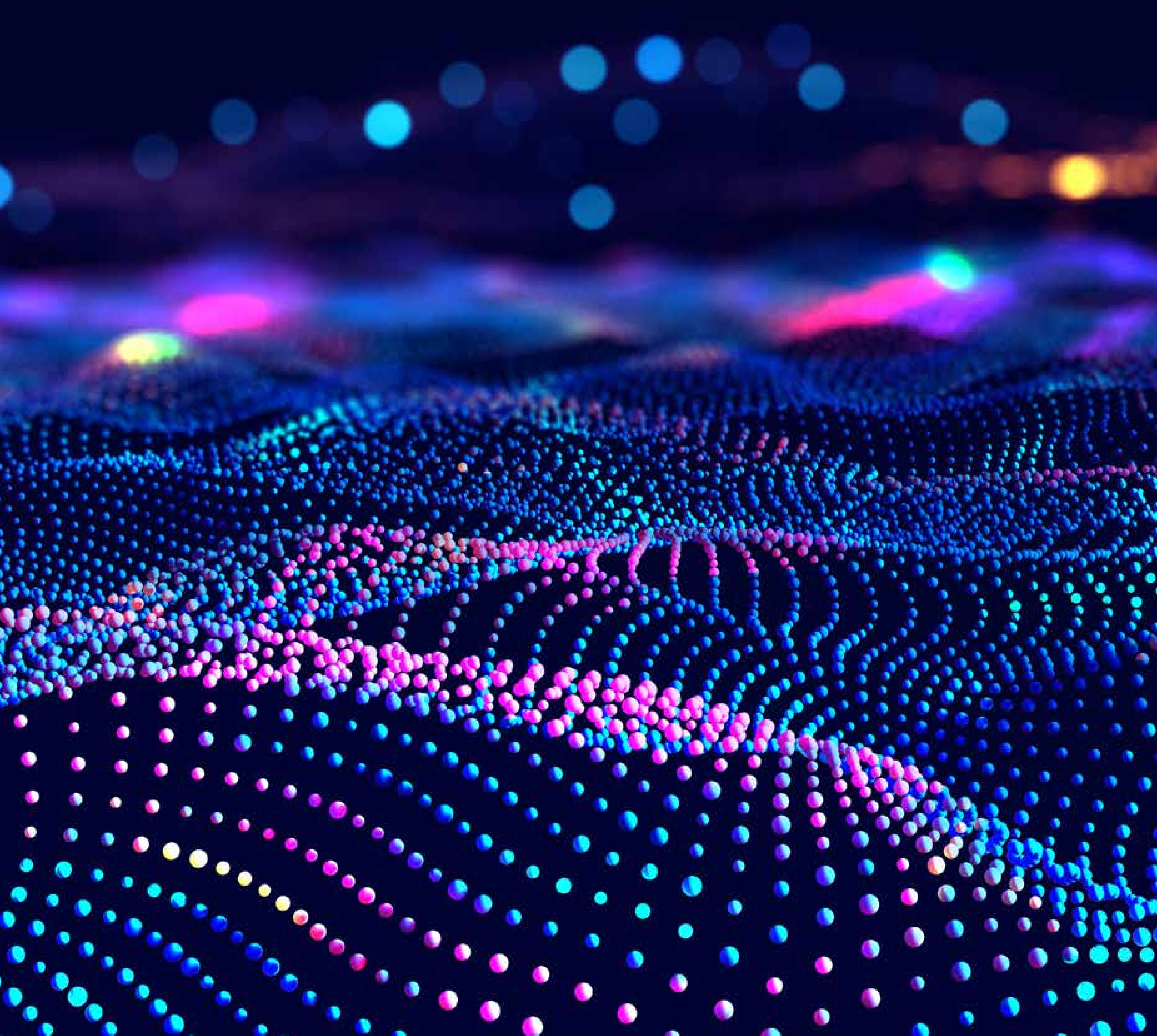
   3.1 the Consolidated Financial Statements:
   a) have been prepared in accordance with applicable International Accounting Standards, as adopted by the European Union through (EC) Regulation No. 1606/2002 of European Parliament and Council on 19 July 2002;
   b) reflect the accounting books and records; 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 Report on Operations includes a reliable analysis of the operating performance and results, as well as the condition of the issuer and the aggregate of the companies included in the consolidation area, along with a description of the main risks and uncertainties to which they are exposed.

5 March 2024

Matteo Tiraboschi
Executive Chairman

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



OVER

900

PEOPLE TRAINED IN DATA CULTURE

THE STRENGTH OF DATA

In an increasingly data-driven world, where data is the real fuel, the Group is experimenting a deep digital transformation. The new challenges posed by the market require talent and creativity. Data scientists and AI experts will be key to writing the next chapter of Brembo's story of innovation and excellence

OVER

500

MACHINES CONNECTED WITHIN SMART FACTORING SYSTEMS

OVER

22,000

GB

DATA GENERATED BY SMART FACTORING SYSTEMS

4. SEPARATE FINANCIAL STATEMENTS 2023

Financial Statements of Brembo S.p.A. at 31 December 2023

STATEMENT OF FINANCIAL POSITION OF BREMBO S.P.A.

ASSETS

(EURO)	NOTES	31.12.2023	*OF WHICH WITH RELATED PARTIES*	31.12.2022	*OF WHICH WITH RELATED PARTIES*	CHANGE
NON-CURRENT ASSETS						
Property, plant, equipment and other equipment	1	274,551,752		210,538,858		64,012,894
Right of use assets	1	61,200,639		64,659,901		(3,459,262)
Development costs	2	85,970,114		83,389,130		2,580,984
Other intangible assets	2	32,449,726		24,856,324		7,593,402
Shareholdings	3	484,701,671		452,331,389		32,370,282
Investments in other companies	4	280,132,257		228,078,596		52,053,661
Derivatives	4	9,096,560		21,815,287		(12,718,727)
Other non-current financial assets	4	49,267		39,821		9,446
Receivables and other non-current assets	5	5,792,574		2,701,887		3,090,687
Deferred tax assets	6	14,408,831		7,787,123		6,621,708
TOTAL NON-CURRENT ASSETS		**1,248,353,391**		**1,096,198,316**		**152,155,075**
CURRENT ASSETS						
Inventories	7	196,015,759		194,314,725		1,701,034
Trade receivables	8	272,291,826	*141,102,170*	256,893,421	*119,529,372*	15,398,405
Other receivables and current assets	9	29,967,125		44,930,747		(14,963,622)
Derivatives	10	12,948,610		10,678,048		2,270,562
Other current financial assets	10	245,736,501	*245,672,026*	195,797,953	*195,727,178*	49,938,548
Cash and cash equivalents	11	235,902,654		221,334,604		14,568,050
TOTAL CURRENT ASSETS		**992,862,475**		**923,949,498**		**68,912,977**
TOTAL ASSETS		**2,241,215,866**		**2,020,147,814**		**221,068,052**

EQUITY AND LIABILITIES

(EURO)	NOTES	31.12.2023	*OF WHICH WITH RELATED PARTIES*	31.12.2022	*OF WHICH WITH RELATED PARTIES*	CHANGE
EQUITY						
Share capital	12	34,727,914		34,727,914		
Other reserves	12	67,496,430		142,952,192		(75,455,762)
Retained earnings/(losses)	12	644,593,961		519,931,324		124,662,637
Net result for the year	12	139,265,254		164,919,102		(25,653,848)
TOTAL EQUITY		**886,083,559**		**862,530,532**		**23,553,027**
NON-CURRENT LIABILITIES						
Non-current payables to banks	13	486,967,305		461,912,859		25,054,446
Long-term lease liabilities	13	57,855,157		60,199,590		(2,344,433)
Other non-current financial liabilities	13	390,214		647,496		(257,282)
Other non-current liabilities	14	1,788,371	*627,603*	666,702	*104,776*	1,121,669
Non-current provisions	15	9,570,090		9,429,516		140,574
Employee benefits	16	28,850,698	*8,395,108*	18,141,745	*3,416,140*	10,708,953
TOTAL NON-CURRENT LIABILITIES		**585,421,835**		**550,997,908**		**34,423,927**
CURRENT LIABILITIES						
Current payables to banks	13	110,845,069		124,237,598		(13,392,529)
Short-term lease liabilities	13	6,524,190		7,247,062		(722,872)
Derivatives	13	159,589		3,548,410		(3,388,821)
Other current financial liabilities	13	205,479,609	*147,766,207*	94,418,856	*94,108,877*	111,060,753
Trade payables	17	286,052,547	*50,285,221*	251,363,140	*36,114,732*	34,689,407
Tax payables	18	1,350,531		1,442,673		(92,142)
Current provisions	15	9,468,852		801,490		8,667,362
Contract liabilities	19	74,741,542		55,727,612		19,013,930
Other current liabilities	19	75,088,543	*3,920,388*	67,832,533	*3,725,902*	7,256,010
TOTAL CURRENT LIABILITIES		**769,710,472**		**606,619,374**		**163,091,098**
TOTAL LIABILITIES		**1,355,132,307**		**1,157,617,282**		**197,515,025**
TOTAL EQUITY AND LIABILITIES		**2,241,215,866**		**2,020,147,814**		**221,068,052**

STATEMENT OF INCOME OF BREMBO S.P.A.

(EURO)	NOTES	31.12.2023	*OF WHICH WITH RELATED PARTIES*	31.12.2022	*OF WHICH WITH RELATED PARTIES*	CHANGE
Revenue from contracts with customers	20	1,265,172,639	*222,147,037*	1,179,278,192	*215,033,127*	85,894,447
Other revenues and income	21	66,772,783	*52,395,118*	59,057,712	*45,655,004*	7,715,071
Costs for capitalised internal works	22	21,446,203		16,054,452		5,391,751
Raw materials, consumables and goods	23	(537,255,448)	*(157,822,059)*	(534,325,944)	*(149,707,830)*	(2,929,504)
Other operating costs	24	(326,439,514)	*(34,131,858)*	(281,699,057)	*(28,314,154)*	(44,740,457)
Personnel expenses	25	(289,096,510)	*(7,284,622)*	(262,449,553)	*(6,272,484)*	(26,646,957)
GROSS OPERATING INCOME		**200,600,153**		**175,915,802**		**24,684,351**
Depreciation, amortisation and impairment losses	26	(73,889,647)		(67,834,949)		(6,054,698)
NET OPERATING INCOME		**126,710,506**		**108,080,853**		**18,629,653**
Interest income	27	44,954,616		29,638,847		15,315,769
Interest expense	27	(50,615,643)		(34,224,483)		(16,391,160)
Net interest income (expense)	27	(5,661,027)	*13,327,387*	(4,585,636)	*9,235,389*	(1,075,391)
Interest income (expense) from investments	28	50,709,010	*50,642,123*	91,431,292	*91,431,292*	(40,722,282)
RESULT BEFORE TAXES		**171,758,489**		**194,926,509**		**(23,168,020)**
Taxes	29	(32,493,235)		(30,007,407)		(2,485,828)
NET RESULT FOR THE YEAR		**139,265,254**		**164,919,102**		**(25,653,848)**

STATEMENT OF COMPREHENSIVE INCOME OF BREMBO S.P.A.

(EURO)	31.12.2023	31.12.2022	CHANGE
NET RESULT FOR THE YEAR	**139,265,254**	**164,919,102**	**(25,653,848)**
Other comprehensive income/(losses) that will not be subsequently reclassified to income/(loss) for the year:			
Effect of actuarial income/(loss) on defined benefit plans	(596,572)	4,222,606	(4,819,178)
Tax effect	143,177	(1,013,425)	1,156,602
Fair value measurement of investments	51,503,400	(94,453,172)	145,956,572
Tax effect	(618,041)	1,133,438	(1,751,479)
Total other comprehensive income/(losses) that will not be subsequently reclassified to income/(loss) for the year	**50,431,964**	**(90,110,553)**	**140,542,517**
Other comprehensive income/(losses) that will be subsequently reclassified to income/(loss) for the year:			
Effect of hedge accounting (cash flow hedge) of derivatives	(12,941,397)	29,066,787	(42,008,184)
Tax effect	3,105,935	(6,976,029)	10,081,964
Total other comprehensive income/(losses) that will be subsequently reclassified to income/(loss) for the year	**(9,835,462)**	**22,090,758**	**(31,926,220)**
COMPREHENSIVE RESULT FOR THE YEAR	**179,861,756**	**96,899,307**	**82,962,449**

STATEMENT OF CASH FLOWS OF BREMBO S.P.A.

(EURO)	31.12.2023	31.12.2022
Cash and cash equivalents at beginning of year (*)	**174,243,926**	**328,571,312**
Result before taxes	**171,758,489**	**194,926,509**
Depreciation, amortisation/impairment losses	73,889,647	67,834,949
Capital gains/losses	(95,023)	(36,590)
Write-ups/Write-downs of shareholdings	(64,387)	0
Financial portion of provisions for payables for personnel	467,244	192,890
Other provisions net of utilisations	12,387,304	(11,577,451)
Cash flows generated by operating activities	**258,343,274**	**251,340,307**
Current taxes paid	(11,795,605)	(8,015,847)
Uses of long-term provisions for employee benefits	(802,320)	(1,358,819)
(Increase) reduction in current assets:		
inventories	150,324	(53,325,209)
financial assets	(1,591,441)	(2,095,000)
trade receivables and receivables from other Group companies	(5,686,322)	(51,062,616)
receivables from others and other assets	(10,449,282)	2,817,564
Increase (reduction) in current liabilities:		
trade payables and payables to other Group companies	34,689,407	26,024,506
payables to others and other liabilities	31,841,225	(4,778,770)
Net cash flows from/(for) operating activities	**294,699,260**	**159,546,116**
Investments in:		
intangible assets	(35,226,671)	(26,462,537)
property, plant and equipment	(109,372,871)	(43,883,122)
financial assets (investments)	(32,920,543)	(34,907,313)
Price for disposal, or reimbursement value, of fixed tangible and intangible assets	172,308	454,448
Price for disposal, or reimbursement value, of investments	64,387	0
Net cash flows from/(for) investing activities	**(177,283,390)**	**(104,798,524)**
Dividends paid in the year	(90,688,430)	(87,449,558)
Loans to Group companies and amounts payable to companies participating in the centralised treasury system	3,712,481	(16,915,284)
Change in fair value valuation of derivatives	(5,882,053)	1,542,415
Reimbursement of lease liabilities	(9,162,762)	(8,984,042)
Buy-back of own shares	(8,164,179)	0
Loans and financing granted by banks and other financial institutions in the year	125,000,000	25,123,212
Repayment of long-term loans and other liabilities	(75,310,695)	(122,391,721)
Net cash flows from/(for) financing activities	**(60,495,638)**	**(209,074,978)**
Total cash flows	**56,920,232**	**(154,327,386)**
Cash and cash equivalents at end of year (*)	**231,164,158**	**174,243,926**

(*) See Note 11 of the Explanatory Notes to the Separate Financial Statements for a reconciliation with financial statements data.

STATEMENT OF CHANGES IN EQUITY OF BREMBO S.P.A.

(EURO)	SHARE CAPITAL	OTHER RESERVES		RETAINED EARNINGS (LOSSES)	NET RESULT FOR THE YEAR	EQUITY
		RESERVES	TREASURY SHARES			
Balance at 1 January 2022	**34,727,914**	**145,765,013**	**(24,804,426)**	**586,163,736**	**111,228,546**	**853,080,783**
Allocation of profit for the previous year				23,778,988	(23,778,988)	**0**
Payment of dividends					(87,449,558)	**(87,449,558)**
Reclassification (*)		(99,153)		99,153		**0**
Components of comprehensive income:						
Effect of actuarial income/(loss) on defined benefit plans				3,209,181		**3,209,181**
Effect of hedge accounting (cash flow hedge) of derivatives		22,090,758				**22,090,758**
Fair value measurement of investments				(93,319,734)		**(93,319,734)**
Net result for the year					164,919,102	**164,919,102**
Balance at 1 January 2023	**34,727,914**	**167,756,618**	**(24,804,426)**	**519,931,324**	**164,919,102**	**862,530,532**
Allocation of profit for the previous year				74,230,672	(74,230,672)	**0**
Payment of dividends					(90,688,430)	**(90,688,430)**
Shares from withdrawn shareholders			(57,456,120)			**(57,456,120)**
Buy-back of own shares			(8,164,179)			**(8,164,179)**
Rounding		(1)		1		**0**
Components of comprehensive income:						
Effect of actuarial income/(loss) on defined benefit plans				(453,395)		**(453,395)**
Effect of hedge accounting (cash flow hedge) of derivatives		(9,835,462)				**(9,835,462)**
Fair value measurement of investments				50,885,359		**50,885,359**
Net result for the year					139,265,254	**139,265,254**
Balance at 31 December 2023	**34,727,914**	**157,921,155**	**(90,424,725)**	**644,593,961**	**139,265,254**	**886,083,559**

(*) A portion of the restricted reserve Re. Article 6, paragraph 2, of Legislative Decree No. 38/2005 was reclassified under retained earnings, since it is no longer subject to non-distributability.

STATUTORY AUDITORS' REPORT

STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS' MEETING OF BREMBO S.P.A. CALLED TO APPROVE THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023, PURSUANT TO ARTICLE 153 OF LEGISLATIVE DECREE No. 58 OF 24 FEBRUARY 1998 AND ARTICLE 2429, PARAGRAPH 2, OF THE ITALIAN CIVIL CODE

Shareholders,

In this Report, drafted pursuant to Article 153 of Legislative Decree No. 58 of 24 February 1998 (the Consolidated Law on Finance, hereinafter "TUF") and in accordance with the recommendations made by Consob in Communication No. DEM/1025564 of 6 April 2001, as further updated, the Board of Statutory Auditors relates the activity carried out during the year ended 31 December 2023 and until the date of this writing, in compliance with applicable legislation and also taking account of the Principles of Conduct for Boards of Statutory Auditors of Listed Companies recommended by the Italian National Board of Certified Accountants and Auditors (CNDCEC) and issued, with amendments, on 21 December 2023.

COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors in office at the reporting date was appointed by the Shareholders' Meeting of Brembo S.p.A. (hereinafter "Brembo") held on 20 April 2023 and is made up as follows[1]:

- Acting Auditors: Fabrizio Riccardo Di Giusto (Chairman), Mario Tagliaferri, and Stefania Serina;
- Alternate Auditors: Alessandra Vaiani and Giulia Pusterla.

The term of the Board of Statutory Auditors is set to end with the Shareholders' Meeting called to approve the Financial Statements for the year ended 31 December 2023 due to the Company's cross-border conversion (the "Cross-Border Conversion" or the "Transaction"), whereby the Company is transferring, effective 24 April 2024, its registered office to the Netherlands, a country in which a One-Tier system is in place, and thus without a control body as defined in the Traditional system.

Pursuant to Article 144-*quinquiesdecies* of the Issuers' Regulation, the list of offices held by members of the Board of Statutory Auditors at the companies set out in Book V, Title V, Chapters V, VI and VII of the Italian Civil Code, has been published by Consob on its website (www.consob.it). It bears remarking that Article 144-*quaterdecies* of the Issuers' Regulation (Disclosure obligations to Consob) provides that those holding the office of member of the control body of just one issuer are not subject to the disclosure obligations imposed by that same Article and in this case are not included in the lists published by Consob. The Company discloses the main offices held by members of its Board of Statutory Auditors in its Corporate Governance and Ownership Structure Report. For the purposes of this Report, the Board of Statutory Auditors also certifies that it has verified that all of its members have complied with the aforementioned Consob regulations on the "limits to the cumulation of offices".

With regard to the applicable Principles of Conduct for Boards of Statutory Auditors of Listed Companies recommended by the Italian National Board of Certified Accountants and Auditors (CNDCEC), and specifically the provision Q.1.7 on self-assessment by the board of statutory auditors (a periodic internal assessment process regarding whether members continue to meet eligibility requirements and the propriety and efficacy of the board's functioning), it is acknowledged that the Board of Statutory Auditors delivered its specific report to the Board of Directors, which examined it in its meeting held on 5 March 2024. In accordance with applicable legislation, the Board of Statutory Auditors' analyses of this kind were focused exclusively on verifying the composition of the control body within the framework of the annual self-assessment by company bodies. The findings of the most recent verification, on the basis of the Statutory Auditors' individual declarations, are presented in the 2023 Corporate Governance and Ownership Structure Report.

1 The appointment was based on the two (2) lists filed respectively by the majority shareholder Nuova FourB S.r.l. and a group of Asset Management Companies and other institutional investors (holding about 2.372% of the share capital, overall).

The requirements of independence, as provided for in Article 148, paragraph 3, of TUF and Brembo's Corporate Governance Code (approved by the Board of Directors on 17 December 2021 and amended on 16 December 2022, hereafter "Brembo CGC"), which is based on the Corporate Governance Code – 2020 edition (hereinafter "2020 CGC"), integrity and professionalism pursuant to Article 148, paragraph 4, of TUF and the aforementioned "limits to the cumulation of offices" were verified. In addition to such verification, in accordance with current best practices, the Board of Statutory Auditors also took into account the following self-assessment elements: the ongoing professional development of its members; the conduct of meetings; participation frequency, duration and methods; time committed; trust and collaboration between members; and the flows of information between the statutory auditors. Under its responsibility, the Board of Statutory Auditors concluded that it had not identified deficiencies relating to the fitness of its members or the adequate composition and functioning of the Board.

The Board of Statutory Auditors fulfilled the supervisory duties mandated by Article 2403 of the Italian Civil Code and Article 149 of TUF, in addition to performing the supervisory functions required by Article 19 of Legislative Decree No. 39/2010 in its role as Internal Control & Audit Committee, supervising compliance with the principles of sound management and, in particular, the suitability of the organisational, administrative and accounting structures adopted by the Company and the concrete functioning thereof, as well as the actual implementation of the corporate governance rules set forth by relevant applicable regulations. The Board of Statutory Auditors also monitored the independence of the Independent Auditors in charge of auditing the accounts.

The information necessary to fulfil the above-mentioned supervisory duties was obtained through both frequent meetings with the heads of the competent corporate entities, and in particular the control functions, and participation in meetings of the Board of Directors and in meetings of the Governance Committees. Reference is made to the Audit, Risk & Sustainability Committee (ARSC) — which also acts as Related Party Transactions Committee (hereafter also RPT Committee) and fulfils the duties set out in the Related Party Transactions Procedure adopted by the Company pursuant to Article 4 of Consob Regulation as per Resolution No. 17221 of 12 March 2010 and lastly amended by Resolution No. 21624 of 10 December 2020 (in implementation of Legislative Decree No. 49/2019 transposing the SHRD — Directive EU No. 2017/828) — and to the Remuneration & Appointments Committee, as well as to the Supervisory Committee set up in accordance with Legislative Decree No. 231/2001.

In 2023, the Board of Statutory Auditors:

- held 16 meetings and attended the Shareholders' Meetings (2 meetings) and the meetings of the Board of Directors (10 meetings), as well as the meetings of the Audit, Risk & Sustainability Committee, also in its capacity as the Related Party Transactions Committee (11 meetings), and, through the Chairman of the Board of Statutory Auditors, the meetings of the Remuneration & Appointments Committee (3 meetings). The meetings of the Board of Statutory Auditors lasted about 3 hours on average;
- in most cases held its meetings on the same day as those of the Audit, Risks & Sustainability Committee and the Supervisory Committee, including a section on matters discussed jointly, in order to facilitate the exchange and univocality of information between parties with significant duties relating to internal controls and to make the best use of the related company personnel;
- participated in the sessions of the Audit, Risk & Sustainability Committee, in its capacity as Related Party Transactions Committee, and jointly examined the issues discussed;
- met regularly and exchanged information with the representatives of the independent auditors Deloitte & Touche S.p.A.;
- participated in the Basic Induction programme (organised in 20 sessions of approximately one hour each) and in the follow-ups organised by the Company with regard to meetings of the Board of Directors or its Committees (as illustrated in the 2023 Corporate Governance and Ownership Structure Report), focused on various matters, such as the Company's strategic market positioning and new product/process/production development/digital transformation/automotive sector trends, new legislation and regulations of interest to Brembo. The sessions were held by the executive functions relevant to the various issues.

Pursuant to Article 153 of TUF and Article 2429, paragraph 2, of the Italian Civil Code, and in accordance with Consob recommendations, as well as based on the main information obtained in the course of the Board's performance of its duties, the following information is reported.

SUPERVISORY ACTIVITY WITH REGARD TO COMPLIANCE WITH THE LAW, THE ARTICLES OF ASSOCIATION AND THE CORPORATE GOVERNANCE CODE

1. Based on available information, the Board of Statutory Auditors did not detect any violations of the law or By-laws, or outwardly imprudent or risky transactions, or transactions that entail a potential conflict of interest or are in contrast with the resolutions taken by the Shareholders' Meeting, or such as to jeopardise the integrity of the Company's assets and its ability to continue to operate as a going concern.
2. The Board of Statutory Auditors constantly received from Directors, during the above-mentioned meetings, exhaustive and detailed information on business performance and foreseeable outlook, operations carried out and the most significant economic, financial and capital transactions performed by the Company and/or its subsidiaries, as well as the status of activities and strategic projects underway, also in light of the current geo-political situation, on which the Board of Statutory Auditors has no particular observations to report.
3. The Board of Statutory Auditors conducted inquiries into specific issues, meeting directly with the Company's top managers, and into the main risks and the related impacts inherent in the nature of Brembo's business.
4. Following the Board of Directors' resolution passed on 20 June 2023 on the Cross-Border Conversion, the Board of Statutory Auditors was constantly kept abreast of the process implemented in accordance with the resolution passed by the Shareholders' Meeting on 27 July 2023. In this regard, it was also informed of the withdrawal, option and pre-emption processes, the voluntary share capital decrease and the rules governing shares subject to withdrawal.
5. With regard to the share capital decrease, it bears recalling that it was executed on 12 January 2024, as instrumental to the resolution passed by the Shareholders' Meeting on 27 July 2023 on the Cross-Border Conversion. The Share Capital Decrease from €34,727,914.00 to €3,339,222.50 was executed without cancellation of shares and without any reimbursement of capital to shareholders, through recognition to the Company's equity of a reserve of an equal amount. Therefore, the decrease had no impact on Brembo Shareholders' capital and administrative rights.
6. The Board of Statutory Auditors was constantly updated on the situation relating to requests/accrual of increased voting rights, as well as the respective change in voting rights.
7. The Board of Statutory Auditors was informed of the launch and purchases undertaken by the Company of own shares, carried out in accordance with the resolution of the Shareholders' Meeting of 20 April 2023.
8. The Board of Statutory Auditors also constantly verified, through the Chief Administration & Financial Officer's reports, Brembo's administrative and accounting structure and in particular the adequacy of the responsible personnel, their tasks and responsibilities, and the control measures put in place in accordance with the new Crisis Code.
9. The Board of Statutory Auditors oversaw the proper application of the 2020 CGC's principles and recommendations, to which Brembo adhered through the adoption of a Brembo CGC (approved by the Board of Directors on 17 December 2021 and amended on 16 December 2022), which incorporates them in full, except for some indications found not to be compatible with Brembo's current governance model and illustrated in detail in the Corporate Governance and Ownership Structure Report prepared pursuant to Article 123-*bis* of TUF, approved by the Board of Directors on 5 March 2024 and available on the Company's website. It should be noted that, as provided for by Borsa Italiana's format and as required by the Corporate Governance Committee, a specific paragraph (paragraph 16) was prepared with a brief illustration of the analysis comparing the Recommendations identified by the Corporate Governance Committee in its Letter of 14 December 2023 and the practices adopted within Brembo. The analysis conducted found a high level of implementation by the Company of the Committee's Recommendations for 2024, in line, *inter alia*, with the outcome of the 2023 BPE.

10. At the same time, the Board of Statutory Auditors also verified the activities performed pursuant to Brembo's Shareholder Engagement Policy[2], approved by the Board of Directors on 17 December 2021, through the periodic reports submitted by the Executive Chairman to the Board's meetings. Within the Basic Induction programme, it also held a follow-up meeting with the Head of IR on investor relation activities.
11. The Company has long adopted the changes introduced by Law No. 160 of 27 December 2019 (2020 Budget Law) and its subsequent amendments, regarding the minimum representation quotas for the less represented gender in the corporate bodies of listed companies, and adapted the By-laws accordingly during the Shareholders' Meeting of 23 April 2020. As a result of the foregoing, the Board of Statutory Auditors acknowledged that the composition of the corporate bodies appointed by the Shareholders' Meeting held on 20 April 2023 is compliant with the current statutory and regulatory provisions.
12. With reference to the diversity policies and criteria for the corporate bodies envisaged by Brembo CGC, it should be noted that the related implementing criteria are illustrated in paragraphs 4.4 and 11.3 of the 2023 Corporate Governance and Ownership Structure Report. The assessment as to whether the current Board of Directors met the above criteria was performed both within the framework of the Board Performance Evaluation process, upon the appointment (20 April 2023), and during the session of the Board of Directors held on 5 March 2024, in consultation with the Remuneration & Appointments Committee at its meeting on 23 February 2024. The assessment confirmed that the size and composition of the Board of Directors were adequate and sufficient to allow it to discharge its collegial duties effectively. The Board of Statutory Auditors verified that the assessment criteria and procedures adopted by the Board of Directors to evaluate the ongoing satisfaction of requirements by its members had been properly applied and acknowledged the declarations rendered. The findings of this process are described in the 2023 Corporate Governance and Ownership Structure Report drafted in accordance with Article 123-*bis* of TUF.
13. These criteria, together with the indications emerged from the 2022 Board Performance Evaluation, formed the basis for the guidelines expressed by the then outgoing Board of Directors regarding the qualitative and quantitative composition of the new Board of Directors (total number, number of independent directors, length of term, gender balance, professional skills) and the related remuneration, published on 2 March 2023 and described in the Directors' Illustrative Report on the appointment of the Board of Directors. These guidelines aimed to ensure an adequate balance and consistency between the competences within the Board of Directors and the Board Committees, as well as a gradual turnover of Directors, while guaranteeing the stability and continuity of management of the Board of Directors.
14. The Board of Statutory Auditors was also informed of the findings of the 2023 Board Performance Evaluation. The activity, in concert with the Remuneration & Appointments Committee, was coordinated by the Lead Independent Director with support from Brembo's Legal and Corporate Affairs Department, in line with the now consolidated practice of the Company and the more-than-positive feedback received in the previous years.
15. In continuity with previous years, a high level of overall appreciation continued to be expressed with the operational and organisational functioning of the Board of Directors, in addition to the strong propensity towards continuous improvement of the quality of debates within the Board and individual Board Committees.

SUPERVISORY ACTIVITY ON COMPLIANCE WITH THE PRINCIPLES OF SOUND MANAGEMENT AND THE ADEQUACY OF THE ORGANISATIONAL STRUCTURE

1. During its periodic audits, the Board of Statutory Auditors met with the Manager in charge of the Company's financial reports[3], the Internal Audit Department and representatives of the Independent Auditors[4], to obtain information on the activities carried out and the audit plans. No relevant data or information have emerged that need to be highlighted herein.

2 www.brembo.com, section Company, Corporate Governance, Governance Documents.

3 Chief Administration & Finance Officer Andrea Pazzi was appointed for the first time Manager in charge of the Company's financial reports on 5 March 2018. Subsequently, he was confirmed to this position for both the 2020-2022 term and the 2023-2025 term.

4 With regard to the audit appointment, it should be noted that, upon reasoned proposal submitted by the Board of Statutory Auditors, the Shareholders' Meeting of 22 April 2021 appointed the audit firm Deloitte & Touche S.p.A. as Independent Auditors for the financial years from 2022 to 2030.

2. The Board of Statutory Auditors, the Audit, Risks & Sustainability Committee (also in its role as Related Party Transactions Committee) and the Supervisory Committee also constantly and promptly exchanged information material to the performance of their respective tasks.
3. The Board of Statutory Auditors obtained knowledge of and, within its remittance, supervised:
   - the adequacy, suitability and functioning of the organisational structure of the Company and Group, including by collecting information from the heads of company functions;
   - the adequacy and functioning of the internal control system and administrative and accounting system, and the reliability of the latter in properly reporting operating events, in accordance with the principles of sound management, by obtaining information from the heads of the responsible functions and the Independent Auditors appointed to conduct auditing and by reviewing the company documents.

   With regard to the foregoing, the Board of Statutory Auditors has no particular remarks to relate, did not submit any reports to the governing body pursuant to and for the purposes of Article 25-*octies* of Legislative Decree No. 14/2019, did not receive any reports from qualified public creditors, pursuant to Article 25-*novies* of Legislative Decree 14/2019, and did not receive any reports from financial intermediaries following communications to the Company regarding changes, revisions or withdrawal of credit facilities pursuant to Article 25-*decies* of Legislative Decree No. 14/2019.
4. Moreover, the Board of Statutory Auditors also verified the adequacy of instructions issued by the Company to its subsidiaries, as provided for by Article 114, paragraph 2, of TUF.

PARTICULARLY SIGNIFICANT TRANSACTIONS — ATYPICAL OR UNUSUAL TRANSACTIONS — INTRA-GROUP OR RELATED PARTY TRANSACTIONS

1. In 2023, the Company did not carry out any unusual or atypical transactions with third parties or related parties, nor any intra-group transactions or transactions that could have a significant impact on the Company's operating, capital or financial situation.
2. The Board of Statutory Auditors verified that the Audit, Risk & Sustainability Committee, in its capacity as Related Party Transactions Committee, was regularly updated regarding:
   - the constant receipt of information on Related Party Transactions excluded from application of the RPT Procedure:
     - Transactions of Small Amounts;
     - Regular Transactions, regardless of whether they qualify as Transactions of Lesser or Greater Importance;
     - updates regarding Transactions of Lesser or Greater Importance for which the Committee has expressed a non-binding prior opinion.

     The Board of Statutory Auditors acknowledged the favourable opinion expressed by the Committee:

     A) at its meeting on 5 May 2023, regarding the update of the Significance Indices for identifying Transactions of Greater Importance on the basis of the 2022 financial statement data and the confirmation of differentiated thresholds for identifying Transactions of Small Amounts, in view of the nature of the counterparty, in accordance with the provisions of Consob Resolution No. 21624 of 10 December 2020;

     B) on 11 December 2023, regarding the draft framework resolutions for uniform transactions to be concluded with the same Related Party for 2024, pursuant to Article 4.9 of the RPT Procedure.
3. With regard to regular intra-group transactions or related party transactions carried out in the period, about which the Company provided specific and detailed information in its interim financial reports (and in the Notes to the Group's Consolidated Financial Statements), the Board of Statutory Auditors acknowledged that such transactions were carried out in accordance with the above mentioned Related Party Transactions Procedure and, as regard these transactions' consistency and compliance with Company's interests, no critical issues arose.
4. As part of the plan for the buy-back and sale of own shares authorised by the General Shareholders' Meeting on 20 April 2023, the Company launched the plan through an appointed intermediary in August 2023, as announced on 31 July 2023, purchasing 629,557 own shares, equal to 0.19% of Share Capital. On 31 January 2024, the Company also acquired (outside the plan for the buy-back and sale of own shares) the unopted shares resulting from the withdrawal procedure related to the resolution of the Shareholders' Meeting of 27 July 2023 on the Cross-Border Conversion (4,387,303 shares, equal to 1.31% of the Share Capital). Accordingly, as at the date of the publication of this Report, the Company holds

15,051,860 own shares representing 4.508% of share capital.

SUPERVISION ACTIVITY ON THE FINANCIAL REPORTING PROCESS, THE NON-FINANCIAL DISCLOSURE PROCESS, THE EFFICACY OF INTERNAL CONTROL SYSTEMS, INTERNAL AUDITING AND RISK MANAGEMENT, THE STATUTORY AUDITING OF THE ANNUAL AND CONSOLIDATED ACCOUNTS

1. With reference to the financial reporting process, the Board of Statutory Auditors verified the constant updating at Group level of the set of administrative and accounting rules and procedures aimed at controlling the process of preparation and disclosure of the financial reports and information (of the Parent and the Group), which are deemed suitable for the issuing of attestations pursuant to Article 154 of Legislative Decree No. 58/1998. The actual application and reliability of accounting and administrative procedures were verified by the Manager in charge of the Company's financial reports, also relying on the competent internal structures (the Internal Audit function), through a monitoring plan that covered both the control and governance environment and the key controls at the level of the relevant processes.
2. With regard to the preparation of the Separate and Consolidated Financial Statements for the year ended 31 December 2023, the Board of Statutory Auditors acknowledges that the Board of Directors approved — independently and prior to the approval of the said Financial Statements for the year ended 31 December 2023 (see Bank of Italy-Consob-ISVAP Document, jointly issued on 3 March 2010) — the compliance of the impairment testing procedure with the provisions of IAS 36, following the analysis of the same in concert with the Audit, Risk & Sustainability Committee and the Board of Statutory Auditors. Information and the findings of the assessment process conducted are provided in the Explanatory Notes to the Financial Statements.
3. The Board of Statutory Auditors also reported that, in application of European Commission Delegated Regulation No. 2019/815 (ESEF Regulation), transposing Directive 2013/50/EU, which with effect from 1 January 2021 requires listed issuers to prepare their annual financial reports (AFRs) in the European Single Electronic Format (ESEF), the Company had already completed the project to implement the requirements of the ESEF Regulation in 2021. The Consolidated Annual Financial Report of Brembo S.p.A. at 31 December 2023 was therefore prepared in XHTML format, marking some information from the IFRS consolidated financial statements and the related notes with Inline XBRL specifications.
4. During the periodic assessments, the Board of Statutory Auditors constantly received reports on the financial situation and the use of loans granted by banks.
5. With regard to the provisions of Article 36, paragraph 1, of the Market Regulation (Consob Resolution No. 16191 of 20 October 2007 and Article 15, paragraph 1, of that same Regulation, as amended by Consob Resolution No. 20249 of 28 December 2017, in effect from 3 January 2018), which apply to subsidiaries identified by the Company as relevant to the financial reporting control system, the Board of Statutory Auditors determined that the information flows from non-EU subsidiaries identified in accordance with the above provisions were adequate to regularly provide the Company and Independent Auditors with the statement of income, financial position and cash flow information required to prepare the Consolidated Financial Statements and to permit the auditing of the annual and interim accounts. In detail, as of 31 December 2023, the companies to which such regulations apply are the subsidiaries indicated by Brembo as being significant for the control system of the financial reporting process.
6. The Board of Statutory Auditors oversaw the adequacy and functioning of the Internal Control and Risk Management System by attending the meetings of the Audit, Risk & Sustainability Committee, by meeting the Risk Management Function and the Legal Function for compliance matters, and by obtaining information from the Chief Executive Officer — the Manager in charge of the internal control and risk management system —, from other business Functions and from representatives of the Independent Auditors and the Supervisory Committee. The Board of Statutory Auditors also had regular meetings with the Head of Group Internal Audit, from whom it obtained information on the state of implementation of the Audit Plan for the year, the results of the checks carried out and remedial activities implemented and planned, as well as on related follow-up activities.

7. The Board of Statutory Auditors met on several occasions with the Head of Risk Management, with whom it examined the policies for covering insurable risks. It examined the 2023 Risk Report (ERM and ESG risks) on 31 January 2024. Moreover, during the periodic checks, it was informed by the Head of Risk Management on:
   - the renewal of insurance covers for the Brembo Group, with in-depth analyses of the insurance spending trend;
   - the process for establishing the captive reinsurance company Brembo Reinsurance AG and its operations;
   - the plan for financing insurance risks and new insurance covers, which confirms the central role played by the captive company Brembo Reinsurance AG;
   - the results of the "Climate Change Risks Assessment" project pursuant to the TCFD;
   - an update on the insurance losses by which the Company was impacted;
   - the definition of the contractual and insurance requirements for suppliers on the basis of the type of product/service provided.
8. On the basis of the reviews carried out and the information received, the Internal Control and Risk Management System has been found to be adequate as a whole and suited to preventing risks and to ensuring effective application of the rules of corporate conduct. The System's organisational structure also ensures coordination of the various parties and functions involved, including through constant exchange of information between the various components.
9. The Board of Statutory Auditors supervised the process of monitoring the system implemented by Brembo S.p.A. and the Group's European companies for the purpose of ensuring compliance with Regulation (EU) No. 2016/279 on the protection of personal data (GDPR), met the DPO and also received a copy of the DPO's Annual Report to the Board of Directors.
10. The Board of Statutory Auditors oversaw the adequacy of the administrative-accounting system through meetings with the Chief Administration and Finance Officer, the Manager in charge of the Company's financial reports and the Independent Auditors Deloitte & Touche S.p.A., also in order to exchange data and information, while also analysing the procedure adopted for impairment testing purposes.
11. The Board of Statutory Auditors was constantly updated by the Chief Administration and Finance Officer and the Group's Tax Manager on tax issues, on the progress and status of implementation of the Tax Control Framework, also through the related Annual Report it received, as well as on the Proposal to adopt the "Cooperative Compliance regime" pursuant to Legislative Decree. No. 128/2015.
12. With the aim of identifying specific risks and monitoring the improvement plans launched by management, during the meetings with the Company's top managers, the Board of Statutory Auditors conducted some inquiries into specific issues including:
    - update on the Ishango Project (project for digitalising the various company processes) and Certification according to the TISAX (Trusted Information Security Assessment eXchange) standard (standard primarily required by German OEMs of their suppliers to demonstrate their commitment to the protection of intellectual property in the automotive industry);
    - ICT risks (cybersecurity) and the related mitigation plans in place;
    - adoption of the new platform for managing reports in accordance with Legislative Decree No. 24/2023 transposing Directive (EU) 1937/2019 on whistleblowing;
    - adoption of the New Whistleblowing Procedure and the ensuing updating of the General Section of the 231 Model;
    - new Social Media Monitoring system.
13. The Board of Statutory Auditors oversaw the constant updating of the Organisational, Management and Control Model pursuant to Legislative Decree No. 231/01 (hereafter "231 Model") and its functioning, as well as its fitness and efficacy in preventing liability in relation to predicate offences, through attendance at the Supervisory Committee's meetings. The results of these activities are described in detail in the Supervisory Committee's periodic reports to the Board of Directors. In general terms, the Supervisory Committee confirmed the framework of the 231 Model, based on a structured, organic system of control procedures and activities designed to prevent and monitor the risk of commission of the Legislative Decree No. 231/2001 predicate offences.
14. In 2023, the Model pursuant to Legislative Decree No. 231/01 was updated, respectively:
    - in July 2023 to include the implementation of the new whistleblowing channel pursuant to Legislative Decree No. 24/2023 transposing Directive (EU) 1937/2019 and the adoption of the new Procedure;
    - in November 2023 to include the new developments introduced by Article 25-*novies* of Legislative Decree No. 231/01 (Copyright infringement); Article 353 of the Italian Criminal Code (Bid rigging); Article 353-*bis* of the Italian Criminal Code (Interference with the tender process); Article 512-*bis* of the Italian Criminal Code (Fraudulent transfer of

values), while also updating, where necessary and applicable, the offence, the related sensitive activities and control protocols.

15. With regard to the obligation to draft the Disclosure of Non-Financial Information pursuant to Legislative Decree No. 254/2016, the Board of Statutory Auditors was regularly informed by the Chief CSR Officer of the materiality analysis process carried out by the Company to define areas of non-financial information of a social and environmental nature deemed material to the Group and the related reference methodologies and standards adopted, as well as of the process of preparing, collecting and validating data at a global level in order to prepare the Disclosure of Non-Financial Information pursuant to Legislative Decree No. 254/2016, also meeting with the Independent Auditors tasked with assurance activities on the said document.
16. The Board of Statutory Auditors verified that the Company had duly complied with the new obligation under Legislative Decree No. 24/2023 transposing Directive (EU) 1937/2019 on whistleblowing and under the MEF/MISE Decree No. 55 of 11 March 2022 that governs the effective beneficial owner of entities provided for by Article No. 21, paragraph 1, of Legislative Decree No. 231/2007.

It bears noting that the aforementioned audit activities did not identify any omissions, censurable conduct or irregularities that would need to be reported in this document. The Internal Audit, the Legal Function, the Head of the Risk Management and the Supervisory Committee, which the Board of Statutory Auditors met regularly, did not report any particular critical issues falling within their respective remits. The Annual Corporate Governance and Ownership Structure Report did not highlight any criticalities that need to be reported in this document.

REMUNERATION OF DIRECTORS AND KEY MANAGEMENT PERSONNEL

1. The Board of Statutory Auditors also determined the adequacy of merit and procedural indications adopted by the Remuneration & Appointments Committee to define and implement medium/long-term remuneration policies. Furthermore, it expressed a favourable opinion on the monetary incentive policies for the Governing Body, Executive Directors and Top Managers for 2024.
   The main aspects of the short- and long-term remuneration policies for 2024, approved by the Board of Directors during its meeting on 5 March 2024, having heard the opinion of the Remuneration & Appointments Committee and the Board of Statutory Auditors, are illustrated in the Report on the Remuneration Policy for 2024 and Remuneration Paid in 2023 — prepared in accordance with Article 123-*ter* of TUF and available on Brembo's website — the first section of which will be submitted to the attention and binding vote of the General Shareholders' Meeting of 23 April 2024.

SUPERVISION OF THE DISCLOSURE PROCESS REGARDING THE INDEPENDENCE OF THE INDEPENDENT AUDITORS, WITH REGARD IN PARTICULAR TO THE PROVISION OF NON-AUDITING SERVICES

1. The Board of Statutory Auditors met periodically with representatives of the Independent Auditors, Deloitte & Touche S.p.A., to which the Shareholders' Meeting of Brembo S.p.A. of 22 April 2021 granted the statutory auditing assignment for the years 2022-2030, and constantly received information concerning their work and audit plans, and the progress and results thereof. No relevant data and/or aspects deserving of mention herein were brought to light in connection with the matters in the purview of the Board of Statutory Auditors.
2. The Board of Statutory Auditors supervised compliance with the rules of procedure governing the preparation and publication of the Consolidated Financial Statements pursuant to Article 41 of Legislative Decree No. 127 of 4 April 1991 and Article 154-*ter* of TUF.
3. Today, 21 March 2024, the auditing firm Deloitte & Touche S.p.A. issued the reports required by Article 14 of Legislative Decree No. 39/2010 and Article 10 of Regulation (EU) No. 537/2014, in which it expressed an "unmodified opinion" of the Company's Separate and Consolidated Financial Statements for the year ended 31 December 2023. With regard to the paragraph concerning the Key Audit Matters, the Independent Auditors considered the measurement of investments, in respect of the Separate Financial Statements, and the measurement of goodwill, in respect of the Consolidated Fi-

nancial Statements, to constitute material issues.
Pursuant to Article 14, paragraph 2(e), of Legislative Decree No. 39/2010, the Independent Auditors also believe that the Directors' Report on Operations and the information contained in the Corporate Governance and Ownership Structure Report set out in Article 123-*bis*, paragraph 4, of TUF are consistent with the Company's Separate Financial Statements and Consolidated Financial Statements for the year ended 31 December 2023.

4. On that same date, the Independent Auditors also provided the Company's Board of Statutory Auditors with the additional report required by Article 11 of Regulation (EU) No. 537/2014 pursuant to Article 19 of Legislative Decree No. 39/2010. As stated in the opinion on the Financial Statements, this report addresses certain matters, without contradicting the opinions in question. It bears mentioning here that, in addition to the significant matters identified as Key Audit Matters in the aforementioned reports on the Separate and Consolidated Financial Statements, the Independent Auditors emphasise other significant, but not material risks, such as those relating to taxes and the issue of revenue recognition. The said report does not identify material deficiencies in the internal control system applicable to the financial reporting process of which the heads of governance activities need to be informed. In the section "Other Matters" — as required by the recent Consob Warning Notice of 18 March 2022 — visibility was given to the risks relating to the conflict in Ukraine and the related impacts. The Independent Auditors concluded that the events in question are to be regarded as "non-adjusting events after the reporting period" and hence not to be taken into account in the estimates and measurements incorporated into the Financial Statements for the year ended 31 December 2023.
5. The Board of Statutory Auditors will report to the Board of Directors on the significant matters indicated in the Independent Auditors' Report pursuant to Articles 14 and 16 of Legislative Decree No. 39/2010, as amended by Legislative Decree No. 135/2016, without seeing the need to accompany the report with its own observations. The Board of Statutory Auditors notes that it regularly and duly monitors the ongoing improvement of the financial reporting process and that this additional report is a summary of elements already shared over time and already submitted to the Board of Directors.
It should be recalled that the report in question also complements the Independent Auditors' statement of independence pursuant to Article 6, paragraph (2)(a), of Regulation (EU) No. 537/2014.
The Board of Statutory Auditors also acknowledged the Transparency Report drafted by the Independent Auditors and published on its website pursuant to Article 18 of Legislative Decree No. 39/2010.
6. On 21 March 2024, the Independent Auditors also issued an ad-hoc report confirming the preparation of the Disclosure of Non-Financial Information and certification of compliance (limited negative review) expressing an unqualified opinion.
7. The Board of Statutory Auditors monitored the independence of the Independent Auditors pursuant to Article 19 of Legislative Decree No. 39/2010 and verified the nature and extent of the assignments received from Brembo and/or the Group companies (based in Italy or abroad, both EU and non-EU) concerning services other than independent auditing, as described in the Notes to the Consolidated Financial Statements, pursuant to Article 149-*duodecies* of the Issuers' Regulation on the disclosure of fees. A table summarising the tasks assigned to Deloitte & Touche S.p.A. is set out below:

AUDIT SERVICES

(EURO THOUSAND)	31.12.2023	31.12.2022
Independent Auditors' fees for the provision of audit services:		
– to the Parent Brembo S.p.A.	270	255
– to the subsidiaries (services provided by the network)	573	521
Independent Auditors' fees for the provision of auditing services for issuing attestation:		
– to the Parent Brembo S.p.A.	65	53
– to the subsidiaries (services provided by the network)	61	2
Fees of entities belonging to the Independent Auditors' network for the provision of services:		
– to the Parent Brembo S.p.A.	0	6
– other services rendered to subsidiaries	0	2

The Board of Statutory Auditors deemed the fees for such non-auditing services (which never included those prohibited by Article 5, paragraph 1, of Regulation (EU) No. 537/2014) to be appropriate to the scope and complexity of the work carried out, and hence compatible with the auditing mandate, in the absence of any anomalies impacting on the Independent Auditors' independence criteria.

FURTHER ACTIVITY BY THE BOARD OF STATUTORY AUDITORS: OPINIONS AND OBSERVATIONS

1. The Board of Statutory Auditors issued the opinions or expressed the observations required by applicable legislation on remuneration policies, as laid down in the 2024 Report on the Remuneration Policy and Remuneration Paid, with regard to the Executive Chairman, Chief Executive Officer and the Group's managers. It also expressed opinions on the fee increase requested by the Independent Auditors and on the appointment of the Manager in charge of the Company’s financial reports.
2. The Board of Statutory Auditors acknowledges that in the course of its activities, and on the basis of the information obtained, it did not identify any omissions, censurable conduct, irregularities or other material facts that would need to be reported to the Authorities or mentioned in this Report, nor were any complaints pursuant to Article 2408 of the Italian Civil Code or other similar reports received.

The Board of Statutory Auditors verified that, in compliance with the Consob and ESMA (European Securities and Markets Authority) recommendations, the Directors included in the 2023 Annual Financial Report the information relating to the assessments made by the Company with regard to the Russia-Ukraine conflict and the ensuing actions it implemented to mitigate the negative effects caused by the crisis on its business. Specifically, in the Report, it is acknowledged that, since the outbreak of the crisis, the Group had blocked the sales of aftermarket products in Russia and Belarus, thus mitigating direct impacts.

As for the annual Shareholders’ Meeting called for 23 April 2024, the Board of Statutory Auditors reports that Legislative Decree No. 18 of 17 March 2020 (so called “Cura Italia”), converted, with amendments, by Law No. 27 of 24 April 2020 (as most recently extended by Legislative Decree No. 215 of 30 December 2023 (so-called “Milleproroghe”), converted into Law No. 18 of 23 February 2024), authorises the holding “behind closed doors” of ordinary and extraordinary shareholders’ meetings, allowing companies to make provision in the notices of calling, also by way of derogation from the provisions of the By-laws, for the use of those tools — such as voting by correspondence, electronic voting, attending meetings using telecommunication media, the designated representative — that allow attendance at meetings and expression of voting rights without the need for shareholders to be physically present in a single place.

In this regard, the Board of Statutory Auditors will act in close coordination with the Board of Directors to ensure that the Shareholders’ Meeting may be held in an orderly fashion, and the rights of the shareholders be regularly exercised, in accordance with the above provisions.
In conclusion and to sum up, the Board of Statutory Auditors believes that the activities of the Board of Directors and the Board Committees are overall compliant with the law and the Articles of Association, are in line with the Company’s interest, are not outwardly imprudent or risky, are not in contrast with the resolutions taken by the Shareholders’ Meeting, or such as to jeopardise the integrity of the Company’s assets. These activities are also found to be based on proper reasoned and implementing processes compliant with the best practices recommended by business discipline.

PROPOSALS FOR THE SHAREHOLDERS' MEETING REGARDING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023 AND ALLOCATION OF THE PROFIT FOR THE YEAR

Having acknowledged the Financial Statements for the year ended 31 December 2023, the Board of Statutory Auditors, taking account of the specific duties assigned to the Independent Auditors relating to the auditing of the accounts and verification that the Financial Statements are reliable, has no objections to the approval of the Financial Statements or to the Board of Directors' motion regarding the distribution of an (ordinary) gross dividend of €0.30 per (ordinary) share outstanding and the carrying forward of the residual ascertained net income for the year.

Furthermore, the Board of Statutory Auditors recalls that its term is set to end with the Shareholders' Meeting called to approve the Financial Statements for the year ended 31 December 2023 due to the above-mentioned Company's Cross-Border Conversion, whereby the Company is transferring, effective 24 April 2024, its registered office to the Netherlands, a country in which a One-Tier system is in place.

The Board of Directors wishes to thank for the trust placed in it.

Stezzano, 21 March 2024

The Board of Statutory Auditors
Fabrizio Riccardo Di Giusto (*Chairman*)
Mario Tagliaferri (*Acting Auditor*)
Stefania Serina (*Acting Auditor*)

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

ATTESTATION OF THE FINANCIAL STATEMENTS OF BREMBO S.P.A. 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 financial statements for the period from 1 January to 31 December 2023:
   - are appropriate in relation to the company features; and
   - have been consistently applied.

2. The assessment of the appropriateness of the administrative and accounting procedures used in preparing the Financial Statements at 31 December 2023 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 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;

   3.1 the Report on Operations includes a reliable analysis of the operating performance and results, as well as the condition of the issuer and the aggregate of companies included in the consolidation area, along with a description of the main risks and uncertainties to which they are exposed.

5 March 2024

Matteo Tiraboschi
Executive Chairman

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

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