



**EARNINGS
RELEASE
2Q24**

FRAS
B3 LISTED N1

IBRA B3

IGC B3

IGCT B3

SMLL B3

Caxias do Sul, August 06, 2024. Frasle Mobility (Fras-le S.A. – B3: FRAS3) discloses its results for the second quarter of 2024 (2Q24) and first half of 2024 (1H24). The Company's Financial Information is consolidated in accordance with international standards IFRS – International Financial Reporting Standards and monetary vales are expressed in Reais, unless otherwise indicated. Comparisons are made with the second quarter of 2023 (2Q23) and the first half of 2023 (1H23).

HIGHLIGHTS



NET REVENUE (R\$)

1.8 B

+3.6% vs. 1H23

GUIDANCE R\$ 3.7 – 4.0 B



INTERNATIONAL MARKET¹ (US\$)

144.2 M

+2.5% vs. 1H23

GUIDANCE US\$ 250 – 290 M



EBITDA (R\$)

266.3 M

-26.8% vs. 1H23

EBITDA MARGIN 14.6% – 1H24

GUIDANCE 17 – 21 %



INVESTMENTS² (R\$)

41,7 M

-26.4% vs. 1H23

GUIDANCE R\$ 130 – 170 M

MARKET CAP (06/28/2024)

R\$ 5.2 B

CLOSING QUOTE "FRAS3"

R\$ 19.39

FREE FLOAT

33.2%

Videoconference of Results 2Q24

August, 07, 2024 (Wednesday)

11 am Brasília

10 am New York

03 pm London

WEBCAST (Portuguese/English): [Click here](#)

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FORWARD-LOOKING STATEMENTS. The statements contained in this report regarding FRASLE MOBILITY's (FRAS-LE S.A.) business prospects, projections and results and the company's growth potential are merely forecasts and were based on management's expectations regarding the Company's future. These expectations are highly dependent on changes in the market, the general economic performance of the country, the sector, and international markets, and may undergo changes.

¹ Value referring to the sum of exports out of Brazil and revenues from operations abroad, net of intercompany operations;

² Value referring to organic investments.

FRASLE MOBILITY UNIVERSE

CLUBE EXPERTS

Auto Experts platform's relationship program was launched. **Clube Experts** includes partner automotive centers with special benefits and advantages when purchasing Fras-le and Nakata products. The program serves eleven Brazilian states in the South, Southeast, and Midwest regions. [Access the full article.](#)

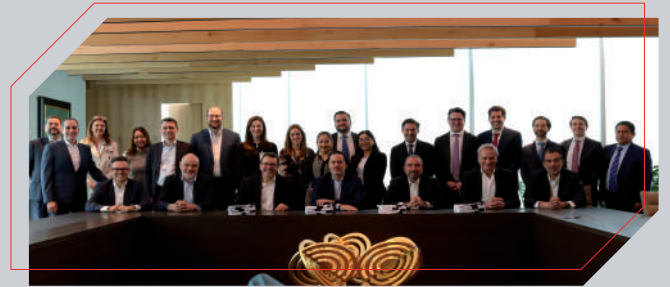
SUSTAINABILITY

In June, we released the **2023 Sustainability Report**. This edition consolidates initiatives related to the care for People, respect for the Planet, and sustainable maintenance of our Businesses. [Watch our initiatives.](#)

SITE VISIT

A visit for investors and analysts was held on June 27 at the Frasle Mobility site in Extrema (MG). Participants got to know Nakata's shock absorber manufacturing plant and the Distribution Center.

At the event, Frasle Mobility executives explained Nakata's synergy gains after five years of integration and the challenges and opportunities mapped for the future. It was also possible to connect the similarities of this business with the recent acquisition in Mexico.



LARGEST ACQUISITION IN HISTORY

On June 24, the Company announced the acquisition of Kuo Refacciones, the automotive replacement division of the Mexican group Kuo. The acquisition involves an investment of around R\$2.1 billion (subject to adjustments on the closing date). [Access the Material Fact.](#)

The new acquisition will increase the operational structure of the friction material plant and distribution center in Mexico City and the piston and gasket plant in Celaya. Furthermore, engine components and 10 brands will be incorporated into the Company's portfolio, reinforcing the house of brands and consolidating the powerhouse of replacement parts. [Access the full article here.](#)

POST FLOOD RECOVERY INITIATIVES

We continue to monitor employees affected by floods, providing emergency support with food, drinking water, hygiene items, clothes, mattresses, and medicine, as well as social services, psychological care, telemedicine, and legal assistance. After these first initiatives, we started financial support including the advance of resources such as the second installment payment of the Christmas bonus and part of the Profit Sharing Program (PPR).

Frasle Mobility, together with Randoncorp and the Elisabetha Randon Institute (IER) carried out community support actions. [Access here](#) to learn about all the initiatives to help Rio Grande do Sul.



MESSAGE FROM MANAGEMENT

The second quarter of 2024 was quite challenging for the Company, in addition to being permeated by difficult decisions, intense care for our people and strategic moves which will reflect on our future.

During 2Q24, we faced an extremely complex moment in Rio Grande do Sul, due to the heavy rains that hit the state. Our most impacted operation was the Controil unit, located in São Leopoldo, which had to suspend its activities for twenty days in May. Along with our controlling group, Randoncorp, we mobilized support in various ways for our employees and the impacted community, in addition to taking all the necessary measures to adapt our operations to the scenario, prioritizing everyone's safety above all.

Prior to this, in April, we restructured our subsidiary Fanacif in Uruguay as part of our strategy to optimize the production footprint of our operations around the world, in response to the commercial challenges that have been faced in recent years. Especially due to this decision, our results were lower in this quarter than in previous quarters in terms of the Company's profit and margin.

Isolating the aforementioned effects, our operations, in general – production and sales –

remained at a very good level, which allowed us to record another quarter of evolution and growth in consolidated net revenue, with an increase of 6.6% compared to the second quarter of last year. When we analyse the consolidated results for this first-half of the year, net revenue was R\$ 1.8 billion, an increase of 3.6% compared to the same period in 2023. These figures complement strategic actions that are decisive for the future of Frasle Mobility.

The main one of these actions was the announcement of the Company's largest acquisition so far – the purchase of the controlling interest of the company Kuo Refacciones, in Mexico. The purchase will allow Frasle Mobility to consolidate its leadership in the three main markets for the automotive aftermarket in Latin America: Brazil, Mexico and Argentina.

This way, we strengthen the market's recognition of what we have already achieved – setting a standard as a company that offers a complete mix of products for motion control and services added to the replacement market. We trust in our business model and in the capacity of our teams spread around the world to continue carrying out our projects and actions and delivering strategic solutions to the mobility universe.

“We trust in our business model and in the capacity of our teams spread around the world”.

MAIN FIGURES

	2Q24	2Q23	Δ %	1Q24	Δ %	1H24	1H23	Δ %
Net Revenue	980.3	919.6	6.6%	841.3	16.5%	1,821.5	1,758.3	3.6%
Domestic Market	587.8	528.9	11.1%	499.4	17.7%	1,087.2	1,046.5	3.9%
Foreign Market	392.5	390.7	0.5%	341.9	14.8%	734.3	711.9	3.2%
Foreign Market US\$	75.2	78.8	-4.6%	69.0	9.1%	144.2	140.7	2.5%
Exports - Brazil US\$	31.1	31.0	0.4%	24.2	28.7%	55.3	56.6	-2.2%
Gross Profit	315.5	320.5	-1.6%	289.7	8.9%	605.2	616.7	-1.9%
Gross Margin	32.2%	34.9%	-2.7 pp	34.4%	-2.2 pp	33.2%	35.1%	-1.8 pp
Operating Profit	76.6	156.0	-50.9%	116.9	-34.5%	193.5	303.2	-36.2%
Operating Margin	7.8%	17.0%	-9.2 pp	13.9%	-6.1 pp	10.6%	17.2%	-6.6 pp
EBITDA	112.3	186.9	-39.9%	154.0	-27.1%	266.3	363.9	-26.8%
EBITDA Margin	11.5%	20.3%	-8.9 pp	18.3%	-6.9 pp	14.6%	20.7%	-6.1 pp
Net Profit	41.4	98.2	-57.9%	109.1	-62.1%	150.5	188.7	-20.2%
Net Margin	4.2%	10.7%	-6.5 pp	13.0%	-8.8 pp	8.3%	10.7%	-2.5 pp
Adjusted EBITDA	162.5	199.5	-18.5%	154.0	5.5%	316.5	376.6	-15.9%
Adjusted EBITDA Margin	16.6%	21.7%	-5.1 pp	18.3%	-1.7 pp	17.4%	21.4%	-4.0 pp
Investments	20.1	25.4	-21.2%	21.6	-7.2%	41.7	56.6	-26.4%
ROIC	11.4%	15.5%	-4.1 pp	15.7%	-4.2 pp	11.4%	15.5%	-4.1 pp

Values in R\$ million (except for exports, profit per share and percentage)

	2Q24	2Q23	Δ %	1Q24	Δ %	1H24	1H23	Δ %
Average price of the US dollar	5.22	4.95	5.4%	4.95	5.3%	5.09	5.07	0.2%

BUSINESS OVERVIEW DURING THE QUARTER

The first half of the year showed a 3.6% increase in net revenue, a modest increase when compared to the same period last year, but with important advances in the Company's strategic trajectory, such as the acquisition of Kuo Refacciones, which will further strengthen Frasle Mobility's position in the global aftermarket.

In April, the Company made the difficult decision to close the Fanacif manufacturing plant, located in Uruguay, which resulted in one-off effects in this quarter. In addition, in May, the floods that hit the state of Rio Grande do Sul affected part of the business, in addition to causing disruptions in the logistics chain. Furthermore, our operations located in Argentina impacted our results due to inflationary effects.

Even so, our operations, in general, – production and sales – remained strong, reflecting the stability in the average number of vehicles that passed through workshops in the first half of 2024. Another interesting fact was the survey by CINAU (Automotive Intelligence Center), indicating that quality and reliability surpass price when choosing parts by repairers, which puts us in the spotlight, since our brands are recognized for these attributes.

SALES PERFORMANCE

VOLUMES AND NET REVENUE BY PRODUCT FAMILY

Sales Volumes by Product Line in millions of pieces or liters																
VOLUMES	2Q24		2Q23		Δ %		1Q24		Δ %		1H24		1H23		Δ %	
	Friction Material	26.8		26.5		1.0%		24.7		8.4%		51.5		51.4		0.2%
	Components for the Brake System	2.6		2.6		-2.0%		2.2		14.6%		4.8		4.8		0.6%
	Components for the Suspension, Steering and Powertrain	5.5		4.9		13.1%		4.5		23.3%		10.0		9.5		4.4%
Sales Revenue by Material in R\$ million																
NET REVENUE	2Q24		2Q23		Δ %		1Q24		Δ %		1H24		1H23		Δ %	
	Friction Material	468.1	47.8%	448.8	48.8%	4.3%		419.7	49.9%	11.5%		887.8	48.7%	847.8	48.2%	4.7%
	Components for the Brake System	192.8	19.7%	195.9	21.3%	-1.6%		152.8	18.2%	26.2%		345.6	19.0%	346.6	19.7%	-0.3%
	Components for the Suspension, Steering and Powertrain	272.1	27.8%	241.7	26.3%	12.6%		233.0	27.7%	16.8%		505.1	27.7%	477.2	27.1%	5.9%
	Other products *	47.2	4.8%	33.1	3.6%	42.6%		35.8	4.3%	31.9%		83.0	4.6%	86.7	4.9%	-4.3%
Total Net Revenue	980.3	100.0%	919.6	100.0%	6.6%		841.3	100.0%	16.5%		1,821.5	100.0%	1,758.3	100.0%	3.6%	

The components are detailed at the end of this report.

Friction volume has changed in total for 2023 due to intercompany adjustments and accounting for sets for parts.

The second quarter of 2024 recorded higher revenue performance when compared to the same period last year, reflecting the increase in the US dollar and the mix of products sold. In addition, the following highlights were:

Friction Material

- Domestic market for brake pads is booming. Parent company records record production and sales of the light vehicle line;
- Brake linings for commercial vehicles show growth in revenue and volume due to increased demand and sales campaigns.

Components for the Brake System

- Brake discs grow in revenue due to price repositioning;
- Performance was affected by the shutdown of the Controil unit due to the floods. The subsidiary was able to mitigate this impact by selling its inventory of the warehouse in Extrema/MG.

Suspension, Steering and Powertrain Components

- Shock absorbers remain a highlight, with market share gains distributed throughout Brazil. Nakata is also advancing its strategy of expanding and strengthening its motorcycle portfolio;
- The Cartagena warehouse shows growth in its sales of shock absorbers for pick-ups and vans, with greater added value.

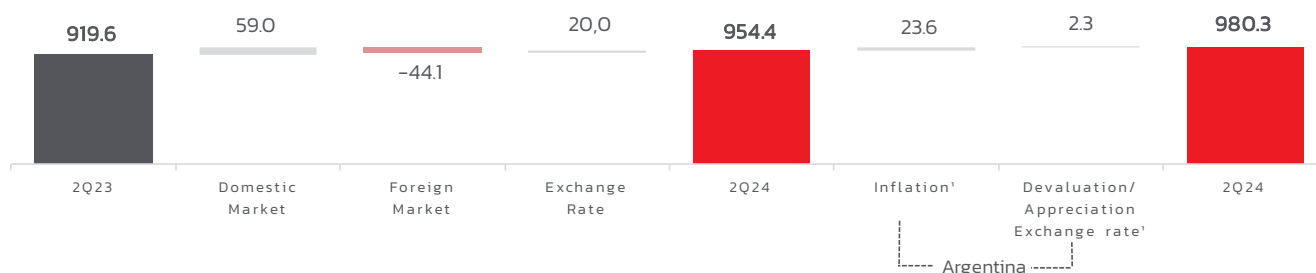
Other Products

- Composs continues to work actively on research and development of new technologies applied to products. Production of mudguard supports has resumed, following Iveco's shutdown to restructure its production lines.

NOTE: It is important to note that the performance of sales revenue by material family does not necessarily reflect the same behaviour in volumes, as we have effects from exchange rate changes, product mix and prices charged. For more details on the families, see Appendix IV.

Below is a graph in causal format showing the effects that have changed the performance of consolidated net revenue in 2Q24, as compared to 2Q23.

Net Revenue



Amounts in BRL Millions. *Economic update in highly inflationary economy as provided for in CPC 42/IAS 29.

REVENUE BY MARKET

Markets	Net Revenue by Markets												
	2Q24		2Q23		Δ %	1Q24		Δ %	1H24		1H23		Δ %
DM Aftermarket	534.0	54.5%	479.8	52.2%	11.3%	445.2	52.9%	19.9%	979.2	53.8%	942.7	53.6%	3.9%
DM OEM	53.9	5.5%	49.1	5.3%	9.7%	54.2	6.4%	-0.6%	108.0	5.9%	103.7	5.9%	4.1%
Domestic Market	587.8	60.0%	528.9	57.5%	11.1%	499.4	59.4%	17.7%	1,087.2	59.7%	1,046.5	59.5%	3.9%
FM Aftermarket	332.8	34.0%	330.9	36.0%	0.6%	288.0	34.2%	15.6%	620.8	34.1%	610.6	34.7%	1.7%
FM OEM	59.6	6.1%	59.8	6.5%	-0.2%	53.9	6.4%	10.7%	113.5	6.2%	101.2	5.8%	12.1%
Foreign Market	392.5	40.0%	390.7	42.5%	0.5%	341.9	40.6%	14.8%	734.3	40.3%	711.9	40.5%	3.2%
Total Aftermarket Net Revenue	866.8	88.4%	810.7	88.2%	6.9%	733.2	87.2%	18.2%	1,600.0	87.8%	1,553.4	88.3%	3.0%
Total OEM Net Revenue	113.5	11.6%	108.9	11.8%	4.2%	108.0	12.8%	5.0%	221.5	12.2%	205.0	11.7%	8.1%
Total Net Revenue	980.3	100%	919.6	100%	6.6%	841.3	100%	16.5%	1,821.5	100%	1,758.3	100%	3.6%

Values in R\$ million

Note: Reclassification of intercompany revenue eliminations have changed the result of the Revenue lines in the Domestic and International Market in 2023. The changes made are highlighted in the Company's [Modeling Guide](#).

Domestic Market (DM)

Replacement

- Nakata, records another quarter with market share growth in suspension and steering, linked to the strengthening of its portfolio and greater product availability in the market.
- After the restructuring of Fanacif S.A., the parent company began to absorb the demand for brake linings for commercial vehicles. In addition, together with the Sorocaba unit, it took over the production of brake pads for light vehicles.
- Brake pads for light vehicles remain a highlight, as a result of the level of service offered to the market, whether by strengthening the portfolio with the rapid launch of new products, or by price stability and competitiveness.

Trailers Division

- Strikes at car manufacturers had a negative impact on the sale of brake discs for light vehicles.

- > Heavy vehicle market is booming, following update in pollutant emission standards (Euro6), stimulating growth in brake linings.

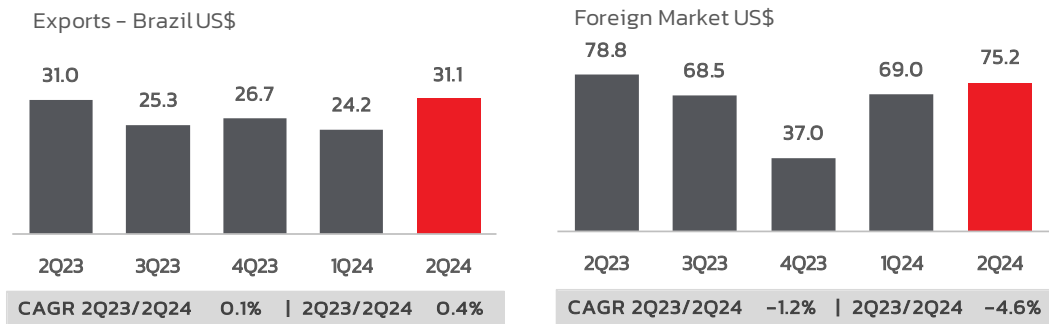
International Market (IM)

Replacement

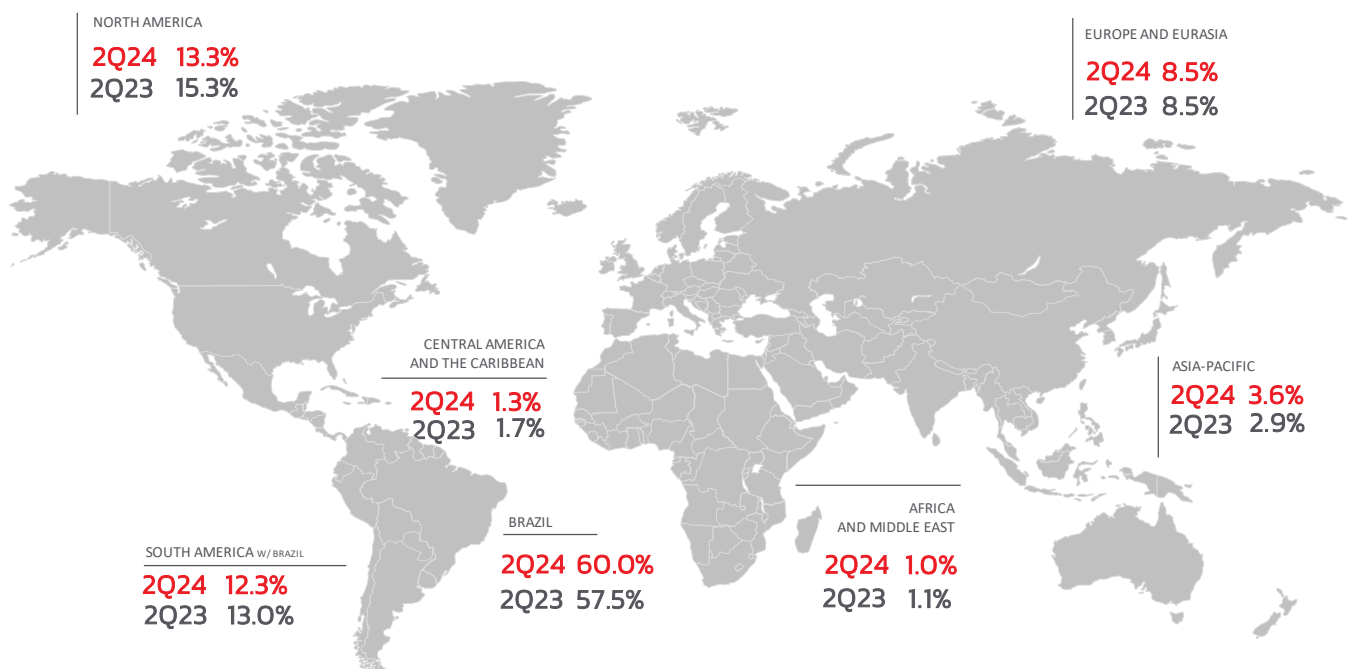
- > The high demand for port logistics in Southern country delayed the export of brake discs, affecting the performance of the warehouse in Colombia.
- > AML Juratek reaps good results in the sale of brake discs and drums for heavy vehicles under Fras-le brand, after adding it to the portfolio in the first quarter of this year.
- > Exports of brake linings increased in the United States due to increased demand in the market.

Trailers Division

- > Revenue increases from 2Q24 x 1Q24 driven by the rise in the dollar rate and mix of products sold during the quarter for the North American market.



REVENUE BREAKDOWN ACROSS THE GLOBE

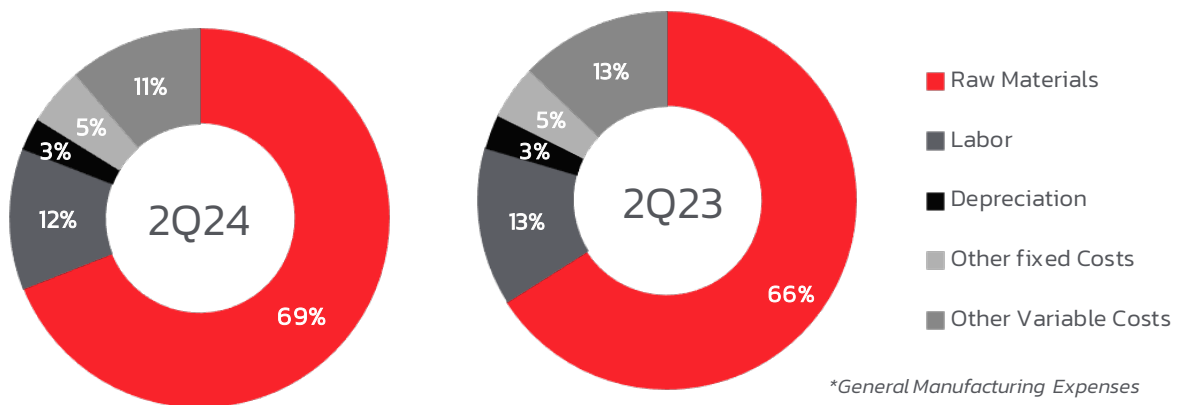


- > **North America:** stability of inflation at levels considered high and the presidential elections are factors that influence market demand. Despite the reduction in volumes in the brake pad line for light commercial vehicles, the outlook for business remains positive.
- > **South America:** the argentine market remains in recession, with greater price competition and increasingly cautious consumption among customers. The warehouse in Colombia remains focused on developing the portfolio.
- > **Europe and Eurasia:** the market is stable, and volumes remain at a good level. AML Juratek continues its synergy work with portfolio expansion and integration of Frasle Mobility brands.
- > **Asia:** Pinghu operation in China has launched a new brake lining formulation under the LonaFlex brand to serve the local market. In India, the operation continues to contribute to the growth of revenue with products linked to commercial vehicles.

OPERATIONAL PERFORMANCE

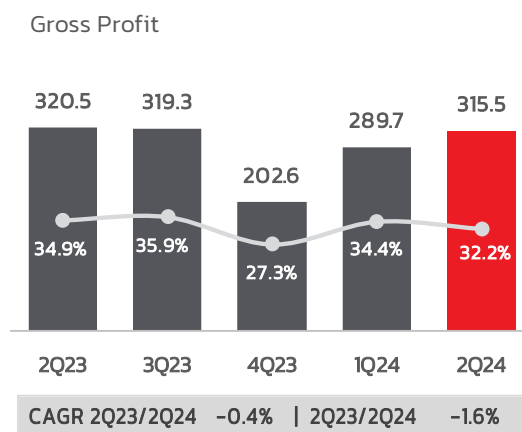
COST OF GOODS SOLD (COGS) AND GROSS PROFIT

In 2Q24, cost of goods sold totalled R\$ 664.8 million, accounting for 67.8% of net revenue and resulting in a gross profit of R\$ 315.5 million and gross margin of 32.2%, which is 2.7 percentage points lower than in the same period last year. The chart below shows the composition of COGS and the main highlights.



- > The strategic negotiations carried out throughout this first half of the year resulted in an increase in the leverage of purchases of co-manufactured products, thus allowing the acquisition of larger volumes of products under more favourable conditions.

➤ Although inflation in Argentina has been more controlled recently, it remains high, increasing operating costs and putting pressure on profit margins. Economic instability and reduced consumer demand, combined with the need to reduce prices, have negatively impacted our sales and profits in the region. In the quarter, the impact of hyperinflation and currency devaluation resulted in a negative effect of R\$ 52.4 million on COGS, reflecting a negative impact of R\$ 26.5 million on gross profit.



Operations are resumed at the Controil site

Controil's operations, located in São Leopoldo, were halted for twenty days in May due to the flooding that hit the State of Rio Grande do Sul. The impact on the subsidiary's revenues was mitigated by the inventory maintained at the warehouse located in Extrema/MG, but the logistics strategies during this period and the costs of resuming operations, such as machine maintenance and lower dilution of fixed costs, affected margin performance.

The Company continues to work actively to support the affected employees, providing all necessary support to ensure a smooth return to work and fostering a welcoming environment during this difficult time.

OPERATING REVENUES AND EXPENSES

	2Q24		2Q23		Δ %	1Q24		Δ %	1H24		1H23		Δ %
Selling Expenses	-94.9	-9.7%	-79.2	-8.6%	19.9%	-79.2	-9.4%	19.8%	-174.1	-9.6%	-158.3	-9.0%	10.0%
Variable Expenses w/ Sales	-33.9	-3.5%	-31.6	-3.4%	7.4%	-29.2	-3.5%	16.2%	-63.1	-3.5%	-58.1	-3.3%	8.6%
Other Expenses w/ Sales	-61.0	-6.2%	-47.6	-5.2%	28.2%	-50.0	-5.9%	21.9%	-111.0	-6.1%	-100.2	-5.7%	10.8%
Administrative Expenses	-79.6	-8.1%	-64.1	-7.0%	24.1%	-71.4	-8.5%	11.5%	-151.0	-8.3%	-119.6	-6.8%	26.2%
Other Net Expenses/Income	-64.2	-6.6%	-21.2	-2.3%	203.7%	-22.1	-2.6%	190.9%	-86.3	-4.7%	-35.6	-2.0%	142.3%
Other Operating Expenses	-71.4	-7.3%	-50.1	-5.4%	42.6%	-32.3	-3.8%	121.2%	-103.7	-5.7%	-68.0	-3.9%	52.5%
Other Operating Income	7.2	0.7%	28.9	3.1%	-75.1%	10.2	1.2%	-29.5%	17.4	1.0%	32.4	1.8%	-46.2%
Equity Equivalence	-0.1	0.0%	0.0	0.0%	1020.5%	-0.1	0.0%	22.4%	-0.23	0.0%	0.08	0.0%	-397.0%
Total Operating Exp/Income	-238.9	-24.4%	-164.5	-17.9%	45.2%	-172.8	-20.5%	38.3%	-411.7	-22.6%	-313.5	-17.8%	31.3%

Values in R\$ millions and % over Net Revenue

The second quarter saw a 45.2% increase in operating expenses and revenues compared to the same period last year. Below are some highlights of the quarter:

- The increase in sales expenses is mainly due to the strengthening of the commercial structure and to freight and commission costs;
- When it comes to administrative expenses, the highlights are M&A expenses in the amount of R\$ 1.6 million and actions promoted by the Company to assist employees who suffered from the flooding in Rio Grande do Sul, in the amount of approximately R\$ 1 million;
- The Other Operating Expenses line was impacted by the impairment of assets and restructuring of the subsidiary Fanacif in the total amount of R\$ 50.2 million. For more information, see note 5.3;
- In the line of Other Operating Revenues, R\$ 2.0 million was recorded in this quarter related to the Green Mobility and Innovation Program (Mover);

- It is important to highlight that, both in the other expenses and other revenues lines, we had one-off events in 2Q23. For more details, access the 2Q23 release [here](#). The balance breakdown is available in note 20 of 2Q24.

EBITDA AND ADJUSTED EBITDA

Consolidated EBITDA in 2Q24 totalled R\$ 112.3 million, with a margin of 11.5%, down 8.9 percentage points from the same period last year, impacted by one-off events and inflationary effects in operations located in Argentina. In this quarter, the impacts of hyperinflation and adjustment for inflation totalled a negative R\$ 36.4 million. It is important to highlight that the Company does not recognize this effect for Adjusted EBITDA purposes. For more details, see the [modelling guide](#).

EBITDA Reconciliation and Adjusted EBITDA	2Q24	2Q23	Δ %	1Q24	Δ %	1H24	1H23	Δ %
Net Profit	41.4	98.2	-57.9%	109.1	-62.1%	150.5	188.7	-20.2%
Financial Result	-13.2	20.4	-164.9%	-51.4	-74.3%	-64.7	41.2	-256.8%
Depreciation	35.6	30.8	15.5%	37.1	-4.0%	72.7	60.8	19.7%
Income Tax / Social Contribution	48.5	37.4	29.7%	59.2	-18.1%	107.7	73.2	47.0%
EBITDA	112.3	186.9	-39.9%	154.0	-27.1%	266.3	363.9	-26.8%
EBITDA Margin	11.5%	20.3%	-8.9 pp	18.3%	-6.9 pp	14.6%	20.7%	-6.1 pp
Non-recurring Events	50.2	12.6	298.4%	0.0	0.0%	50.2	12.6	298.4%
Asset impairment	8.3	0.0	0.0%	0.0	0.0%	8.3	0.0	0.0%
Fanacif Restructuring	41.9	0.0	0.0%	0.0	0.0%	41.9	0.0	0.0%
Rescission action Nakata	0.0	-24.5	-100.0%	0.0	0.0%	0.0	-24.5	-100.0%
Exclusion of ICMS from the PIS calculation base and CO	0.0	37.1	-100.0%	0.0	0.0%	0.0	37.1	-100.0%
Adjusted EBITDA	162.5	199.5	-18.6%	154.0	5.5%	316.5	376.5	-16.0%
EBITDA Margin - Adjusted	16.6%	21.7%	-5.1 pp	18.3%	-1.7 pp	17.4%	21.4%	-4.0 pp

Values in R\$ million

Considering the one-off items recorded, this quarter's adjusted EBITDA was R\$ 162.5 million and adjusted EBITDA margin was 16.6%. These are:

- Impairment of investment related to the restructuring of Fanacif S.A in the amount of R\$ 8.3 million.
- Restructuring of Fanacif in the amount of R\$ 41.9 million.

On the restructuring, it is worth noting that:

In April, the Company decided to restructure Fanacif S.A., closing its manufacturing operations and maintaining only a sales office. The decision was based on an assessment of its manufacturing assets, considering the investments needed to make them suitable and competitive, in addition to the high exposure of that unit to the Argentine market, which last year restricted imports and made spread payments, causing financial difficulties for the operation.

During the decommissioning process, the Company provided the necessary support so that this transition would occur in an integrated and dignified manner for all those involved. In addition to severance pay, the employees who had their contracts terminated received preparation for the job market through professional training courses.

Although the costs totalled R\$ 41.9 million, recoverability will take place quickly through greater absorption of fixed costs by the Caxias do Sul and Sorocaba plants. In addition, the Company is working on the sale of the plant's assets and expects to complete this process by the first half of 2025.

FINANCIAL RESULT

	2Q24	2Q23	Δ %	1Q24	Δ %	1H24	1H23	Δ %
Exchange Variation	78.8	11.0	619.5%	161.4	-51.2%	240.2	39.4	508.9%
Interests on Capital Investment	45.2	73.2	-38.2%	45.9	-1.5%	91.1	98.3	-7.3%
Present Value Adjust	3.9	5.3	-26.2%	5.0	-21.7%	8.9	10.0	-10.9%
Other Financial Income	0.7	-4.8	-114.6%	6.8	-89.6%	7.5	0.5	1304.5%
Financial Income	128.6	84.6	52.1%	219.1	-41.3%	347.8	148.3	134.5%
Exchange Variation	-79.6	-46.8	70.1%	-168.8	-52.8%	-248.5	-77.8	219.6%
Financing Interests	-37.0	-33.9	9.3%	-24.9	48.7%	-61.9	-62.9	-1.5%
Present Value Adjust	-6.4	-6.3	2.4%	-5.8	11.2%	-12.2	-12.8	-4.4%
Bank Expenses	-12.7	-15.0	-15.5%	-10.8	17.8%	-23.5	-29.3	-20.0%
Other Financial Expenses	-12.4	-3.9	218.7%	-14.5	-14.5%	-26.9	-11.2	139.3%
Financial Expenses	-148.2	-105.9	39.9%	-224.8	-34.1%	-373.0	-194.0	92.3%
Monetary adjustment (IAS 29)	32.7	0.9	3747.0%	57.2	-42.7%	89.9	4.4	1937.1%
Financial Result	13.2	-20.4	-164.9%	51.4	-74.3%	64.7	-41.2	-256.8%

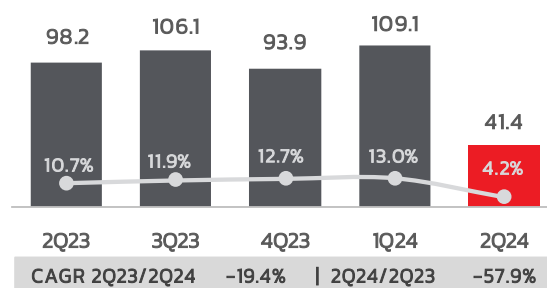
Values in R\$ millions

The Company's financial result in the first half of the year was R\$64.7 million positive, with the main highlights being:

- Impact of exchange rate change in the operations located in Argentina (256.70 USD/ARS 06/30/2023 vs. 911.00 USD/ARS 06/28/2024);
- Other financial income grew in this 6-month period due to the update of Selic rate on the appeal bonds in the amount of R\$7.0 million;
- Interest on financing increased due to expenses with fees and financial services related to the acquisition of Kuo Refacciones;
- Operations located in Argentina impact the financial result in hyperinflation (IAS 29) since Argentina had 79.8% accumulated inflation in the 6-month period (50.7% in 2Q23). A breakdown of the impact by business unit is available in note no. 29.

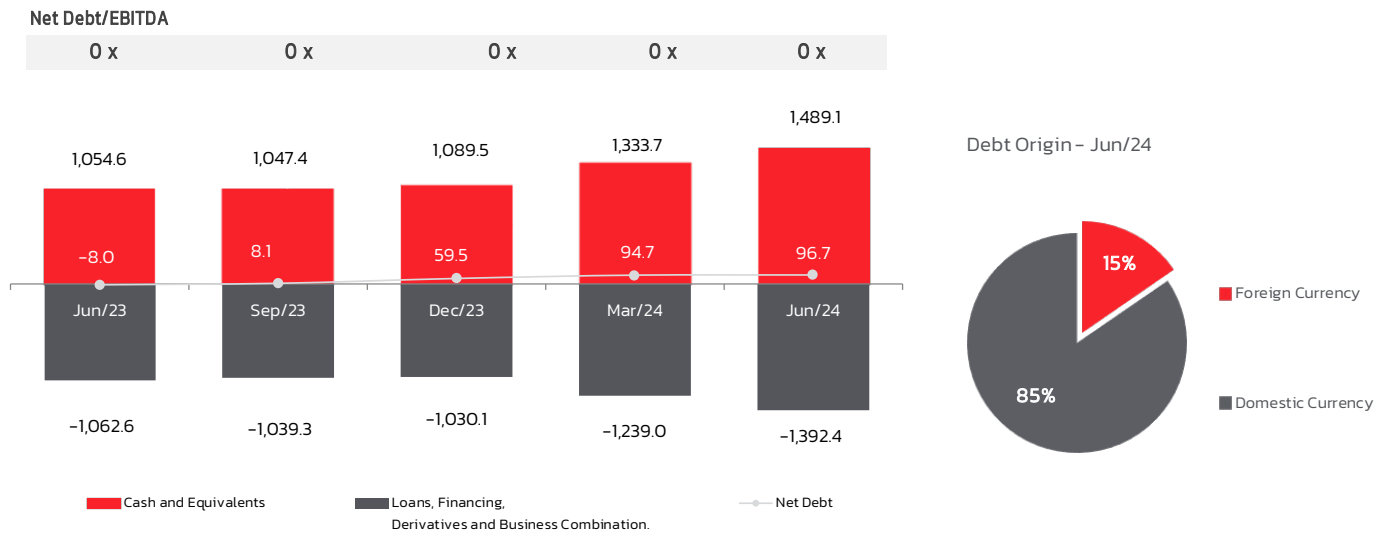
NET PROFIT

The aforementioned factors culminated in a net income of R\$ 41.4 million in 2Q24, accounting for a net margin of 4.2%. It is important to highlight that, due to Fanacif's restructuring, which was a one-off event, and effects reflected in the adjusted EBITDA, there was an additional impact of R\$ 2.8 million related to the deferred tax on impairment. This resulted in an accounting effect on net income of R\$ 47.4 million. In addition, the unrecorded deferred tax in the amount of R\$ 11.0 million helped increase the effective IR/CS rate. For more details, see note 25.



FINANCIAL MANAGEMENT

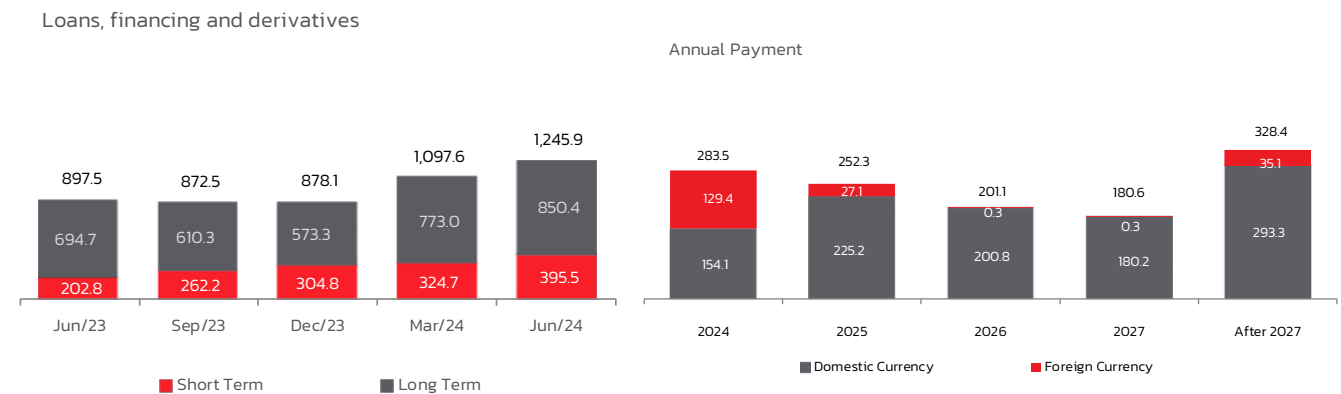
NET DEBT



The main indexes of consolidated gross debt at the end of 2Q24 were:

- > (i) lines in Reais indexed to the CDI, which accounted for 74.71% (average cost CDI + 1.47%);
- > (ii) lines in Euros (Euro + 2.0% per year) with 0.38%;
- > (iii) lines in Dollars (US\$ + average of 4.7% per year) with 15.05%;
- > (iv) lines in Reais indexed to others, which accounted for 9.86% (average cost CDI + 1.39%).

The following graphs show the debt breakdown at the end of 2Q24:



WORKING CAPITAL

	1H23	9M23	2023	1Q24	1H24
Resources Investment					
Customers	361,1	416,2	422,8	337,1	441,2
<i>In Days</i>	<i>31 d</i>	<i>35 d</i>	<i>35 d</i>	<i>28 d</i>	<i>36 d</i>
Inventory	829,9	836,3	783,5	833,3	844,9
<i>In Days</i>	<i>71 d</i>	<i>70 d</i>	<i>65 d</i>	<i>69 d</i>	<i>69 d</i>
Others Resources	124,8	128,7	109,4	118,8	122,4
Total of Resources Invested	1.315,8	1.381,2	1.315,7	1.289,2	1.408,4
Sources					
Suppliers*	-375,2	-385,4	-435,9	-366,3	-436,7
<i>In Days</i>	<i>32 d</i>	<i>32 d</i>	<i>36 d</i>	<i>30 d</i>	<i>36 d</i>
Others Resources	-216,4	-240,9	-212,8	-233,9	-220,2
Total of Sources	-591,6	-626,3	-648,7	-600,2	-656,9
WC in R\$	724,3	754,9	667,0	689,1	751,5
<i>WC in Days</i>	<i>62 d</i>	<i>63 d</i>	<i>55 d</i>	<i>57 d</i>	<i>61 d</i>

Values in R\$ million

*Total value is the sum of the Suppliers and Drawn Risk accounts

The first half of the year ended in line with the same period of the previous year. The most relevant factors are:

- Increase in the balance with customers due to the extension of the maturity dates of customer bonds in the Southern region of the country affected by the floods in May;
- Stocks affected by exchange rate change and increased purchases of co-manufactured products;
- The extension of payment terms with suppliers contributes to a higher balance.

FREE CASH FLOW

	1H23	9M23	2023	1Q24	1H24
EBITDA	363.9	554.1	667.2	154.0	266.3
Investments	-56.6	-74.1	-133.7	-21.6	-41.7
Financial Result	-41.2	-55.1	-15.9	51.4	64.7
Income and Social Taxes	-73.2	-111.2	-137.9	-59.2	-107.7
Working Capital Variation	-56.0	-86.6	1.2	-22.1	-84.5
Operating Cash Flow	136.8	227.0	381.0	102.6	97.1
Dividends/ROE	-46.7	-111.3	-111.3	-61.9	-97.2
Capital Integr. / Business Acquis.	-104.6	-108.8	-110.3	-12.5	-12.7
Debt Exchange Variation	0.0	0.0	0.0	0.0	0.0
Others	8.5	3.1	-98.0	7.1	50.0
Free Cash Flow	-6.0	10.1	61.4	35.2	37.2
NET DEBT (NET CASH)	-8.0	8.1	59.5	94.7	96.7

Values in R\$ million

The Company recorded R\$ 37.2 million in free cash flow in the first half of the year. Highlights include:

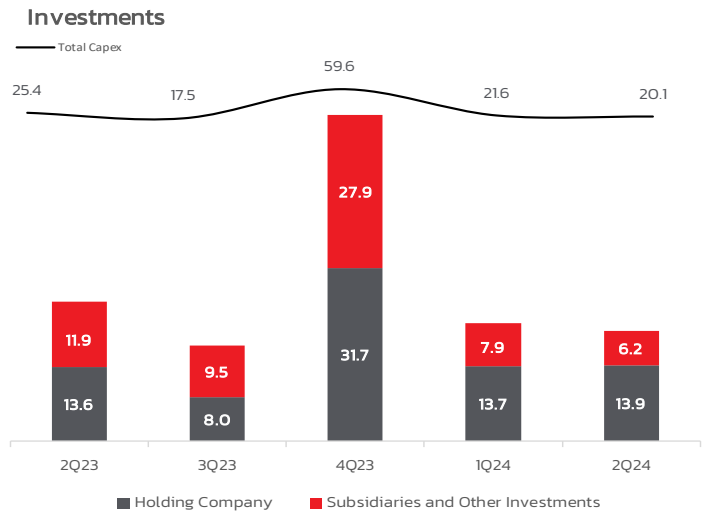
- Higher balance of Income Tax and Social Contribution related to the increase in the effective tax rate for one-off events and taxation on ICMS benefits;
- Payment of dividends in April in the amount of R\$ 35.3 million;
- Balance of capital payment driven by business combination in Armetal Autopartes S.A (R\$ 12.0 million) and in Nakata (R\$ 0.7 million);

- > Cash outflow of approximately R\$ 15.5 million related to compensation and other expenses related to the restructuring of Fanacif S.A.

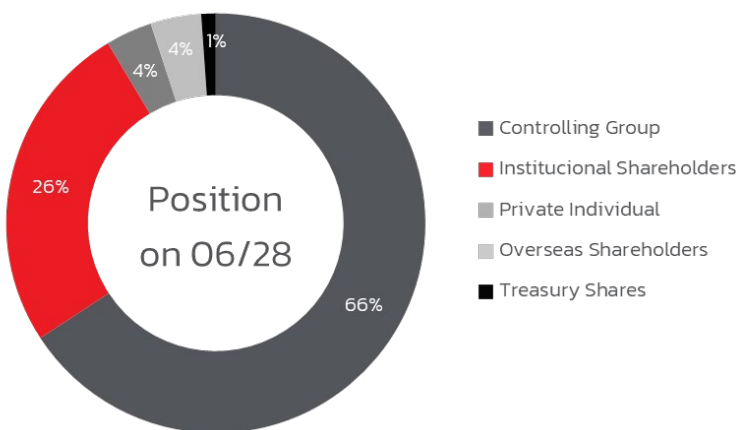
INVESTMENTS (CAPEX)

The quarter ended with R\$ 20.1 million invested, with the main highlights being:

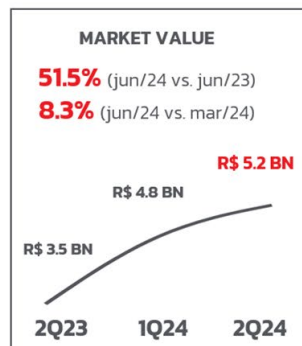
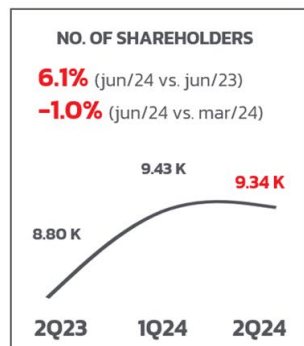
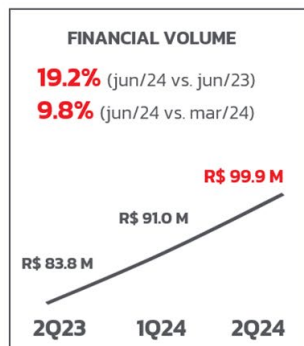
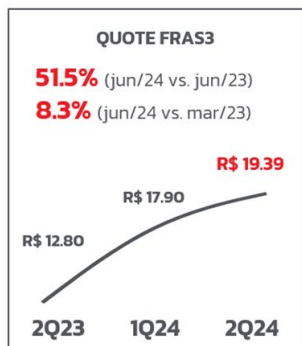
- > The parent company dedicated itself to projects related to increased productivity and in continuing the construction of the Green Boiler, a clean energy source to replace fossil fuels.
- > In the subsidiaries, ASK Fras-le (India) worked on tooling and machinery adjustments and Fremax remained active in the substation project, which aims to increase the plant's production capacity.



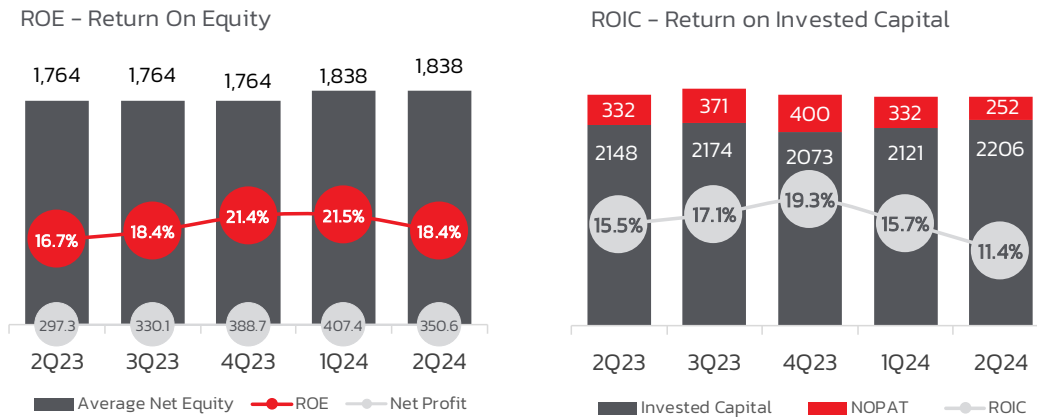
CAPITAL MARKET



During 2Q24, 16.8 million "FRAS3" shares were traded. During this period, the average daily trading volume was R\$ 4.8 million, 16.2% higher than the volume recorded in 2Q23. The Company's market value at the end of June reached R\$ 5.2 billion.



ROE AND ROIC



Reduction in ROIC related to one-off events that reduced EBIT, in addition to an increase in the effective tax rate (27.9% in 2Q23 vs. 41.7% in 2Q24).

SUBSEQUENT EVENTS - DIVIDENDS AND INTEREST ON EQUITY

According to the Material Fact, disclosed on July 17, 2024, the board members approved interest on equity in the amount of R\$ 65,654,245.43, which corresponds to the gross value of R\$ 0.245881 per share. To access the history, [click here](#).

APPENDICES

Appendix I

CONSOLIDATED STATEMENT OF INCOME

Values in Thousands of Reais

	2Q24	%	2Q23	%	1H24	%	1H23	%	Variations	
									2Q24/2Q23	2Q24/1Q24
Net Revenue	980,271	100.0%	919,552	100.0%	1,821,524	100.0%	1,758,326	100.0%	6.6%	3.6%
COGS – Cost of Goods Sold	-664,762	-67.8%	-599,064	-65.1%	-1,216,337	-66.8%	-1,141,639	-64.9%	11.0%	6.5%
Gross Profit	315,509	32.2%	320,488	34.9%	605,187	33.2%	616,688	35.1%	-1.6%	-1.9%
Selling Expenses	-94,908	-9.7%	-79,163	-8.6%	-174,133	-9.6%	-158,325	-9.0%	19.9%	10.0%
Administrative Expenses	-79,609	-8.1%	-64,136	-7.0%	-150,981	-8.3%	-119,635	-6.8%	24.1%	26.2%
Other Operation Expens./Incom.	-64,239	-6.6%	-21,152	-2.3%	-86,319	-4.7%	-35,629	-2.0%	203.7%	142.3%
Financial Result	13,237	1.4%	-20,412	-2.2%	64,684	3.6%	-41,244	-2.3%	164.9%	-256.8%
Financial Income	128,645	13.1%	84,602	9.2%	347,751	19.1%	148,312	8.4%	52.1%	134.5%
Financial Expenses	-148,156	-15.1%	-105,865	-11.5%	-372,966	-20.5%	-193,969	-11.0%	39.9%	92.3%
Monetary adjustment	32,748	3.3%	851	0.1%	89,899	4.9%	4,413	0.3%	3747.0%	1937.1%
Income Before Tax	89,863	9.2%	135,613	14.7%	258,207	14.2%	261,933	14.9%	-33.7%	-1.4%
Income and Social Tax	-48,472	-4.9%	-37,377	-4.1%	-107,669	-5.9%	-73,249	-4.2%	29.7%	47.0%
Net Profit	41,391	4.2%	98,235	10.7%	150,538	8.3%	188,684	10.7%	-57.9%	-20.2%
Attributable to non-controlling shar.	-1,529	-0.2%	-1,654	-0.2%	-3,025	-0.2%	-2,724	-0.2%	-7.6%	11.0%

Values in R\$ thousands

Appendix II
CONSOLIDATED BALANCE SHEET

Vaues in thousands of Reais

	06.30.24	06.30.23
Assets	4,477,997	3,893,066
Current Assets	2,818,426	2,310,073
Cash and Cash Equivalents	1,228,664	811,749
Financial Applications	161,594	205,926
Receivables	490,299	390,204
Inventory	844,865	829,941
Taxes Recoverable	92,722	72,253
Other Current Assets	282	0
Non-current Assets	1,659,571	1,582,993
Long-Term Realisable Assets	171,145	126,450
Investments	34,079	32,399
Fixed Assets and Leases	874,031	838,754
Intangible	580,316	585,390
Liabilities	4,477,997	3,893,066
Current Liabilities	1,177,028	874,859
Salaries and Charges	93,314	92,136
Suppliers	430,265	371,983
Tax Obligations	108,841	99,413
Loans and Financing	395,500	202,794
Others Obligations	144,896	99,329
Provisions	4,212	9,204
Non-current Liabilities	1,238,018	1,106,383
Loans and Financing	850,409	694,674
Others Obligations	259,464	307,791
Deferred Taxes	17,599	9,818
Provisions	109,071	92,356
Profits and Revenues to Be Appropriated	1,475	1,744
Equity	2,062,951	1,911,824
Social Capital	1,229,400	1,229,400
Capital Reserves	-16,556	-16,556
Profit Reserves	951,831	773,623
Other Comprehensive Results	-129,437	-90,552
Non-controlling Participation	27,713	15,909

Values in R\$ thousands

Appendix III

STATEMENTS OF CASH FLOW – INDIRECT METHOD

Values in thousands of Reais

	06.30.24	06.30.23
Operational Cash Flow		
Net Operational Cash	53,893	552,575
Cash generated from operations	348,498	356,223
Net Income for the Period	150,538	188,684
Depreciation and Amortization	73,318	60,752
Provision for Disputes	12,808	38,497
Provision for Doubtful Settlement Credit	-196	449
Other Provisions	-16,127	-3,080
Residual Cost of Assets and Leases Downloaded and Sold	6,662	1,099
Variation on Loans, Derivatives and Leases	91,109	33,816
Equity	231	-78
Provision for Income Tax and Current and Deferred Social Contribution	107,669	73,249
Provision for Obsolete Inventories and Negative Margin	4,935	-5,223
Monetary Correction Adjustment	-89,899	-4,413
Revenue From Active Lawsuits	-7,040	0
Impairment Reduction	15,904	-901
Clearing Retained Amounts in Business Combination	-1,414	-26,628
Changes in assets and liabilities	-294,605	196,352
Receivables	-20,718	307
Accounts Receivable from Customers	-19,745	-44,514
Inventory	-62,188	57,431
Suppliers	-4,600	-29,269
Accounts Payable	0	-49,249
Income Tax and Social Contribution Paid	-47,454	-20,225
Financial Investments	-220,982	286,913
Judicial Deposits	268	947
Taxes to be Recovered	-11,712	-5,989
Other Liabilities	92,526	0
Investment Cash Flow		
Net investment cash	-53,818	-157,039
Fixed and Intangible Purchases	-42,804	-56,624
Capital Payment in Affiliates	0	0
Business Combination	-11,014	-100,415
Cash From Financing Activities		
Net funding cash	178,177	-151,642
Payment Interest Equity and Dividends	-97,161	-46,737
Loans and Financial Instruments Taken	448,561	48,696
Payment of Loans and Financial Instruments	-107,592	-92,396
Interest Paid with Loans	-47,439	-55,077
Lease Payment	-18,192	-6,128
Payment of Capital	629,400	0
Funding Cash Flow	178,252	243,894

Values in R\$ thousands

Appendix IV

DETAILING BY PRODUCT FAMILY

Detailed description – Product family	
Friction Material	Brake linings for commercial vehicles, Brake pads for commercial vehicles, automobiles, motorcycles and small-sized aircraft, Brake linings for automobiles, railway shoes, Brake Shoes for commercial vehicles and automobiles clutch facings, molded linings, universal sheets and industrial products.
Components for the Brake System	Brake Discs, Brake Drums, Master Cylinder, Vacuum Booster, Wheel Cylinder, Wheel hubs, repair kits, actuators, and retaining valves.
Components for Suspension System, Steering, Powertrain	Shock absorbers, Suspension Plate, Bars, Pivots and Terminals, Rubber & Metal Rubber Parts, CV Joint, Crown and Pinion, Motorcycle – Suspension, Transmission & Brake, Suspension bushing kits, ball joints, gas and mechanical springs.
Other Various Products	Components for the Engine (Pistons, valves, water pumps, oil pumps, fuel pumps, hoses, air filters, gaskets), Packed liquids (Brake fluids, coolants, Antifreeze, anticorrosive, additives, Lubricants), Composite Materials, Other Various Products (Polymer materials that do not fall into the previous categories, Cardan shaft and accessories, bearings, cross pieces, axles, flange, linkage bar, reaction bar, side steering rod, rod ends, joints, backing plates, riveting machines, rivets, dies and iron and steel scrap).



NAKATA



COMPOSS

