

***RESULTS FOR THE  
2ND QUARTER OF  
2023***

**Caxias do Sul, August 08, 2023.** Frasle Mobility (Fras-le S.A.- B3: FRAS3) announces its results for the second quarter of 2023 (2Q23). The Company's financial information is consolidated in accordance with international standards IFRS – International Financial Reporting Standards and monetary values are denominated in Reais, except when otherwise indicated. Comparisons are made with the second quarter of 2022 (2Q22) and the first half of 2022 (1H22).

## HIGHLIGHTS



**Consolidated Net Revenue** was **R\$ 919.6 million**, in 2Q23, 17.5% up from 2Q22, reaching R\$ 1.8 billion in 1H23, 18.2% up from 1H22.

**Revenues from the International Market**<sup>1</sup> amounted to **US\$ 62.3 million** in 2Q23, 2.6% up from 2Q22. The first half ended at **US\$ 115.5 million**, which is 1.5% down from the same period last year.



**Gross Margin** reached **34.9%** in 2Q23, 5.4 percentage points up from 2Q22. In 1H23, gross margin was 35.1%, which is 6.5 percentage points up from 1H22.



**EBITDA** amounted to **R\$ 186.9 million** in 2Q23, 49.3% up from 2Q22 and 57.5% when compared to 1H23 x 1H22. **EBITDA margin** was **20.3%** in 2Q23, 4.3 percentage points up from 2Q22 and 5.2 percentage points up when compared to the half-year result. **ADJUSTED EBITDA** amounted to **R\$ 199.5 million** in 2Q23, with a margin of **21.7%**. Half-year result was **R\$ 376.6 million**, a **21.4% margin**.



**Net Margin** was **10.7%** in 2Q23, 2.1 percentage points higher than 2Q22. The first half of the year ends with the same margin and 4.4 percentage points higher than 1H22 (6.4% margin).



**Investments**<sup>2</sup> amounted to **R\$ 25.4 million** in 2Q23. Investments in the first half reached **R\$ 56.6 million**, of which R\$ 43.2 million correspond to the controlling company and R\$ 13.4 million to the controlled companies.



**Return on Invested Capital (ROIC)** reached **15.5%** in 2Q23, 4.9 percentage points higher than 2Q22.

MARKET CAP (30/06/2023) R\$ 3.5 bi

CLOSING QUOTE "FRAS3" R\$ 12.80

FREE FLOAT – 33.2%

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Videoconference of Results 2Q23

August 09, 2023, (Wednesday)

11 am Brasília | 10:00 a.m New York | 3:00 p.m London

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

**Forward-Looking Statements.** The statements contained in this report regarding FRASLE MOBILITY business prospects (FRAS-LE S.A.), 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 and the sector and international markets and may change.

<sup>1</sup>Value regarding to the sum of exports out of Brazil and revenues from our operations abroad, net of intercompany operations.

<sup>2</sup> Value regarding organic investments.

## **FRASLE MOBILITY UNIVERSE**

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### **INNOVATION, DURABILITY AND SUSTAINABILITY**

Fremax's sales of the Maxcoating product line started in June. The new line, unprecedented in the world, receives a protective coating containing nanoparticles of niobium pentoxide, which act to increase the painting's performance and resistance to corrosion. Such characteristics, associated with a water-based formulation, allow the application of thinner layers, increasing the useful life of the coating. The high performance against corrosion is ideal for using brake discs and drums in extreme weather conditions. The Maxcoating project with nanopaint has been developed in partnership with Herculio Randon Institute (IHR) and the company WEG Tintas, with the solution provided by NIONE. For more information, [click here](#).



### **THE BEST BRAKE PAD IN BRAZIL**

In May, Fras-le received the Inova 2023 Award, as the best brake pad. The award is the result of an annual study carried out by After.Lab, which recognizes the auto parts industries that stand out the most in light vehicle component retailers, based on their product portfolio, business performance and technical support. For more information [click here](#).

### **THE BEST OF THE YEAR**

In June, Fremax received the Gold seal - SINDIREPA-SP Award, showing its leadership in the brake disc category for seven years. The highlight is for the quality and performance of the product. In addition to confirming the market's preference, the brand invests in innovation and new technologies to provide the best consumer experience.

## **SUBSEQUENTE EVENTS**

### **PAYMENT OF INTEREST ON EQUITY (IOE)**

Pursuant to the Notice to Shareholders disclosed on July 17, 2023, the Company's Board of Directors approved the payment of interest on equity in the amount of R\$ 64.529.572,60, which corresponds to the gross amount of R\$ 0 241669 per share, the amount may be allocated to dividends for the fiscal year ending on December 31, 2023.

All holders of the Company's common shares included in the share base of July 20, 2023, and the shares to be traded "ex-right" to the Interest on Equity (IOE) will be entitled to receive the IOE as of July 21, 2023. Payment will begin on August 14, 2023.

## MESSAGE FROM MANAGEMENT

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Frasle Mobility's results in the first half of 2023 show the maturity of the company's business model, its strategy of diversifying products, brands and geographies and the support coming from its focus on the aftermarket. The amount of R\$ 1.8 billion – reached in the period – is historic and unprecedented and marks an important milestone of 18% growth compared to the excellent year of 2022.

Although the level of revenue is relevant, the quality of execution and the strength of the synergies that have been achieved over the last few years stand out. In the first half, margins and return on invested capital reached their highest levels in the Company's recent history. Although the current moment of deflation in materials may cause a slight decline in the future prices of the products offered by the company, it is undeniable that the legacy built for maintaining margins is positive, backed by greater efficiency, productivity, scale and business combination.

2Q23 also marks a period of building for the future, with the presentation of the new corporate brand Frasle Mobility and its avant premiere, concomitant with the Company's participation in Automec, the largest trade show in the automotive aftermarket in Latin America and one of the most important business platforms in the world in the same sector. Also, during the quarter, the Company launched the Composs platform – a smart materials business – of Maxcoating technology, which is a painting process using nanoparticles developed by Nione in cooperation with Weg Tintas. The process is used to paint Fremax brake discs. New features were also presented on the AutoExperts customer relationship platform.

The deliveries and results we have achieved so far create excellent paths for the future, supported by advances in new geographies, customer relationships, product offer and maintenance of the acquisition strategy, which, in its second cycle, already shows in this quarter the complete results of Juratek, acquired at the end of the first quarter. The world keeps on moving...

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## MAIN FIGURE

	2Q23	2Q22	Δ %	1Q23	Δ %	1H23	1H22	Δ %
<b>Net Revenue</b>	<b>919,6</b>	<b>782,6</b>	<b>17,5%</b>	<b>838,8</b>	<b>9,6%</b>	<b>1.758,3</b>	<b>1.487,4</b>	<b>18,2%</b>
Domestic Market	611,1	483,2	26,5%	562,0	8,7%	1.173,1	891,6	31,6%
Foreign Market	308,5	299,4	3,0%	276,7	11,5%	585,2	595,8	-1,8%
Foreign Market US\$	62,3	60,7	2,6%	53,3	16,9%	115,5	117,2	-1,5%
Exports - Brazil US\$ *	31,0	27,7	11,8%	25,6	21,3%	56,6	54,1	4,5%
<b>Gross Profit</b>	<b>320,5</b>	<b>230,5</b>	<b>39,1%</b>	<b>296,2</b>	<b>8,2%</b>	<b>616,7</b>	<b>425,0</b>	<b>45,1%</b>
Gross Margin	34,9%	29,4%	5,4 pp	35,3%	-0,5 pp	35,1%	28,6%	6,5 pp
<b>Operating Profit</b>	<b>156,0</b>	<b>96,7</b>	<b>61,4%</b>	<b>147,2</b>	<b>6,0%</b>	<b>303,2</b>	<b>174,7</b>	<b>73,6%</b>
Operating Margin	17,0%	12,4%	4,6 pp	17,5%	-0,6 pp	17,2%	11,7%	5,5 pp
<b>EBITDA</b>	<b>186,9</b>	<b>125,1</b>	<b>49,3%</b>	<b>177,1</b>	<b>5,5%</b>	<b>363,9</b>	<b>231,1</b>	<b>57,5%</b>
EBITDA Margin	20,3%	16,0%	4,3 pp	21,1%	-0,8 pp	20,7%	15,5%	5,2 pp
<b>Net Profit</b>	<b>98,2</b>	<b>66,8</b>	<b>47,0%</b>	<b>90,4</b>	<b>8,6%</b>	<b>188,7</b>	<b>94,7</b>	<b>99,3%</b>
Net Margin	10,7%	8,5%	2,1 pp	10,8%	-0,1 pp	10,7%	6,4%	4,4 pp
<b>Adjusted EBITDA</b>	<b>199,5</b>	<b>125,1</b>	<b>59,4%</b>	<b>177,1</b>	<b>12,7%</b>	<b>376,6</b>	<b>231,1</b>	<b>62,9%</b>
Adjusted EBITDA Margin	21,7%	16,0%	5,7 pp	21,1%	0,6 pp	21,4%	15,5%	5,9 pp
<b>Investments</b>	<b>25,4</b>	<b>12,9</b>	<b>96,8%</b>	<b>31,2</b>	<b>-18,4%</b>	<b>56,6</b>	<b>26,1</b>	<b>116,7%</b>
<b>ROIC</b>	<b>15,5%</b>	<b>10,6%</b>	<b>4,9 pp</b>	<b>13,3%</b>	<b>2,2 pp</b>	<b>15,5%</b>	<b>10,6%</b>	<b>4,9 pp</b>

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

(\*) Includes intercompany sales

	2Q23	2Q22	Δ %	1Q23	Δ %	1H23	1H22	Δ %
<b>Average price of the US dollar</b>	<b>4,95</b>	<b>4,92</b>	<b>0,6%</b>	<b>5,19</b>	<b>-4,7%</b>	<b>5,07</b>	<b>5,08</b>	<b>-0,1%</b>

## BUSINESS OVERVIEW IN THE QUARTER

The result for the quarter is the outcome of Fras-le's resilient history, added to the synergies coming from the acquisitions and from the good practices between the various business operations. The geographic layout and a broad portfolio with different solutions sets the Company as a benchmark in the automotive aftermarket segment with seventeen brands, five of which are iconic and globally known. As a result, the Company's revenue has grown 18.2% year-over-year, growing also in market value (R\$ 3.5 billion).

## Sales Performance

### Volume and Net Revenue by Product Family

Sales Volumes by Product Line in millions of pieces or liters																	
VOLUMES	2Q23		2Q22		Δ %		1Q23		Δ %		1H23		1H22		Δ %		
	Friction Material	26,3		25,5		3,0%	24,8		6,0%		51,0		49,3		3,5%		
	Components for the Brake System	2,6		2,2		17,4%	2,2		20,9%		4,8		4,3		10,1%		
	Components for the Suspension, Steering and Powertrain	4,9		4,2		16,8%	4,7		4,0%		9,5		8,1		17,2%		
Sales Revenue by Material in R\$ million																	
NET REVENUE	2Q23		2Q22		Δ %		1Q23		Δ %		1H23		1H22		Δ %		
	Friction Material	448,3	48,8%	386,2	49,3%	16,1%	397,0	47,3%	12,9%		845,3	48,1%	756,3	50,8%	11,8%		
	Components for the Brake System	195,1	21,2%	147,4	18,8%	32,4%	151,7	18,1%	28,6%		346,8	19,7%	266,2	17,9%	30,3%		
	Components for the Suspension, Steering and Powertrain	241,7	26,3%	208,9	26,7%	15,7%	235,6	28,1%	2,6%		477,3	27,1%	390,8	26,3%	22,1%		
	Other products *	34,4	3,7%	40,1	5,1%	-14,0%	54,6	6,5%	-36,9%		89,0	5,1%	74,2	5,0%	19,9%		
	<b>Total Net Revenue</b>	<b>919,6</b>	<b>100,0%</b>	<b>782,6</b>	<b>100,0%</b>	<b>17,5%</b>	<b>838,8</b>	<b>100,0%</b>	<b>9,6%</b>		<b>1.758,3</b>	<b>100,0%</b>	<b>1.487,4</b>	<b>100,0%</b>	<b>18,2%</b>		

The components are detailed at the end of this report.

Year-over-year, the Company has maintained growth in volume and revenue in all product families. Below are further details by family:

#### Friction Materials

- The Brazilian aftermarket is booming, both for light and heavy vehicles.
- New business deals, both for OEM and the aftermarket, were made by our subsidiaries in China and India. In addition, AML Juratek Limited, the Company's recent acquisition, contributed to the growth of friction materials.

#### Brake System Components

- Demand for Fremax brake discs remains higher than production capacity.
- The subsidiary Frasle Mobility Pinghu, in China, has gained new business in the aftermarket segment.

#### Suspension, Steering and Powertrain Components

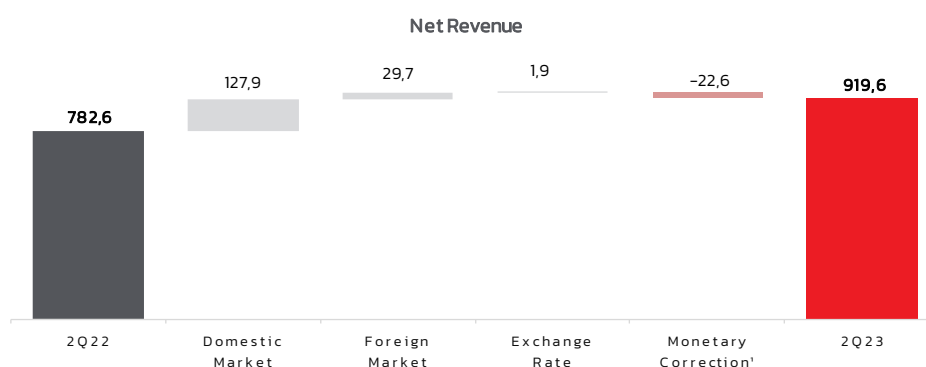
- The subsidiary Nakata maintains growth, boosted by the line of shock absorbers and new strategies for freight, purchases, increased productivity and logistics synergies at the warehouse in Extrema/MG.

#### Other Products

- The variation between 1Q23 x 2Q23 shows the suitability of AML Juratek Limited's revenue. In the first quarter of the year, revenue for March was incorporated into other products due to the recent acquisition process. In this quarter, revenue comes from friction materials and components for the brake system, thus contributing to the growth in replacement.

**NOTE:** It is worth noting that the performance of sales revenue by family of material does not necessarily reflect the same behavior in volumes, considering that there is variation in the exchange rate, mix of products and prices. For more details on the families, see Appendix IV.

Below is a graph in causal format showing the effects that changed the performance of consolidated net revenue in 2Q23 when compared to 2Q22:



Amounts in BRL Millions

<sup>1</sup> Economic update in highly inflationary economy as provided for in CPC 42/IAS 29

## Revenues by Market

Markets	Net Revenue by Markets												
	2Q23		2Q22		Δ %	1Q23		Δ %	1H23		1H22		Δ %
DM Aftermarket	549,0	59,7%	426,5	54,5%	28,7%	499,3	59,5%	10,0%	1.048,3	59,6%	781,1	52,5%	34,2%
DM OEM	62,0	6,7%	56,6	7,2%	9,6%	62,8	7,5%	-1,1%	124,8	7,1%	110,4	7,4%	13,0%
<b>Domestic Market</b>	<b>611,1</b>	<b>66,5%</b>	<b>483,2</b>	<b>61,7%</b>	<b>26,5%</b>	<b>562,0</b>	<b>67,0%</b>	<b>8,7%</b>	<b>1.173,1</b>	<b>66,7%</b>	<b>891,6</b>	<b>59,9%</b>	<b>31,6%</b>
FM Aftermarket	271,3	29,5%	256,4	32,8%	5,8%	239,1	28,5%	13,5%	510,4	29,0%	509,8	34,3%	0,1%
FM OEM	37,2	4,0%	43,1	5,5%	-13,7%	37,7	4,5%	-1,3%	74,8	4,3%	86,1	5,8%	-13,1%
<b>Foreign Market</b>	<b>308,5</b>	<b>33,5%</b>	<b>299,4</b>	<b>38,3%</b>	<b>3,0%</b>	<b>276,7</b>	<b>33,0%</b>	<b>11,5%</b>	<b>585,2</b>	<b>33,3%</b>	<b>595,8</b>	<b>40,1%</b>	<b>-1,8%</b>
Total Aftermarket Net	820,3	89,2%	682,9	87,3%	20,1%	738,4	88,0%	11,1%	1.558,7	88,6%	1.290,9	86,8%	20,7%
Total OEM Net Revenue	99,2	10,8%	99,7	12,7%	-0,5%	100,4	12,0%	-1,2%	199,6	11,4%	196,5	13,2%	1,6%
<b>Total Net Revenue</b>	<b>919,6</b>	<b>100%</b>	<b>782,6</b>	<b>100%</b>	<b>17,5%</b>	<b>838,8</b>	<b>100%</b>	<b>9,6%</b>	<b>1.758,3</b>	<b>100%</b>	<b>1.487,4</b>	<b>100%</b>	<b>18,2%</b>

Values in R\$ million

### Domestic Market (DM)

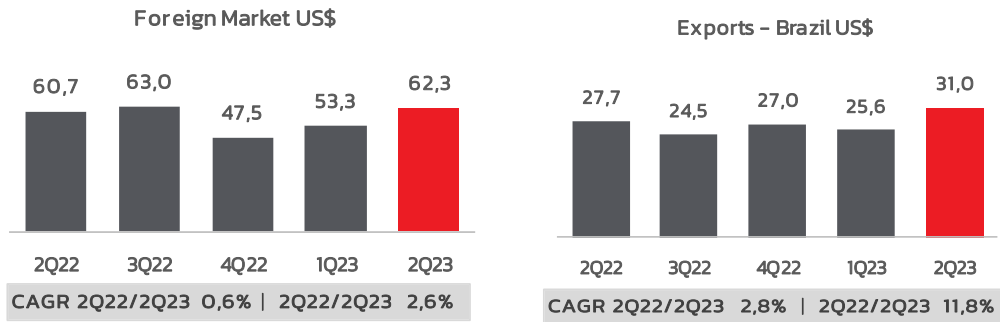
Revenue from the domestic market grew by 26.5% year-over-year. In the 1H23 x 1H22, the increase was 31.6%. Highlights of this variation:

- The replacement market remained heated due to the on-going high interest rates, leading consumers, in general, to prefer investing in repairs at workshops rather than purchasing brand-new vehicles. The business units with the best performance were Frasle Mobility site Caxias do Sul and Nakata.
- The OEM market suffers from halts in production. Difficulties have arisen due to reduced demand and high financing costs.

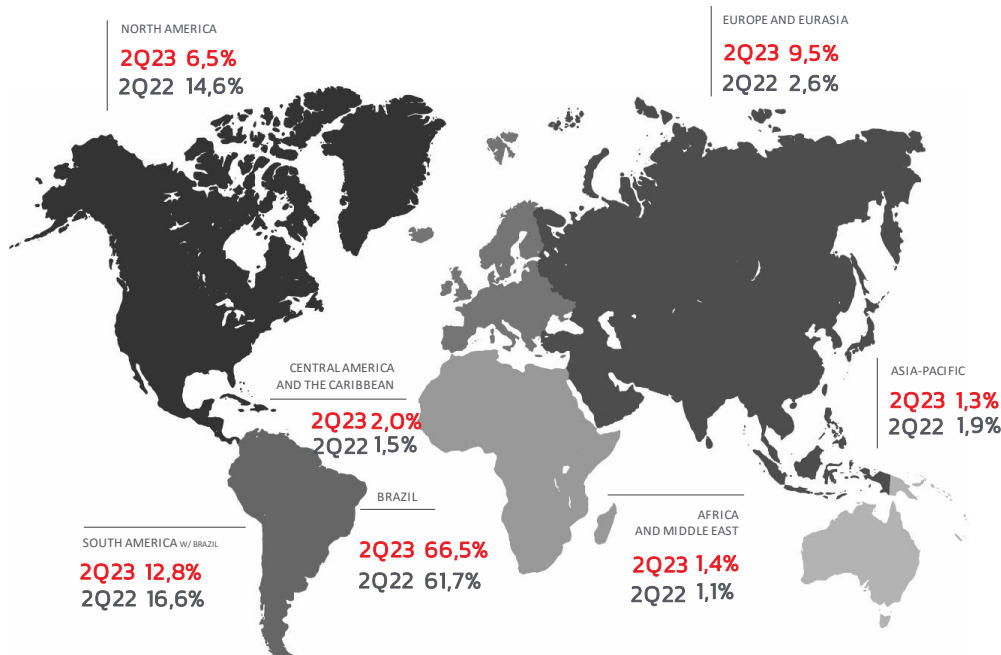
### International Market (IM)

The international market (sum of exports out of Brazil and revenue from our operations abroad), increased by 3.0% when compared to 1Q22 and decreased by 1.8% when compared to 1H23 x 1H22. The main highlights were:

- Reduction in the cost of sea freight is one of the stimuli for maintaining growth in the foreign market, accounting for 33.5% of the Company's net revenue.
- In the replacement market, gains come from the Chinese market, which has been fostered by new business with the opening following the post-Covid period. In addition, AML Juratek Limited is included in this quarter's results. In 2Q23, the new acquisition contributed R\$47.1 million in replacement revenue, already operating in an integrated manner with the other Frasle Mobility operations, in order to explore sales, sourcing and insourcing synergies.
- The market has been sluggish in the OEM segment. Exports out of Brazil were affected by exchange variation (Dollar x Real), in addition to the inflation on the American market, which affects the consumption chain.



### Net Revenue Breakdown in the Globe





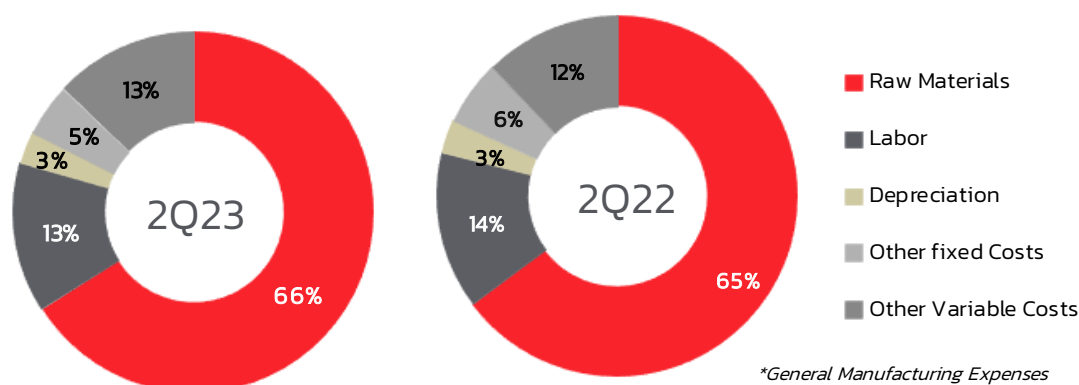
- **North America:** inflation in the United States continues at a high level. In addition, inventories are also very high in the market.
- **South America:** the warehouse in Colombia adds synergies from the conglomerate in terms of customer portfolio and logistics efficiency, adding market share. In Argentina, import restrictions and moderate economic activity remain, which keeps 2Q23 below 2Q22.
- **Europe:** the Company's geographical exposure, added to the brand positioning, strengthens operations on the continent and, in particular, at AML Juratek Limited, which captures synergies in performance. Inflation and the conflict between Russia and Ukraine remain a point of attention.
- **Asia:** India is growing in terms of new business in the OEM market, which also leverages the replacement segment both in the domestic market and in exports. Our operation in China stands out for its good results, driven by the post-Covid recovery, political-economic incentives and business consolidation.

## Operating Performance

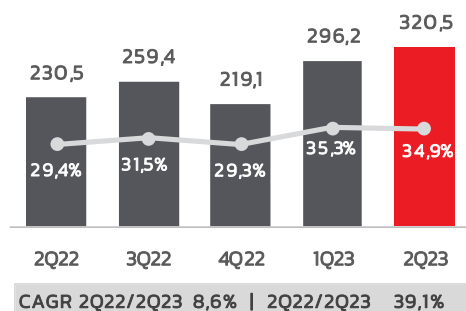
### Cost of Goods Sold (COGS) and Gross Profit

In 2Q23, cost of goods sold amounted to R\$ 599.1 million, accounting for 65.1% of net revenue, while 2Q22 ended with R\$ 552.1 million (70.6% of net revenue for the period).

Gross profit in 2Q23 was R\$ 320.5 million, with a gross margin of 34.9%, which is 5.5 percentage points above 2Q22 (margin of 29.4% and gross profit of R\$ 230.5 million). The chart below shows the breakdown of COGS:



### Gross Profit



2Q23 maintains the growing balance of the gross margin in the first half period, as a result of the exchange rate variation, management of raw material purchases, strategies for price negotiation of manufactured products, in addition to logistics intelligence and commercial strength.

## Operating Expenses and Revenues

	2Q23		2Q22		Δ %	1Q23		Δ %	1H23		1H22		Δ %
<b>Selling Expenses</b>	-79,2	-8,6%	-70,9	-9,1%	11,7%	-79,2	-9,4%	0,0%	-158,3	-9,0%	-132,3	-8,9%	19,7%
Variable Expenses w/ Sales	-31,6	-3,4%	-24,7	-3,1%	28,1%	-26,5	-3,2%	19,1%	-58,1	-3,3%	-46,9	-3,2%	23,9%
Other Expenses w/ Sales	-47,6	-5,2%	-46,2	-5,9%	2,9%	-52,7	-6,3%	-9,6%	-100,2	-5,7%	-85,4	-5,7%	17,4%
<b>Administrative Expenses</b>	-64,1	-7,0%	-50,4	-6,4%	27,4%	-55,5	-6,6%	15,6%	-119,6	-6,8%	-96,8	-6,5%	23,6%
<b>Other Net Expenses/Income</b>	-21,2	-2,3%	-12,5	-1,6%	69,0%	-14,5	-1,7%	46,1%	-35,6	-2,0%	-21,2	-1,4%	68,0%
Other Operating Expenses	-50,1	-5,4%	-18,4	-2,3%	172,8%	-17,9	-2,1%	179,3%	-68,0	-3,9%	-33,1	-2,2%	105,6%
Other Operating Income	28,9	3,1%	5,8	0,7%	395,1%	3,5	0,4%	736,3%	32,4	1,8%	11,9	0,8%	172,6%
<b>Equity Equivalence</b>	0,0	0,0%	0,0	0,0%	-64,4%	0,1	0,0%	-112,7%	0,1	0,0%	-0,1	0,0%	-213,1%
<b>Total Operating Exp/Income</b>	-164,5	-17,9%	-133,8	-17,1%	22,9%	-149,0	-17,8%	10,3%	-313,5	-17,8%	-250,3	-16,8%	25,3%

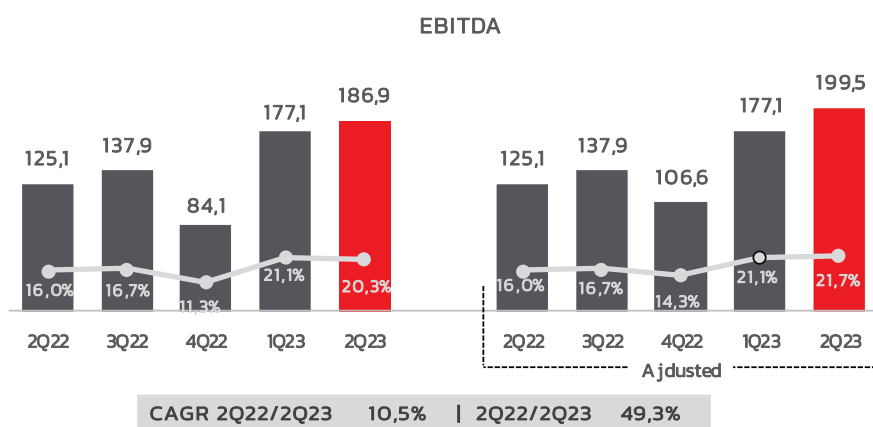
Values in R\$ millions and % over Net Revenue

The second quarter saw an increase of 22.9% in operating expenses compared to the same period of the previous year, in total operating expenses and revenues. Below, some highlights of the quarter:

- Selling and administrative expenses maintained their historic level, accounting for 15.6% of net revenue for the quarter.
- In the line Other Operating Expenses, a provision for disputes of the subsidiary Nakata is recorded in this quarter in the amount of R\$ 37.1 million.
- In Other Operating Revenues, the impact is R\$ 24.5 million due to the rescission action of the subsidiary Nakata, reflecting the effect mentioned above. For more information, see Note number 18.

## EBITDA and Adjusted EBITDA

Consolidated EBITDA reached R\$ 186.9 million in 2Q23 with a margin of 20.3%, 4.3 percentage points higher than in 2Q22. In accumulated terms, the first half of the year ended with R\$ 363.9 million and 20.7% of margin, which accounts for 5.2 percentage points of growth in relation to the same period.



EBITDA Reconciliation and Adjusted EBITDA								
	2Q23	2Q22	Δ %	1Q23	Δ %	1H23	1H22	Δ %
<b>Net Profit</b>	<b>98,2</b>	<b>66,8</b>	<b>47,0%</b>	<b>90,4</b>	<b>8,6%</b>	<b>188,7</b>	<b>94,7</b>	<b>99,3%</b>
Financial Result	20,4	3,9	429,5%	20,8	-2,0%	41,2	49,9	-17,3%
Depreciation	30,8	28,5	8,4%	29,9	3,2%	60,8	56,5	7,6%
Income Tax / Social Contribution	37,4	26,0	43,7%	35,9	4,2%	73,2	30,1	143,2%
<b>EBITDA</b>	<b>186,9</b>	<b>125,1</b>	<b>49,3%</b>	<b>177,1</b>	<b>5,5%</b>	<b>363,9</b>	<b>231,1</b>	<b>57,5%</b>
EBITDA Margin	20,3%	16,0%	4,3 pp	21,1%	-0,8 pp	20,7%	15,5%	5,2 pp
<b>Non-recurring Events</b>	<b>12,6</b>	<b>0,0</b>	<b>0,0%</b>	<b>0,0</b>	<b>0,0%</b>	<b>12,6</b>	<b>0,0</b>	<b>0,0%</b>
Rescission action Nakata	-24,5	0,0	0,0%	0,0	0,0%	-24,5	0,0	0,0%
Exclusion of ICMS from the PIS calculation base and COFINS	37,1	0,0	0,0%	0,0	0,0%	37,1	0,0	0,0%
<b>Adjusted EBITDA</b>	<b>199,5</b>	<b>125,1</b>	<b>59,4%</b>	<b>177,1</b>	<b>12,7%</b>	<b>376,6</b>	<b>231,1</b>	<b>62,9%</b>
EBITDA Margin - Adjusted	21,7%	16,0%	5,7 pp	21,1%	0,6 pp	21,4%	15,5%	5,9 pp

Values in R\$ million

Adjusted EBITDA in 2Q23 amounted to R\$ 199.5 million, with a margin of 21.7%, 5.7 percentage points above the same period of the previous year. The first half-year period ended with R\$ 376.6 million and 21.4% margin, a growth rate of 5.9 percentage points compared to 1H22. Below are the one-off effects of the quarter:

- The exclusion of ICMS from the PIS and COFINS calculation base (R\$ 37.1 million) refers to the rescission action filed by the Attorney General of the National Treasury ("PGFN") to partially overturn a favorable judgment aiming to exclude the compensation of amounts related to periods prior to March 15, 2017 (modulation of effects) and,
- Additionally, the R\$24.5 million reflects the amount retained in an escrow account, as explained above. For more information, see Note number 18.

## Financial Result

	2Q23	2Q22	Δ %	1Q23	Δ %	1H23	1H22	Δ %
Exchange Variation	39,4	84,3	-53,2%	28,5	38,4%	67,9	119,0	-42,9%
Interests on Capital Investment	98,3	33,9	190,2%	25,1	291,0%	123,5	41,5	197,6%
Present Value Adjust	10,0	6,4	56,8%	4,7	112,6%	14,7	9,0	63,0%
Other Financial Income	0,5	8,3	-93,6%	5,4	-90,0%	5,9	13,9	-57,5%
Monetary adjustment (IAS 29)	0,9	21,3	-96,0%	3,6	-76,1%	4,4	29,0	-84,8%
<b>Financial Income</b>	<b>85,5</b>	<b>103,6</b>	<b>-17,5%</b>	<b>67,3</b>	<b>27,0%</b>	<b>152,7</b>	<b>161,9</b>	<b>-5,7%</b>
Exchange Variation	-77,8	-98,3	-20,9%	-40,0	94,5%	-117,7	-151,4	-22,2%
Financing Interests	-62,9	-51,9	21,2%	-19,3	225,2%	-82,2	-75,6	8,8%
Present Value Adjust	-12,8	-18,6	-31,3%	-6,5	96,7%	-19,3	-23,9	-19,3%
Bank Expenses	-29,3	-21,2	38,6%	-14,3	104,9%	-43,6	-33,6	29,9%
Other Financial Expenses	-11,2	-21,9	-48,5%	-8,0	40,8%	-19,2	-31,7	-39,3%
<b>Financial Expenses</b>	<b>-105,9</b>	<b>-107,5</b>	<b>-1,5%</b>	<b>-88,1</b>	<b>20,2%</b>	<b>-194,0</b>	<b>-211,8</b>	<b>-8,4%</b>
<b>Financial Result</b>	<b>-20,4</b>	<b>-3,9</b>	<b>429,5%</b>	<b>-20,8</b>	<b>-2,0%</b>	<b>-41,2</b>	<b>-49,9</b>	<b>-17,3%</b>

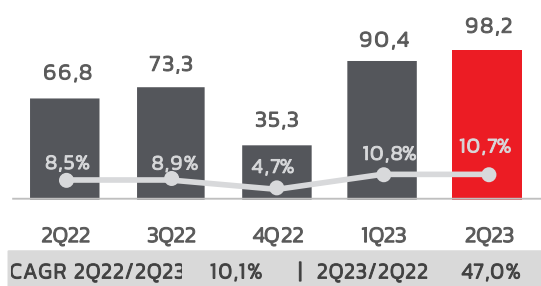
Values in R\$ millions

The Company's net financial result amounted to a negative R\$ Net 20.4 million in 2Q23, with emphasis on:

- Appreciation of 4.7% of the Real against the average US Dollar in the period 2Q23 x 1Q23.
- Increase in interest on income from financial investments and on interest paid on financing based on the Selic rate.
- Variation in the adjustment for inflation line (IAS 29), impacted by the restriction on imports in operations located in Argentina.

## Net Profit

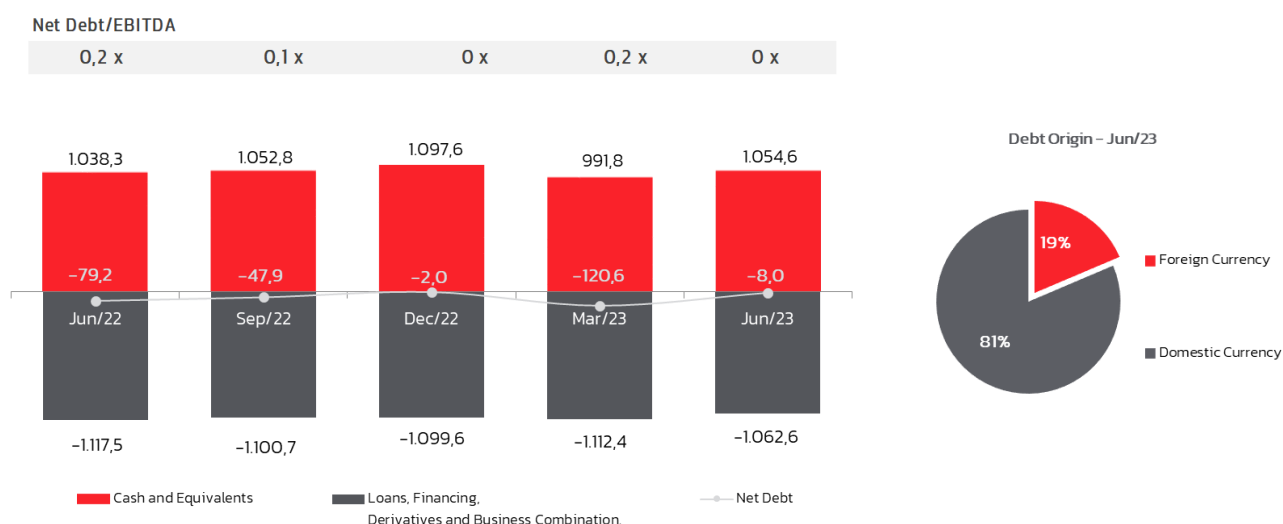
Net Profit



When combining the factors listed above, net income is R\$ 98.2 million in 2Q23, with a net margin of 10.7%. It is important to highlight that one-off events adjusted in EBITDA have zero net impact on net income.

## Financial Result

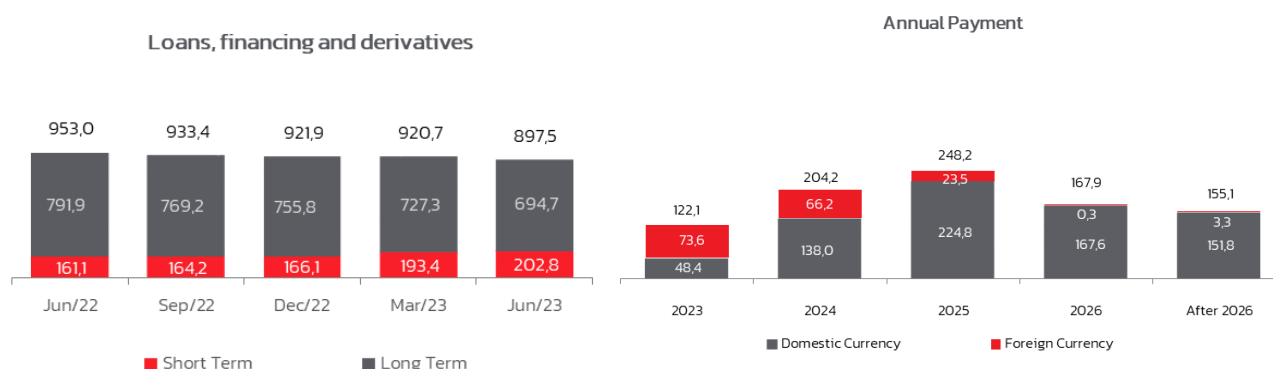
### Net Debt



The main indexes of consolidated gross debt at the end of 2Q23 were:

- (i) lines in Reais indexed to the CDI, which accounted for 79.33% (average cost CDI + 1.62%)
- (ii) lines in Euros (Euro + 2.0% pa) with 0.51%
- (iii) lines in Pounds (Pounds + 2.30% per year) with 2.80%
- (iv) lines in Dollars (US\$ + average of 3.4% per year) with 15.29%
- (v) lines in Reais indexed to others, accounting for 2.07% (average CDI cost + 1.57%)

The following charts break down the debt at the end of 1H23:



## Working Capital

	1H22	9M22	2022	1Q23	1H23
<b>Resources Investment</b>					
Customers	370,6	319,9	271,7	354,1	361,1
<i>In Days</i>	<i>37d</i>	<i>30d</i>	<i>25d</i>	<i>31d</i>	<i>31d</i>
Inventory	786,1	853,0	857,7	852,3	829,9
<i>In Days</i>	<i>79d</i>	<i>81d</i>	<i>80d</i>	<i>76d</i>	<i>71d</i>
Others Resources	122,7	121,3	116,4	118,9	124,8
<b>Total of Resources Invested</b>	<b>1.279,3</b>	<b>1.294,3</b>	<b>1.245,8</b>	<b>1.325,3</b>	<b>1.315,8</b>
<b>Sources</b>					
Suppliers	-345,5	-366,3	-388,2	-358,9	-375,2
<i>In Days</i>	<i>35d</i>	<i>35d</i>	<i>36d</i>	<i>32d</i>	<i>32d</i>
Others Resources	-206,7	-184,4	-160,9	-239,0	-216,4
<b>Total of Sources</b>	<b>-552,2</b>	<b>-550,7</b>	<b>-549,2</b>	<b>-597,9</b>	<b>-591,6</b>
<b>WC in R\$</b>	<b>727,0</b>	<b>743,6</b>	<b>696,6</b>	<b>727,4</b>	<b>724,3</b>
<i>WC in Days</i>	<i>80d</i>	<i>71d</i>	<i>65d</i>	<i>65d</i>	<i>62d</i>

Values in R\$ million

The Company maintains a straight-line working capital for the first half of the year due to exchange variation (average closing rate USD/BRL 5.19 in 1Q23 versus 4.95 in 2Q23). In terms of investment of resources, the line of customers is increased due to the increase in sales of AML Juratek Limited. The variation in suppliers is the result of the acquisition of property, plant and equipment for the subsidiary Frasle Mobility North America and the recomposition of steel inventory in the parent company.

## Free Cash Flow

	1H22	9M22	2022	1Q23	1H23
<b>EBITDA</b>	<b>231,1</b>	<b>369,0</b>	<b>453,1</b>	<b>177,1</b>	<b>363,9</b>
Investments	-26,1	-46,9	-106,4	-31,2	-56,6
Financial Result	-49,9	-61,0	-84,2	-20,8	-41,2
Income and Social Taxes	-30,1	-54,2	-45,5	-35,9	-73,2
Working Capital Variation	13,7	-2,8	44,2	-30,8	-56,0
<b>Operating Cash Flow</b>	<b>138,8</b>	<b>204,1</b>	<b>261,2</b>	<b>58,4</b>	<b>136,8</b>
Dividends/ROE	-46,3	-70,1	-70,1	-46,7	-46,7
Capital Integr. / Business Acquis.	614,3	613,4	595,8	-102,5	-104,6
Debt Exchange Variation	0,0	0,0	0,0	0,0	0,0
Others	-47,0	-57,6	-49,9	-27,7	8,5
<b>Free Cash Flow</b>	<b>659,8</b>	<b>689,7</b>	<b>737,0</b>	<b>-118,6</b>	<b>-6,0</b>
<b>NET DEBT (NET CASH)</b>	<b>-79,2</b>	<b>-49,2</b>	<b>-2,0</b>	<b>-120,6</b>	<b>-8,0</b>

Values in R\$ million

The Company's operating cash in the first half was R\$136.8 million. Regarding the results, the following stands out:

- Increased gross cash generation.

- Investments grow in 1H23 x 1H22 analysis, reflecting the post-Covid economic recovery. In this quarter, the main highlights are the projects aimed at increasing productivity.
- In the line of capital payment/business acquisition in 2Q22, the Company carried out the follow-on, raising a net amount of R\$ 617.5 million with payment of R\$ 2.7 million for the Randon Technological Center (Centro Tecnológico Randon – CTR). In 1Q23, the Company spent R\$ 101.1 million for the acquisition of AML Juratek.
- The account Others has the one-off effect mentioned above in the EBITDA and Adjusted EBITDA section.

## Dividends and Interest on Equity

The table below shows the payment history of Interest on Equity and Dividends:

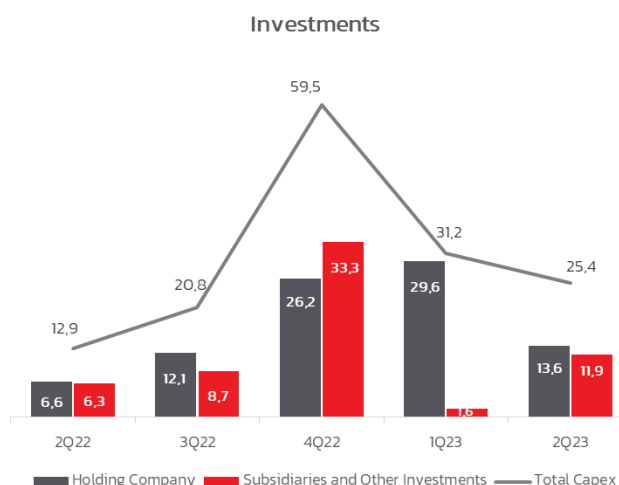
Approval Date	Earnings	Amount	Value per common	Date of Payment	Ex-dividend
07/17/2023	Interest on Equity	64,5	0,24167	08/14/2023	07/21/2023
12/14/2022	Interest on Equity	46,7	0,17503	01/19/2023	12/22/2022
07/13/2022	Interest on Equity	23,8	0,08920	08/24/2022	07/20/2022
04/12/2022	Remaining Dividends	23,3	0,08720	04/28/2022	04/19/2022

Values in R\$ million

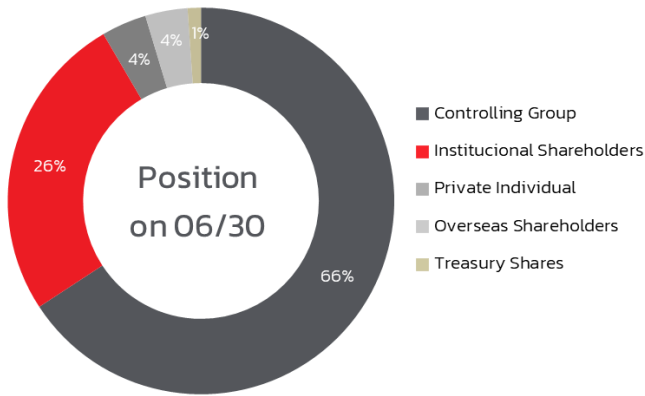
## Investments (Capex)

In the second quarter, investments totalled R\$ 25.4 million, with emphasis on:

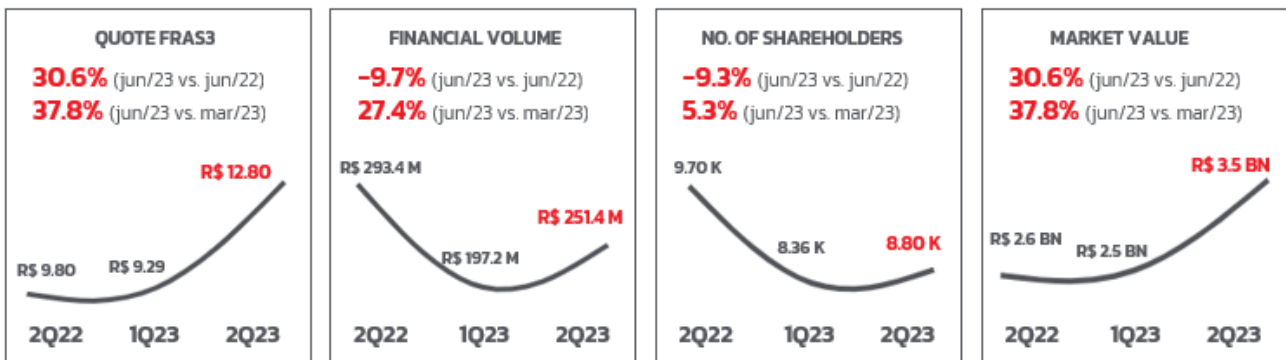
- The Parent Company acquired machinery to restructure the line of brake pads for heavy vehicles aiming to increase productivity, totalling R\$ 13.6 million.
- In the subsidiaries, the total amount invested was R\$ 11.9 million. Worth noting was the acquisition of machines for Frasle Mobility North America, also aimed at increasing productivity and machining capacity of pistons for Controil.



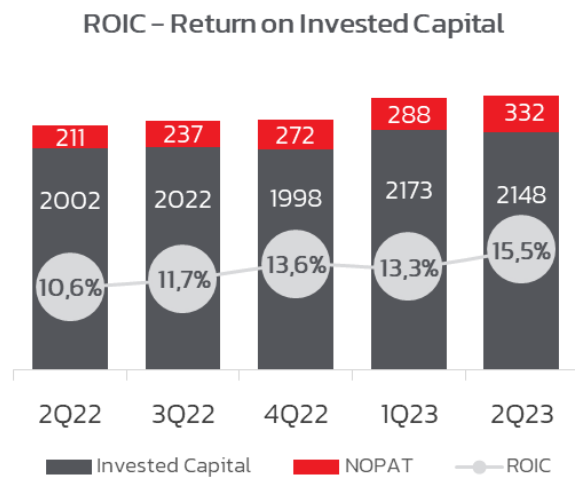
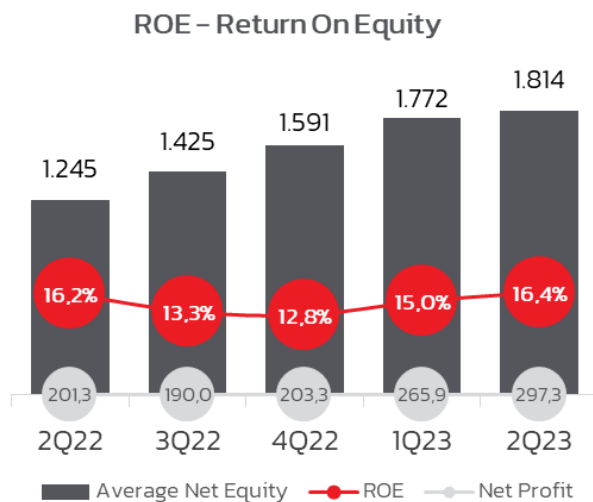
## Capital Market



In 2Q23, 23.3 million “FRAS3” shares were traded. In this period, an average daily trading volume of BRL 4.1 million, 12.8% lower than the volume recorded in 2Q22. The Company’s market value at the end of June reached R\$ 3.5 billion.



## ROE and ROIC





## APPENDICES

### Appendix I

#### CONSOLIDATED STATEMENT OF INCOME

Values in thousands of Reais

	2Q23	%	2Q22	%	1H23	%	1H22	%	Variations	
									2Q23/2Q2	1H23/1H22
<b>Net Revenue</b>	<b>919.552</b>	<b>100,0%</b>	<b>782.595</b>	<b>100,0%</b>	<b>1.758.326</b>	<b>100,0%</b>	<b>1.487.416</b>	<b>100,0%</b>	<b>17,5%</b>	<b>18,2%</b>
COGS – Cost of Goods Sold	-599.064	-65,1%	-552.126	-70,6%	-1.141.639	-64,9%	-1.062.461	-71,4%	8,5%	7,5%
<b>Gross Profit</b>	<b>320.488</b>	<b>34,9%</b>	<b>230.469</b>	<b>29,4%</b>	<b>616.688</b>	<b>35,1%</b>	<b>424.956</b>	<b>28,6%</b>	<b>39,1%</b>	<b>45,1%</b>
Selling Expenses	-79.163	-8,6%	-70.890	-9,1%	-158.325	-9,0%	-132.254	-8,9%	11,7%	19,7%
Administrative Expenses	-64.136	-7,0%	-50.358	-6,4%	-119.635	-6,8%	-96.761	-6,5%	27,4%	23,6%
Other Operation Expens./Incom.	-21.152	-2,3%	-12.516	-1,6%	-35.629	-2,0%	-21.209	-1,4%	69,0%	68,0%
<b>Financial Result</b>	<b>-20.412</b>	<b>-2,2%</b>	<b>-3.855</b>	<b>-0,5%</b>	<b>-41.244</b>	<b>-2,3%</b>	<b>-49.857</b>	<b>-3,4%</b>	<b>-429,5%</b>	<b>-17,3%</b>
Financial Income	85.453	9,3%	103.643	13,2%	152.725	8,7%	161.934	10,9%	-17,5%	-5,7%
Financial Expenses	-105.865	-11,5%	-107.497	-13,7%	-193.969	-11,0%	-211.791	-14,2%	-1,5%	-8,4%
<b>Income Before Tax</b>	<b>135.613</b>	<b>14,7%</b>	<b>92.819</b>	<b>11,9%</b>	<b>261.933</b>	<b>14,9%</b>	<b>124.805</b>	<b>8,4%</b>	<b>46,1%</b>	<b>109,9%</b>
Income and Social Tax	-37.377	-4,1%	-26.013	-3,3%	-73.249	-4,2%	-30.120	-2,0%	43,7%	143,2%
<b>Net Profit</b>	<b>98.236</b>	<b>10,7%</b>	<b>66.806</b>	<b>8,5%</b>	<b>188.684</b>	<b>10,7%</b>	<b>94.684</b>	<b>6,4%</b>	<b>47,0%</b>	<b>99,3%</b>
Attributable to non-controlling shar.	-1.654	-0,2%	-16	0,0%	-2.724	-0,2%	582	0,0%	10376,5%	-568,2%

Values in R\$ thousands

## Appendix II

### CONSOLIDATED BALANCE SHEET

Values in thousands of Reais

	06.30.23	06.30.22
<b>Assets</b>	<b>3.893.066</b>	<b>3.719.951</b>
<b>Current Assets</b>	<b>2.310.073</b>	<b>2.296.163</b>
Cash and Cash Equivalents	811.749	676.164
Financial Applications	205.926	328.602
Receivables	390.204	370.127
Inventory	829.941	786.052
Taxes Recoverable	72.253	92.989
Others Current Assets	0	42.229
<b>Non-current Assets</b>	<b>1.582.993</b>	<b>1.423.788</b>
Long-Term Realisable Assets	126.450	117.437
Investments	32.399	31.400
Fixed Assets and Leases	838.754	787.650
Intangible	585.390	487.301
<b>Liabilities</b>	<b>3.893.066</b>	<b>3.719.952</b>
<b>Current Liabilities</b>	<b>874.859</b>	<b>784.952</b>
Salaries and Charges	92.136	69.271
Suppliers	371.983	323.573
Tax Obligations	99.413	81.458
Loans and Financing	202.794	161.119
Others Obligations	99.329	131.515
Derivative Financial Instruments	0	796
Lease	0	17.220
Provisions	9.204	0
<b>Non-current Liabilities</b>	<b>1.106.383</b>	<b>1.171.369</b>
Loans and Financing	694.674	791.892
Others Obligations	307.791	26.617
Provisions	92.356	44.767
Subsidy Tax Incentive	0	2.013
Business Combination	0	158.511
Lease	0	141.362
Profits and Revenues to Be Appropriated	1.744	0
Deferred Taxes	9.818	6.207
<b>Equity</b>	<b>1.911.824</b>	<b>1.763.631</b>
Social Capital	1.212.844	1.229.400
Profit Reserves	773.138	549.889
Other Comprehensive Results	-90.552	-5.243
Tax Incentive Reserve	13.837	10.745
Costs with Issue of Shares	0	-16.556
Stocks in Treasury	-13.352	-13.352
Non-controlling Participation	15.909	8.748

Values in R\$ thousands

## Appendix III

### STATEMENTS OF CASH FLOW – INDIRECT METHOD

Amounts in thousands of Reais

	06.30.23	06.30.22
<b>Operational Cash Flow</b>		
<b>Net Operational Cash</b>	<b>552.575</b>	<b>-157.456</b>
<b>Cash generated from operations</b>	<b>356.223</b>	<b>182.837</b>
Net Income for the Period	188.684	94.684
Depreciation and Amortization	60.752	56.474
Provision for Disputes	38.497	5.262
Provision for Doubtful Settlement Credit	449	-139
Other Provisions	-3.080	-12.750
Residual Cost of Assets and Leases Downloaded and Sold	1.099	2.732
Variation on Loans, Derivatives and Leases	33.816	38.091
Equity	-78	69
Provision for Income Tax and Current and Deferred Social Contribution	73.249	30.120
Provision for Obsolete Inventories and Negative Margin	-5.223	1.522
Monetary Correction Adjustment	-4.413	-29.036
Revenue From Active Lawsuits	0	-9.881
Impairment Reduction	-901	1.842
Clearing Retained Amounts in Business Combination	-26.628	3.847
<b>Changes in assets and liabilities</b>	<b>196.352</b>	<b>-340.293</b>
Receivables	307	-13.179
Accounts Receivable from Customers	-44.514	-100.671
Inventory	57.431	42.037
Suppliers	-29.269	13.505
Accounts Payable	-49.249	7.079
Income Tax and Social Contribution Paid	-20.225	-4.801
Financial Investments	286.913	-330.179
Judicial Deposits	947	922
Taxes to be Recovered	-5.989	44.994
<b>Investment Cash Flow</b>		
<b>Net investment cash</b>	<b>-157.039</b>	<b>-28.828</b>
Fixed and Intangible Purchases	-56.624	-26.124
Capital Payment in Affiliates	0	-2.704
Business Combination	-100.415	0
<b>Cash From Financing Activities</b>		
<b>Net funding cash</b>	<b>-151.642</b>	<b>512.577</b>
Payment Interest Equity and Dividends	-46.737	-43.808
Loans and Financial Instruments Taken	48.696	93.652
Payment of Loans and Financial Instruments	-92.396	-116.578
Interest Paid with Loans	-55.077	-40.566
Lease Payment	-6.128	-9.523
Payment of Capital	629.400	0
<b>Funding Cash Flow</b>	<b>243.894</b>	<b>326.293</b>

Values in R\$ thousands

## Appendix IV COMPONENTS BY PRODUCT FAMILY

Detailed description – Product family	
Friction Material	Brake linings for commercial vehicles (Blocks), Brake Pads, Other Friction Materials <sup>1</sup>
Components for the Brake System	Discs, Drums, Master cylinders, Wheel Cylinders.
Components for Suspension System, Steering, Powertrain	Shock absorbers, shock absorber kits, suspension bushings, pivots, suspension trays, ball joints, homokinetic joints, linkage bars and wheel hubs.
Other Various Products	Engine components <sup>2</sup> , Packed liquids <sup>3</sup> , Other <sup>4</sup> .
<p><i>(Braking linings for automobiles, railway shoes, brake shoes for commercial vehicles and automobiles, clutch facings, molded brake linings, universal sheets and industrial products)<sup>1</sup>(Pistons, Valves, Water Pumps, Oil Pumps, fuel pumps, Hoses, Air Filters and Gaskets <sup>2</sup> (Brake fluids, coolants, anticorrosive, antifreezes, concentrated Additives, Lubricators.) <sup>3</sup> (Brake fluids, coolants, anticorrosive, antifreezes, concentrated Additives, Lubricators.) <sup>4</sup> (Servo brakes, Repair Kits, Actuators, Retaining Valves, Polymer materials that do not fall into the categories above, differential shaft components, Bearings, Crosspieces, Shafts, Repair Kits, Crowns, Pinions, homokinetic joints, Flanges, Tie Rod ends, Steering Bars, Connection Bars, Tie rod ends, CV joints, Braking plates, Riveting machines, Dies, Iron and Steel Scrap (and composite materials).</i></p>	

