

FRAS'LE[®]



*WE DO OUR PART
TO KEEP YOUR
LIFE IN MOTION.*

**RELEASE OF
RESULTS FOR THE
4TH QUARTER AND
12-MONTH PERIOD**

RI.FRAS-LE.COM.BR



FRAS

B3 LISTED N1

Caxias do Sul, RS, February 23, 2022. Fras-le S.A. (B3: "FRAS3"), which stands out for being an Aftermarket powerhouse in auto parts, bringing together iconic products and brands in its portfolio, in addition to being the largest manufacturer of friction material in Latin America and one of the market leaders worldwide, is pleased to report its results for the fourth quarter of 2021 (4Q21) and 12-month period of 2021 (2021). The financial and operating information of the Company is consolidated in compliance with the International Financial Reporting Standards (IFRS) and the monetary values are denominated in Reais, except when otherwise indicated. Comparisons are made with the fourth quarter of 2020 (4Q20).

MARKET CAP (DEC 31, 2021)

R\$ 3.0 billion

"FRAS3" Quote (Dec 21, 2021)

R\$ 13.93

CONFERENCE CALL OF RESULTS

In Portuguese, with simultaneous translation into English.

FEBRUARY 24, 2022, (Thursday)

11:00 AM Brasília

10:00 AM New York

3:00 PM London

Access Link:

Portuguese: [click here](#)

English: [click here](#)

REPLAY:

It will be available on:
ri.fras-le.com/

Financial Highlights

»»» Total Gross Revenue, with no elimination:

4Q21: R\$ 937.9 million, 12,6% up from 4Q20.

2021: R\$ 3.6 billion, 53.8% up from 2020.

»»» Net Revenue:

4Q21: R\$ 685.1 million, 15.1% up from 4Q20.

2021: R\$ 2.6 billion, 54.5% up from 2020.

»»» Sales in the Foreign Market (Exports + overseas operations):

4Q21: US\$ 47.1 million, 24.3% up from 4Q20.

2021: US\$ 183.8 million, 26.1% up from 2020.

»»» Gross Profit:

4Q21: R\$ 181.5 million, 3.2% up from 4Q20.

2021: R\$ 748.3 million, 55.9% up from 2020.

»»» EBITDA:

4Q21: R\$ 59.8 million, 61.8% down from 4Q20.

2021: R\$ 388.1 million, 17.3% up from 2020.

»»» ADJUSTED EBITDA A:

4Q21: R\$ 83.2 million, 27.0% down from 4Q20.

2021: R\$ 413.3 million, 46.0% up from 2020.

»»» Net Result:

4Q21: R\$ 22.0 million, 82.9% down from 4Q20.

2021: R\$ 210.6 million, 15.7% up from 2020.



“The culture of innovation has unfolded in many planning routes in recent decades, which, in addition to growth and expansion, have also reinforced the Company’s presence with customers, markets and geographies”.

WORD FROM MANAGEMENT_

Innovation and research have always been decisive in Fras-le's business agenda. This has provided support, growth, and relevance in several markets - including the most competitive and demanding ones. This is part of the Company's DNA, a culture that goes beyond laboratories, proving grounds, engineering departments and transcends our customers' means of production, relationship, and experience.

The culture of innovation has unfolded in many planning routes in recent decades, which, in addition to growth and expansion, have also reinforced the Company's presence with customers, markets and geographies.

In 2021, this was no different. Despite all the adversities, the year has plenty of reasons to celebrate. We have a series of small and relevant movements to be accounted for: the birth of the Smart Materials line, the beginning of the exploration of the nanoparticle patent by NIONE, the search for parts by plates on our relationship platform with the Auto Experts market, and many other achievements. These are important milestones in setting the course, today, for the future.

Also, this year, and in terms of operations, Nakata's acquisition completed its first year, where the integration synergies showed to be significant. The difficulties and complexity imposed by the COVID-19 were managed by a team of excellence that has adopted different resolutions to problems such as inflation, scarcity of materials and logistic difficulties, in addition to the related health issues themselves.

In this quarter (4th), the demand for our products and services has remained satisfactory and the result of our operations was once again robust. Revenue levels make this quarter the best of the year. However, a series of events, most of them without recurrence, can affect the perception of the quality of these results. Throughout this document, these points will be extensively detailed and clarified.

Although complex and full of lessons, 2021 was a memorable year in Fras-le's history.





»»» FRAS-LE UNIVERSE_

APIMEC IBRI Award

The name of Fras-le's Investor Relations Officer - Hemerson Fernando de Souza, was among the five most voted in the Best IR Professional - Small/Middle Cap category in an award promoted by APIMEC BRASIL (Association of Analysts and Investment Professionals of the Capital Markets in Brazil) and the IBRI (Brazilian Institute of Investor Relations).



Quality Award 2021

For the 3rd consecutive year, Fras-le held one of the best evaluated Apimec meetings of 2021. The choice of the best meeting was made by a qualified jury guided by the tabulation of the evaluations of investment professionals, which was made at the end of each APIMEC meeting held in 2021. Once again, being among the best evaluated reaffirms the commitment to transparency with analysts, investors and the market in general.



This event was recorded and can be accessed on the official Fras-le YouTube page, or by [clicking here](#).

ESG Panel

In this space, we highlight the actions carried out by the Company in 4Q21 related to the Environmental, Social and Governance pillars.

ENVIRONMENTAL COMPENSATION:

As part of the Company's public sustainability strategies and commitments, Fras-le has established a partnership with Eureciclo, a technology company that tracks the recycling chain and creates value for all the agents involved in this process. Through the agreement, the Group's companies encourage conscious consumption, funding environmental compensation actions for the impact caused by the packaging of the products produced.

Through the partnership, Eureciclo sends waste aimed at being recycled to associations of recyclers and promotes the measures of the chain agents throughout the country in amounts equivalent to, at least, 22% of the total packaging generated with the products of the companies Fras-le, Controil, Fremax and Nakata. This accounts for around 448 tonnes of waste recycled through compensation annually.

NANOTECHNOLOGY:

NIONE, a unit of Randon Companies and Fras-le that operates in the development, production and application of nanotechnology, has introduced its first product to the market: a pre-mixture with niobium oxide nanoparticles, which will serve as a base for application in protective coatings. The addition of this product to the coating provides gains in corrosion resistance, color and gloss durability, in addition to allowing ultra-fast drying, with gains in the application process. The novelty was presented at the opening of the Company's manufacturing unit, located in the city of Içara, in the southern region of Santa Catarina.



»»» MAIN FIGURES

	4Q21	4Q20	Δ %	3Q21	Δ %	2021	2020	Δ %
Gross Revenue*	937.9	832.7	12.6%	932.5	0.6%	3,649.4	2,372.2	53.8%
Net Revenue	685.1	595.3	15.1%	657.3	4.2%	2,582.2	1,670.8	54.5%
Domestic Market	422.9	391.0	8.2%	395.6	6.9%	1590.6	920.2	72.8%
Foreign Market	262.1	204.3	28.3%	261.7	0.2%	991.5	750.5	32.1%
Foreign Market US\$	47.1	37.9	24.4%	50.0	-5.8%	183.8	145.8	26.0%
Exports - Brazil US\$	18.1	19.4	-6.9%	21.5	-15.9%	84.7	68.9	23.0%
Gross Profit	181.5	175.8	3.2%	203.8	-11.0%	748.3	479.9	55.9%
Gross Margin	26.5%	29.5%	-3.0 pp	31.0%	-4.5 pp	29.0%	28.7%	0.3 pp
Operating Profit	30.0	129.5	-76.8%	73.3	-59.1%	275.2	240.0	14.7%
Operating Margin	4.4%	21.8%	-17.4 pp	11.2%	-6.8 pp	10.7%	14.4%	-3.7 pp
EBITDA	59.8	156.6	-61.8%	101.5	-41.1%	388.1	330.9	17.3%
EBITDA Margin	8.7%	26.3%	-17.6 pp	15.4%	-6.7 pp	15.0%	19.8%	-4.8 pp
Net Profit	22.0	128.4	-82.8%	84.5	-73.9%	210.6	182.0	15.7%
Attributable to controlling shareholders	21.9	128.6	-83.0%	83.7	-73.9%	211.2	188.7	11.9%
Attributable to non-controlling shareholders	0.2	-0.2	192.0%	0.8	81%	-0.6	-6.7	90.9%
Net Margin	3.2%	21.6%	-18.4 pp	12.9%	-9.6 pp	8.2%	10.9%	-2.7 pp
Adjusted EBITDA	83.2	114.0	-27.0%	107.6	-22.7%	413.3	283.1	46.0%
Adjusted EBITDA Margin	12.1%	19.2%	-7.0 pp	16.4%	-4.2 pp	16.0%	16.9%	-0.9 pp

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

(*) Includes intercompany sales

	4Q21	4Q20	Δ %	3Q21	Δ %	2021	2020	Δ %
Average price of the US dollar	5.58	5.40	3.5%	5.23	6.8%	5.40	5.16	4.6%





»» SALES PERFORMANCE

Sales Overview

The Company's revenue in 4Q21 represents the best quarter in the history of Fras-le. Despite all the challenges, the Company's business model proves to be robust and efficient, especially due to the diversification of its portfolio, markets and geographies, guided by the effective management of resources. Also worth noting is the engagement of the teams that have brought about another year of historical results.

Volume and Revenue by Family of Material

Sales Volumes by Product Line in millions of pieces or liters											
VOLUMES		4Q21		4Q20		Δ %	2021		2020		Δ %
	Friction Material	23.4		26.8		-12.6%	102.1		94.7		7.7%
	Components for the Brake System	1.9		2.0		-5.1%	8.5		7.2		18.5%
	Components for the Suspension, Steering and Powertrain	4.3		4.0		7.7%	15.6		5.4		185.6%
Sales Revenue by Material in R\$ million											
NET REVENUE		4Q21		4Q20		Δ %	2021		2020		Δ %
	Friction Material	313.1	45.7%	311.8	52.4%	0.4%	1,262.9	48.9%	1,053.5	63.1%	19.9%
	Components for the Brake System	141.8	20.7%	93.2	15.7%	52.1%	492.9	19.1%	308.0	18.4%	60.0%
	Components for the Suspension, Steering and Powertrain	194.2	28.3%	141.6	23.8%	37.1%	671.6	26.0%	209.7	12.5%	220.3%
	Other products	36.0	5.3%	48.7	8.2%	-26.2%	154.7	6.0%	99.6	6.0%	55.3%
Total Net Revenue	685.1	100.0%	595.3	100.0%	15.1%	2,582.2	100.0%	1,670.8	100.0%	54.5%	

The components are detailed at the end of this report.

Note: During the preparation of this material, a divergence was identified in the volumes reported in 4Q20, which were duly adjusted, resulting in a reduction of 1,6 million pieces at the components for the brake system family.

Friction Materials: In 4Q21, volumes of brake linings (for heavy lines) were positively impacted by the high demand for exports and by the order backlog of automakers. Concerning brake pads, the volumes remained within historical normal levels, but with a reduction when compared to 4Q20, since the demand for light line replacement items was atypical in that period, driven by a pickup following the slowdown of economic activity in 1Q20. In addition, inflation impacted the purchasing power of families, generating a greater demand for alternative or lower-priced items and thus increasing the level of competition.

Contractual discount: In this quarter, a provision for a discount provided for in an agreement with a customer was recorded. The amount of BRL 30.5 million is related to 2021 sales and the triggers of this discount are related to economic indicators calculated between April 2020 and March 2021.

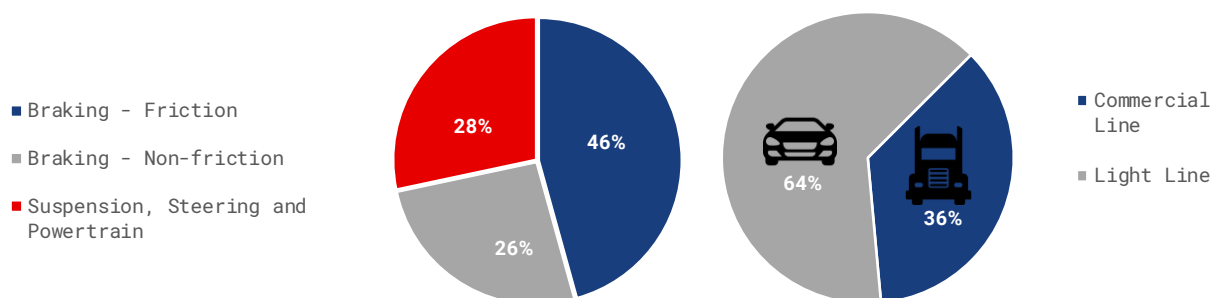
The perspective of support for 2021 (inflation and costs) will be adjusted at the beginning of the new calculation cycle, scheduled for April 2022.

Components for the Brake System: the year was quite positive after a few months of difficulties caused by a mismatch between domestic inflation and the passing of price increases. In addition, growth in net revenue reflects the mix dynamics of products and export performance.

Suspension, Steering and Powertrain Components: The new Nakata plant, now in full operation, and the normal levels of deliveries from international suppliers brought a record volume and revenue for this family in 4Q21.

It should be noted that the performance of sales revenue by family of material does not necessarily reflect the same behaviour in terms of volumes, since the effects of changes in exchange rates, product mix and prices must be considered. For more details on families, see Annex IV.

Below is a graphic representation of the revenue segmentation in 4Q21:



Revenue by Market_

Net Revenue by Markets											
Markets	4Q21		4Q20		Δ %	3Q21		Δ %	2021	2020	Δ %
DM Aftermarket	379.0	55.3%	353.2	59.3%	7.3%	352.3	53.6%	7.6%	1,425.4	794.3	79.5%
DM OEM	44.0	6.4%	37.8	6.4%	16.3%	43.3	6.6%	1.6%	165.2	126.0	31.1%
Domestic Market	422.9	61.7%	391.0	65.7%	8.2%	395.6	60.2%	6.9%	1,590.6	920.2	72.8%
FM Aftermarket	231.3	33.8%	172.1	28.9%	34.4%	226.3	34.4%	2.2%	850.1	672.1	26.5%
FM OEM	30.8	4.5%	32.2	5.4%	-4.2%	35.4	5.4%	-12.9%	141.4	78.5	80.2%
Foreign Market	262.1	38.3%	204.3	34.3%	28.3%	261.7	39.8%	0.2%	991.5	750.5	32.1%
Total Aftermarket Net Revenue	610.3	89.1%	525.3	88.2%	16.2%	578.6	88.0%	5.5%	2,275.5	1,466.3	55.2%
Total OEM Net Revenue	74.8	10.9%	70.0	11.8%	6.8%	78.7	12.0%	-5.0%	306.7	204.5	50.0%
Total Net Revenue	685.1	100%	595.3	100%	15.1%	657.3	100%	4.2%	2,582.2	1,670.8	54.5%

Values in R\$ million

DOMESTIC MARKET (DM)

Through the advance of vaccination and reduction in the number of deaths from Covid-19 in 4Q21, greater flexibility in social distancing measures was made possible, stimulating economy and

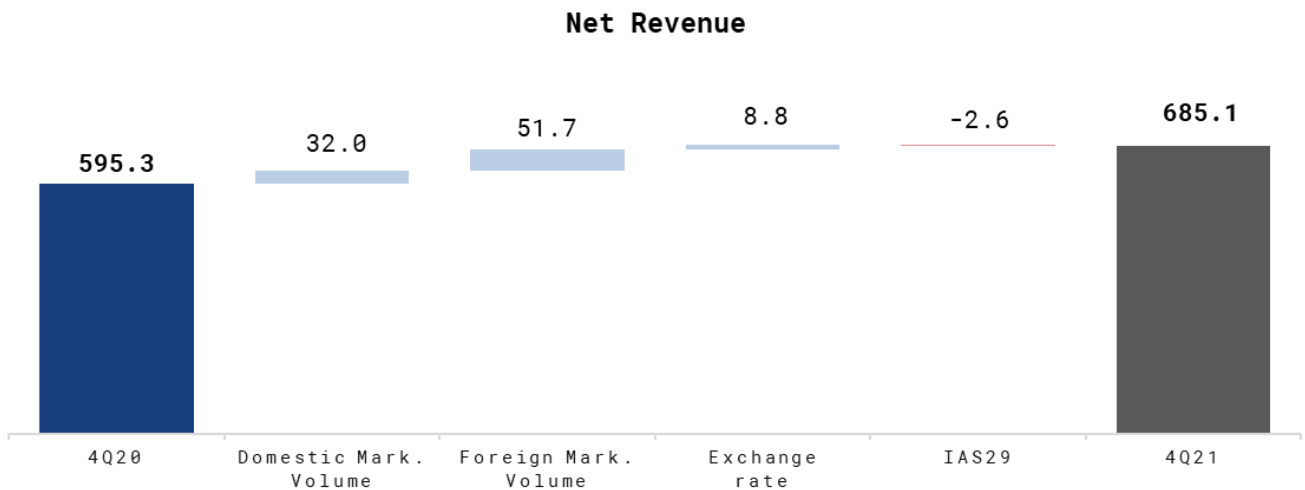


companies in general and resulting in a more optimistic scenario for sales in the segments in which we operate. In addition, the 4th quarter has historically been a good period for the aftermarket due to the vacation period, when there is a greater demand for vehicle maintenance. In the automakers, there were no halts in production caused by lack of inputs, although it remains a problem. All these factors have contributed to the quarter's sales performance.

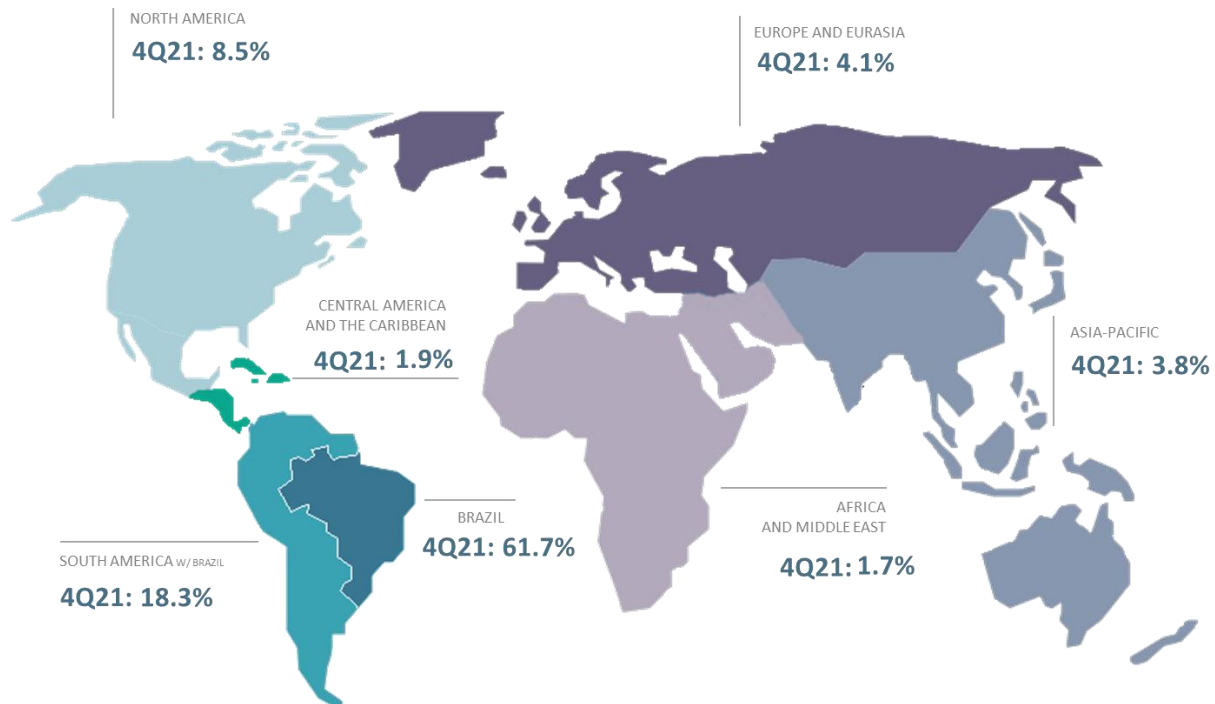
FOREIGN MARKET (FM)

The significant increase in the cost of global ocean freight has favoured Brazil as a supplier to some regions such as Central America. The Company's achievements in the foreign market are due to the careful coordination among all business units, which contributed very positively to the consolidated result.

Below is a chart in causal format, with the effects that changed the performance of consolidated net revenue in 4Q21, as compared to 4Q20:



Net Revenue Breakdown in the World _



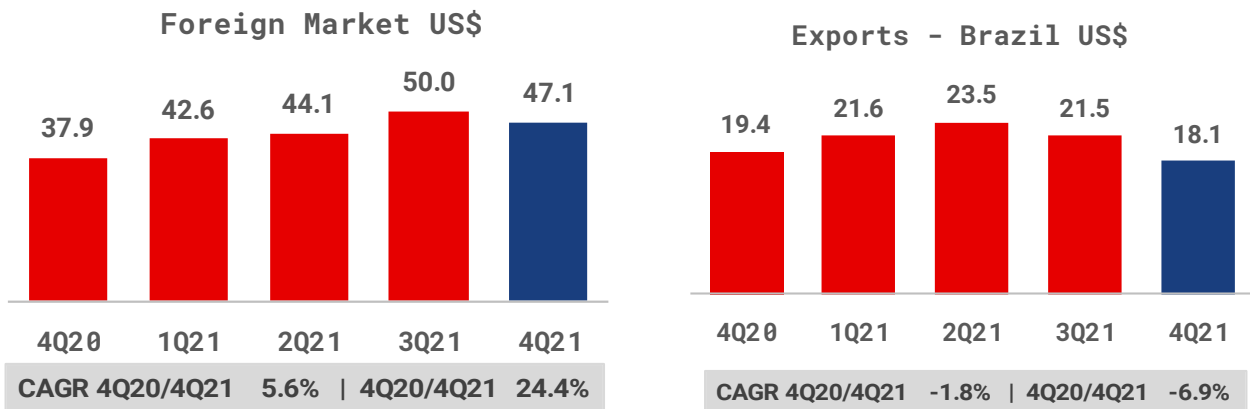
»»» SOUTH AMERICA: In Argentina, despite the crisis in the country, customers have invested throughout the year in inventories as a way to offer protection against the devaluation of the local currency. In Chile, urban transport has not yet become fully operative, which affects the volumes of heavy brake pads (Fras-le 's main market in this region).

»»» NORTH AMERICA: The North American market remained a buyer`s market during the year. The challenges in this region are mainly related to shortage in labour, logistical difficulties, and inflation.

»»» EMEA (EUROPE, AFRICA, and MIDDLE EAST): Sales in these regions are made through the warehouse located in the Netherlands, which supplies itself mostly from plants in Brazil, India, and China. However, because of the global logistics crisis, this market suffered from shortages of products and inflation in shipping costs.

»»» ASIA AND PACIFIC: The power capacity of the unit located in Pinghu, China went back to normal levels in November, but the domestic market remained depressed in 4Q21, facing strong competition. In India, supplies began to the customer Tata Motors (OEM), which is among the largest automotive companies in the world.

Foreign Market and Exports_



The foreign market - exports out of Brazil and exports by all our business units abroad - showed a gradual evolution over the last 5 quarters. (The results in 4Q21 were affected by the contractual discount.) This result reflects not only the good performance of Fras-le subsidiaries located outside Brazil, but the continuity of exports as well.

»» OPERATING PERFORMANCE_

Operating Performance Overview_

In 4Q21, Fras-le's operations level was very satisfactory, and, as already mentioned, the fourth quarter was the highest revenue in the year and in the Company's history. On the other hand, provisions and commitments have affected our results and, considering that they are on-off items, they will be presented in detail in this report and considered in our management calculation of adjusted EBITDA.

Our experienced and dedicated teams and years focused on operations and market allowed the Company to achieve very positive results and stability in its margins, despite all the difficulties with price transfers and domestic inflation.

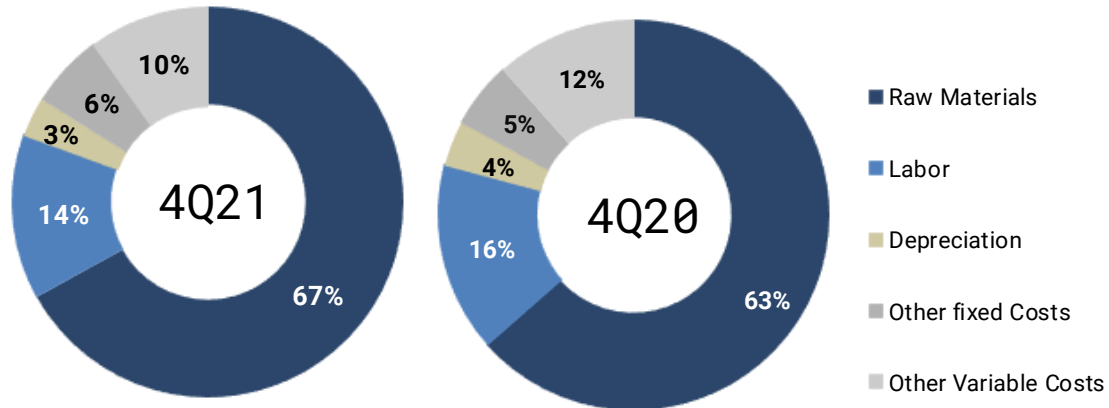
Regarding the supply chain, the Company is very attentive to market movements and has managed to mitigate the risks of shortages through negotiations with suppliers. The impacts caused by inflation, on the other hand, were mitigated with strategic purchases, internal productivity efforts, price adjustment and synergies between our business operations.



Cost of Products Sold_

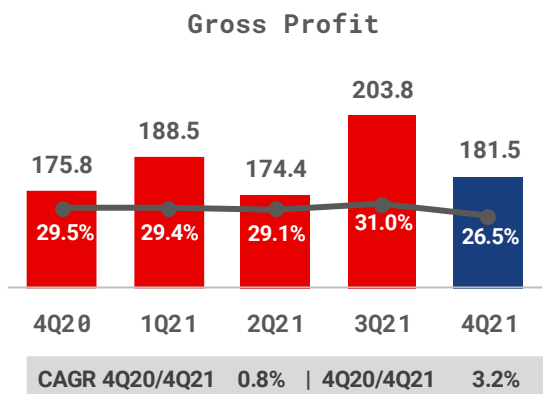
The cost of goods sold totaled R\$ 503,6 million in 4Q21, accounting for 73.5% of net revenue for the period. When compared to the same period last year, the cost of goods sold shows an increase of 3 p.p. The chart below shows the breakdown of Cost of Goods Sold:

Cost of Products Sold breakdown is as follows:



Raw material became more representative within Cost of Products Sold due to the high inflation of inputs and logistics costs experienced in 2021. General manufacturing expenses were also impacted by inflation, mainly by industrial/natural gases and electricity. Like the other lines, labour was also impacted by inflation through a collective agreement.

Gross Profit_



When combining all factors above, the Company's gross profit was R\$ 181.5 million in 4Q21, accounting for a gross margin of 26.5%.

Operating Expenses and Income_

	4Q21		4Q20		Δ %	3Q21		Δ %	2021		2020		Δ %
Selling Expenses	-66.7	-9.7%	-46.9	-7.9%	42.3%	-60.6	-9.2%	10.1%	-237.2	-9.2%	-147.9	-8.9%	60.4%
Variable Expenses w/ Sales	-23.3	-3.4%	-13.6	-2.3%	70.8%	-18.6	-2.8%	25.3%	-77.1	-3.0%	-49.5	-3.0%	55.8%
Other Expenses w/ Sales	-43.4	-6.3%	-33.3	-5.6%	30.6%	-42.0	-6.4%	3.4%	-160.1	-6.2%	-98.4	-5.9%	62.7%
Administrative Expenses	-51.5	-7.5%	-52.9	-8.9%	-2.6%	-49.7	-7.6%	3.7%	-187.2	-7.3%	-146.3	-8.8%	27.9%
Other Net Expenses/Income	-33.2	-4.8%	53.4	9.0%	-162.1%	-20.7	-3.1%	60.4%	-49.2	-1.9%	54.3	3.3%	-190.6%
Other Operating Expenses	-43.4	-6.3%	-64.1	-10.8%	-32.3%	-20.3	-3.1%	113.4%	-91.2	-3.5%	-99.3	-5.9%	-8.2%
Other Operating Income	10.3	1.5%	117.5	19.7%	-91.3%	-0.3	0.0%	-3248.1%	41.9	1.6%	153.6	9.2%	-72.7%
Total Operating Exp/Income	-151.3	-22.1%	-46.3	-7.8%	226.6%	-130.9	-19.9%	15.6%	-473.7	-18.3%	-239.9	-14.4%	97.4%

Values in R\$ millions and % over Net Revenue

In the fourth quarter, variable selling expenses went up, caused by a higher level of commissions in 4Q21 when compared to 4Q20. General selling and administrative expenses rose as well on account of the gradual return of activities, such as trade shows, exhibitions, trips, etc. In addition, year-over-year, it is important to highlight that Nakata joined the Company's results in September 2020.

Below we list the main factors that have impacted the other operating expenses and income lines.

- Other Operating Expenses: Reversal of the Impairment record of investments in the subsidiaries Jurid, Armetal and Fanacif of R\$ 20.5 million in 4Q21, totalling R\$ 24.7 million in 2021 (R\$ 26.0 million in 2020). Provision for contingency on labour liabilities (R\$ 19.4 million); updated amount of business combination related to the acquisition of Nakata: R\$ 24.4 million.

- Other Operating Income: when comparing with the previous year, there was an impact caused by the successful process of excluding ICMS from the PIS and COFINS calculation basis in the amount of R\$ 91.0 million.

NAKATA - Sinergias

Throughout the Nakata acquisition process, several synergies were mapped and studied to be captured after the acquisition. At the time, the estimate pointed to synergies between R\$ 90 and R\$ 100 million in EBITDA, added up for the 5-year period, starting in 2021. The Company held a specific audio conference for the topic, which is available on the IR website. Following the closing of the transaction, a multidisciplinary team, together with a specialized consultancy firm, started the work to capture synergies, without neglecting attention on managing the change with the teams involved. The expected synergies are based on the premise that the Company is implementing and will successfully implement the initiatives below. The values indicated as implemented refer to annualized gains, regardless of the period of the year in which they began to be captured. The Company's new projections indicate expectations of synergies that are higher than those indicated at the time of acquisition and will be detailed when implemented.



Below are the main synergies that have already been implemented:

Purchasing and Supplies: optimization in the purchase of direct and indirect materials, components, service contracts and products for resale. Initiatives on this front have already resulted in R\$ 1.1 million in year 1 and R\$ 10.1 million in year 2. Added to the 5 years, these synergies exceed R\$ 50 million in value generated.

Logistical and Industrial Footprint: Consolidation of Nakata's logistical and industrial operations in Extrema-MG, as well as partial consolidation of the logistical operations of other companies of the Fras-le group in the same location. These synergies are significant and should endorse part of the results in 2022 (and will be detailed in due course);

Revenue Expansion: increase in sales of Nakata products to Latin America using Fras-le group structures; increased penetration of all brands in the Brazilian aftermarket; beginning of the supply to OEM projects in the original market. Initiatives on this front already result in R\$ 1.5 million in year 1 and R\$ 3 million in year 2. The expectation is that in year 5 the sales expansion may represent relevant increments for Nakata's operation.

General and Others: consolidation of some key positions, renegotiation of various contracts, optimization of structures at trade shows and events, among others. Initiatives on this front already result in R\$ 0.5 million in year 1 and R\$ 1.5 million in year 2. The new projections indicate that these fronts should generate synergies of approximately R\$ 10 million in 5 years.

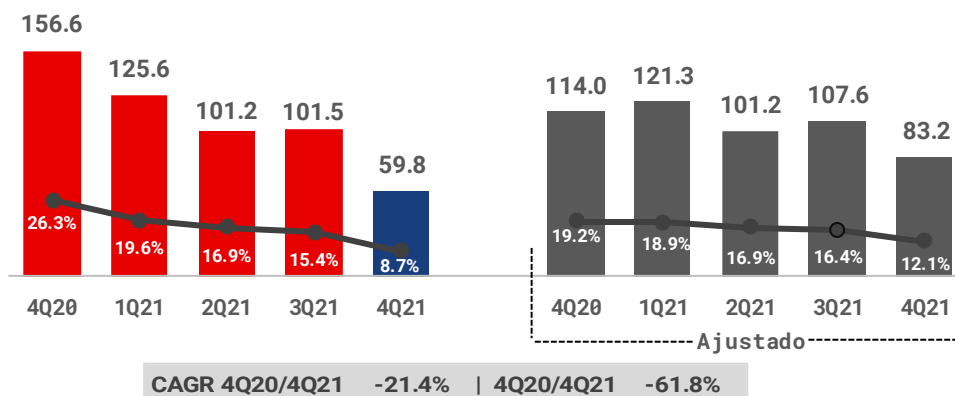
In addition to the synergies listed by combining the companies, the Company has recorded premium and surplus value, which are being studied within the market contexts and will also be detailed in due course upon initiatives that may impact the results and dynamics of the current businesses.





EBITDA_

EBITDA



Consolidated EBITDA reached R\$ 59.8 million, a margin of 8.7% in 4Q21, accounting for a reduction of 17.6 p.p. when compared to 4Q20. It is important to note that in 4Q20 we had a net impact of R\$70.7 million related to gains from tax proceedings, which totaled R\$93.4 million in 2020.

Please see below adjusted EBITDA for 2021 quarters and accumulated period:

	1Q21		2Q21		3Q21		4Q21		2021	
	Adjusted	Accounted	Adjusted	Accounted	Adjusted	Accounted	Adjusted	Accounted	Adjusted	Accounted
Net Revenue	640.7	640.7	599.1	599.1	657.3	657.3	685.1	685.1	2,582.2	2,582.2
COGS – Cost of Goods Sold	-452.1	-452.1	-424.7	-424.7	-453.4	-453.4	-503.6	-503.6	-1,833.9	-1,833.9
Gross Profit	188.5	188.5	174.4	174.4	203.8	203.8	181.5	181.5	748.3	748.3
Gross Margin	29.4%	29.4%	29.1%	29.1%	31.0%	31.0%	26.5%	26.5%	29.0%	29.0%
(-) Impairment of Assets	-4.3						-20.5		-24.8	
(+) Impacto crédito tributário SELIC					6.1		1.2		7.2	
(-) Miscellaneous Lawsuits							-1.1		-1.1	
(+) Provision for Contingency on Labour Liabilities							19.4		19.4	
(+) Business Combination Update							24.4		24.4	
Operating Expenses	-96.9	-96.9	-99.1	-99.1	-110.2	-110.2	-118.2	-118.2	-424.4	-424.4
(-) Other Expenses/Revenues	5.1	5.1	-0.5	-0.5	-20.7	-20.7	-33.2	-33.2	-49.2	-49.2
Operating Expenses	-96.1	-91.8	-99.6	-99.6	-124.8	-130.9	-128.0	-151.3	-448.5	-473.7
EBIT	92.5	96.7	74.8	74.8	79.0	72.9	53.5	30.1	299.8	274.6
Depreciation/Amortisation	28.9	28.9	26.4	26.4	28.6	28.6	29.7	29.7	113.5	113.5
EBITDA	121.3	125.6	101.2	101.2	107.6	101.5	83.2	59.8	413.3	388.1
EBITDA Margin	18.9%	19.6%	16.9%	16.9%	16.4%	15.4%	12.1%	8.7%	16.0%	15.0%

Values in R\$ millions

The 4Q21 result was impacted by on-off events in the amount of R\$ 23.4 million, which will be detailed below:

- **Impairment of Assets:** The impairment calculation is annually reviewed, which consists of projecting the future cash flow from operations. Due to the improvement in this future expectation,



the reversal of the provision was made in December 2020 concerning the subsidiaries Jurid, Fanacif and Armetal.

- **Business Combination Update:** It refers to the update of future tax benefits of the subsidiary Nakata that will be paid annually to former partners until the end of 7 years, that is, this amount will be annually updated in view of the future expectation of that operation. The update of this commitment confirms the excellent performance of Nakata, which is above the initial expectations in this concern.

- **Provision for Contingency on Labour Liabilities:** This is a provision to support probable losses related to labour lawsuits. The variations shown in the period result from changes in labour lawsuits in their procedural instruction phase, sentences and rulings issued in which the Company identified a change in the risk of loss.

- **Miscellaneous Lawsuits:** These are related to attorney's fees of the PIS and COFINS lawsuits without fixed assets and Exclusion of the *Reintegra* Program BC IR/CS.

- **Tax Credit Impact:** It refers to tax credits related to the judgment of unconstitutionality in the levy of IRPJ and CSLL on the Selic rate in the repetition of undue payment.

In addition to these, a discount provision was recorded (already mentioned above), which is related to a contract with a customer in which net revenue in 4Q21 was reduced by R\$ 30.5 million, but which was not adjusted in our EBITDA calculation. The reason for not adjusting it was that it was foreseen in the contract and helped increase revenue in the previous quarters as a result of the discount not having been being applied in the due period.

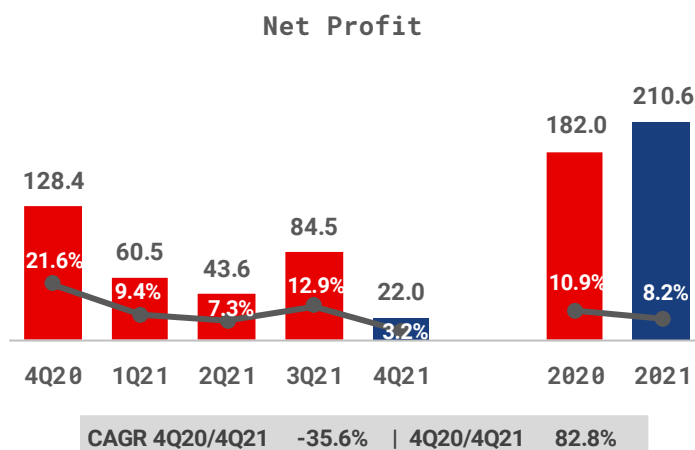
Financial Result_

	4Q21	4Q20	Δ %	3Q21	Δ %	2021	2020	Δ %
Exchange Variation	30.9	17.3	78.4%	36.8	-16.0%	129.4	178.2	-27.4%
Interests on Capital Investment	9.7	5.1	90.2%	6.8	41.9%	25.5	13.3	92.6%
Present Value Adjust	12.0	10.6	13.0%	1.1	1028.5%	14.3	12.9	10.9%
Other Financial Income	11.7	46.4	-74.7%	-0.3	-3610.5%	24.0	57.8	-58.5%
Monetary adjustment (IAS 29)	5.5	23.0	-76.0%	14.4	-61.6%	43.1	30.3	42.3%
Financial Income	69.9	102.5	-31.8%	58.8	18.9%	236.3	292.4	-19.2%
Exchange Variation	-31.6	-31.1	1.8%	-45.0	-29.6%	-152.9	-203.3	-24.8%
Financing Interests	-33.1	-9.1	263.7%	-14.1	135.6%	-68.3	-34.4	98.8%
Present Value Adjust	-10.9	-16.1	-32.3%	-4.1	164.7%	-21.6	-22.1	-2.4%
Bank Expenses	-6.4	-3.1	107.9%	0.5	-1515.5%	-16.3	-9.1	79.7%
Other Financial Expenses	-1.5	-4.7	-68.9%	-7.4	-80.1%	-26.3	-8.9	194.5%
Financial Expenses	-83.5	-64.1	30.3%	-70.1	19.2%	-285.4	-277.8	2.7%
Financial Result	-13.6	38.4	-135.5%	-11.3	20.9%	-49.1	14.6	-437.2%

Values in R\$ millions

Regarding on-off events, the Company recorded an impact on the financial result of R\$ 11.7 million related to tax proceedings, and R\$ 9.9 million referring to the present value update of the business combination of Nakata, totalling R\$ 21.6 million. In 2020, revenue of R\$ 52.9 million was recorded related to gains from tax proceedings. In addition, the increase in the Selic rate made an impact on interest on financial investments and on financing.

Net Profit_



When combining all factors mentioned above, it results a net income of R\$ 22.0 million in 4Q21, accounting for a net margin of 3.2. One-off events and the recognition of IRPJ and CSLL tax credits positively impacted net income by BRL 31.5 million (adjusted net income of BRL 179.1 million, accounting for an adjusted net income of 6.9%) in 2021, while, in 2020, this impact was BRL 66.4 million (adjusted net income of BRL 115.7 million, with an adjusted net margin of 6.9%).

»»» FINANCIAL MANAGEMENT_

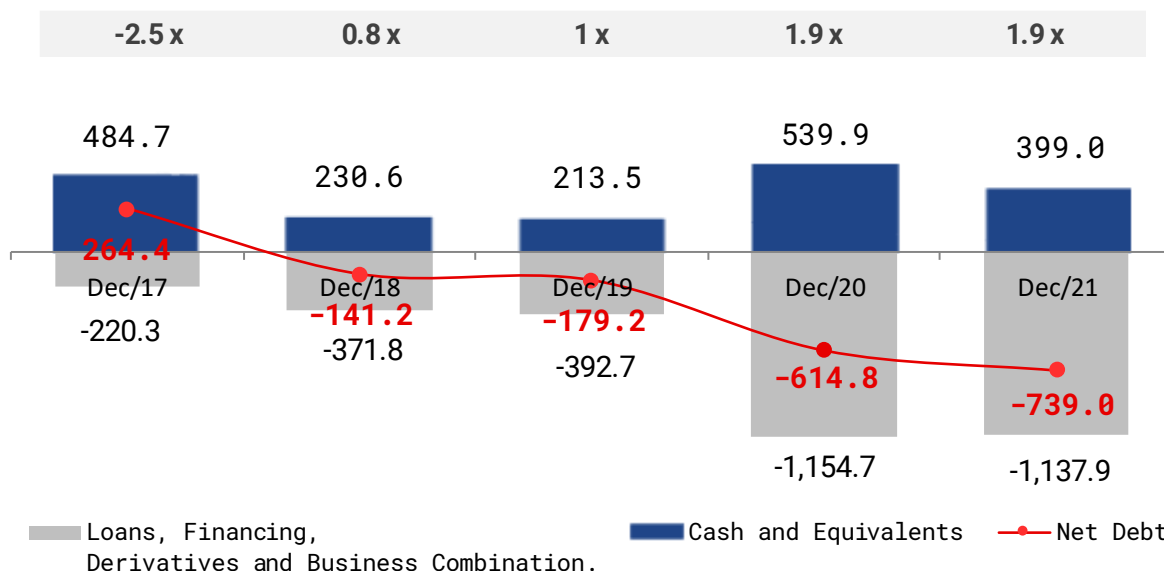
Net Debt_

»»» 2017 to 2019: In 2017, Fras-le's situation in terms of its financial resources was good, originated from the resources of a capital increase in 2016, through an offering of shares, and from resources of the company itself. During 2018 and 2019, most of these funds were used to pay for acquisitions and to remunerate shareholders represented by dividends and interest on equity, gradually reducing the volume of funds invested.

»»» 2020 and 2021: In 2020, the Company made two issuances of debentures to fulfil the commitments related to the acquisition of Nakata. The 3rd issue took place in July and the 4th issue

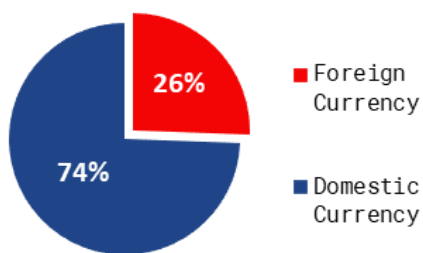
took place in July, in the amount of R\$ 210.0 million each. Both took place through a private placement instrument with restricted efforts, of simple, non-convertible, unsecured debentures, in a single series, under the subscription regime. The final maturity is June 15, 2027, and July 15, 2027, respectively. Regarding the Business Combinations, on September 28, 2021, the amount of R\$ 42.9 million related to Earn-Out was paid to former Nakata partners, as provided for in the contract (this amount was already recorded in our liabilities). As of December 31, 2021, the Company revised the estimates regarding future tax benefits, considering the revised projections of the subsidiary Nakata. The revision of the calculation generated an additional liability of R\$16.3 million, which was recognized under Other Operating Expenses and Financial Result. (net value of the adjustment to present value).

Net Debt/EBITDA

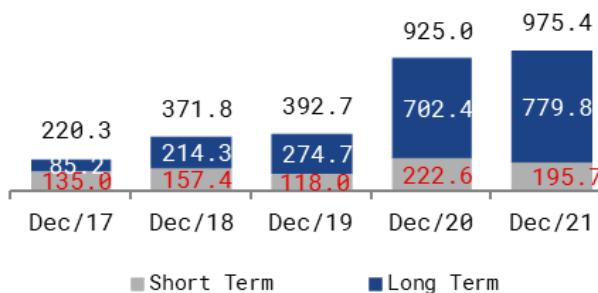


The following charts show the debt breakdown:

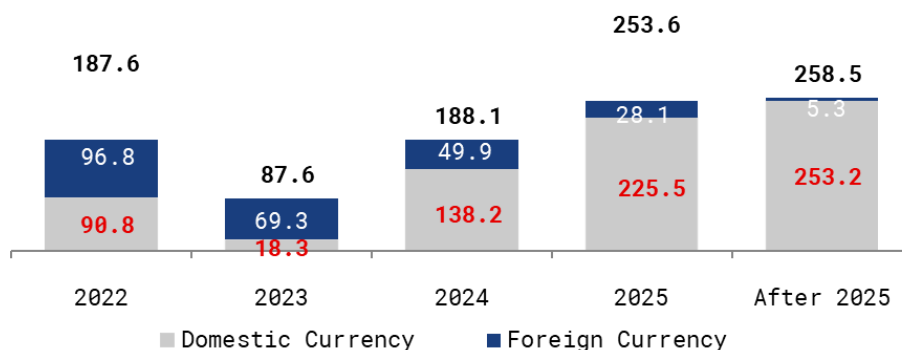
Debt Origin - Dec/21



Loans, financing and derivatives



Annual Payment



Working Capital

	2017	2018	2019	2020	2021
Resources Investment					
Customers	77.8	112.8	123.4	289.2	268.3
<i>In Days</i>	26 d	28 d	25 d	49 d	29 d
Inventory	256.2	368.3	333.3	494.1	825.2
<i>In Days</i>	84 d	91 d	69 d	84 d	89 d
Others Resources	40.8	61.9	42.9	221.9	150.6
Total of Resources Invested	374.8	542.9	499.6	1,005.2	1,244.2
Sources					
Suppliers	-78.4	-95.7	-93.7	-265.4	-348.4
<i>In Days</i>	26 d	24 d	19 d	45 d	38 d
Others Resources	-57.5	-71.3	-82.6	-133.9	-155.0
Total of Sources	-135.8	-167.0	-176.3	-399.3	-503.4
WC in R\$	238.9	375.9	323.3	606.0	740.8
<i>WC in Days</i>	78 d	93 d	67 d	103 d	80 d

Values in R\$ million

»»» 2017 to 2019: In the expansion cycle from 2017 and 2018, new structures were added to the Company and thus new resources became necessary to operationalize the business. In 2019, the Company took actions to reduce working capital levels and so volumes returned to levels considered regular for the Company. As a result, cash was reinforced and an important reduction in the need for Working Capital took place.

»»» 2020 and 2021: In 2020, because of the acquisition of the subsidiary Nakata, the need for working capital increased significantly. Because of the acquisition, a shock absorber plant, a



warehouse, and a research and development center were added to the Company. In 2021, the customer line was impacted by the contractual discount in the amount of R\$ 30.5 million, which will be paid through compensation. In inventories, there was an important increase because of strategic purchases made throughout the year, mainly of steel, metals and chemicals to mitigate the effects of inflation and shortage of inputs.

Free Cash Flow

	2017	2018	2019	2020	2021
EBITDA	106.4	183.9	175.2	330.9	388.1
Investments	-45.0	-61.5	-83.2	-56.0	-115.6
Financial Result	18.4	-37.5	-36.3	14.6	-49.1
Income and Social Taxes	-19.4	-13.7	-37.5	-72.5	-15.4
Working Capital Variation	-81.1	-137.0	52.7	-272.6	-134.8
Operating Cash Flow	-20.7	-65.9	70.8	-55.6	73.2
Dividends/ROE	-44.1	-50.9	-73.6	-15.5	-78.9
Capital Integr. / Business Acquis.	-6.9	-301.8	0.0	-283.4	-57.6
Debt Exchange Variation	0.3	-0.4	0.0	0.0	0.0
Others	56.3	18.8	-35.3	-82.3	-59.7
Free Cash Flow	-15.1	-400.2	-38.0	-436.8	-123.0
NET DEBT (NET CASH)	259.0	-141.2	-179.2	-616.0	-739.0

Values in R\$ million

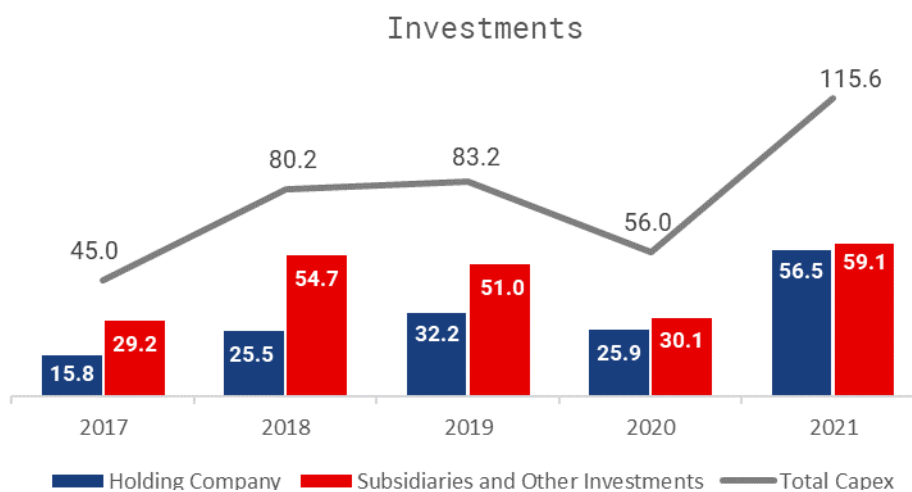
Likewise, when comparing with periods that preceded the expansion cycle, there are also significant variations, mainly in the Working Capital Need variation line due to the changes in 2017 and 2018. In 2020, the increase reported under Working Capital directly impacted cash flow, which absorbed an increase of R\$ 398.8 million in relation to the flow in 2019. In 2021, the positive conversion of R\$ 388.1 million in EBITDA made it possible to end the year with a negative free cash flow of R\$ 123.0 million

Dividends / Interest on Equity

In 2021, payments in the amount of R\$ 78.9 million were made, related to interest on equity and dividends, as detailed below:

Date of Approval	Payment	Period	Amount	Value per Common Share	Date of Payment
Dec 16, 2021	Interest on Equity	2021	R\$ 23.0 million	R\$ 0.10724	Jan 19, 2022
Jul 19, 2021	Interest on Equity	2021	R\$ 19.9 million	R\$ 0.09320	Aug 18, 2021
Apr 13, 2021	Dividends	2020	R\$ 21.4 million	R\$ 0.09969	Apr 30, 2021
Dec 15, 2020	Interest on Equity	2020	R\$ 37.5 million	R\$ 0.17477	Jan 20, 2021

Investments_



	1Q21	2Q21	3Q21	4Q21	2021
Holding Company	5.0	8.2	12.6	30.7	56.5
Subsidiaries and Other Investments	16.3	18.1	10.0	14.7	59.1
Total Capex	21.3	26.3	22.6	45.4	115.6

Values in R\$ millions

In 4Q21, Capex investments totalled R\$ 45.4 million. The largest additions to the Company's investments were mainly related to expansion, productivity, and automation (acquisition of machinery and equipment in the plants and engineering area). Additionally, it is worth mentioning the amounts invested in tooling modernization (replacement of equipment), also aimed at increasing the capacity for internalization of processes. In maintenance, more relevant investments were also made in tooling. With regard to legal obligations, investments were made in projects aimed at the continuous improvement in safety and thermal comfort.

In the Company's-controlled units, investments were made in Fras-le Norte America (R\$ 3.7 million), as a continuation of the investments that started in 2021 in machines and equipment for improving productivity and automating processes. At Nakata, investments in machinery and equipment related to the new *Extrema* plant continued in the amount of R\$ 2.1 million; at Fras-le ASK Friction, R\$ 3.5 million were invested in 4Q21, mainly in machines, aimed at executing the strategy of increasing its production capacity. The subsidiary has been investing in this expansion item since the beginning of the year.

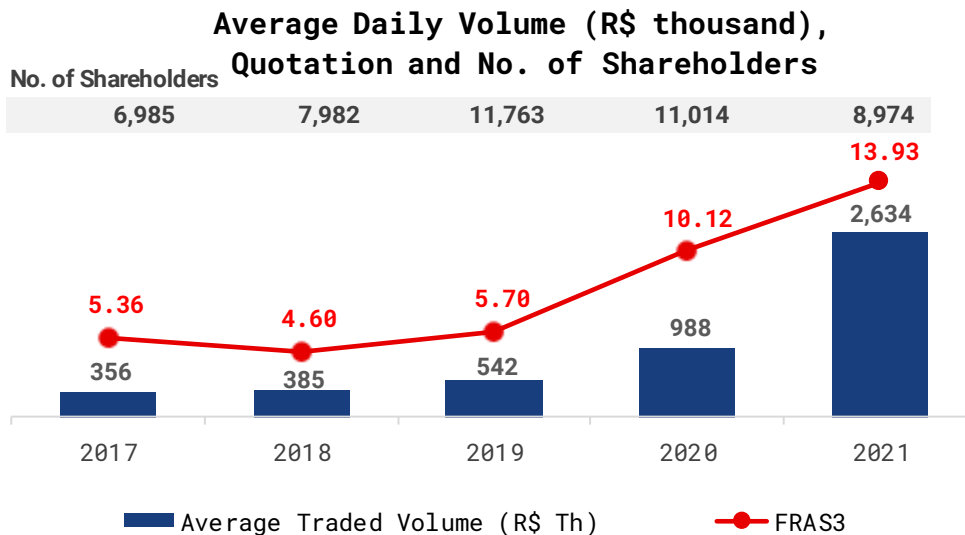
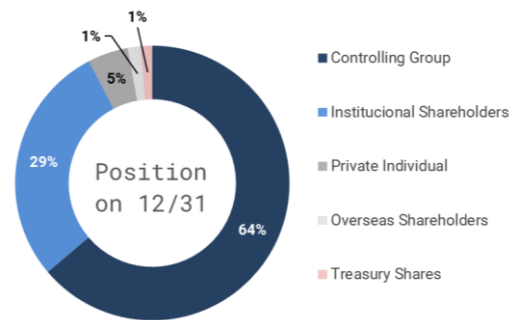
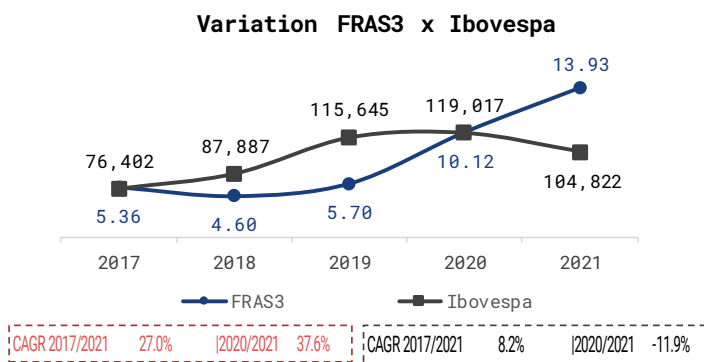
»» CAPITAL MARKET

FRAS

B3 LISTED N1

The Company's market value at the end of December 2021 reached R\$ 3.0 billion.

In 4Q21, 12.6 million "FRAS3" shares were traded. During this period, an average daily trading volume of R\$ 2.6 million was recorded, an increase of more than 111% when compared to the average daily volume of 4Q20. The



»»» BOARDS AND FUNCTIONS_

Board of Directors

David Abramo Randon – Chairman
Astor Milton Schmitt - Vice-Chairman
Daniel Raul Randon
Bruno Chamas Alves
Dan Antonio Marinho Conrado

Audit Committee

Geraldo Santa Catharina
Rogério Luiz Ragazzon
Valmir Pedro Rossi

Executive Board

Sérgio Lisboa Moreira de Carvalho – CEO (Statutory)
Anderson Pontalti – General Director (Statutory)
Hemerson Fernando de Souza – Director (Statutory)
Guilherme Adami – Director (Non-statutory)
Eduardo Vargas – Director (Non-statutory)

Investor Relations

Hemerson Fernando de Souza – Investor Relations Officer
Jessica Cristina Cantele
Marcelo Scopel Caberlon
Victor Gabrielli Gomes

»»» ADDRESS AND CONTACTS

Rodovia RS 122, KM 66, nº 10.945
Bairro Forqueta
Caxias do Sul, RS

Contacts

Phone: +55 54 3239-1553 | +55 54 3239-3036
E-mail: ri@fras-le.com
Home Page: <http://ri.fras-le.com.br>

ATTACHMENT I

CONSOLIDATED STATEMENT OF INCOME

Values in R\$ Thousands

	4Q21		4Q20		3Q21		2021		2020		Variations	
		%		%		%		%		%	4Q21/4Q20	2021/2020
Net Revenue	685,088	100.0%	595,316	100.0%	657,289	100.0%	2,582,166	100.0%	1,670,789	100.0%	15.1%	54.5%
COGS – Cost of Goods Sold	-503,604	-73.5%	-419,483	-70.5%	-453,449	-69.0%	-1,833,869	-71.0%	-1,190,880	-71.3%	20.1%	54.0%
Gross Profit	181,485	26.5%	175,833	29.5%	203,840	31.0%	748,297	29.0%	479,909	28.7%	3.2%	55.9%
Selling Expenses	-66,693	-9.7%	-46,880	-7.9%	-60,565	-9.2%	-237,211	-9.2%	-147,918	-8.9%	42.3%	60.4%
Administrative Expenses	-51,495	-7.5%	-52,867	-8.9%	-49,650	-7.6%	-187,216	-7.3%	-146,339	-8.8%	-2.6%	27.9%
Other Operation Expens./Incom.	-33,161	-4.8%	53,403	9.0%	-20,676	-3.1%	-49,239	-1.9%	54,328	3.3%	-162.1%	-190.6%
Financial Result	-13,635	-2.0%	38,374	6.4%	-11,275	-1.7%	-49,145	-1.9%	14,573	0.9%	135.5%	437.2%
Financial Income	69,887	10.2%	102,466	17.2%	58,785	8.9%	236,302	9.2%	292,410	17.5%	-31.8%	-19.2%
Financial Expenses	-83,522	-12.2%	-64,092	-10.8%	-70,060	-10.7%	-285,447	-11.1%	-277,836	-16.6%	30.3%	2.7%
Income Before Tax	16,378	2.4%	167,863	28.2%	62,021	9.4%	226,039	8.8%	254,553	15.2%	-90.2%	-11.2%
Income and Social Tax	5,653	0.8%	-39,420	-6.6%	22,528	3.4%	-15,417	-0.6%	-72,507	-4.3%	-114.3%	-78.7%
Net Profit	22,032	3.2%	128,443	21.6%	84,549	12.9%	210,622	8.2%	182,046	10.9%	-82.8%	15.7%
Attributable to non-controlling shar.	158	0.0%	-172	0.0%	830	0.1%	-606	0.0%	-6,664	-0.4%	-192.0%	-90.9%

Values in R\$ thousands

ATTACHMENT II

CONSOLIDATED BALANCE SHEET

Values in R\$ Thousands

	12.31.21	12.31.20
Assets	3,082,318	2,888,552
Current Assets	1,611,991	1,446,975
Cash and Cash Equivalents	363,599	443,244
Receivables	268,005	289,193
Inventory	825,226	494,103
Financial Applications	59	19,637
Derivative Operations	3,378	8,316
Taxes Recoverable	123,454	171,970
Others Current Assets	28,271	20,512
Non-current Assets	1,470,327	1,441,577
Taxes Recoverable	51,760	54,988
Judicial Deposits	22,716	22,005
Deferred Taxes	2,906	46,648
Financial investments	31,922	68,740
Others Non-current Assets	10,813	5,824
Investments	28,792	1,412
Fixed Assets	660,834	594,682
Right of Use of Leases	161,826	141,301
Intangible	498,759	505,978
Liabilities	3,082,318	2,888,552
Current Liabilities	825,521	818,434
Accounts Payable	310,068	265,401
Loans and Financing	195,676	222,565
Derivative Financial Instruments	1,199	1,616
Taxes and Contributions	64,458	78,207
Salaries and Charges	54,521	38,291
Business combination	0	50,131
Lease	12,376	16,776
Others Obligations	187,222	145,449
Non-current Liabilities	1,150,843	1,115,306
Loans and Financing	779,760	702,426
Deferred Taxes	0	51,956
Provisions	39,505	24,066
Tax Incentive	2,013	2,281
Accounts payable per business combination	154,184	172,113
Lease	143,906	128,860
Others Obligations	31,475	33,604
Equity	1,105,955	954,812
Social Capital	600,000	600,000
Tax Incentive Reserve	9,192	6,738
Costs with Issue of Shares	-4,622	-4,622
Profit Reserves	465,624	320,913
Stocks in Treasury	-13,352	-13,352
Other Comprehensive Results	38,728	34,154
Non-controlling Participation	10,386	10,983

Values in R\$ thousands

ATTACHMENT III

STATEMENTS OF CASH FLOW – INDIRECT METHOD

Values in R\$ Thousand

	12.31.21	12.31.20
Operational Cash Flow		
Net operational cash	245,036	241,216
Cash generated from operations	392,160	459,748
Income statement	210,622	182,045
Provision of income and social tax and deffered	15,417	72,507
Depreciation and amortization	113,514	90,906
Provision for disputes	17,805	2,367
Allowance for doubtful accounts	2,734	-125
Obsolete inventory provision	-3,845	5,452
Other provisions	10,207	15,479
Cost of the fixed assets sold	-21,123	38,479
Revenue from active lawsuits	-9,250	-182,769
Monetary adjustment	-43,090	-30,280
Loans and leases variation	89,919	82,918
Assets and liabilities fluctuations	-137,874	-35,763
Financial applications	56,396	-53,305
Judicial Deposits	-711	-4,354
Receivables	-9,448	-30,513
Inventory	-324,985	-65,210
Others assets	40,130	36,297
Accounts payable	65,835	120,615
Others liabilities	74,212	6,684
Paid income and social tax	-39,303	-45,977
Investment Cash Flow		
Net investment cash	-195,344	-319,640
Fixed assets aquisitions and intangible	-106,267	-56,066
Additions to intangible assets	-1,296	-403
Business combination	-82,108	-263,171
Cash From Financing Activities		
Net funding cash	-129,336	343,276
Payment of the return over equity	-72,569	-14,060
Loans Taken	271,374	541,473
Loans and leases payments	-281,411	-165,742
Paid interests	-46,730	-18,395
Funding Cash Flow	-79,644	264,852

Values in R\$ thousands



ATTACHMENT IV

COMPONENTS BY PRODUCT FAMILY

Detailed description - Product family	
Friction Material	Brake linings for Heavy Vehicles (Blocks), Brake Pads, Other Friction Materials ¹ .
Components for the Brake System	Discs, Drums, Master cylinder, Wheel cylinder.
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	Components for the Engine ² , Packed liquids ³ , Other ⁴ .
<p>¹(Braking linings for automobiles, railway shoes, brake shoes for commercial vehicles and automobiles, clutch facings, molded brake linings, universal sheets and industrial products)²(Pistons, Valves, Water Pumps, Oil Pumps, fuel pumps, Hoses, Air Filters and Gaskets ³ (Brake fluids, coolants, anticorrosive, antifreezes, concentrated Additives, Lubricators.) ⁴ (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.</p>	

