

EARNINGS RELEASE

4Q23 | 2023

FRAS3 B3 LISTED N1

Caxias do Sul, March 11, 2024. Frasle Mobility (Fras-le S.A. - B3: FRAS3) discloses its results for the fourth quarter of 2023 (4Q23) and twelve months of 2023 (2023). 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 fourth quarter of 2022 (4Q22) and twelve months of 2022 (2022).

HIGHLIGHTS



Consolidated Net Revenue was **R\$ 741.3 million** in 4Q23, 0.7% down from 4Q22, and reached **R\$ 3.4 billion** in 2023, 10.8% up from 2022.

Revenues from the International Market¹ amounted to **US\$ 37.0 million** in 4Q23, 22.3% down from 4Q22. In 2023 full year, it amounted to **US\$ 246.1 million**, which is 8.1% up from 2022.



Gross Margin was **27.3%** in 4Q23, 2.0 percentage points down from 4Q22. In full year 2023, gross margin was **33.6%**, 4.1 percentage points up from 2022.



EBITDA amounted to **R\$ 113.1 million** in 4Q23, 34.5% up from 4Q22 and reached **R\$ 667.2 million** in 2023, accounting for 47.3% of growth when compared to 2022. **EBITDA margin** was **15.3%** in 4Q23, which is 4.0 percentage points up from that of 4Q22. **ADJUSTED EBITDA** was **R\$ 664.7 million** in 2023, accounting for a margin of **19.6%**.



Net margin was **12.7%** in 4Q23, 7.9 percentage points up from 4Q22. In full year 2023, net margin was **11.5%**, which is 4,8 percentage points up from the previous year.



Investments² were **R\$ 59.6 million** in 4Q23 and amounted to **R\$ 133.7 million** in 2023, 25.6% up from 2022.



Return on Invested Capital (ROIC) reached **19.3%** in 2023, 5.5 percentage points up from 2022.

MARKET CAP (12/28/2023) R\$ 4.6 bi

FRAS3 – R\$ 17.00

FREE FLOAT – 33.2%

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Earnings Conference Call 4Q23 | 2023

March 12, 2024, (Tuesday)

11:00 am Brasília | 9 a.m New York | 2 p.m London

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

Forward-Looking Statements. The statements contained in this report regarding the Company's future. These expectations are highly dependent on changes in the market, the general economic projections and results and the company's growth potential performance of the country, the sector, and international markets, merely forecasts and were based on management's expectations 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

INVESTOR DAY

Frasle Mobility Universe 2023 took place in a hybrid format on December 7th, an event that brought together investors and capital market analysts in Joinville/SC, where the manufacturing plant of Fremax is located. The fourth edition of the event aimed to bring investors closer to the Company's business strategies, innovation, sustainability and long-term planning. The recording of the event is available on the official Frasle Mobility [YouTube](#) channel.



SURVEY "BRANDS AT THE WORKSHOP 2023"

The survey, which is in its seventh edition, is carried out by CINAU – Automotive Intelligence Center, with automotive repair professionals. Fras-le, Controil, Fremax and Nakata brands were distinguished for their customer service, reliability and delivery availability.

BRITISH AFTERMARKET FEDERATION AWARD

In December, Juratek was distinguished in the "Car Supplier of the Year" category, receiving a highly recommended rating at the IAAF Annual Awards, an event promoted by The Independent Automotive Aftermarket Federation, in the United Kingdom. To find out more about the event, [click here](#).

GREAT PLACE TO WORK



Fras-le Panamericana was certified as one of the best companies to work for in Colombia. The Unit was the first to win the title among Frasle Mobility companies abroad.

WORD FROM MANAGEMENT

The end of 2023 financial year marks a new milestone in the history of Frasle Mobility. It was a historic year, full of opportunities, guidelines, and a new look at the future. The results reflect the disciplined execution of the strategic plan that combines growth, profitability, cost discipline and adaptation to market volatility.

In 4Q23, the Company showed stability in net revenue when compared to 4Q22. A natural slowdown due to the seasonal effects of the period is characteristic of the end of the year, but in 2023 this effect was aggravated by the complex scenario faced in some of our operating markets, especially in Argentina, and by the scheduled shutdown of our operations to update our system ERP.

In 2023, the Company presented its new corporate brand to the world, which conveys its mission of keeping life in motion through an ecosystem of smart and sustainable mobility solutions: We are Frasle Mobility! The acquisition of AML Juratek in the United Kingdom marked the beginning of the second expansion cycle, in 1Q23. The acquisition has already contributed to positive returns in less than a year into the integration process.

Other achievements were recorded: important advances in the replacement powerhouse in Colombia, new appointments for projects with automakers in Brazil and abroad, reinterpretation and repositioning of brands and production records.

The reasons to celebrate 2023 are many and 2024 begins with this same feeling of celebration. The pioneering brand FRAS-LE completed 70 years of history on February 22nd. The brand carries the legacy of courageous, entrepreneurial and innovative people and deserves respect and admiration for its victorious trajectory, towards the next 70 years.

Frasle Mobility continues focused on optimizing the strategy of replicating the already consolidated and robust business model in other geographies. The advances achieved energize and motivate the future of mobility, which is increasingly sustainable, with non-negotiable care for people and the environment.

“The results reflect the disciplined execution of the strategic plan that combines growth, profitability, cost discipline and adaptation to market volatility”.

MAIN FIGURES

	4Q23	4Q22	Δ %	3Q23	Δ %	2023	2022	Δ %
Net Revenue	741.3	746.8	-0.7%	889.1	-16.6%	3,388.7	3,058.2	10.8%
Domestic Market	555.5	496.9	11.8%	554.5	0.2%	2,156.5	1,882.1	14.6%
Foreign Market	185.8	249.9	-25.7%	334.5	-44.5%	1,232.2	1,176.0	4.8%
Foreign Market US\$	37.0	47.5	-22.3%	68.5	-46.1%	246.1	227.7	8.1%
Exports – Brazil US\$ *	26.7	27.0	-1.4%	25.3	5.5%	108.5	105.7	2.7%
Gross Profit	202.6	219.1	-7.5%	319.3	-36.5%	1138.6	903.5	26.0%
Gross Margin	27.3%	29.3%	-2.0 pp	35.9%	-8.6 pp	33.6%	29.5%	4.1 pp
Operating Profit	81.4	49.8	63.4%	157.9	-48.4%	542.6	333.0	62.9%
Operating Margin	11.0%	6.7%	4.3 pp	17.8%	-6.8 pp	16.0%	10.9%	5.1 pp
EBITDA	113.1	84.1	34.5%	190.2	-40.5%	667.2	453.1	47.3%
EBITDA Margin	15.3%	11.3%	4.0 pp	21.4%	-6.1 pp	19.7%	14.8%	4.9 pp
Net Profit	93.9	35.3	166.0%	106.1	-11.5%	388.7	203.3	91.2%
Net Margin	12.7%	4.7%	7.9 pp	11.9%	0.7 pp	11.5%	6.6%	4.8 pp
Adjusted EBITDA	98.0	106.6	-8.1%	190.2	-48.5%	664.7	475.6	39.8%
Adjusted EBITDA Margin	13.2%	14.3%	-1.1 pp	21.4%	-8.2 pp	19.6%	15.6%	4.1 pp
Investments	59.6	59.5	0.1%	17.5	240.8%	133.7	106.4	25.6%
ROIC	19.3%	13.8%	5.5 pp	17.1%	2.2 pp	19.3%	13.8%	5.5 pp

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

(*) Includes intercompany sales

	4Q23	4Q22	Δ %	3Q23	Δ %	2023	2022	Δ %
Average price of the US dollar	4.95	5.26	-5.8%	4.88	1.5%	4.99	5.16	-3.3%

SUBSEQUENT EVENTS

SUSTAINABILITY-LINKED LOAN

According to the [Material Fact](#) disclosed on February 28, 2024, Frasle Mobility (“Company”) signed a contract with the International Finance Corporation (“IFC”), a member of the World Bank Group. The fundraising amounts to R\$250 million, which will be invested in a variety of projects aimed at sustainability. Among these projects is the *Caldeira Verde* project, an initiative that seeks to reduce greenhouse gas emissions by 60% of the Company, thus significantly contributing to the mitigation of climate change and demonstrating our commitment to concrete solutions to environmental challenges.

BUSINESS OVERVIEW IN THE QUARTER

In the fourth quarter, the Brazilian aftermarket continued to bring results. The flow of vehicles in repair shops, the reduction in fuel prices and the decrease in the Selic rate are market factors that stimulated this growth. Furthermore, the Company actively worked on strengthening brands and sales campaigns, increasing production capacity, assuring greater product availability and expanding the powerhouse.

In the international market, the Company was impacted by geopolitical effects, especially in Argentina, where the new political-economic guidelines established by the new government that took office in December brought accounting effects to the result. However, it should be noted that, operationally, the business in Argentina is healthy, the local team has a lot of experience and discipline in business management, adjusting Frasle Mobility's presence to the market and supporting results with great caution. Furthermore, geographic exposure is one of the great strengths of the Company's business model.

Sales Performance

Volume and Net Revenue by Family

Sales Volumes by Product Line in millions of pieces or liters														
VOLUMES	4Q23		4Q22		Δ %	3Q23		Δ %	2023		2022		Δ %	
	Friction Material	27.0		25.2		7.2%	25.8		4.5%	103.8		98.5		5.4%
	Components for the Brake System	2.5		2.2		13.0%	2.3		8.6%	9.5		8.7		10.1%
	Components for the Suspension, Steering and Powertrain	4.7		4.0		15.4%	5.2		-11.3%	19.4		16.6		17.1%
Sales Revenue by Material in R\$ million														
NET REVENUE	4Q23		4Q22		Δ %	3Q23		Δ %	2023		2022		Δ %	
	Friction Material	361.9	48.8%	357.9	47.9%	1.1%	425.6	47.9%	-15.0%	1,635.4	48.3%	1,502.7	49.1%	8.8%
	Components for the Brake System	153.4	20.7%	158.2	21.2%	-3.0%	176.1	19.8%	-12.9%	676.0	19.9%	591.6	19.3%	14.3%
	Components for the Suspension, Steering and Powertrain	213.0	28.7%	201.2	26.9%	5.8%	258.4	29.1%	-17.6%	948.6	28.0%	821.0	26.8%	15.5%
	Other products *	13.0	1.8%	29.5	4.0%	-56.0%	28.9	3.3%	-55.1%	128.7	3.8%	142.8	4.7%	-9.9%
Total Net Revenue	741.3	100.0%	746.8	100.0%	-0.7%	889.1	100.0%	-16.6%	3,388.7	100.0%	3,058.2	100.0%	10.8%	

The components are detailed at the end of this report.

The fourth quarter recorded progress in revenue and volume, reflecting the building and capturing of synergies between our brands and operations. Furthermore, it is necessary to highlight the update, from ERP SAP ECC to ERP SAP HANA, carried out by the Company in December and in part of January 2024. This update caused systemic stops in several operations, producing the effect of general holidays and purchase orders being placed in advance, impacting revenue recognition. Please see below more details about each family:

Friction Material

- Brake pads for light vehicles showed, at the end of the year, the best results in history in terms of volumes. The quarter was very positive, with growth in revenue and volume. The reasons of this advancement are the growing flow of maintenance in workshops, availability of products and product launches.
- In the commercial line, where the largest volume is brake lining for trucks and trailers, the strengthening of relationships with customers throughout the year led to an increase in volumes. Furthermore, sales campaigns stimulated growth in the quarter.

Components for the Brake System

- The positive highlight of the fourth quarter comes from Fremax – with the Maxcoating paint line, which has been adding value to products through the protective coating for brake discs, using niobium nanoparticle technology developed together with Nione. In December, the Unit opened a second work shift to meet demand.

Suspension, Steering and Powertrain Components

- The one-off variation in 3Q23x4Q23 refers to the seasonality of the domestic shock absorber market in December, caused by actions taken earlier than the usual time, in previous months, in preparation for the maintenance period before the holidays. The subsidiary Nakata ended the year with outstanding operational performance and record production and sales of shock absorbers. Also in December, important improvements were made to the painting of shock absorbers, generating more capacity and advances in production processes.

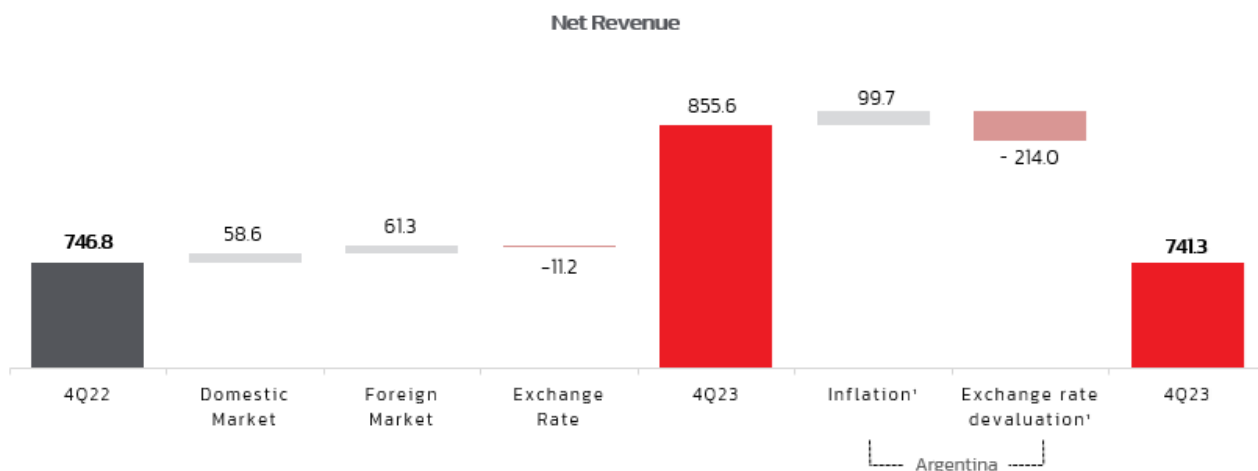
Other Products

- The slowdown is linked to the shutdown of an important Composs customer, due to the restructuring of production lines, which generated impacts on revenue and volume in the third and fourth quarters of 2023. Supply was regularized at the beginning of 2024.

NOTE: It is necessary to highlight that the performance of sales revenue by material family does not necessarily reflect the same behaviour in volumes because of the effects of variations in exchange rates, product mix and prices charged. In particular, in 4Q23, the Argentine peso suffered a strong devaluation (365 USD/ARS vs. 800 USD/ARS), negatively impacting revenues in the amount of R\$114.3 million.

For more details about the families, see Appendix IV.

Below is a graph in causal format showing the effects that changed the performance of consolidated net revenue in 4Q23 compared to 4Q22:



Amounts in BRL Millions

' Economic update in highly inflationary economy as provided for in CPC 42/IAS 29

Revenues by Market

Net Revenue by Markets														
Markets	4Q23		4Q22		Δ %	3Q23		Δ %	2023		2022		Δ %	
DM Aftermarket	501.7	67.7%	445.6	59.7%	12.6%	502.1	56.5%	-0.1%	1,946.5	57.4%	1,660.1	54.3%	17.3%	
DM OEM	53.8	7.3%	51.3	6.9%	4.9%	52.4	5.9%	2.6%	210.0	6.2%	222.0	7.3%	-5.4%	
Domestic Market	555.5	74.9%	496.9	66.5%	11.8%	554.5	62.4%	0.2%	2,156.5	63.6%	1,882.1	61.5%	14.6%	
FM Aftermarket	143.0	19.3%	208.9	28.0%	-31.6%	284.1	32.0%	-49.7%	1,037.7	30.6%	1,000.6	32.7%	3.7%	
FM OEM	42.8	5.8%	41.0	5.5%	4.3%	50.4	5.7%	-15.0%	194.4	5.7%	175.5	5.7%	10.8%	
Foreign Market	185.8	25.1%	249.9	33.5%	-25.7%	334.5	37.6%	-44.5%	1,232.2	36.4%	1,176.0	38.5%	4.8%	
Total Aftermarket Net	644.6	87.0%	654.5	87.6%	-1.5%	786.2	88.4%	-18.0%	2,984.2	88.1%	2,660.7	87.0%	12.2%	
Total OEM Net Revenue	96.6	13.0%	92.4	12.4%	4.6%	102.8	11.6%	-6.0%	404.4	11.9%	397.5	13.0%	1.8%	
Total Net Revenue	741.3	100%	746.8	100%	-0.7%	889.1	100%	-16.6%	3,388.7	100%	3,058.2	100%	10.8%	

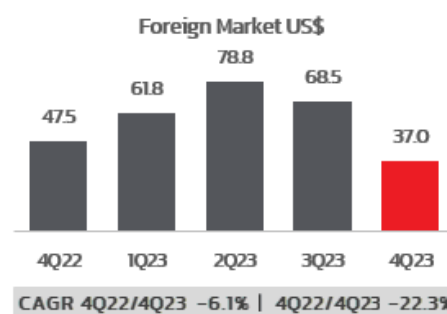
Values in R\$ million

Domestic Market (DM)

- Replacement: the growing number of visits to workshops, combined with brand positioning, product launches and sales campaigns provided market share advances in 2023.
- Trailer Division: gradual recovery in gains from new business and mainly the lower Selic rate, which stimulates the return of financing for new vehicles.

International Market (IM)

In the international market, which corresponds to the sum of exports out of Brazil and revenues from operations abroad, the devaluation of the Argentine currency (in December) was largely responsible for the drop of more than 20% in this indicator. Isolating the exchange rate effects, highlights include Fras-le Panamericana, which worked on expanding its portfolio to better serve the fleet in

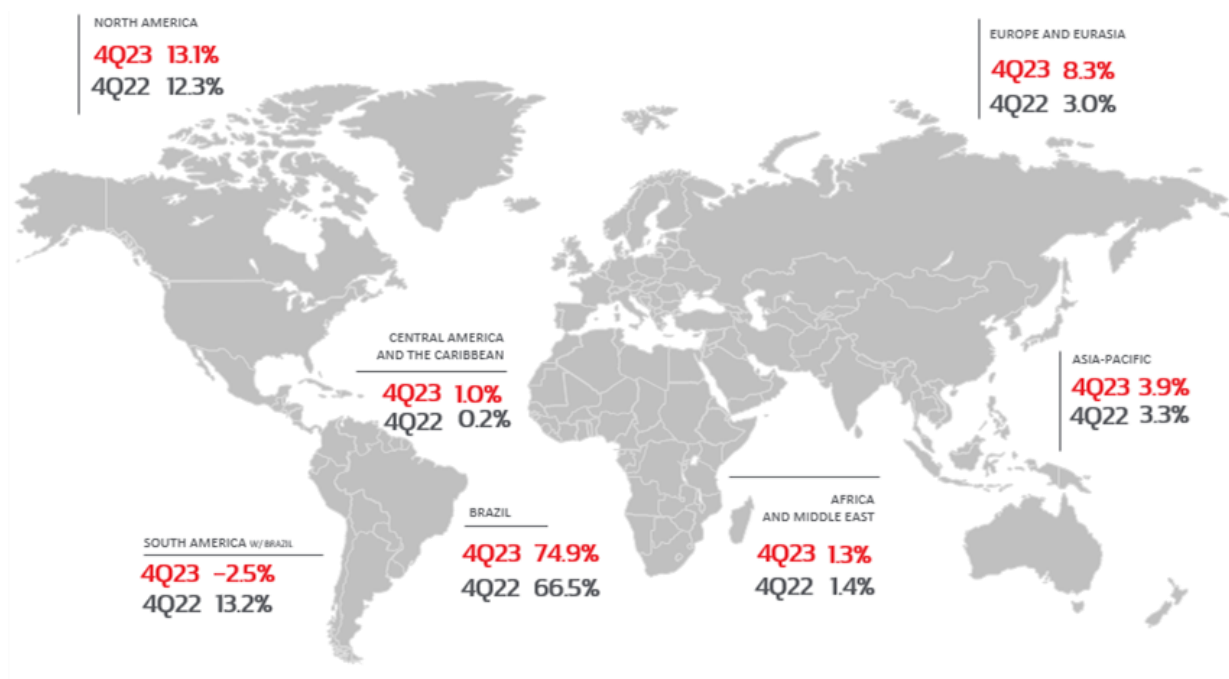


the region, and AML Juratek, which contributed more than R\$40 million in 4Q23.



In exports out of Brazil, the most relevant region continues to be North America, where, in the fourth quarter, purchase orders were placed in advance due to the update of the SAP system, which stimulated growth in revenue.

Net Revenue Breakdown in the Globe



- **North America:** increase in products in the portfolio and growth in the Aftermarket sales were prominent factors in this quarter. Even with high inflation remaining, Operations foresee stable growth for next year, as a result of new businesses.
- **South America:** we grew in customers and expanded our profitability with operational efficiency and effective management of the supply and pricing strategy. The negative result for the quarter reflects the exchange rate devaluation (in December) in Argentina, where the effects of hyperinflation in the country, as stipulated by accounting standards (IAS 29 – CPC 42), require the updating of information

due to the effects of the inflation index in that country. This information must be, subsequently, presented in the monetary unit of measurement at the end of the year, thus updating the past.

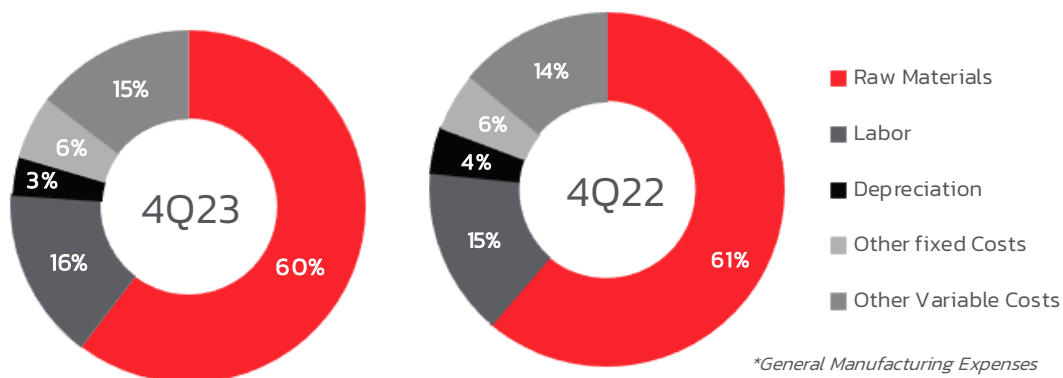
- **Europe and Eurasia:** AML Juratek Limited contributes to the growth of the region. Operations on the Continent ended the quarter working on synergies with the sales teams. Conflicts in the region remain a source of attention.
- **Asia:** the quarter ends in India with growth in the Aftermarket in the domestic market due to high vehicle maintenance stimulated by holidays in the country. The operation in China was impacted by the effects of seasonality caused by the Chinese New Year.

Operational Performance

Cost of Products Sold and Gross Profit

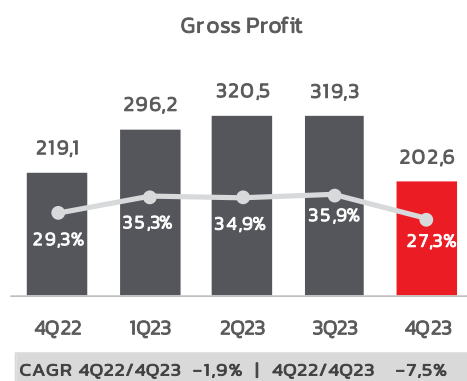
In 4Q23, the Cost of Products Sold totaled R\$ 538.6 million, accounting for 72.7% of net revenues, and resulted in a gross profit of R\$ 202.6 million and a gross margin of 27.3%, 2.0 percentage points lower than in the same period of the previous year.

The graph below shows the composition of Cost of Products Sold:



Gross profit in the fourth quarter was affected by the devaluation of the Argentine peso, in addition to the fiscal change in the PAIS¹ tax, which is levied on imported goods, going from 7.5% to 17.5%, on the total debt of the subsidiaries located in Argentina, increasing the cost of products sold by R\$ 16.7 million.

¹ PAIS Tax, acronym "For an Inclusive and Solidarity Argentina".



Isolating the aforementioned effects, the Company ends another quarter in line with the good practices built over recent years, with good cost management and process improvements with productivity gains.

Operational and Expenses and Revenues

	4Q23		4Q22		Δ %	3Q23		Δ %	2023		2022		Δ %
Selling Expenses	-72,0	-9,7%	-79,6	-10,7%	-9,5%	-82,7	-9,3%	-13,0%	-313,0	-9,2%	-291,6	-9,5%	7,3%
Variable Expenses w/ Sales	-28,8	-3,9%	-27,1	-3,6%	6,1%	-28,3	-3,2%	1,8%	-115,2	-3,4%	-101,5	-3,3%	13,5%
Other Expenses w/ Sales	-43,2	-5,8%	-52,4	-7,0%	-17,6%	-54,4	-6,1%	-20,7%	-197,9	-5,8%	-190,1	-6,2%	4,1%
Administrative Expenses	-66,7	-9,0%	-60,1	-8,0%	10,9%	-63,8	-7,2%	4,6%	-250,0	-7,4%	-211,1	-6,9%	18,5%
Other Net Expenses/Income	17,7	2,4%	-29,4	-3,9%	-160,2%	-14,6	-1,6%	-221,2%	-32,5	-1,0%	-67,8	-2,2%	-52,0%
Other Operating Expenses	-15,0	-2,0%	-46,0	-6,2%	-67,3%	-19,0	-2,1%	-20,9%	-102,0	-3,0%	-101,0	-3,3%	1,1%
Other Operating Income	32,8	4,4%	16,5	2,2%	98,4%	4,3	0,5%	653,1%	69,5	2,1%	33,2	1,1%	109,6%
Equity Equivalence	-0,3	0,0%	-0,2	0,0%	50,3%	-0,2	0,0%	12,7%	-0,45	0,0%	0,02	0,0%	-2929,8%
Total Operating Exp/Income	-121,2	-16,3%	-169,3	-22,7%	-28,4%	-161,3	-18,1%	-24,9%	-596,0	-17,6%	-570,4	-18,7%	4,5%

Values in R\$ millions and % over Net Revenue

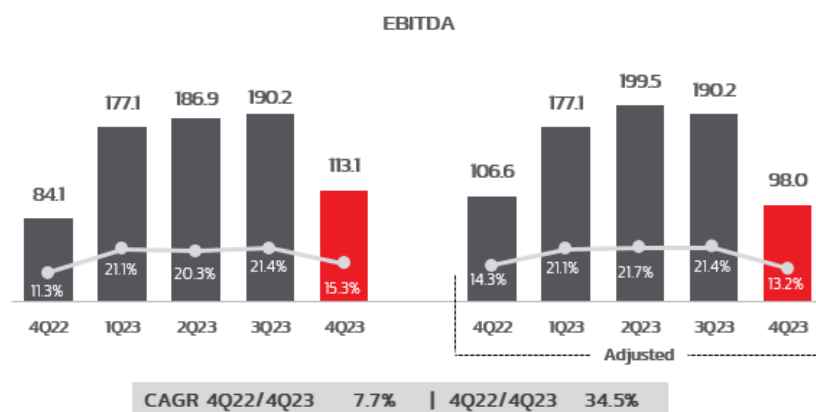
In 4Q23, operating expenses and revenues decreased by 28.4% compared to the same period last year.

Highlights:

- M&A expenses of R\$ 0.8 million in the quarter. Considering the materiality of the amount and the connection with the Company's M&A strategy, which is increasing in recurrence, these expenses will not be considered for adjusted EBITDA purposes.
- In the line of other operating expenses, we had the replacement of the water-based painting line for electrostatic powder at the subsidiary Nakata (R\$2.4 million) and impairment at the subsidiaries Fraslé Europe B.V. (R\$0.6 million), Fanacif (R\$ 11.9 million) and the Controlling Company (R\$0.8 million) totaling negative R\$13.3 million.
- In the line of other operating income, the reversal of a provision related to Nakata's supervenience (R\$ 28.5 million) was recorded, which mainly refers to the update of the contractual projection linked to the use of tax credits, which was amended by Law No. 14.789 of 2023, Subsidy Taxation Law, which establishes that tax benefits granted by the state of Minas Gerais relating to ICMS are now taxed via Corporate Income Tax (IRPJ), Social Contribution on Net Profit (CSLL) and contributions to PIS and COFINS.

EBITDA and Adjusted EBITDA

Consolidated EBITDA reached R\$ 113.1 million and a margin of 15.3% in 4Q23, a performance that confirms the synergy between the Company's Business Units and a robust and shielded business model, since, even with an impact of R\$ 61.6 million losses (devaluation of the Argentine peso and PAIS tax), it was possible to deliver positive results.



Aiming to maintain a transparent relationship with its investors and the market in general, the Company adjusts one-off events that are not operational. Below is the reconciliation of EBITDA and Adjusted EBITDA for the period:

EBITDA Reconciliation and Adjusted EBITDA	4Q23	4Q22	Δ %	3Q23	Δ %	2023	2022	Δ %
Net Profit	93.9	35.3	166.0%	106.1	-11.5%	388.7	203.3	91.2%
Financial Result	-39.3	23.2	-269.6%	13.9	-382.5%	15.9	84.2	-81.2%
Depreciation	31.7	34.3	-7.5%	32.2	-1.7%	124.7	120.1	3.8%
Income Tax / Social Contribution	26.8	-8.6	-409.9%	37.9	-29.4%	137.9	45.5	203.1%
EBITDA	113.1	84.1	34.5%	190.2	-40.5%	667.2	453.1	47.3%
EBITDA Margin	15.3%	11.3%	4.0 pp	21.4%	-6.1 pp	19.7%	14.8%	4.9 pp
Non-recurring Events	-15.2	22.5	-167.4%	0.0	0.0%	-2.6	22.5	-111.4%
Asset impairment	13.3	0.7	1803.8%	0.0	0.0%	13.3	0.7	1803.8%
Rescission action Nakata	0.0	0.0	0.0%	0.0	0.0%	-24.5	0.0	0.0%
Business combination update	-28.5	16.2	-275.9%	0.0	0.0%	-28.5	16.2	-275.9%
Exclusion of ICMS from the PIS calculation base and COFINS	0.0	0.0	0.0%	0.0	0.0%	37.1	0.0	0.0%
Reversal of gains on tax litigation proceedings	0.0	5.6	-100.0%	0.0	0.0%	0.0	5.6	-100.0%
Adjusted EBITDA	98.0	106.6	-8.1%	190.2	-48.5%	664.7	475.6	39.7%
Adjusted EBITDA Margin	13.2%	14.3%	-1.1 pp	21.4%	-8.2 pp	19.6%	15.6%	4.1 pp

Values in R\$ million

In the fourth quarter of 2023:

- Impairment of assets (R\$13.3 million) concerning the reduction of recoverable investment and surplus value of Fanacif (R\$11.9 million), Fras-le Europe B.V (0.6 million) and the Controlling Company (R\$0.8 million).

→ Reversal of accounts payable due to the business combination of Nakata's supervening factor, mentioned above in operating expenses/revenues, in the amount of R\$28.5 million.

In full-year 2023:

→ The exclusion of ICMS from the PIS and COFINS calculation base (R\$37.1 million) refers to the motion for relief from judgment filed by the Attorney General of the National Treasury ("PGFN") to partially overturn a favorable ruling aimed at ruling out the compensation of amounts relating to periods prior to March 15, 2017 (effects modulation) and,

→ Additionally, the R\$24.5 million reflects the balance held in an escrow account. For more information, see Note number 18 of 2Q23.

Financial Result

	4Q23	4Q22	Δ %	3Q23	Δ %	2023	2022	Δ %
Exchange Variation	20.6	41.1	-49.8%	33.3	-38.0%	93.3	175.9	-46.9%
Interests on Capital Investment	57.1	36.2	58.0%	63.6	-10.2%	219.0	108.6	101.7%
Present Value Adjust	4.7	6.0	-21.7%	5.0	-5.6%	19.7	17.2	14.0%
Other Financial Income	1.2	3.4	-66.0%	3.7	-68.8%	5.4	21.7	-75.1%
Financial Income	83.6	86.6	-3.5%	105.5	-20.8%	337.4	323.5	4.3%
Exchange Variation	-55.1	-58.6	-6.0%	-68.4	-19.5%	-201.2	-226.2	-11.0%
Financing Interests	-24.2	-27.6	-12.4%	-22.0	9.7%	-109.1	-112.0	-2.6%
Present Value Adjust	-18.5	-7.5	145.3%	-6.7	177.4%	-37.9	-27.5	37.8%
Bank Expenses	-5.6	-13.5	-58.8%	-12.2	-54.5%	-47.1	-52.0	-9.4%
Other Financial Expenses	-16.6	-12.7	30.5%	-11.1	48.9%	-38.9	-45.2	-13.8%
Financial Expenses	-119.8	-119.9	0.0%	-120.4	-0.5%	-434.2	-462.8	-6.2%
Monetary adjustment (IAS 29)	75.5	10.1	648.8%	1.0	7533.0%	80.9	55.2	46.7%
Financial Result	39.3	-23.2	-269.6%	-13.9	-382.5%	-15.9	-84.2	-81.2%

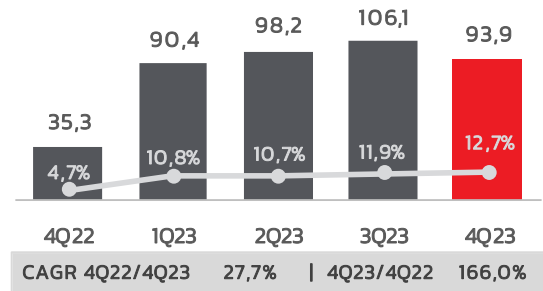
Values in R\$ millions

The Company's financial result in the fourth quarter was a positive R\$39.3 million and the year ended with a negative R\$15.9 million. The main highlights were:

- In the quarter, there was a 6.1 percentage point drop in the variation between the Dollar and the Real compared to the same period last year (R\$5.27 BRL/USD Dec/22, and R\$4.95 BRL/USD Dec/23).
- Even with the 2.0 percentage point drop in the Selic rate in relation to 4Q23 x 4Q22, interest on income from financial investments grows due to the greater availability of cash.
- The financial result was positively impacted by R\$84.4 million related to inflation and re-conversion.
- Related to non-one-off events, the Company recorded a negative impact on the financial result of R\$ 11.8 million referring to the update of the present value of Nakata's supervenience.

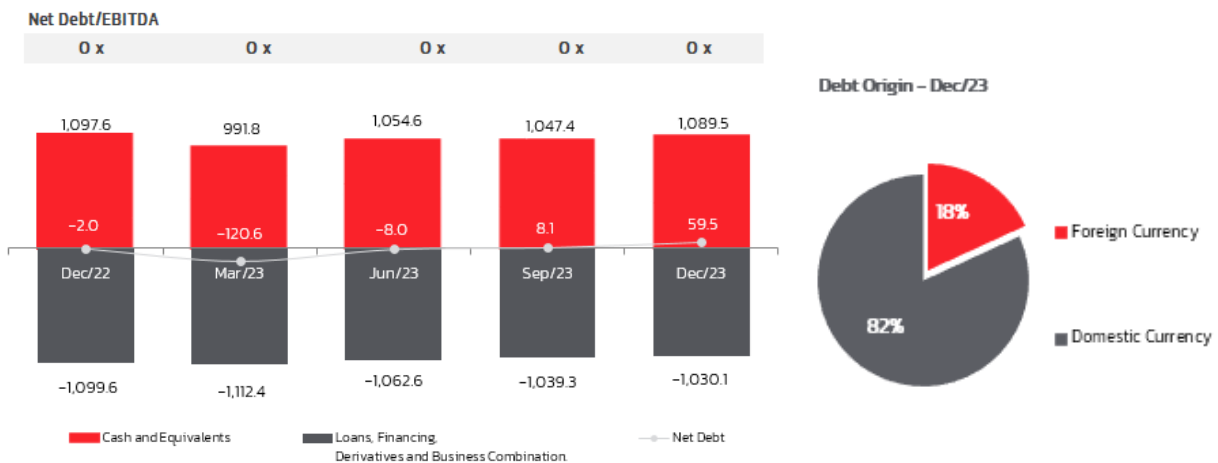
Net Profit

The combination of the factors listed above resulted in net profit of R\$93.9 million in 4Q23, with a net margin of 12.7%.



Financial Management

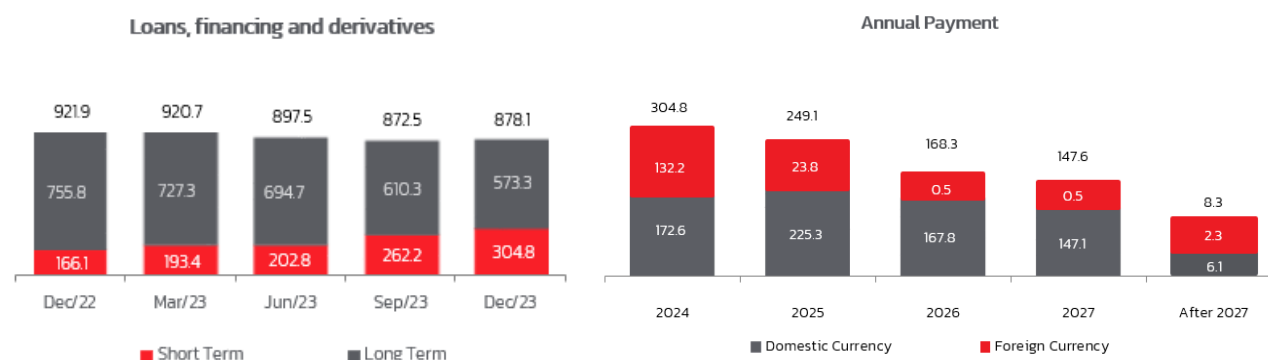
Net Debt



The main indexes of consolidated gross debt at the end of 4Q23 were:

- In Reais, indexed to the CDI, which accounted for 79.75% (average CDI cost + 1.55%);
- In Euros (Euro + 2.0% per year) with 0.50%.
- In Pounds (Pounds + 2.30% per year) with 1.87%.
- In Dollars (US\$ + average of 4.1% per year) with 15.78%, and
- In Reais, indexed to others, which accounted for 2.11% (average CDI cost + 1.08%).

The following graphs detail debt at the end of 4Q23:



Working Capital

	2019	2020	2021	2022	2023
Resources Investment					
Customers	123.4	289.2	268.3	271.7	420.7
<i>In Days</i>	25 d	49 d	29 d	25 d	35 d
Inventory	333.3	494.1	825.2	857.7	783.5
<i>In Days</i>	69 d	84 d	89 d	80 d	65 d
Others Resources	42.9	221.9	150.6	116.4	109.4
Total of Resources Invested	499.6	1,005.2	1,244.2	1,245.8	1,313.6
Sources					
Suppliers *	-93.7	-265.4	-348.4	-388.2	-435.9
<i>In Days</i>	19 d	45 d	38 d	36 d	36 d
Others Resources	-82.6	-133.9	-155.0	-189.3	-212.8
Total of Sources	-176.3	-399.3	-503.4	-577.5	-648.7
WC in R\$	323.3	606.0	740.8	668.2	664.8
<i>WC in Days</i>	67 d	103 d	80 d	62 d	55 d

Values in R\$ million

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

The NCG in R\$ disclosed in 2022 was R\$696.6, but there were changes in the criteria for the composition of the "others resources" line and the value was changed to R\$668.2. The change in calculation was applied from 2023.

At the end of 2023, there was a 7-day reduction in turnover compared to the same period in 2022. The most relevant factors are:

- Customer balance expanded by increased sales and decreased in portfolio financing operations.
- The reduction in inventories is linked to the exchange rate volatility experienced by operations in Argentina, combined with the effects of the ERP update in December. The decrease in days is caused by the increase in gross revenue for the period.
- In the supplier line, the year ends linearly with the other periods due to deadline negotiations.

Free Cash Flow

	2019	2020	2021	2022	2023
EBITDA	175.2	330.9	388.1	453.1	667.2
Investments	-83.2	-56.0	-115.6	-106.4	-133.7
Financial Result	-36.3	14.6	-49.1	-84.2	-15.9
Income and Social Taxes	-37.5	-72.5	-15.4	-45.5	-137.9
Working Capital Variation	52.7	-272.6	-134.8	44.2	1.2
Operating Cash Flow	70.8	-55.6	73.2	261.2	381.0
Dividends/ROE	-73.6	-15.5	-78.9	-70.1	-111.3
Capital Integr. / Business Acquis.	0.0	-283.4	-57.6	595.8	-110.3
Others	-35.3	-82.3	-59.7	-49.9	-98.0
Free Cash Flow	-38.0	-436.8	-123.0	737.0	61.4
NET DEBT (NET CASH)	-179.2	-616.0	-739.0	-2.0	59.5

Values in R\$ million

The Company generated R\$381.0 million in operating cash in 2023. Regarding the results, the following stand out:

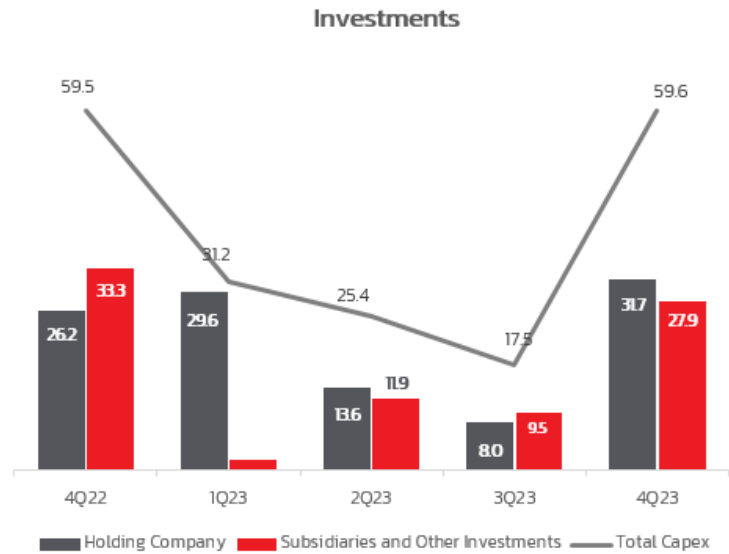
- Generation of gross cash, raising the Company's historical level and the discipline in advancing investments.
- Increase in IR (Income Tax) and CSSL (Social Contribution) linked to the increase in net profit for the year.
- Growth in the amount distributed in interest on equity.
- Capital payment/business acquisition line consisting of R\$1.8 million in payment at CTR (Randon Technological Center) and R\$101.1 million in the acquisition of AML Juratek Limited. In addition, R\$7.4 million relate to Nakata business combination.

Dividends and Interest on Equity

According to the Notice to Shareholders published on December 13, 2023, a meeting of the Company's Board of Directors approved the payment of interest on equity in the amount of R\$61.910.676,30, which corresponds to the gross amount of R\$0, 231861 per share. To access the history, [click here](#).

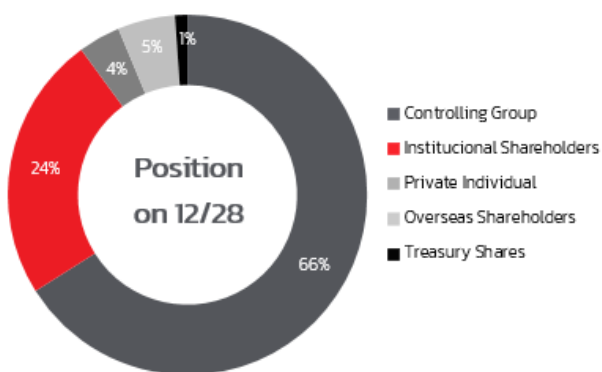
Investments (Capex)

Fras-le S.A. (Controlling Company) has already initiated the construction of *Caldeira Verde*, a source of clean energy to replace fossil fuel. This investment is connected to the public commitment with Randoncorp to reduce Greenhouse Gas (GHG) emissions by 40% by 2030. The green boiler accounts for 50% of the commitment target and is scheduled to open in early 2025. Furthermore, relevant investments in the quarter also include the acquisition of machinery for a new line of heavy-duty brake pads.

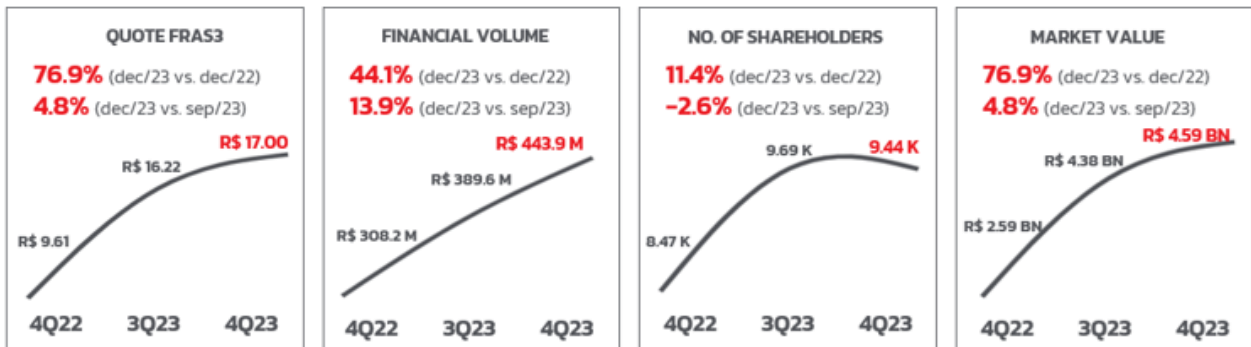


In the subsidiaries, with have, with greater relevance, improvements and adjustments in Jurid's production lines in order to meet the new business in the assembly plant, projects to increase production capacity at Controil and restructuring the layout in the distribution center of Fras-le Argentina and Armetal.

Capital Market

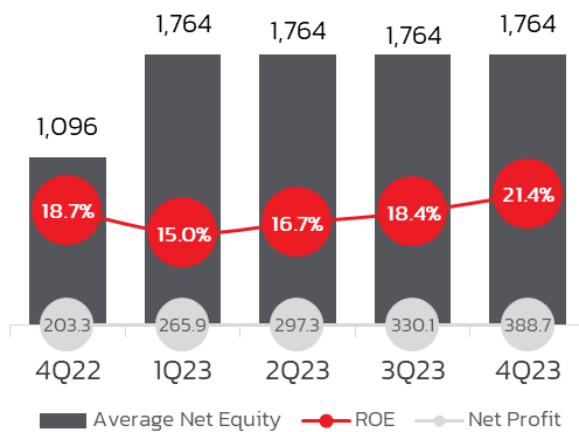


During 4Q23, 28.3 million "FRAS3" shares were traded. During this period, an average daily business volume of R\$7.4 million was recorded, 44.5% higher than the turnover recorded in 4Q22. The Company's market value at the end of December reached R\$4.6 billion.

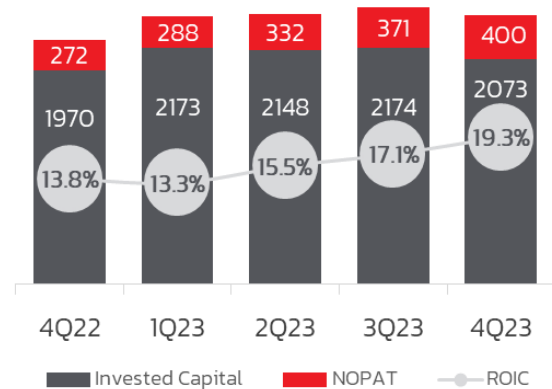


ROE and ROIC

ROE – Return On Equity



ROIC – Return on Invested Capital



APPENDICES

Appendix I

CONSOLIDATED STATEMENT OF INCOME

Values in Thousands of Reais

	4Q23	%	4Q22	%	2023	%	2022	%	Variations	
									4Q23/4Q2	2023/2022
Net Revenue	741,266	100.0%	746,827	100.0%	3,388,657	100.0%	3,058,171	100.0%	-0.7%	10.8%
COGS – Cost of Goods Sold	-538,633	-72.7%	-527,699	-70.7%	-2,250,055	-66.4%	-2,154,694	-70.5%	2.1%	4.4%
Gross Profit	202,633	27.3%	219,128	29.3%	1,138,602	33.6%	903,477	29.5%	-7.5%	26.0%
Selling Expenses	-71,985	-9.7%	-79,565	-10.7%	-313,025	-9.2%	-291,596	-9.5%	-9.5%	7.3%
Administrative Expenses	-66,659	-9.0%	-60,099	-8.0%	-250,044	-7.4%	-211,064	-6.9%	10.9%	18.5%
Other Operation Expens./Incom.	17,736	2.4%	-29,443	-3.9%	-32,527	-1.0%	-67,792	-2.2%	-160.2%	-52.0%
Financial Result	39,272	5.3%	-23,157	-3.1%	-15,871	-0.5%	-84,200	-2.8%	269.6%	-81.2%
Financial Income	83,567	11.3%	86,640	11.6%	337,397	10.0%	323,460	10.6%	-3.5%	4.3%
Financial Expenses	-119,827	-16.2%	-119,885	-16.1%	-434,203	-12.8%	-462,837	-15.1%	0.0%	-6.2%
Income Before Tax	120,717	16.3%	26,677	3.6%	526,683	15.5%	248,841	8.1%	352.5%	111.7%
Income and Social Tax	-26,778	-3.6%	8,641	1.2%	-137,950	-4.1%	-45,512	-1.5%	-409.9%	203.1%
Net Profit	93,940	12.7%	35,318	4.7%	388,733	11.5%	203,329	6.6%	166.0%	91.2%
Attributable to non-controlling shar.	-6,370	-0.9%	-365	0.0%	-11,348	-0.3%	1,509	0.0%	1643.9%	-851.8%

Values in R\$ thousands

Appendix II

CONSOLIDATED BALANCE SHEET

Values in thousands of Reais

	12.31.23	12.31.22
Assets	3,911,999	3,765,876
Current Assets	2,372,623	2,289,336
Cash and Cash Equivalents	1,050,412	567,855
Financial Applications	52	494,133
Receivables	449,791	301,669
Inventory	783,465	857,667
Taxes Recoverable	88,903	68,012
Non-current Assets	1,539,376	1,476,540
Long-Term Realisable Assets	99,124	142,823
Investments	34,310	32,319
Fixed Assets and Leases	851,378	827,260
Intangible	554,564	474,138
Liabilities	3,911,999	3,765,876
Current Liabilities	1,113,326	862,126
Salaries and Charges	90,670	92,206
Suppliers	435,860	387,556
Tax Obligations	106,561	79,440
Loans and Financing	304,819	166,058
Others Obligations	169,262	127,369
Provisions	6,154	9,497
Non-current Liabilities	937,559	1,125,312
Loans and Financing	573,323	755,812
Others Obligations	266,498	313,897
Provisions	96,263	53,859
Profits and Revenues to Be Appropriated	1,475	1,744
Equity	1,861,114	1,778,438
Social Capital	1,212,844	1,212,844
Profit Reserves	839,145	587,153
Other Comprehensive Results	-213,801	-36,096
Non-controlling Participation	22,926	14,537

Values in R\$ thousands

Appendix III

STATEMENTS OF CASH FLOW – INDIRECT METHOD

Values in thousands of Reais

	12.31.23	12.31.22
Operational Cash Flow		
Net Operational Cash	1,037,516	-105,071
Cash generated from operations	669,887	425,730
Net Income for the Period	388,732	203,329
Depreciation and Amortization	124,695	120,079
Provision for Disputes	42,404	14,354
Provision for Doubtful Settlement Credit	-529	583
Other Provisions	6,571	-1,891
Residual Cost of Assets and Leases Downloaded and Sold	5,511	6,449
Variation on Loans, Derivatives and Leases	106,312	91,464
Equity	452	-16
Provision for Income Tax and Current and Deferred Social Contribution	137,950	45,512
Provision for Obsolete Inventories and Negative Margin	-5,432	9,223
Monetary Correction Adjustment	-80,935	-55,178
Revenue From Active Lawsuits	-462	-11,304
Impairment Reduction	2,238	-2,834
Clearing Retained Amounts in Business Combination	-57,620	5,960
Changes in assets and liabilities	367,629	-530,801
Receivables	1,397	3,238
Accounts Receivable from Customers	-104,950	-24,056
Inventory	115,724	-37,024
Suppliers	34,608	75,562
Accounts Payable	-122,773	-94,252
Income Tax and Social Contribution Paid	-55,894	-18,662
Financial Investments	490,632	-497,782
Judicial Deposits	3,143	1,963
Taxes to be Recovered	5,742	60,212
Investment Cash Flow		
Net investment cash	-236,388	-87,381
Fixed and Intangible Purchases	-133,700	-84,136
Capital Payment in Affiliates	-1,803	-3,245
Business Combination	-100,885	0
Cash From Financing Activities		
Net funding cash	-318,571	396,708
Payment Interest Equity and Dividends	-111,267	-70,110
Loans and Financial Instruments Taken	94,734	157,686
Payment of Loans and Financial Instruments	-161,210	-199,192
Interest Paid with Loans	-108,813	-94,413
Lease Payment	-32,015	-26,663
Payment of Capital	629,400	0
Funding Cash Flow	482,557	204,256

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 ¹
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 ² , Packed liquids ³ , Other ⁴ .
<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)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 (and composite materials).</i></p>	

