

L I F E I N M O T I O N

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

RESULTS FOR THE 3RD
QUARTER AND 9 FIRST
MONTHS OF 2020

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Caxias do Sul, RS, November 11, 2020. 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 third quarter of 2020 (3Q20). 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 third quarter of 2019 (3Q19).

HIGHLIGHTS

- **Total Gross Revenue, with no elimination:**
R\$ 647.0 million, or 34.9% up from 3Q19;
- **Net Revenue:**
R\$ 453.6 million, or 36.2 up from 3Q19;
- **Sales in the Foreign Market (Exports + overseas operations):**
US\$ 39.3 million, or 2.8% down from 3Q19;
- **Gross Income:**
R\$ 150.6 million, or 80.1% up from 3Q19;
- **EBITDA:**
R\$ 94.2 million, or 118.5% up from 3Q19;
- **Consolidated Net Income:**
R\$ 41.7 million, or 247.7% up from 3Q19.

MARKET CAP (SEPT 30, 2020)

R\$ 1.2 billion

"FRAS3" QUOTE (SEPT 30, 2020)

R\$ 5.69

CONFERENCE CALL RESULTS

(In Portuguese, with simultaneous translation into English)

APIMEC

It will be held along with the release of the 3Q20 results.

12 NOV 2020, (Thursday)

10:00 AM Brasília

09:00 AM New York

2:00 PM London

Portuguese: www.fras-le.online/

English: www.fras-le.online/en

REPLAY:

It will be available on:

www.ri.fras-le.com

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“The adjustments that Fras-le began more than two years ago have paved the way for the Company to achieve its best results over the last decade, despite the challenges brought by the Covid-19.”

WORD FOM MANAGEMENT

Fras-le grew in its revenues and profitability in 3Q20. The important and major adjustments initiated still in 2018 have paved the way for the Company to achieve consistent and unprecedented results over the last decade, despite the challenges posed by Covid-19. In particular, in the quarter under review, there has been a positive scenario among the units in Brazil and those in the world, resulting in either evolution or continuity of business operations.

The acquisition of Nakata, which has become fully integrated in Fras-le`s indicators as of September 2020, adds even more quality to the Company`s business. The acquisition strengthens the resilient positioning of the Company in the Brazilian Aftermarket, keeping balance with the other markets and expanding the already-diversified portfolio of products, mainly in the suspension and steering systems.

The scenarios that Covid-19 and its effects have unfolded bring us challenges for the coming periods, such as the inflation pressure that has been seen in indicators such as IGP-M, the difficulty in buying some raw-materials and components, and the exchange rate factor that has become more evident with Nakata, which operates with varied global sourcing.

The Company keeps a watchful eye on the impacts of the pandemic and its effects on our markets and our sources, as well as on the people that are part of Fras-le universe.

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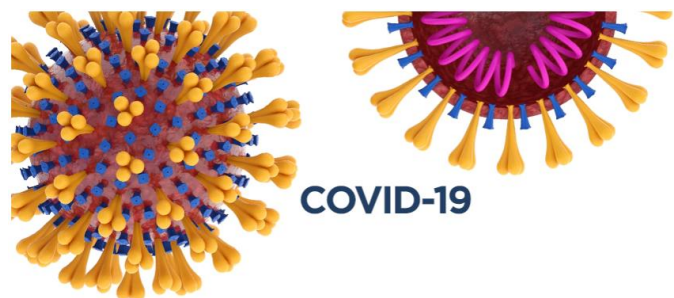


The largest acquisition¹ in the history of Fras-le – the purchase of Nakata Automotiva – was completed on September 1 2020. The joining of these two companies is an important movement for the Aftermarket of auto parts, as it combines the expertise in automotive service of the two companies, both of

which setting a benchmark for this segment. In addition, it expands the portfolio of products under the same Group, that is, Nakata products and the mix of products of Fras-le, Controlil, Fremax and Lonaflex brands.

Nakata Automotiva – For more than 65 years, Nakata Automotiva – a manufacturer of auto parts for the Aftermarket of light and heavy vehicles, and motorcycles, has been building a successful business in Brazil, with leadership in suspension components and a broad portfolio in steering, transmission, brakes, and motorcycle parts. With a pioneering spirit, quality and commitment to the market, Nakata Automotiva has become recognized in the Aftermarket for the excellent performance of its products and high-standard services. Nakata Automotiva has a plant in Diadema (SP), administrative headquarters and technology and development center in Ocasco (SP), and a warehouse in Extrema (MG).

Covid-19: The Company continues taking rigorous care in the fight against Covid-19 to preserve the health of its employees and the entire community. In this quarter, we highlight our partnership with Marcopolo to disinfect the buses transporting employees in Caxias do Sul, as well as self-care and prevention among employees and family members of Randon Companies. Employees have received letters to be read in their families, highlighting the responsibility of each family member to avoid the contagion of Covid-19.



	3Q20	3Q19	Δ %	9M20	9M19	Δ %
Gross Revenue*	647.0	479.5	34.9%	1,539.5	1,444.6	6.6%
Net Revenue	453.6	333.1	36.2%	1,075.5	994.7	8.1%
Domestic Market	243.8	173.6	40.4%	529.3	506.6	4.5%
Foreign Market	209.8	159.5	31.5%	546.2	488.0	11.9%
Foreign Market US\$	38.9	40.4	-3.6%	108.0	125.8	-14.2%
Exports - Brazil US\$	19.3	19.6	-1.6%	49.4	60.1	-17.8%
Gross Profit	150.6	83.6	80.1%	304.1	246.6	23.3%
Gross Margin	33.2%	25.1%	8.1 pp	28.3%	24.8%	3.5 pp
Operating Profit	70.3	27.4	156.4%	110.5	69.6	58.7%
Operating Margin	15.5%	8.2%	7.3 pp	10.3%	7.0%	3.3 pp
EBITDA	94.2	43.1	118.5%	174.3	114.1	52.7%
EBITDA Margin	20.8%	12.9%	7.8 pp	16.2%	11.5%	4.7 pp
Net Profit	41.7	12.0	247.7%	53.6	37.5	43.1%
Attributable to non-controlling share	-0.480	-1.1	-56.0%	-6.5	-2.7	143.9%
Net Margin	0.1	0.0	559.8%	0.0	0.0	121.9%
Adjusted EBITDA	92.6	43.3	113.9%	169.0	124.3	36.0%
Adjusted EBITDA Margin	20.4%	13.0%	7.4 pp	15.7%	12.5%	3.3 pp

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

(*) Includes intercompany sales



¹ - For more details on the acquisition of the subsidiary Nakata Automotiva S.A. see Note 2.2a

Sales Overview

In 3Q20, larger-scale activities picked up again, but markets had to adapt to what it has been called the “new normal”, which is nothing else than a change in people's *behavior* to curb the *coronavirus* pandemic. In the auto parts market, despite still going through traffic restrictions, 3Q20 improved significantly in the light line auto parts, mainly because individual transport prevailed over collective transport, and private car trips prevailed over air transport, for example.

These factors boosted our sales both in Brazil and abroad. In addition, it is important to note that the market was short of supply, and some sales distributors are restoring their inventories to normal levels.

Volume and Revenue by Product Family_

Regarding volumes and revenues by product family please see below the most representative families in our business:

Sales Volumes by Product Line in millions of pieces or liters											
VOLUMES			3Q20	3Q19	Δ %	9M20	9M19	Δ %			
	Friction Material		26.1	24.9	4.9%	67.9	76.1	-10.8%			
	Components for the Brake System		1.8	2.1	-14.2%	5.1	6.0	-14.0%			
	Components for the Suspension, Steering and Powertrain		1.2	0.2	561.3%	1.5	0.6	157.5%			
Sales Revenue by Material in R\$ million											
NET REVENUE			3Q20	3Q19	Δ %	9M20	9M19	Δ %			
	Friction Material		278.1	239.5	16.1%	741.8	734.1	1.0%			
	Components for the Brake System		91.9	74.5	23.5%	214.8	199.8	7.5%			
	Components for the Suspension, Steering and Powertrain		52.5	6.7	680.3%	68.0	25.8	164.1%			
	Other products		31.0	12.4	149.7%	50.9	35.0	45.3%			
	Total Net Revenue		453.6	333.1	36.2%	1,075.5	994.7	8.1%			

The components are detailed at the end of this report.

Friction: The good performance of this product family was driven by the improvement of the domestic Aftermarket.

Brake System Components: The growth in Net Revenue correlates with the dynamics of the product mix and with the good performance of exports. Volumes went slightly down due to the interference of the sales mix.

Suspension, Steering and Powertrain Components: With the acquisition of *Nakata Automotiva*, the family of suspension, steering and powertrain components has gained strength, since the main items sold by Nakata are: shock absorbers, tie rod ends and steering bars, CV joints, pivots and suspension trays, homokinetic joints, cardan and differential shaft components.

It should be noted that the performance of sales revenue by family does not reflect the same behavior of volumes sold, due to the variation in exchange rates, product mix and prices. In addition, the group of components went through adjustments. For further details, see Annex VI.

Revenues by Market_

Net Revenue by Markets										
Markets	3Q20		3Q19		Δ %	9M20		9M19		Δ %
DM Aftermarket	214.3	47.2%	142.7	42.8%	50.1%	441.1	41.0%	412.4	41.5%	7.0%
DM OEM	29.5	6.5%	30.9	9.3%	-4.5%	88.2	8.2%	94.3	9.5%	-6.5%
Domestic Market	243.8	53.7%	173.6	52.1%	40.4%	529.3	49.2%	506.6	50.9%	4.5%
FM Aftermarket	182.1	40.1%	149.1	44.7%	22.2%	499.9	46.5%	450.8	45.3%	10.9%
FM OEM	27.7	6.1%	10.5	3.1%	165.3%	46.3	4.3%	37.2	3.7%	24.5%
Foreign Market	209.8	46.3%	159.5	47.9%	31.5%	546.2	50.8%	488.0	49.1%	11.9%
Total Aftermarket Net Revenue	396.3	87.4%	291.8	87.6%	35.8%	941.0	87.5%	863.2	86.8%	9.0%
Total OEM Net Revenue	57.3	12.6%	41.4	12.4%	38.5%	134.5	12.5%	131.5	13.2%	2.3%
Total Net Revenue	453.6	100.0%	333.1	100.0%	36.2%	1,075.5	100.0%	994.7	100.0%	8.1%

Values in R\$ million

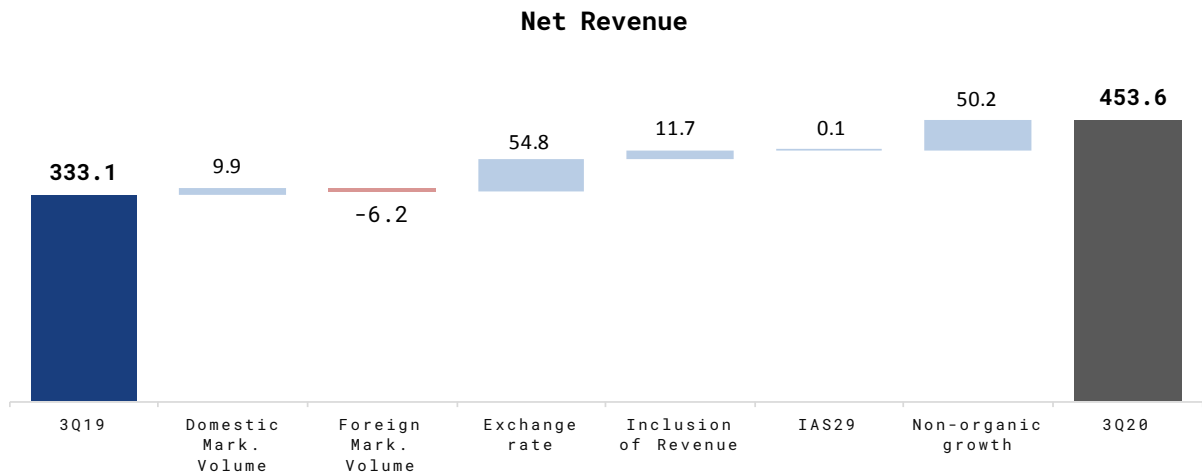
DOMESTIC MARKET: Driven by the recovery of the Aftermarket in the light line, the domestic market grew 40.4% when compared to 3Q19. When adjusting the results without Nakata, the growth in 3Q20, as compared to 3Q19, would still be very positive, with an 11.6% higher result.

FOREIGN MARKET: The gradual opening of borders, the replenishment of customer stocks and the exchange rate positively influenced the result of this quarter. Nakata's sales on the foreign market were not representative.

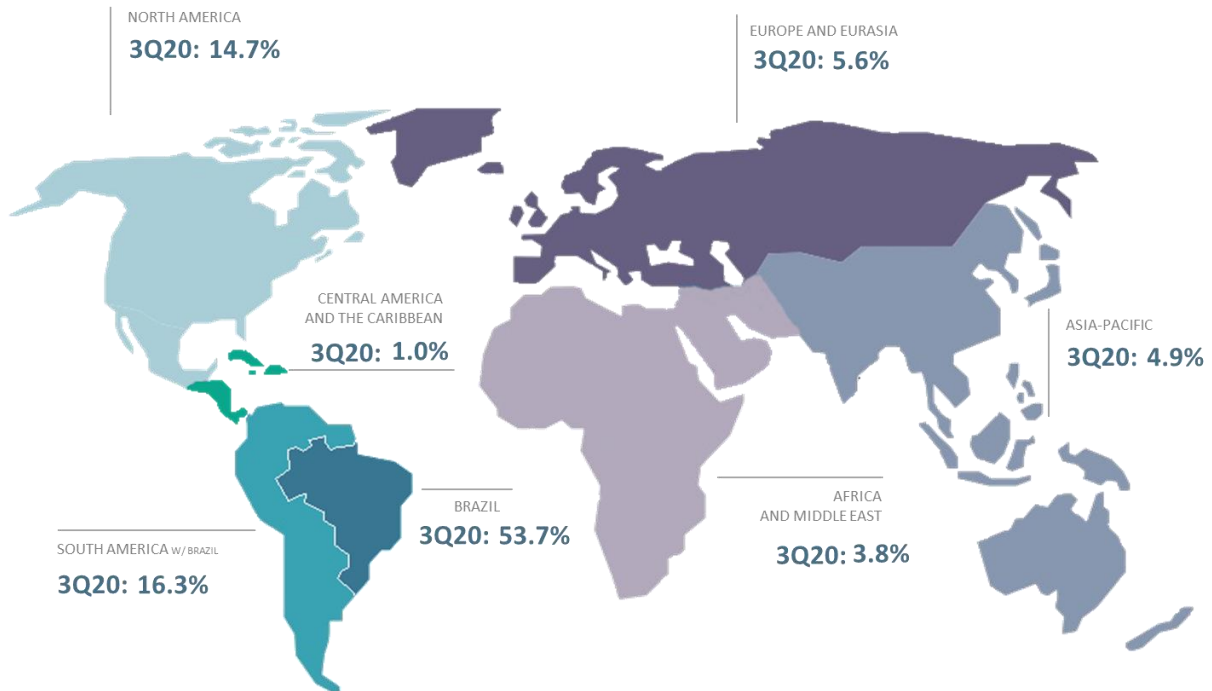
AFTERMARKET: The change in consumer habits favored the Aftermarket, which reached levels higher than those reported in the previous year, even without considering Nakata's revenues (growth of 19.1% in the quarter and 3.4% in 9M20);

OEMs: The gradual increase in volumes, aimed at replenishing stocks, resulted in growth of this segment following the opening of the foreign market.

The casual-format chart below shows the effects that have changed the performance of consolidated net revenue in 3Q20 when compared to 3Q19:



Breakdown of Net Revenue in the World_



- **BRAZIL:** The acquisition of the controlled company *Nakata Automotiva* adds important revenue to the domestic market, leading Fras-le's market share to reach 53.7% in its consolidated net revenue (when leaving Nakata out, this percentage would be 48%).
- **NORTH AMERICA:** Economic activity improved considerably in the third quarter. The reasons for that include federal-stimulus packages, the reopening of States borders, and increase in

e-commerce sales across the country. Truck production resumed at the end of August and volumes are gradually increasing. However, July and August are vacation periods in the USA, causing a natural drop in business.

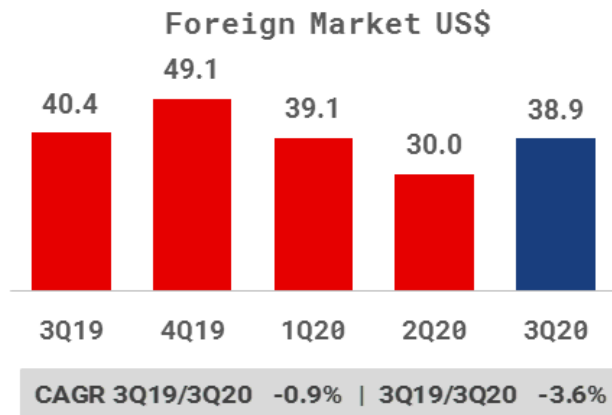
- **SOUTH AMERICA:** Up to August, traffic restrictions were still in force in some countries, mainly Colombia and Peru. In September, improvement was seen as a result of the easement of containment measures. In Argentina, the quarter's results were very positive, but the restrictions on the outflow of dollars from the country are causing some limitations for operations in that region.
- **EMEA (EUROPE, AFRICA and MIDDLE EAST):** Revenues and volumes were higher than in the same period last year, with good recovery in the light line. However, we are closely looking at new restriction measures aimed at containing a second wave of Covid-19, which some countries are already adopting, especially in Europe.
- **ASIA AND PACIFIC:** China continues to grow, gaining market and new customers with the recovery by automakers and the Aftermarket. As of July, our unit in China has taken steps to operate as a Trading Company as well, which allows us to expand export business into other products as well. These operations are expected to start in the fourth quarter.

Foreign Market and Exports_

The overall recovery in economy has led our exports (both, exports out of Brazil and revenues coming from our Units abroad), to reach results very close to those achieved in the same period last year.



Exports out of Brazil went down slightly (1.6%) when compared to those in 3Q19.



Total sales in the foreign market, which corresponds to exports out of Brazil and the sales by our Units abroad, decreased 3.6% compared to 3Q19.



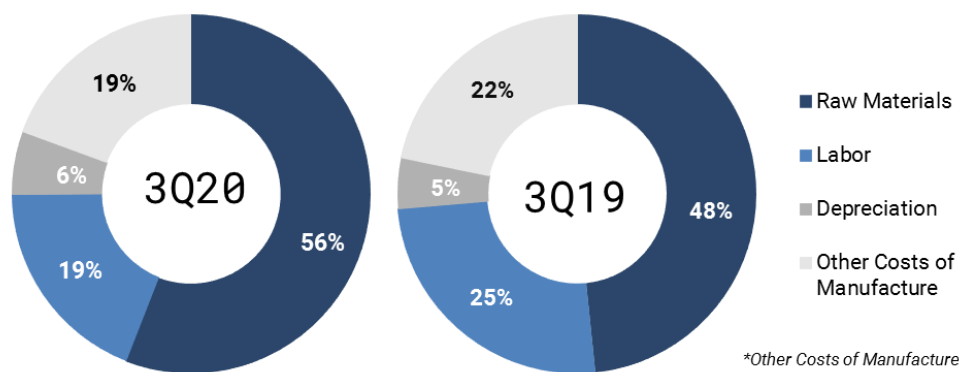
Operating Performance Overview_

Tied to the market and sales recovery, the Company reaps the improvements and gains in productivity and efficiency that have been achieved over the two past years, (due to the difficulties and challenges considered as a perfect storm). A number of initiatives to improve productivity were developed, in addition to cost reductions, investments, and price adjustments. All these factors were instrumental in the performance of this quarter.

Cost of Products Sold (COGS) _

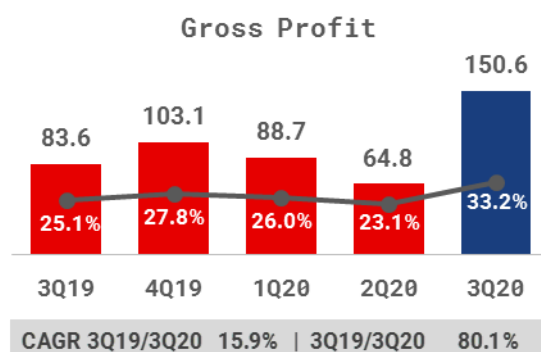
The cost of products sold amounted to R\$ 771.4 million in 9M20, accounting for 71.7% of net revenue, whereas in 3Q20 it totaled R\$ 303 million, accounting for 66.81%.

The chart below shows the composition of COGS:



The graphs below show the result of the Company's efforts to control costs and readjust its plants. Concerning raw materials, this increase comes from Nakata, which carries higher costs in this item due to its business model. Challenges that have been felt by several sectors are coming over the horizon, such as price inflation, and an eventual difficulty in the availability of some raw materials.

Gross Income_



Gross Margin in 3Q20 increased by 8.1 p.p when compared to 3Q19. This improvement is linked to the exchange rate variation in the period, operational adjustments that have been implemented since 2018, cost reduction and process improvements that have resulted in productivity gains and, consequently, margin gains.

Operating Expenses and Revenues

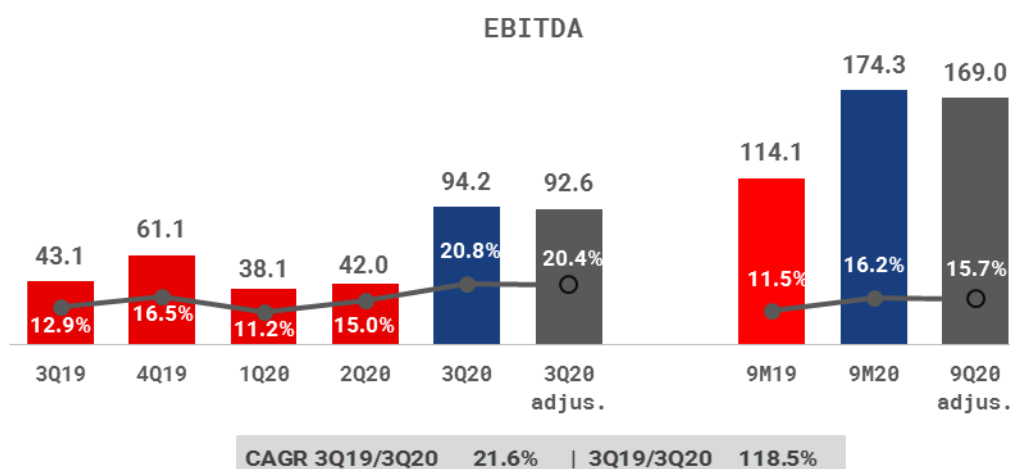
	3Q20		3Q19		Δ %	9M20		9M19		Δ %
Selling Expenses	-40.5	-8.9%	-30.4	-9.1%	33.3%	-101.0	-9.4%	-97.5	-9.8%	3.6%
Variable Expenses w/ Sales	-15.4	-3.4%	-8.8	-2.6%	76.2%	-35.9	-3.3%	-30.6	-3.1%	17.1%
Other Expenses w/ Sales	-25.1	-5.5%	-21.7	-6.5%	15.9%	-65.2	-6.1%	-66.9	-6.7%	-2.6%
Administrative Expenses	-35.5	-7.8%	-24.2	-7.3%	46.5%	-93.5	-8.7%	-76.9	-7.7%	21.6%
Other Net Expenses/Income	-4.2	-0.9%	-1.5	-0.4%	181.5%	0.9	0.1%	-2.5	-0.3%	-136.4%
Other Operating Expenses	-7.8	-1.7%	-4.9	-1.5%	58.8%	-35.2	-3.3%	-9.1	-0.9%	287.0%
Other Operating Income	3.6	0.8%	3.4	1.0%	5.3%	36.1	3.4%	6.6	0.7%	451.1%
Total Operating Exp/Income	-80.2	-17.7%	-56.1	-16.9%	42.9%	-193.6	-18.0%	-176.9	-17.8%	9.4%

Values in R\$ millions and % over Net Revenue

The group of operating expenses and revenues showed a small increase of 0.8 p.p. in 3Q20 when compared to the same period last year. It is worth noting that the decrease in selling expenses, such as business trips, reduction or suspension of working hours and wages were still present in some of our Units this quarter. In addition, we had gains in lawsuits² in the amount of R\$ 1.5 million.

² - Para mais detalhes sobre os processos judiciais, vide Nota Explicativa nº 11.5 – Ativo contingente

EBITDA_



Consolidated EBITDA reached R\$ 94.2 million in 3Q20, accounting for an increase of R\$ 49.5 million when compared to 3Q19. EBITDA margin grew by 7.5 p.p.

	3Q20		9M20	
	Adjusted	Accounted	Adjusted	Accounted
Net Revenue	453.6	453.6	1,075.5	1,075.5
(+) Voluntary untying			3.4	
(+) Structure adjustments			1.8	
COGS – Cost of Goods Sold	-303.0	-303.0	-766.1	-771.4
Gross Profit	150.6	150.6	309.3	304.1
Gross Margin	33.2%	33.2%	28.8%	28.3%
(-) Gains from Tax Proceedings	-1.5		-22.6	
(+) Voluntary untying			0.2	
(+) Impairment of Assets			8.4	
(+) Provision for loss on other receivables			1.2	
(+) Demobilization of assets			2.2	
Operating Expenses	-76.0	-76.0	-194.5	-194.5
(-) Other Expenses/Revenues	-4.2	-4.2	0.9	0.9
Operating Expenses	-81.8	-80.2	-204.1	-193.6
EBIT	68.8	70.3	105.2	110.5
Depreciation/Amortisation	23.9	23.9	63.8	63.8
EBITDA	92.6	94.2	169.0	174.3
EBITDA Margin	20.4%	20.8%	15.7%	16.2%

Values in R\$ millions

When excluding non-recurrent effects, adjusted EBITDA reached R\$ 92.6 million in 3Q20. Adjusted EBITDA in 9M20 went down 0.5 p.p over the accounting EBITDA.

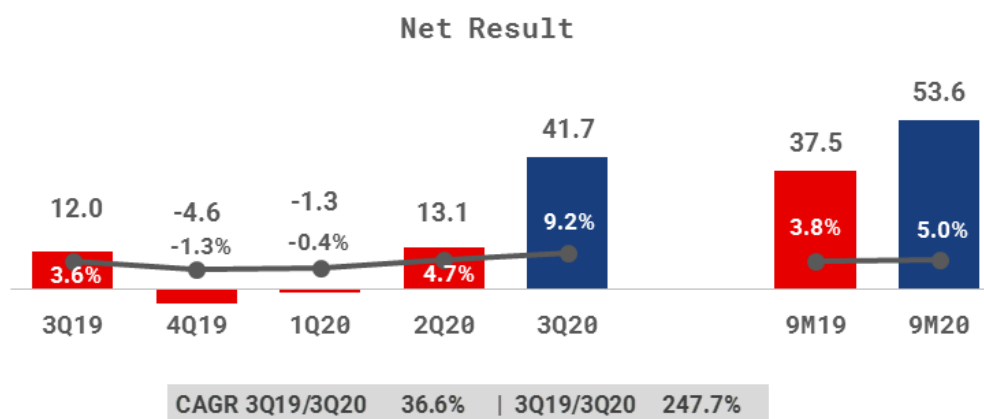
Financial Result_

	3Q20	3Q19	Δ %	9M20	9M19	Δ %
Exchange Variation	35.5	45.9	-22.5%	160.8	97.8	64.5%
Interests on Capital Investment	3.3	1.7	91.2%	8.2	9.0	-9.1%
Present Value Adjust	0.6	1.4	-55.3%	2.3	4.1	-44.2%
Other Financial Income	4.6	1.2	283.6%	11.4	2.6	346.5%
Monetary adjustment (IAS 29)	4.0	5.3	-24.8%	7.3	23.3	-68.7%
Financial Income	47.9	55.4	-13.5%	189.9	136.6	39.0%
Exchange Variation	-35.7	-69.2	-48.4%	-172.2	-115.1	49.6%
Financing Interests	-13.2	7.0	-288.7%	-25.3	-19.0	32.7%
Present Value Adjust	-2.0	-4.0	-49.1%	-6.1	-6.7	-10.1%
Bank Expenses	-2.8	-1.8	55.0%	-6.0	-8.0	-25.2%
Other Financial Expenses	-3.0	-4.0	-24.6%	-4.2	-9.8	-56.9%
Financial Expenses	-56.8	-71.9	-21.1%	-213.7	-158.7	34.7%
Financial Result	-8.8	-16.5	-46.5%	-23.8	-22.0	8.0%

Values in R\$ millions

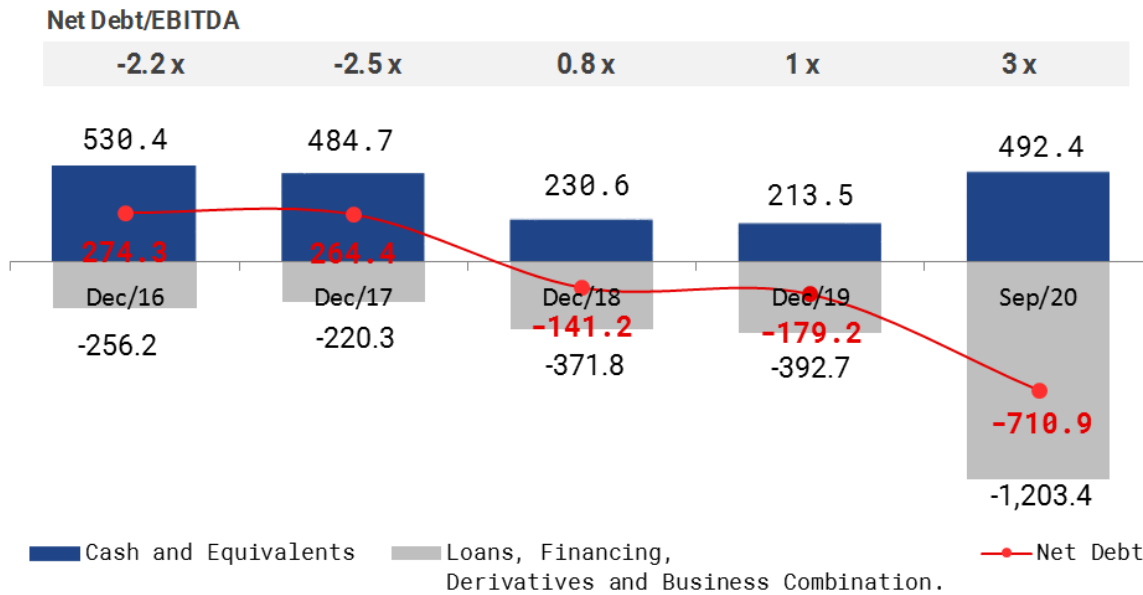
The main factors responsible for the variation in the Financial Result included: 35.2% appreciation of the average US dollar against the Real (3Q19 R\$ 3.97 | 3Q20 R\$ 5.38) and interest earnings in tax lawsuits, totaling R\$ 1.0 million in 3Q20.

Net Income_



When combining all factors reported above, we see a net book income of R\$ 41.7 million in 3Q20, which accounts for an increase of 29.7 million.

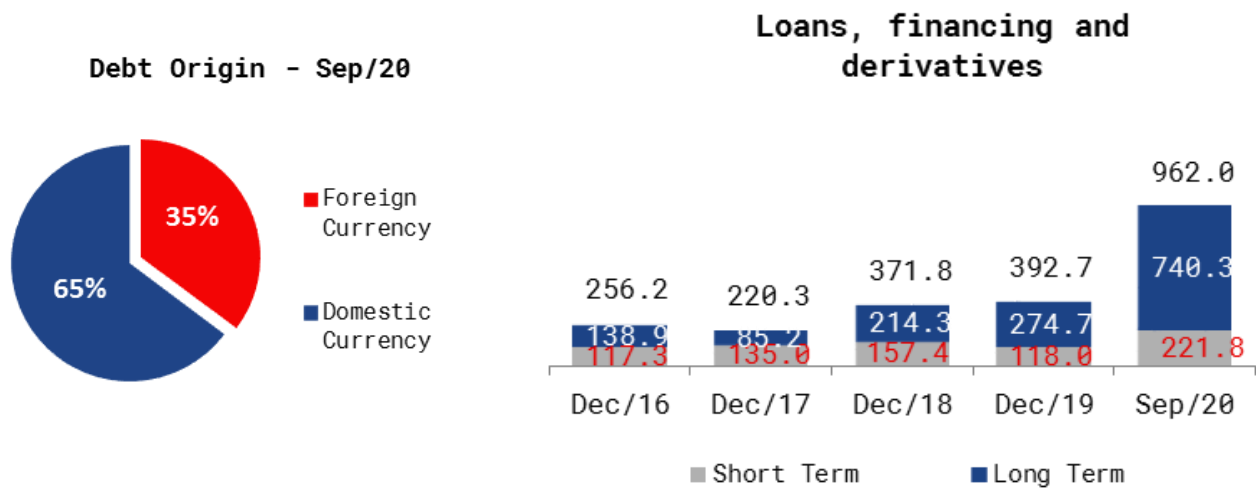
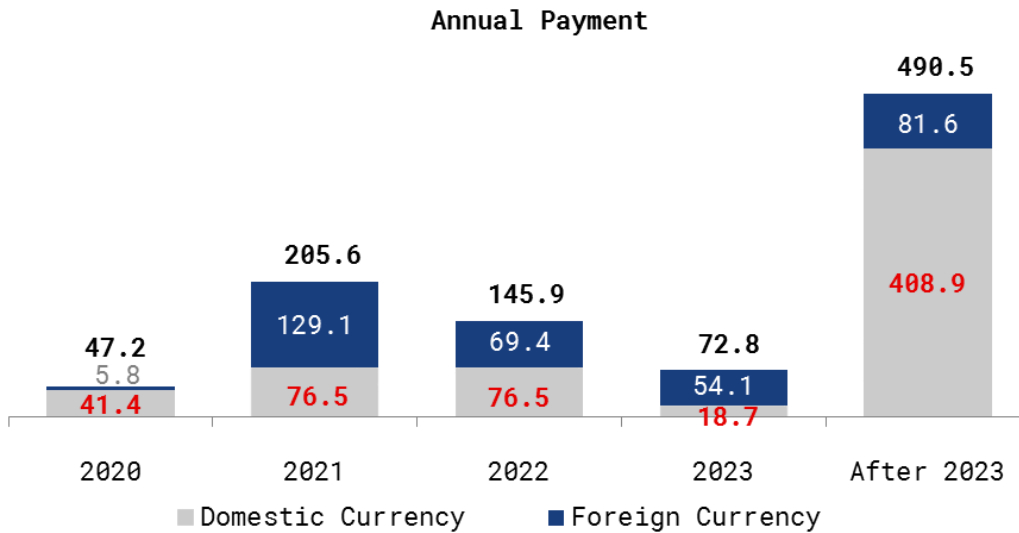
Net Debt_



- In the years ended in 2016 and 2017, Fras-le was in a comfortable position in its financial resources on account of the resources coming from a capital increase in 2016 (through an offering of shares) and from cash generation itself. In 2018 and 2019, most of these funds were used to pay for acquisitions and remuneration to shareholders (dividends and interest on capital payable), gradually reducing the volume of funds invested.
- 2020: the Company has debentures contracts amounting R\$ 420 million, which provides for the fulfillment of financial commitments for the year ended December 31, 2021. The debentures refer to funding captured on June 15, 2020 and 15 July 2020, in the amounts of R\$ 210,000 each, all of which through a private placement instrument with restricted efforts, of simple debentures non-convertible into shares, of the unsecured type, in a single series, under subscription regime. Final maturity is June 15, 2027 and July 15, 2027, respectively. It is important to highlight that, as of this quarter (3Q20), Business Combinations³ become part of the Company's net debt in the amount of R\$ 232.883 million. This number is made up of retained values.

³ - For more details on Business Combinations, see Note 2.2

The graphs below show debt details:



Need for Working Capital_

	2016	2017	2018	2019	9M20
Resources Investment					
Customers	61.4	77.8	112.8	123.4	303.4
<i>In Days</i>	<i>21 d</i>	<i>26 d</i>	<i>28 d</i>	<i>25 d</i>	<i>60 d</i>
Inventory	172.2	256.2	368.3	333.3	483.3
<i>In Days</i>	<i>59 d</i>	<i>84 d</i>	<i>91 d</i>	<i>69 d</i>	<i>96 d</i>
Others Resources	22.0	40.8	61.9	42.9	88.3
Total of Resources Invested	255.6	374.8	542.9	499.6	875.0
Sources					
Suppliers	-56.4	-78.4	-95.7	-93.7	-219.4
<i>In Days</i>	<i>19 d</i>	<i>26 d</i>	<i>24 d</i>	<i>19 d</i>	<i>43 d</i>
Others Resources	-41.3	-57.5	-71.3	-82.6	-130.0
Total of Sources	-97.7	-135.8	-167.0	-176.3	-349.4
WC in R\$	157.8	238.9	375.9	323.3	525.6
<i>WC in Days</i>	<i>54 d</i>	<i>78 d</i>	<i>93 d</i>	<i>67 d</i>	<i>104 d</i>
<i>WC in Days annualizing Nakata's Gross Revenue</i>					<i>75 d</i>

Values in R\$ million

- 2017/2018: Cycle of expansions where new structures were added, and the need for resources to implement business operations.
- 2019: Efforts aimed at reducing working capital levels were made, where volumes returned to levels considered regular for the Company. Reinforcement in cash was achieved, and thus an important reduction in the Need for Working Capital days;
- 9M20: Balances from the controlled company Nataka were instrumental in increasing the Need for Working Capital. In addition, we highlight: Conversion of the exchange rate causing an increase in the balances of operations abroad; Gains in lawsuits; Increase in the account of taxes and fees payable as a result of the extension of the payment period for federal taxes such as PIS / COFINS and INSS.

Free Cash Flow_

	2016	2017	2018	2019	9M20
EBITDA	123.7	106.4	183.9	175.2	174.3
Investments	-10.4	-45.0	-61.5	-83.2	-36.1
Financial Result	2.6	18.4	-37.5	-36.3	-23.8
Income and Social Taxes	-21.8	-19.4	-13.7	-37.5	-33.1
Working Capital Variation	40.3	-81.1	-137.0	52.7	-192.3
Operating Cash Flow	134.4	-20.7	-65.9	70.8	-110.9
Dividends/ROE	-19.1	-44.1	-50.9	-73.6	-15.5
Capital Integralization	295.5	-6.9	-301.8	0.0	-274.6
Debt Exchange Variation	11.7	0.3	-0.4	0.0	0.0
Others	17.3	56.3	18.8	-35.3	-130.7
Free Cash Flow	439.8	-15.1	-400.2	-38.0	-531.7
NET DEBT (NET CASH)	274.1	259.0	-141.2	-179.2	-710.9

Values in R\$ million

Likewise, when comparing with periods prior to the expansion movements, we can see significant variations, mainly in the Need for Working Capital variation line, caused by the disruptions that took place at the end of 2017 and 2018 as the new Operations were being incorporated into the structure.

The increase, reported under the item Need for Working Capital, directly impacted cash flow, which absorbed an increase of R\$ 264.8 million in relation to the flow of 2019, thus contributing to the increase in net debt, which ended the period with a balance of R\$ 482.1 million.



	3Q20	3Q19	2015	2016	2019	9M20
Holding Company	6.2	9.1	27.2	5.6	32.2	13.4
Subsidiaries and Other Investments	4.9	14.6	12.3	4.5	51.0	22.7
Total Capex	11.1	23.6	39.5	10.1	83.2	36.1

Values in R\$ millions

In 3Q20, investments in Capex amounted to R\$ 11.1 million, the main one being R\$ 2.3 million in Fras-le Unit based in Caxias do Sul, related to the CTR (Randon Technological Center), which now has a new area for dynamic testing (VDA - vehicle dynamic area) with 53 thousand square meters, intended for the development, tests and approvals of stability control systems. The structure also has the largest low friction track in Latin America and special tracks for noise analysis and tire performance.

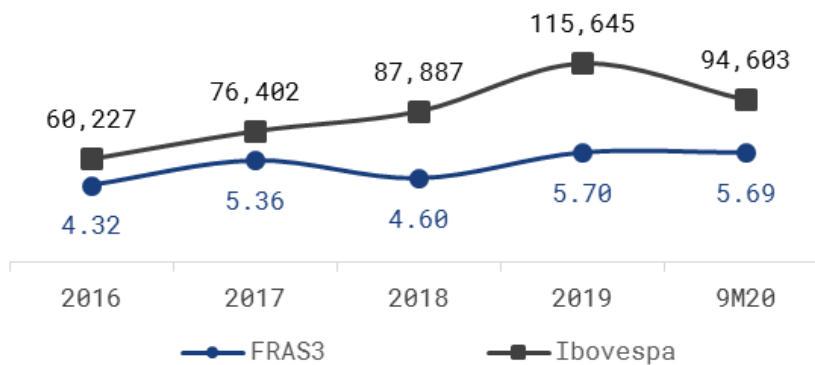


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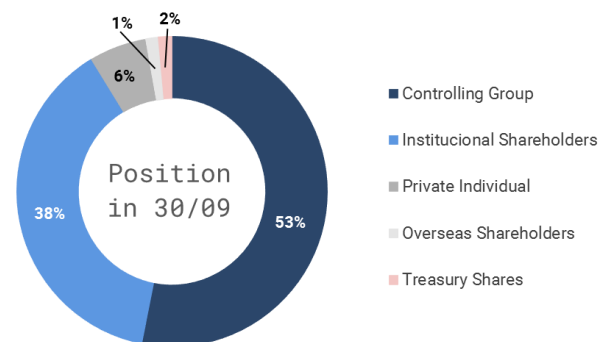
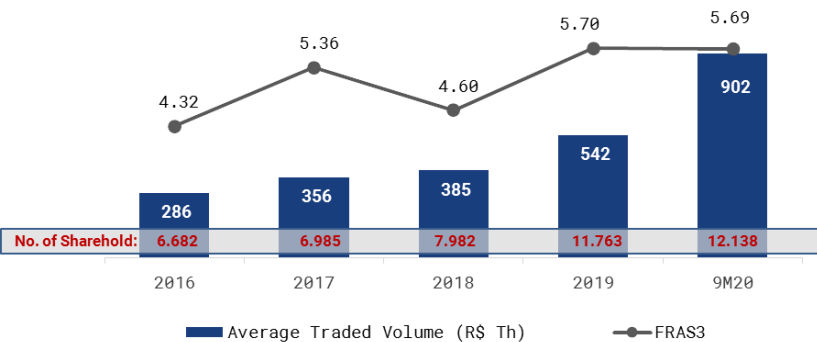
In 3Q20, 6.9 million “FRAS3” shares were traded. In this period, an average daily trading volume of R\$ 0.6 million was recorded, which accounted for an increase of 43.8% when compared to the average daily volume of 2019. The Company’s Market value at the end of September 2020 reached R\$ 1.2 billion.

Variation FRAS3 x Ibovespa



CAGR 2016/9M20	7.1%	2019/9M20	-0.2%	CAGR 2016/9M20	12.0%	2019/9M20	-18.2%
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Average Daily Volume (R \$ thousand), Quotation and No. of Shareholders



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Board of Directors

Board

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

Supervisory

Gaspar Carreira Júnior
Geraldo Santa Catharina
Rogério Luiz Ragazzon

Executive Board (Statutory)

Sérgio Lisbão Moreira de Carvalho - CEO
Anderson Pontalti - Director
Hemerson Fernando de Souza - Director

Investor Relations

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

Accountant

Dionéia Canal
CRC-RS 61981/0-3



Address

Rodovia RS 122, KM 66, nº 10.945

Bairro Forqueta

Caxias do Sul, RS

Contacts

Phone: +55 54 3239-1517 | +55 54 3239-1553 | +55 54 3239-3036

E-mail: ri@fras-le.com

Home Page: <http://ri.fras-le.com.br>

Independent Auditors

ERNST & YOUNG Auditores Independentes S/S

Shareholders Services

Banco Itaú S.A

Rua Boa Vista, 176 - 1º Subsolo - Centro, São Paulo - SP

Newspapers and Websites for Information Disclosure

Diário Oficial RS - Rio Grande do Sul

Pioneiro - Caxias do Sul - RS

Portal: <http://www.luzdigi.com.br> (Atos e Fatos Relevantes)

Photography

Julio Soares

Jefferson Bernardes

Magrão Scalco

João Carlos Lazzarotto

Banco de Imagens Fras-le e Empresas Randon

CONSOLIDATED STATEMENT OF INCOME_

Values in Thousands of Reais

	3Q20	%	3Q19	%	9M20	%	9M19	%	Variations	
									3Q20/3Q19	9M20/9M19
Net Revenue	453,592	100.0%	333,133	100.0%	1,075,473	100.0%	994,689	100.0%	36.2%	8.1%
COGS – Cost of Goods Sold	-303,039	-66.8%	-249,560	-74.9%	-771,397	-71.7%	-748,114	-75.2%	21.4%	3.1%
Gross Profit	150,553	33.2%	83,573	25.1%	304,076	28.3%	246,574	24.8%	80.1%	23.3%
Selling Expenses	-40,540	-8.9%	-30,424	-9.1%	-101,038	-9.4%	-97,530	-9.8%	33.3%	3.6%
Administrative Expenses	-35,496	-7.8%	-24,231	-7.3%	-93,472	-8.7%	-76,876	-7.7%	46.5%	21.6%
Other Operation Expens./Incom.	-4,188	-0.9%	-1,488	-0.4%	924	0.1%	-2,540	-0.3%	181.5%	-136.4%
Financial Result	-8,825	-1.9%	-16,506	-5.0%	-23,801	-2.2%	-22,043	-2.2%	-46.5%	8.0%
Financial Income	47,940	10.6%	55,426	16.6%	189,944	17.7%	136,641	13.7%	-13.5%	39.0%
Financial Expenses	-56,765	-12.5%	-71,931	-21.6%	-213,744	-19.9%	-158,683	-16.0%	-21.1%	34.7%
Income Before Tax	61,503	13.6%	10,925	3.3%	86,689	8.1%	47,586	4.8%	463.0%	82.2%
Income and Social Tax	-19,770	-4.4%	1,076	0.3%	-33,087	-3.1%	-10,135	-1.0%	-1937.7%	226.5%
Net Profit	41,733	9.2%	12,001	3.6%	53,603	5.0%	37,451	3.8%	247.7%	43.1%
Attributable to non-controlling shar.	-480	-0.1%	-1,092	-0.3%	-6,492	-0.6%	-2,662	-0.3%	-56.0%	143.9%

Values in R\$ thousands

CONSOLIDATED BALANCE SHEET

Values in thousands of Reais

	09.30.20	09.30.19
Assets	2,759,114	1,630,720
Current Assets	1,298,550	761,274
Cash and Cash Equivalents	393,267	175,088
Receivables	303,387	98,386
Inventory	483,293	364,682
Financial Applications	19,567	55,320
Derivative Operations	11,572	0
Taxes Recoverable	66,073	51,933
Others Current Assets	21,390	15,865
Non-current Assets	1,460,564	869,446
Taxes Recoverable	26,105	27,564
Judicial Deposits	23,461	16,947
Deferred Taxes	43,548	36,195
Financial investments	68,022	0
Others Non-current Assets	8,651	7,272
Investments	1,317	883
Fixed Assets	615,817	523,184
Right of Use of Leases	142,657	91,653
Intangible	530,988	165,748
Liabilities	2,759,114	1,630,720
Current Liabilities	712,231	354,186
Accounts Payable	219,391	95,642
Loans and Financing	221,762	134,424
Derivative Financial Instruments	894	196
Taxes and Contributions	61,639	30,647
Salaries and Charges	46,867	47,440
Business combination	62,904	0
Lease	15,728	9,259
Others Obligations	83,047	36,578
Non-current Liabilities	1,148,825	474,480
Loans and Financing	740,266	271,469
Deferred Taxes	68,727	65,558
Provisions	25,900	13,758
Tax Incentive	2,550	2,819
Accounts payable per business combination	169,979	0
Lease	125,041	83,764
Others Obligations	16,362	37,112
Equity	898,058	802,054
Social Capital	600,000	600,000
Tax Incentive Reserve	5,002	2,840
Costs with Issue of Shares	-4,622	-4,623
Profit Reserves	244,075	203,498
Stocks in Treasury	-13,352	-13,352
Other Comprehensive Results	55,463	-3,531
Non-controlling Participation	11,492	17,222

Values in R\$ thousands

STATEMENTS OF CASH FLOW_ INDIRECT METHOD

Values in thousands of Reais

	09.30.20	09.30.19
Operational Cash Flow		
Net operational cash	143,678	74,027
Cash generated from operations	193,353	127,302
Income statement	53,603	37,450
Provision of income and social tax and deferred	33,086	10,135
Depreciation and amortization	63,828	44,521
Provision for disputes	4,279	1,257
Allowance for doubtful accounts	1,102	828
Obsolete inventory provision	4,747	1,609
Other provisions	5,614	-3,680
Cost of the fixed assets sold	14,272	9,779
Revenue from active lawsuits	-27,591	0
Monetary adjustment	-7,284	-23,279
Loans and leases variation	20,106	48,682
Assets and liabilities fluctuations	-22,084	-53,275
Financial applications	-52,517	-49,449
Judicial Deposits	-5,810	-2,216
Receivables	-46,238	13,596
Inventory	-55,421	-1,499
Others assets	24,232	-6,812
Accounts payable	74,970	-16
Others liabilities	65,209	84
Paid income and social tax	-26,509	-6,963
Investment Cash Flow		
Net investment cash	-295,929	-52,557
Fixed assets acquisitions and intangible	-34,966	-51,940
Additions to intangible assets	-1,144	-617
Business combination	-259,819	0
Cash From Financing Activities		
Net funding cash	367,127	-70,906
Payment of the return over equity	-14,059	-70,396
Loans Taken	530,940	138,588
Loan payments	-133,602	-126,141
Paid interests	-16,152	-12,957
Funding Cash Flow	214,876	-49,436

Values in R\$ thousands

COMPONENTS DETAILING – BY PRODUCT LINE_

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>	