A long-exposure photograph of a multi-lane highway at night, showing light trails from vehicles. The scene is dark with a blueish tint, and the light trails are primarily red and white, curving into the distance. 

**EARNINGS  
RELEASE**  
**3Q23 | 9M23**

**Caxias do Sul, November 8, 2023.** Frasle Mobility (Fras-le S.A.- B3: FRAS3) announces its results for the third quarter of 2023 (3Q23) and nine month period of 2023. As The Company's financial information is consolidated in compliance with the international standards IFRS – International Financial Reporting Standards. Monetary values are denominated in Reais, unless otherwise indicated. Comparisons are made with the third quarter of 2022 (3Q22) and nine month period of 2022 (9M22).

## HIGHLIGHTS



Consolidated Net Revenue was **R\$ 889.1 million** in 3Q23, 7.9% up from 3Q22, reaching R\$ 2.6 billion in the 9M23 period, 14.5% up from 9M22.

**Revenues from the International market<sup>1</sup>** amounted to **US\$ 68.5 million** in 3Q23, up 8.8% from 3Q22. In the 9M23, it amounted to **US\$ 209.2 million**, which is 16.1% up from the same period last year.



**Gross Margin** reached **35.9%** in 3Q23, 4.4 percentage points up from 3Q22. In 9M23, gross margin was 35.4%, 5.7 percentage points up in relation to 9M22.



**EBITDA** amounted to **R\$ 190.2 million** in 3Q23, 37.9% up from 3Q22, reaching **R\$ 554.1 million** in 9M23, 50.2% increase when compared to 9M22. **EBITDA margin** was 21.4% in 3Q23, 4.7 percentage points up from 3Q22. In 9M23, margin was 20.9%, 5.0 percentage points year-over-year.



**Net Margin** was **11.9%** in 3Q23, 3.0 percentage points up in relation to 3Q22. The nine months of 2023 ended with a margin of **11.1%**, **3.9** percentage points up from 9M22 (7.3% margin).



**Investments<sup>2</sup>** amounted to **R\$ 17,5million** in 3Q23, focused on increasing the operational productivity of our operations. Investments in 9M23 were **R\$ 74,1 million**, of which 69.0% correspond to the Controlling company and 31.0% to the controlled units.



**Return on Capital Invested (ROIC)** reached **17.1%** in 3Q23, 5.2 percentage points up year-over-year.

MARKET CAP (30/09/2023) R\$ 4.4 bi

CLOSING AND QUOTE "FRAS3" R\$ 16.22

FREE FLOAT – 33.2%

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Marcelo Scopel Caberlon

Mônica Rech

Renata Schwaizer

**Videoconference of Results 3Q23**

**November 09, 2023, (Thursday)**

11:00 am Brasília | 09:00 a.m New York | 02:00 p.m London

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

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

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

<sup>2</sup> Value referring to organic investments.

## FRASLE MOBILITY UNIVERSE

### DIGITAL TRANSFORMATION – AUTO EXPERTS

In July, a new phase of [Auto Experts](#) started – a platform that brings together the digital catalogues of Frasle Mobility and Randoncorp Auto Parts brands, consisting of almost 21 thousand units of products registered. The update was aimed at improving the user experience by making it possible to download, through offline access, content from catalogues, videos with using instructions and product applications. In addition, it maintains the new features such as searching by license plate and geolocating points of sale for components. From January to October this year, this platform already reached more than 3.2M hits, 1.9M users and 1.9M searches per license plate. For more information, [access here](#).



### FRASLE MOBILITY STOOD OUT AT IVECO GROUP SUPPLIERS EVENT

In August, the Company was recognized for its innovation and earned the Supplier of the Year award for the development of Composs, a pioneering brand related to composite materials solutions in the Latin American market. For additional information, [access here](#).

### GUIDANCE UPDATE

In September, the Company revised the EBITDA Margin range from  $15\% \leq X \leq 18\%$  to  $18\% \leq X \leq 22\%$ . The update resulted from the expected improvement in margin performance, driven by the assertiveness of the Company's commercial strategy, reduction of the inflationary impact on the purchase of supplies, capture of synergies between the conglomerate's operations, and the addition of the results from recently acquired operations. For more information, see section 3 of the [Reference Form](#).

### NEW COMPOSS LINE

On October 4th, the new automated production line for composite materials opened at the Company's industrial complex in Caxias do Sul (RS). The new line was structured with the support of Auttom, a unit specialized in automation and robotization at Randoncorp. In the new structure, fender supports and taillights are produced for our partner, Iveco Group. For more information, [click here](#).

## SUBSEQUENT EVENTS

### CAPITAL PAYMENT

On October 10, the capitalization of Fras-le North America Inc. was approved, through the subscription of shares in the amount equivalent to USD 20,000,000.00 (twenty million US dollars), to be paid in with credits from receivables that the Company holds together with that subsidiary. To access the full document, [click here](#).

## MESSAGE FROM MANAGEMENT

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Every quarter, we celebrate consistent results that prove the company's assertive strategy, aiming for an even more inspiring future. We are a global company focused on safety and innovation of products and services through complete solutions, provided on daily basis work, always aiming for the efficiency of our production.

Frasle Mobility reached consolidated Net Revenue of R\$ 2.6 billion in the nine months of 2023, 14.5% higher than the same period last year, and an adjusted EBITDA margin of 21.4%, which is the highest margin in the Company's history. In line with the results, on September 27th, we released to the market the Guidance review where we updated the EBITDA Margin range. This shows that the legacy built to maintain margins is positive, supported by greater efficiency, productivity, scale and capacity that the company has in multiplying the strengths of each operation when added together.

These are numbers that make this year special, reflecting our ability to manage balanced and appropriate costs with a sales force that keeps us in the lead in most product families and markets in which we operate. Our leadership is reflected on the auto parts replacement market, in the capillarity of products offered, and in the geographies reached, building up strengths for this positive performance.

The moment still requires caution and care, considering the challenges to be overcome in the global macroeconomic scenario and in different regional realities in the different countries in which Frasle Mobility is present. By keeping our steps firm, trusting in the strategy outlined and in the capacity and resilience of always being prepared for the multiple contexts that permeate our daily lives, we know that we have the capacity to accomplish even more of what we planned, building the future we pursue.

*“...we know that we  
have the capacity  
to accomplish even  
more of what we  
have planned,  
building the future  
we pursue.”*

## MAIN FIGURES

	3Q23	3Q22	Δ %	2Q23	Δ %	9M23 <sup>1</sup>	9M22	Δ %
<b>Net Revenue</b>	<b>889,1</b>	<b>823,9</b>	<b>7,9%</b>	<b>919,6</b>	<b>-3,3%</b>	<b>2.647,4</b>	<b>2.311,3</b>	<b>14,5%</b>
Domestic Market	554,5	493,6	12,3%	528,9	4,9%	1.601,0	1.385,2	15,6%
Foreign Market	334,5	330,3	1,3%	390,7	-14,4%	1.046,4	926,1	13,0%
Foreign Market US\$	68,5	63,0	8,8%	78,8	-13,1%	209,2	180,2	16,1%
Exports – Brazil US\$ *	25,3	24,5	3,0%	31,0	-18,5%	81,8	78,6	4,1%
<b>Gross Profit</b>	<b>319,3</b>	<b>259,4</b>	<b>23,1%</b>	<b>320,5</b>	<b>-0,4%</b>	<b>936,0</b>	<b>684,3</b>	<b>36,8%</b>
Gross Margin	35,9%	31,5%	4,4 pp	34,9%	1,1 pp	35,4%	29,6%	5,7 pp
<b>Operating Profit</b>	<b>157,9</b>	<b>108,5</b>	<b>45,5%</b>	<b>156,0</b>	<b>1,2%</b>	<b>461,1</b>	<b>283,2</b>	<b>62,8%</b>
Operating Margin	17,8%	13,2%	4,6 pp	17,0%	0,8 pp	17,4%	12,3%	5,2 pp
<b>EBITDA</b>	<b>190,2</b>	<b>137,9</b>	<b>37,9%</b>	<b>186,9</b>	<b>1,8%</b>	<b>554,1</b>	<b>369,0</b>	<b>50,2%</b>
EBITDA Margin	21,4%	16,7%	4,7 pp	20,3%	1,1 pp	20,9%	16,0%	5,0 pp
<b>Net Profit</b>	<b>106,1</b>	<b>73,3</b>	<b>44,7%</b>	<b>98,2</b>	<b>8,0%</b>	<b>294,8</b>	<b>168,0</b>	<b>75,5%</b>
Net Margin	11,9%	8,9%	3,0 pp	10,7%	1,3 pp	11,1%	7,3%	3,9 pp
<b>Adjusted EBITDA</b>	<b>190,2</b>	<b>137,9</b>	<b>37,9%</b>	<b>199,5</b>	<b>-4,7%</b>	<b>566,7</b>	<b>369,0</b>	<b>53,6%</b>
Adjusted EBITDA Margin	21,4%	16,7%	4,7 pp	21,7%	-0,3 pp	21,4%	16,0%	5,4 pp
<b>Investments</b>	<b>17,5</b>	<b>20,8</b>	<b>-15,9%</b>	<b>25,4</b>	<b>-31,3%</b>	<b>74,1</b>	<b>46,9</b>	<b>58,0%</b>
<b>ROIC</b>	<b>17,1%</b>	<b>11,8%</b>	<b>5,2 pp</b>	<b>15,5%</b>	<b>1,6 pp</b>	<b>17,1%</b>	<b>11,8%</b>	<b>5,2 pp</b>

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

(\*) Includes intercompany sales

	3Q23	3Q22	Δ %	2Q23	Δ %	9M23	9M22	Δ %
<b>Average price of the US dollar</b>	<b>4,88</b>	<b>5,25</b>	<b>-7,0%</b>	<b>4,95</b>	<b>-1,4%</b>	<b>5,01</b>	<b>5,13</b>	<b>-2,4%</b>

<sup>1</sup> Reclassification of intercompany revenue eliminations has changed the result of the Revenue lines in the Domestic and International Market in previous quarters, impacting the accumulated result for the nine months of 2023. The changes made are highlighted in the Company's [Modelling Guide](#).

## BUSINESS OVERVIEW FOR THE QUARTER

The highlight in this quarter is the domestic replacement market, which continued to experience strong demand and an increasing number of visits to workshops, according to CINAU – Automotive Intelligence Center, research unit, BI-Business Intelligence and Consulting of the Oficina Brasil Group. From January to September 2023, there was an increase of 13% compared to the same period last year. The international market faced fierce competition due to price and difficulties in operating in Argentina.

At the end of 9M23, the Company achieved 14.5% growth in net revenue compared to the same period in 2022. The results achieved by the Company reflect its resilient, countercyclical business model, broad portfolio of products and, especially the efficiency in operational management.

## Sales Performance

### Volume and Net Revenue per Family

Sales Volumes by Product Line in millions of pieces or liters																
VOLUMES	3Q23		3Q22		Δ %		2Q23		Δ %		9M23		9M22		Δ %	
	Friction Material	25,8		24,0		7,7%	26,3		-1,7%	76,9		73,3		4,8%		
	Components for the Brake System	2,3		2,1		6,9%	2,6		-12,0%	7,0		6,5		9,1%		
	Components for the Suspension, Steering and Powertrain	5,2		4,4		18,4%	4,9		7,9%	14,8		12,6		17,7%		
Sales Revenue by Material in R\$ million																
NET REVENUE	3Q23		3Q22		Δ %		2Q23		Δ %		9M23		9M22		Δ %	
	Friction Material	425,6	47,9%	388,5	47,2%	9,5%	448,8	48,8%	-5,2%	1.273,4	48,1%	1.144,8	49,5%	11,2%		
	Components for the Brake System	176,1	19,8%	167,2	20,3%	5,3%	195,9	21,3%	-10,1%	522,6	19,7%	433,4	18,8%	20,6%		
	Components for the Suspension, Steering and Powertrain	258,4	29,1%	229,0	27,8%	12,8%	241,7	26,3%	6,9%	735,6	27,8%	619,8	26,8%	18,7%		
	Other products *	28,9	3,3%	39,1	4,7%	-26,0%	33,1	3,6%	-12,6%	115,7	4,4%	113,3	4,9%	2,1%		
	<b>Total Net Revenue</b>	<b>889,1</b>	<b>100,0%</b>	<b>823,9</b>	<b>100,0%</b>	<b>7,9%</b>	<b>919,6</b>	<b>100,0%</b>	<b>-3,3%</b>	<b>2.647,4</b>	<b>100,0%</b>	<b>2.311,3</b>	<b>100,0%</b>	<b>14,5%</b>		

The components are detailed at the end of this report.

It should be noted that, due to the reclassification of intercompany revenue eliminations, there was a change in the data reported in the first half of 2023. To open the previous quarters, see [Modelling Guide](#).

In the nine-month comparison, the Company maintains growth in volume and revenue across all product families. Below is more information on 3Q23:

#### Friction Material

- Brake pads for light lines showed strong growth in friction material due to the high demand for workshop repairs in the Brazilian market.
- The commercial line slowed down due to the volume of stocks at distributors and price competition in the market.

#### Components for the Brake System

- The occasional slowdown between 3Q23 x 2Q23 is related to difficulties in exporting to Argentina. In 9M23, the positive highlight is for the subsidiary Controil, which has been gaining relevance with the master cylinder, reflecting the expansion of the portfolio and support for the line of additional products.

### Suspension, Steering and Powertrain Components

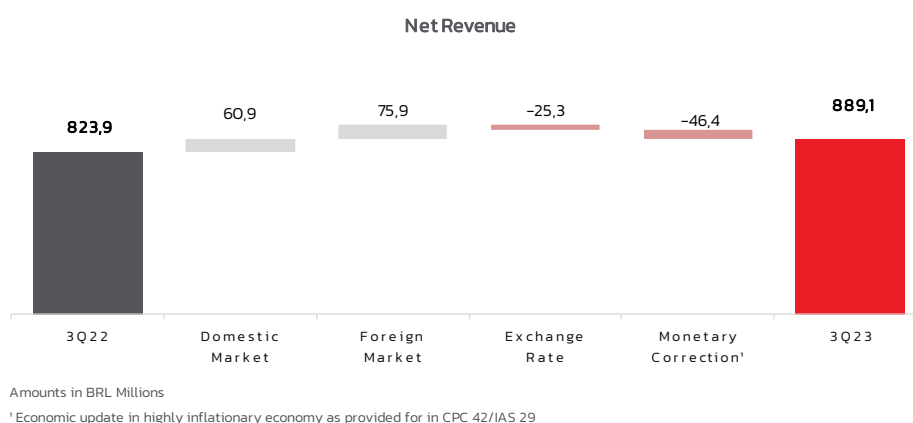
→ Shock absorbers made by our subsidiary Nakata remain standing out, driven by the quality and availability of the product on the market, resulting in sales performance.

### Other Products

→ The variation between 2Q23 x 3Q23 refers to Composs volumes. *Iveco Brazil* is restructuring its production lines, which impacts revenue and volume in the quarter. Regular demand levels are expected for early 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, as there are effects from changes in exchange rates, product mix and prices charged. For more details about the families, see Appendix IV.

Below is the graph in causal format, with the effects that changed the performance of consolidated net revenue in 3Q23 compared to 3Q22:



## Revenues by Market

Net Revenue by Markets													
Markets	3Q23		3Q22		Δ %	2Q23		Δ %	9M23		9M22		Δ %
DM Aftermarket	502,1	56,5%	433,4	52,6%	15,9%	479,8	52,2%	4,7%	1.444,8	54,6%	1.214,5	52,5%	19,0%
DM OEM	52,4	5,9%	60,3	7,3%	-13,0%	49,1	5,3%	6,8%	156,2	5,9%	170,7	7,4%	-8,5%
<b>Domestic Market</b>	<b>554,5</b>	<b>62,4%</b>	<b>493,6</b>	<b>59,9%</b>	<b>12,3%</b>	<b>528,9</b>	<b>57,5%</b>	<b>4,9%</b>	<b>1.601,0</b>	<b>60,5%</b>	<b>1.385,2</b>	<b>59,9%</b>	<b>15,6%</b>
FM Aftermarket	284,1	32,0%	281,9	34,2%	0,8%	330,9	36,0%	-14,1%	894,8	33,8%	791,7	34,3%	13,0%
FM OEM	50,4	5,7%	48,4	5,9%	4,2%	59,8	6,5%	-15,7%	151,6	5,7%	134,4	5,8%	12,8%
<b>Foreign Market</b>	<b>334,5</b>	<b>37,6%</b>	<b>330,3</b>	<b>40,1%</b>	<b>1,3%</b>	<b>390,7</b>	<b>42,5%</b>	<b>-14,4%</b>	<b>1.046,4</b>	<b>39,5%</b>	<b>926,1</b>	<b>40,1%</b>	<b>13,0%</b>
Total Aftermarket Net	786,2	88,4%	715,3	86,8%	9,9%	810,7	88,2%	-3,0%	2.339,6	88,4%	2.006,2	86,8%	16,6%
Total OEM Net Revenue	102,8	11,6%	108,6	13,2%	-5,3%	108,9	11,8%	-5,5%	307,8	11,6%	305,1	13,2%	0,9%
<b>Total Net Revenue</b>	<b>889,1</b>	<b>100%</b>	<b>823,9</b>	<b>100%</b>	<b>7,9%</b>	<b>919,6</b>	<b>100%</b>	<b>-3,3%</b>	<b>2.647,4</b>	<b>100%</b>	<b>2.311,3</b>	<b>100%</b>	<b>14,5%</b>

Values in R\$ million

It should be noted that there was a change in the data reported in the first half of 2023, relating to the opening of the Domestic and International Market, Replacement and OEM due to the reclassification of intercompany revenue eliminations. To open previous quarters, see the [Modeling Guide](#).

## Domestic Market

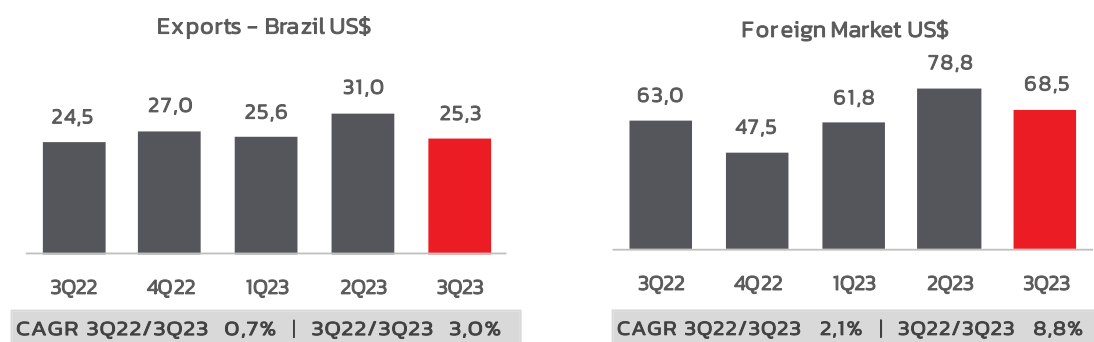
In 3Q23 the revenues from the domestic market grew by 12.3% when compared to the same period last year. In 9M23 x 9M22, the increase was 15.6%. Highlights of this variation are:

- The strength of brands through the creation of value perceived by the customer, product availability, sales strategies, and price repositioning. Furthermore, the booming market for workshop repairs and the continued high interest rates contributed to the results.
- The gradual recovery after production halts, driven by low demand, is a factor that contributes to the result in the automaker market.

## International Market

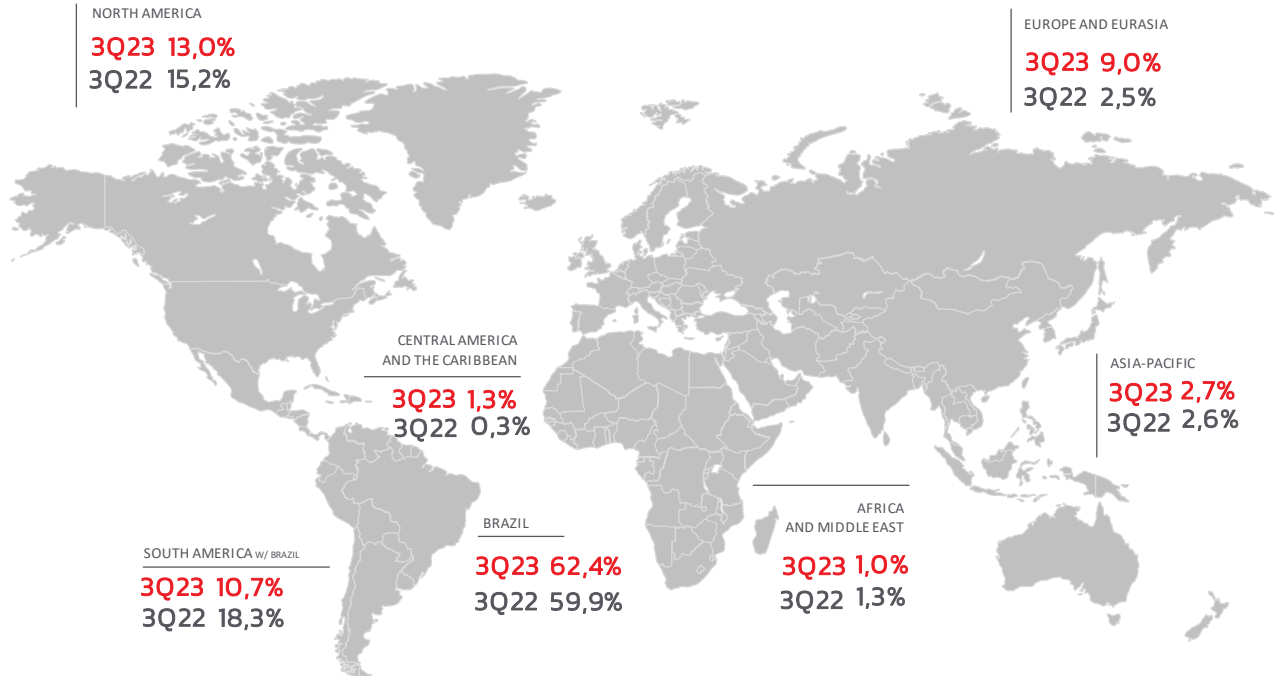
The international market – which corresponds to the sum of exports out of Brazil and revenues from operations abroad – grew 1.3% when compared to 3Q23 x 3Q22 and increased 13.0% when compared to 9M23 x 9M22. The main factors were:

- In terms of replacement, the Latin American market is under price pressure after the reopening of China. Added to this, the difficulties in exporting to Argentina were obstacles faced in this quarter.
- AML Juratek Limited contributed more than R\$ 50 million to the replacement sector in this quarter. Gains in sales synergy are beginning to be explored and the results should be seen in the coming quarters.
- The market slowdown in the automakers sector is due to exchange rate variation (Dollar x Real).





## Net Revenue Breakdown in the World



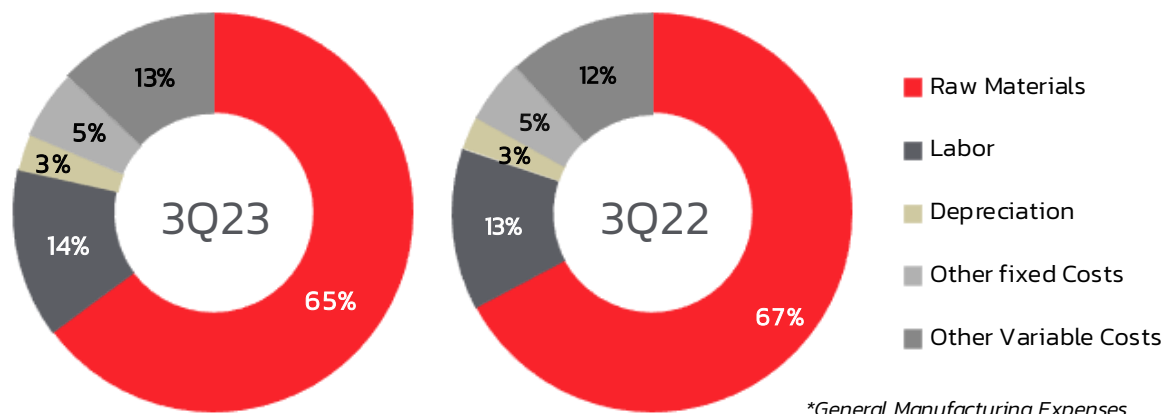
- **North America:** high inflation rate remains a factor of concern. The continuity of results is driven by the gradual recovery of volumes.
- **South America:** the economic crisis in Argentina, import barriers and the country's high inflation rate are factors that have caused a slowdown in the market. Furthermore, competition from Asian products has increased in this region.
- **Europe and Eurasia:** significant growth in this region is driven by the general recovery of the market, driven by the gradual fall in inflation. The return to normal customer service and stock availability at pre-pandemic levels contribute to the growth in operations. In addition, the results of AML Juratek Limited also contribute to this performance.
- **Asia:** generally speaking, the region is experiencing a post-pandemic recovery. The Replacement market continues to show a declining demand and the price dispute is also representative.

## Operating Performance

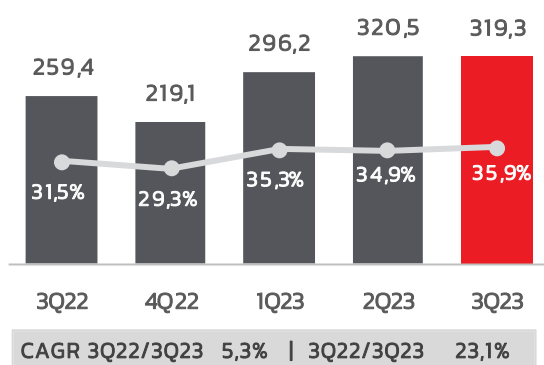
### Cost of Products Sold and Gross Profit

In 3Q23, the Cost of Products Sold totalled R\$ 569.8 million, accounting for 64.1% of net revenue, while in 3Q22 it reached R\$ 564.5 million and 68.5% of net revenue for the period.

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



### Gross Profit



Gross profit for the third quarter was R\$ 319.3 million, with a gross margin of 35.9%, 4.4 percentage points above 3Q22.

The quarter's result reflects the efficient operational and supply management, in addition to deflation in input costs.

Another relevant factor is the legacy of synergies such as the transfer of the plant from Diadema (SP) to Extrema (MG). As a result of this transfer, the company had significant productivity gains, in addition to strengthening the supply channels that help the logistical integration between the operations of the conglomerate. This leverages the marketing

strategies, resulting in greater product availability and fast deliveries, increasing the perception of value for the customer.

## Operating Expenses and Revenues

	3Q23		3Q22		Δ %	2Q23		Δ %	9M23		9M22		Δ %
<b>Selling Expenses</b>	-82,7	-9,3%	-79,8	-9,7%	3,7%	-79,2	-8,6%	4,5%	-241,0	-9,1%	-212,0	-9,2%	13,7%
Variable Expenses w/ Sales	-28,3	-3,2%	-27,5	-3,3%	2,9%	-31,6	-3,4%	-10,4%	-86,4	-3,3%	-74,3	-3,2%	16,2%
Other Expenses w/ Sales	-54,4	-6,1%	-52,3	-6,3%	4,1%	-47,6	-5,2%	14,4%	-154,7	-5,8%	-137,7	-6,0%	12,3%
<b>Administrative Expenses</b>	-63,8	-7,2%	-54,2	-6,6%	17,6%	-64,1	-7,0%	-0,6%	-183,4	-6,9%	-151,0	-6,5%	21,5%
<b>Other Net Expenses/Income</b>	-14,6	-1,6%	-17,1	-2,1%	-14,6%	-21,2	-2,3%	-30,8%	-50,3	-1,9%	-38,3	-1,7%	31,1%
Other Operating Expenses	-19,0	-2,1%	-21,9	-2,7%	-13,4%	-50,1	-5,4%	-62,1%	-87,0	-3,3%	-55,0	-2,4%	58,2%
Other Operating Income	4,3	0,5%	4,8	0,6%	-8,9%	28,9	3,1%	-85,0%	36,7	1,4%	16,7	0,7%	120,6%
<b>Equity Equivalence</b>	-0,2	0,0%	0,3	0,0%	-191,8%	0,0	0,0%	2096,3%	-0,2	0,0%	0,2	0,0%	-184,6%
<b>Total Operating Exp/Income</b>	-161,3	-18,1%	-150,8	-18,3%	7,0%	-164,5	-17,9%	-1,9%	-474,9	-17,9%	-401,1	-17,4%	18,4%

Values in R\$ millions and % over Net Revenue

In the third quarter, operating expenses and revenues increased by 7.0% compared to the same period of the previous year, highlighted by:

- Selling and administrative expenses remained linear, accounting for 16.5% of net revenue for the quarter.
- The Other Operating Expenses line increased by R\$ 6.5 million, related to contingency provisions in 3Q23. It should be noted that the variation in the accumulated value refers to the motion for relief filed by the Attorney General's Office of the National Treasury to partially overturn the favourable ruling on the exclusion of ICMS from the PIS and COFINS calculation basis of R\$ 37.1 million, in the line of other operating expenses. The account Other Operating Income has a retained value of R\$ 24.5 million as a result of the motion for relief.

## EBITDA and Adjusted EBITDA

EBITDA Reconciliation and Adjusted EBITDA								
	3Q23	3Q22	Δ %	2Q23	Δ %	9M23	9M22	Δ %
<b>Net Profit</b>	<b>106,1</b>	<b>73,3</b>	<b>44,7%</b>	<b>98,2</b>	<b>8,0%</b>	<b>294,8</b>	<b>168,0</b>	<b>75,5%</b>
Financial Result	13,9	11,2	24,3%	20,4	-31,9%	55,1	61,0	-9,7%
Depreciation	32,2	29,3	10,0%	30,8	4,5%	93,0	85,8	8,4%
Income Tax / Social Contribution	37,9	24,0	57,8%	37,4	1,5%	111,2	54,2	105,3%
<b>EBITDA</b>	<b>190,2</b>	<b>137,9</b>	<b>37,9%</b>	<b>186,9</b>	<b>1,8%</b>	<b>554,1</b>	<b>369,0</b>	<b>50,2%</b>
EBITDA Margin	21,4%	16,7%	4,7 pp	20,3%	1,1 pp	20,9%	16,0%	5,0 pp
<b>Non-recurring Events</b>	<b>0,0</b>	<b>0,0</b>	<b>0,0%</b>	<b>12,6</b>	<b>-100,0%</b>	<b>12,6</b>	<b>0,0</b>	<b>0,0%</b>
Rescission action Nakata	0,0	0,0	0,0%	-24,5	-100,0%	-24,5	0,0	0,0%
Exclusion of ICMS from the PIS calculation base and COFINS	0,0	0,0	0,0%	37,1	-100,0%	37,1	0,0	0,0%
<b>Adjusted EBITDA</b>	<b>190,2</b>	<b>137,9</b>	<b>37,9%</b>	<b>199,5</b>	<b>-4,7%</b>	<b>566,7</b>	<b>369,0</b>	<b>53,6%</b>
EBITDA Margin - Adjusted	21,4%	16,7%	4,7 pp	21,7%	-0,3 pp	21,4%	16,0%	5,4 pp

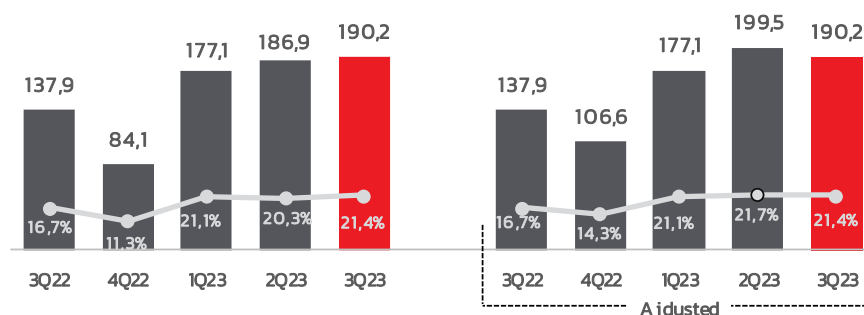
Values in R\$ million

Consolidated EBITDA reached R\$ 190.2 million in 3Q23, a margin of 21.4%, which is 4.7 percentage points higher than 3Q22. The 9M23 result was R\$ 554.1 million, a margin of 20.9%, which is an increase of 5.0 percentage points compared to the same period last year. It should be noted that there were no one-off factors this quarter.

Adjusted EBITDA for 9M23 was R\$ 566.7 million, a margin of 21.4%, accounting for 5.4 percentage points of growth, when compared to 9M22. The main factors contributing to the increase in EBITDA were:

- The Improvement in gross margin helped this indicator to grow, mainly because of the reduced cost of raw materials.
- Good performance of the acquired companies which continue to strengthen the consolidated result.
- Continuing demand in the replacement market, linked to the brand and price repositioning, strongly worked by the Company throughout this year.

### EBITDA



CAGR 3Q22/3Q23 8,4% | 3Q22/3Q23 37,9%

## Financial Result

	3Q23	3Q22	Δ %	2Q23	Δ %	9M23	9M22	Δ %
Exchange Variation	33,3	50,5	-34,1%	11,0	203,8%	72,7	134,8	-46,1%
Interests on Capital Investment	63,6	38,6	64,9%	73,2	-13,1%	161,9	72,4	123,5%
Present Value Adjust	5,0	4,9	1,8%	5,3	-6,6%	15,0	11,3	33,0%
Other Financial Income	3,7	10,0	-62,8%	-4,8	-177,0%	4,2	18,3	-76,8%
Monetary adjustment (IAS 29)	1,0	16,1	-93,8%	0,9	16,2%	5,4	45,1	-88,0%
<b>Financial Income</b>	<b>106,5</b>	<b>120,0</b>	<b>-11,2%</b>	<b>85,5</b>	<b>24,6%</b>	<b>259,2</b>	<b>281,9</b>	<b>-8,0%</b>
Exchange Variation	-68,4	-69,3	-1,3%	-37,8	81,0%	-146,1	-167,6	-12,8%
Financing Interests	-22,0	-32,6	-32,3%	-43,5	-49,4%	-84,9	-84,4	0,6%
Present Value Adjust	-6,7	-1,4	387,3%	-6,3	5,9%	-19,4	-20,0	-2,7%
Bank Expenses	-12,2	-17,3	-29,4%	-15,0	-18,6%	-41,5	-38,5	8,0%
Other Financial Expenses	-11,1	-10,6	4,5%	-3,3	241,6%	-22,4	-32,5	-31,1%
<b>Financial Expenses</b>	<b>-120,4</b>	<b>-131,2</b>	<b>-8,2%</b>	<b>-105,9</b>	<b>13,7%</b>	<b>-314,4</b>	<b>-343,0</b>	<b>-8,3%</b>
<b>Financial Result</b>	<b>-13,9</b>	<b>-11,2</b>	<b>24,3%</b>	<b>-20,4</b>	<b>-31,9%</b>	<b>-55,1</b>	<b>-61,0</b>	<b>-9,7%</b>

Values in R\$ millions

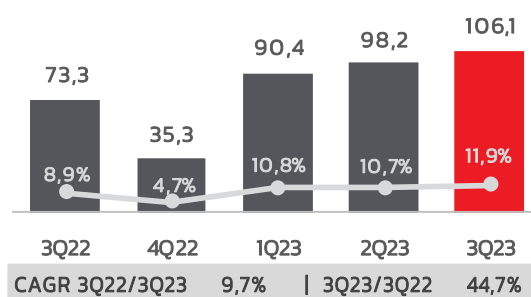
The Company's net financial result totalled negative R\$ 13.9 million in 3Q23, with emphasis to:

- Greater cash availability and variations in the Selic rate helped increase interest on income from financial investments in the 9M23 period. Furthermore, operations in Argentina have made investments linked to the dollar, a factor that also contributed to the growth in this line.
- The exchange rate variation and the adjustment for inflation (IAS 29) were impacted by the import restriction from Argentina.

## Net Profit

The combination of the factors listed above resulted in net profit of R\$ 106.1 million in 3Q23, with a net margin of 11.9%.

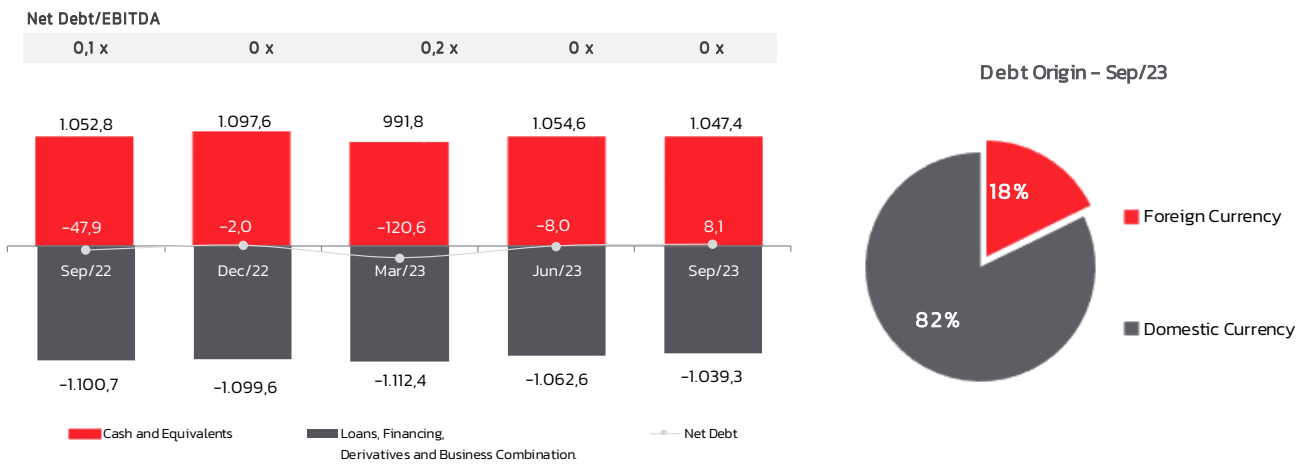
### Net Profit



CAGR 3Q22/3Q23 9,7% | 3Q23/3Q22 44,7%

## Financial Management

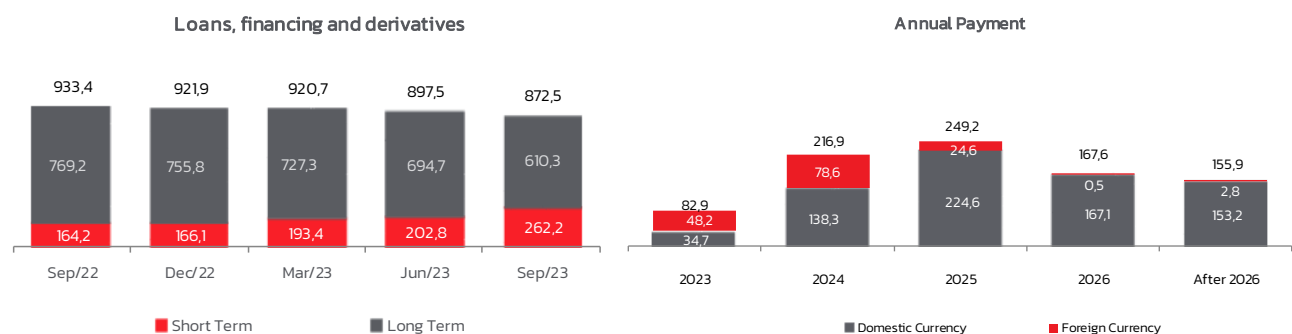
### Net Debt



The main indexes of consolidated gross debt at the end of 3Q23 were:

- Reais linked to the CDI, which accounted for 80.16% (average CDI cost + 1.59%);
- Euros (Euro + 2.0% per year) with 0.51%.
- Pounds (Pounds + 2.30% per year) with 1.83%.
- Dollars (US\$ + average of 3.9% per year) with 15.39%.
- Reais indexed to others, which accounted for 2.11% (average CDI cost + 1.01%).

The graphs below detail debt at the end of 9M23:



## Working Capital

	9M22	2022	1Q23	1H23	9M23
<b>Resources Investment</b>					
Customers	319,9	271,7	354,1	361,1	416,2
<i>In Days</i>	<i>30 d</i>	<i>25 d</i>	<i>31 d</i>	<i>31 d</i>	<i>35 d</i>
Inventory	853,0	857,7	852,3	829,9	836,3
<i>In Days</i>	<i>81 d</i>	<i>80 d</i>	<i>76 d</i>	<i>71 d</i>	<i>70 d</i>
Others Resources	121,3	116,4	118,9	124,8	128,7
<b>Total of Resources Invested</b>	<b>1.294,3</b>	<b>1.245,8</b>	<b>1.325,3</b>	<b>1.315,8</b>	<b>1.381,2</b>
<b>Sources</b>					
Suppliers	-366,3	-388,2	-358,9	-375,2	-385,4
<i>In Days</i>	<i>35 d</i>	<i>36 d</i>	<i>32 d</i>	<i>32 d</i>	<i>32 d</i>
Others Resources	-184,4	-160,9	-239,0	-216,4	-240,9
<b>Total of Sources</b>	<b>-550,7</b>	<b>-549,2</b>	<b>-597,9</b>	<b>-591,6</b>	<b>-626,3</b>
<b>WC in R\$</b>	<b>743,6</b>	<b>696,6</b>	<b>727,4</b>	<b>724,3</b>	<b>754,9</b>
<i>WC in Days</i>	<i>71 d</i>	<i>65 d</i>	<i>65 d</i>	<i>62 d</i>	<i>63 d</i>

Values in R\$ million

The 9M23 came to an end with eight days of reduction in turnover, as compared to the same period in 2022. The most relevant factors are:

- The customer line was impacted by the reduction in Vendor operations at the subsidiary Nakata due to the Unit's high sales volume.
- In September, approvals were given in the Import System of the Republic of Argentina (SIRA), generating an impact on supplier lines and stocks.
- The exchange rate variation (average closing rate USD/BRL 4.88 in 3Q23 compared to 5.25 in 3Q22) stimulates fluctuations in all working capital lines.

## Free Cash Flow

	9M22	2022	1Q23	1H23	9M23
<b>EBITDA</b>	<b>369,0</b>	<b>453,1</b>	<b>177,1</b>	<b>363,9</b>	<b>554,1</b>
Investments	-46,9	-106,4	-31,2	-56,6	-74,1
Financial Result	-61,0	-84,2	-20,8	-41,2	-55,1
Income and Social Taxes	-54,2	-45,5	-35,9	-73,2	-111,2
Working Capital Variation	-2,8	44,2	-30,8	-56,0	-86,6
<b>Operating Cash Flow</b>	<b>204,1</b>	<b>261,2</b>	<b>58,4</b>	<b>136,8</b>	<b>227,0</b>
Dividends/ROE	-70,1	-70,1	-46,7	-46,7	-111,3
Capital Integr. / Business Acquis.	613,4	595,8	-102,5	-104,6	-108,8
Debt Exchange Variation	0,0	0,0	0,0	0,0	0,0
Others	-57,6	-49,9	-27,7	8,5	3,1
<b>Free Cash Flow</b>	<b>689,7</b>	<b>737,0</b>	<b>-118,6</b>	<b>-6,0</b>	<b>10,1</b>
<b>NET DEBT (NET CASH)</b>	<b>-49,2</b>	<b>-2,0</b>	<b>-120,6</b>	<b>-8,0</b>	<b>8,1</b>

Values in R\$ million

The Company had R\$ 227,0 million in operating cash in 9M23. Regarding the results, the following stand out:

- Increasing investments focused on the productivity of industrial parks.
- Payment of interest on equity in the amount of R\$64.5 million.
- Variation in the capital payment line is related to the acquisition made in February 2023 of AML Juratek Limited, in the amount of R\$ 101 million and the business combination of the subsidiary Nakata.

## Dividends and Interest on Equity

Below is a table showing Interest on Equity and Dividend payment history

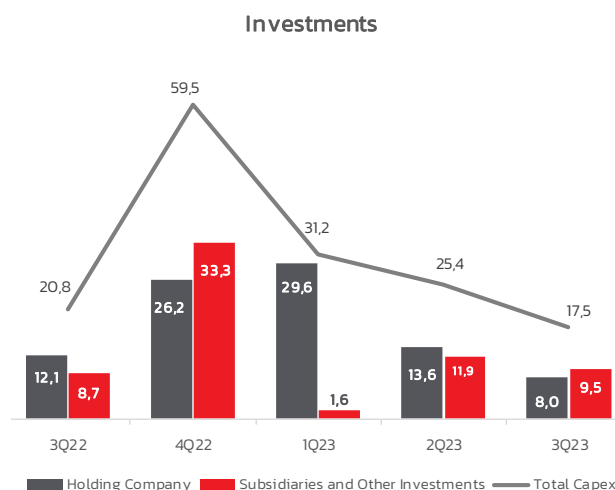
Approval Date	Earnings	Amount	Value per common	Date of Payment	Ex-dividend
07/17/2023	Interest on Equity	64,5	0,24167	08/14/2023	07/21/2023
12/14/2022	Interest on Equity	46,7	0,17503	01/19/2023	12/22/2022
07/13/2022	Interest on Equity	23,8	0,08920	08/24/2022	07/20/2022
04/12/2022	Remaining Dividends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

Values in R\$ million

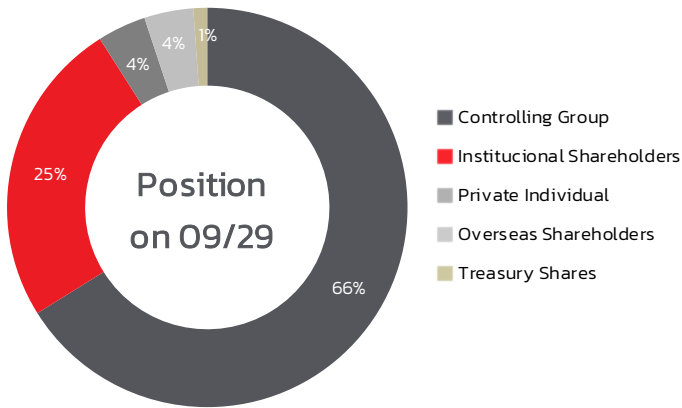
## Investments (Capex)

In the third quarter, investments totaled R\$ 17.5 million, with emphasis on:

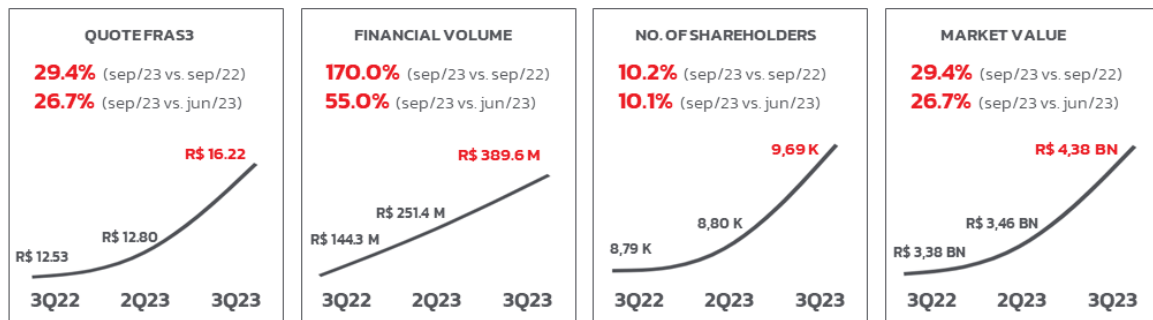
- In the Controlling Company, the highlight was the acquisition of tooling to increase the productivity of commercial brake pads and linings.
- In the subsidiaries, the most relevant investments were the new liquid painting line for shock absorbers at Nakata, and machinery to expand the production capacity of wheel cylinders at Controil.



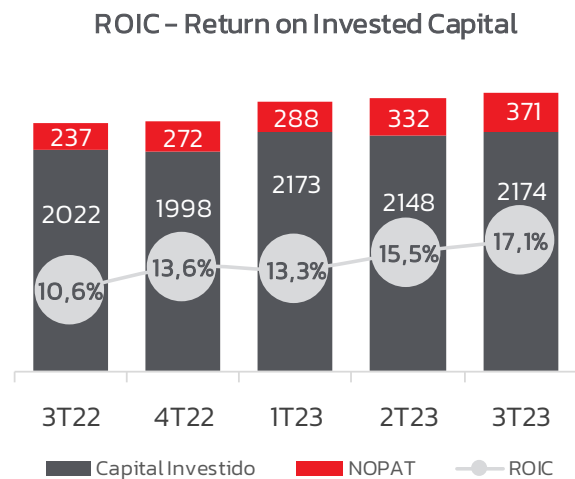
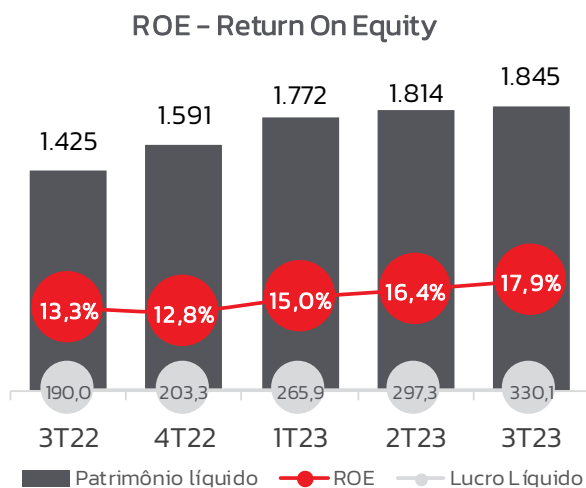
## Capital Market



In 3Q23, 27.6 million "FRAS3" shares were traded. During this period, an average daily business volume of R\$6.1 million was recorded, 175.3% higher than the turnover recorded in 3Q22. The Company's market value at the end of September reached R\$4.4 billion.



## ROE and ROIC





## APPENDICES

### Appendix 1

#### CONSOLIDATED STATEMENT OF INCOME

Values in Thousands of Reais

	3Q23	%	3Q22	%	9M23	%	9M22	%	Variations	
									3Q23/3Q22	9M23/9M22
<b>Net Revenue</b>	<b>889.065</b>	<b>100,0%</b>	<b>823.928</b>	<b>100,0%</b>	<b>2.647.392</b>	<b>100,0%</b>	<b>2.311.344</b>	<b>100,0%</b>	<b>7,9%</b>	<b>14,5%</b>
COGS – Cost of Goods Sold	-569.784	-64,1%	-564.534	-68,5%	-1.711.423	-64,6%	-1.626.995	-70,4%	0,9%	5,2%
<b>Gross Profit</b>	<b>319.281</b>	<b>35,9%</b>	<b>259.394</b>	<b>31,5%</b>	<b>935.969</b>	<b>35,4%</b>	<b>684.349</b>	<b>29,6%</b>	<b>23,1%</b>	<b>36,8%</b>
Selling Expenses	-82.715	-9,3%	-79.777	-9,7%	-241.040	-9,1%	-212.031	-9,2%	3,7%	13,7%
Administrative Expenses	-63.751	-7,2%	-54.204	-6,6%	-183.386	-6,9%	-150.965	-6,5%	17,6%	21,5%
Other Operation Expens./Incom.	-14.634	-1,6%	-17.140	-2,1%	-50.262	-1,9%	-38.349	-1,7%	-14,6%	31,1%
<b>Financial Result</b>	<b>-13.900</b>	<b>-1,6%</b>	<b>-11.185</b>	<b>-1,4%</b>	<b>-55.144</b>	<b>-2,1%</b>	<b>-61.042</b>	<b>-2,6%</b>	<b>-24,3%</b>	<b>-9,7%</b>
Financial Income	106.507	12,0%	119.976	14,6%	259.233	9,8%	281.910	12,2%	-11,2%	-8,0%
Financial Expenses	-120.407	-13,5%	-131.161	-15,9%	-314.376	-11,9%	-342.952	-14,8%	-8,2%	-8,3%
<b>Income Before Tax</b>	<b>144.033</b>	<b>16,2%</b>	<b>97.359</b>	<b>11,8%</b>	<b>405.966</b>	<b>15,3%</b>	<b>222.164</b>	<b>9,6%</b>	<b>47,9%</b>	<b>82,7%</b>
Income and Social Tax	-37.923	-4,3%	-24.033	-2,9%	-111.172	-4,2%	-54.153	-2,3%	57,8%	105,3%
<b>Net Profit</b>	<b>106.111</b>	<b>11,9%</b>	<b>73.326</b>	<b>8,9%</b>	<b>294.794</b>	<b>11,1%</b>	<b>168.011</b>	<b>7,3%</b>	<b>44,7%</b>	<b>75,5%</b>
Attributable to non-controlling shar.	-2.253	-0,3%	1.293	0,2%	-4.977	-0,2%	1.875	0,1%	-274,3%	-365,5%

Values in R\$ thousands

## Appendix II

### CONSOLIDATED BALANCE SHEET

Values in thousands of Reais

	09.30.23	09.30.22
<b>Assets</b>	<b>3.946.530</b>	<b>3.753.696</b>
<b>Current Assets</b>	<b>2.365.256</b>	<b>2.317.685</b>
Cash and Cash Equivalents	796.420	419.560
Financial Applications	212.931	597.234
Receivables	443.327	367.292
Inventory	836.303	853.035
Taxes Recoverable	76.275	79.188
Others Current Assets	0	1.376
<b>Non-current Assets</b>	<b>1.581.274</b>	<b>1.436.011</b>
Long-Term Realisable Assets	128.269	126.282
Investments	33.941	31.660
Fixed Assets and Leases	840.690	793.444
Intangible	578.374	484.625
<b>Liabilities</b>	<b>3.946.530</b>	<b>3.753.696</b>
<b>Current Liabilities</b>	<b>970.037</b>	<b>793.635</b>
Salaries and Charges	108.415	101.410
Suppliers	381.437	362.249
Tax Obligations	104.954	73.191
Loans and Financing	262.235	164.234
Others Obligations	105.429	83.744
Provisions	7.567	8.807
<b>Non-current Liabilities</b>	<b>1.032.093</b>	<b>1.154.150</b>
Loans and Financing	610.259	769.158
Others Obligations	309.784	329.318
Provisions	98.202	45.740
Profits and Revenues to Be Appropriated	1.744	2.013
Deferred Taxes	12.104	7.921
<b>Equity</b>	<b>1.944.400</b>	<b>1.805.911</b>
Social Capital	1.212.844	1.229.400
Capital Reserves	0	-5.028
Profit Reserves	813.196	586.818
Other Comprehensive Results	-99.441	-12.238
Non-controlling Participation	17.801	6.959

Values in R\$ thousands

## Appendix III

### STATEMENTS OF CASH FLOW – INDIRECT METHOD

Values in thousands of Reais

	09.30.23	09.30.22
<b>Operational Cash Flow</b>		
<b>Net Operational Cash</b>	<b>691.482</b>	<b>-339.322</b>
<b>Cash generated from operations</b>	<b>593.885</b>	<b>308.472</b>
Net Income for the Period	294.794	168.011
Depreciation and Amortization	93.001	85.798
Provision for Disputes	44.343	6.235
Provision for Doubtful Settlement Credit	1.264	852
Other Provisions	988	-8.973
Residual Cost of Assets and Leases Downloaded and Sold	1.681	3.523
Variation on Loans, Derivatives and Leases	86.817	54.801
Equity	172	-203
Provision for Income Tax and Current and Deferred Social Contribution	111.172	54.153
Provision for Obsolete Inventories and Negative Margin	-5.644	5.298
Monetary Correction Adjustment	-5.403	-45.091
Revenue From Active Lawsuits	-553	-11.023
Impairment Reduction	-537	3.286
Clearing Retained Amounts in Business Combination	-28.210	-8.195
<b>Changes in assets and liabilities</b>	<b>97.597</b>	<b>-647.794</b>
Receivables	905	-19.923
Accounts Receivable from Customers	-100.381	-50.867
Inventory	57.243	-25.671
Suppliers	-19.815	40.973
Accounts Payable	-74.871	-38.231
Income Tax and Social Contribution Paid	-35.619	-11.772
Financial Investments	278.768	-599.865
Judicial Deposits	1.838	1.436
Taxes to be Recovered	-10.471	56.126
<b>Investment Cash Flow</b>		
<b>Net investment cash</b>	<b>-176.797</b>	<b>-49.618</b>
Fixed and Intangible Purchases	-74.109	-46.914
Capital Payment in Affiliates	-1.803	-2.704
Business Combination	-100.885	0
<b>Cash From Financing Activities</b>		
<b>Net funding cash</b>	<b>-286.120</b>	<b>444.901</b>
Payment Interest Equity and Dividends	-98.939	-70.110
Loans and Financial Instruments Taken	69.383	118.194
Payment of Loans and Financial Instruments	-147.053	-152.908
Interest Paid with Loans	-85.888	-67.359
Lease Payment	-23.623	-12.316
Payment of Capital	629.400	0
<b>Funding Cash Flow</b>	<b>228.565</b>	<b>55.961</b>

Values in R\$ thousands

## Appendix IV COMPONENTS BY PRODUCT FAMILY

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

