

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  
4TH QUARTER AND  
12 MONTHS OF 2022**

[ri.fras-le.com.br](http://ri.fras-le.com.br)



Caxias do Sul, February 27, 2023. Fras-le S.A. (B3:FRAS3) announces its results for the fourth quarter of 2022 (4Q22) and twelve months of 2022 (2022). 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 fourth quarter of 2021 (4Q21) and twelve months of 2021(2021).

### »»» HIGHLIGHTS:



**Consolidated Net Revenue** was R\$ 746.8 million in 4Q22, 9.0% higher from 4Q21 and reached R\$ 3.1 billion in 2022, accounting for 18.4% growth rate when compared to 2021; **Revenues from the International Market<sup>1</sup>** amounted to US\$ 47.5 million in 4Q22, 1.0% up from 4Q21. Full-year result was 227.7 million, 23.9% up from 2021;



**Gross Margin** was 29.3% in 4Q22, 2.9 percentage point up from 4Q21. In the 12-month period, the margin was 29.5%, accounting for 0.6 percentage point up when compared to the same period a year ago;



**EBITDA** reached R\$ 84.1 million in 4Q22, 40.6% up from 4Q21, reaching R\$ 453.1 million in 2022, which is 16.7% up from 2021; **EBITDA margin** was 11.3% in 4Q22, 2.5 percentage points up from 4Q21. In the 12-month period, EBITDA margin was 14.8%, 0.2 percentage point down from the same period last year. **Adjusted EBITDA** amounted to R\$ 106,6 million in 4Q22, which is a margin of 14.3%. In 2022 full year, it amounted to R\$ 475,6 million, a margin of 15.6%.



**Net margin** was 4.7% in 4Q22, 1.5 percentage point up from 4Q21 and 6.6% in 2022, accounting from 1.5 percentage point down from 2021.



**Return on Invested Capital (ROIC)** reached 13.9% in 4Q22, 1.5 percentage points of growth compared to 4Q21.



**Investments<sup>2</sup>** amounted to R\$ 106.4 million in 2022, 48.3% of which correspond to the Controlling Company and 51.7% to the controlled companies.

MARKET CAP (DEC 29, 2022)

R\$ 2,6 bi

CLOSING QUOTE "FRAS3" R\$ 9.61

FREE FLOAT – 3.1%

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#### Videoconference of Results - 4Q22

February 28, 2023 (Tuesday)

11 am Brasília | 09 am New York | 2 pm London

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

**Forward-Looking Statements.** The statements contained in this report regarding FRAS-LE's business prospects, 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> Amount referring to the sum of exports out of Brazil and revenues from our operations abroad, net of intercompany operations.

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

## FRAS-LE UNIVERSE

On October 21, the *Centro Operativo Garín* was opened in Argentina, in the province of Buenos Aires. Seeking to centralize operations and strengthen the brand, the new space has a logistics sector, distribution of auto parts and administrative operations, which support the operation and connect Fras-le culture around the globe. For more information [click here](#).



Throughout 2022, we have strengthened our sustainable pillar with reverse logistics programs, such as that of the company *Fremax*, in Joinville/SC, which periodically collects used brake discs and drums. The *Descarte Seguro* program (Safe Disposal) has 1,400 partner workshops in the states of Rio Grande do Sul, Santa Catarina and Paraná. Other companies in the group strengthen the shared responsibility through the life

cycle of products, such as Nakata and Fras-le in Caxias do Sul/RS. ESG in practical terms, is our commitment. For more information about the projects [click here](#).

In November, Fras-le, in partnership with Randon Companies, participated in Fenatran, one of the most important transport and logistics fairs in the world. In this fair edition, the companies' analysts and shareholders were invited to follow up the news and market trends. Awards were given through popular voting organized by the GG Mídia group, which is responsible for the magazines: *O Carreteiro* and *Transporte Mundial*. Fras-le won the *Best Truck Award*, appearing among the preferred manufacturers of brake pads and linings. For more information [click here](#).



## SUBSEQUENT EVENTS

On February 16, 2023, a purchase and sale agreement was signed between Fras-le Europa BV and AML Juratek Limited, based in Doncaster, United Kingdom. AML Juratek controls Juratek, which has been operating for 28 years, and Bettaparts, which has been operating for over 40 years, both in the European auto parts aftermarket. In 2022, the Group of companies had revenue of approximately £25 million. The operation's recurring adjusted EBITDA margin is approximately 10%. The operation is part of the Company's strategy to expand its business in the replacement sector in mature markets, through product diversification and expansion of brands in its portfolio. For more information, see the Material Fact released by [clicking here](#).

## »»» WORD FROM MANEAGEMENT

“The path offers extraordinary possibilities, and the strategy support remains more current than ever: keep your life moving.”

The last few years have seen a lot of construction in Fras-le's business model. The past five years have been transformational. During this time, important acquisitions were made, new product lines were launched, new geographies were explored, and high-profile brands were assembled. This makes of Fras-le a globally relevant player in the automotive aftermarket, with recognized levels of service and customer service.

The current financial year brought unprecedented achievements in this trajectory, both in support of revenues, margins and results and in paving the way for robust and lasting synergies for the future. It is the first time that the Company has concentrated its product base in an important distribution center, reaffirming its commitment to customers and making a difference in terms of aftermarket powerhouse strategy.

Concerning our future strategy, the IPO completed in April provides the necessary resources for growth. These movements are anchored in the track record provided by the current management. The focus on replacement, historically known for its resilience in times of market downturn, allows Fras-le to be bold in challenging times and to continue building its organic growth. In 2022, sales increased approximately 20%, without any acquisitions.

Fras-le has had so many achievements in this cycle. Innovation and technology continue to generate new business fronts, especially through the Smart Composites division and NIONE.

Seasonally, the fourth quarter brings a series of events, most of them without recurrence, which may affect the perception of the quality of these results. Throughout this document, clarification of these points will be extensively detailed.

The path offers extraordinary possibilities, and the strategy support remains more current than ever: keep your life moving.

## »»» MAIN FIGURES

	4Q22	4Q21	Δ %	3Q22	Δ %	2022	2021	Δ %
<b>Net Revenue</b>	<b>746,8</b>	<b>685,1</b>	<b>9,0%</b>	<b>823,9</b>	<b>-9,4%</b>	<b>3.058,2</b>	<b>2.582,2</b>	<b>18,4%</b>
Domestic Market	496,9	422,9	17,5%	493,6	0,7%	1.882,1	1.590,6	18,3%
Foreign Market	249,9	262,1	-4,7%	330,3	-24,3%	1.176,0	991,5	18,6%
Foreign Market US\$	47,5	47,1	1,0%	63,0	-24,5%	227,7	183,8	23,9%
Exports - Brazil US\$	27,0	18,1	49,4%	24,5	10,2%	105,7	84,7	24,7%
<b>Gross Profit</b>	<b>219,1</b>	<b>181,5</b>	<b>20,7%</b>	<b>259,4</b>	<b>-15,5%</b>	<b>903,5</b>	<b>748,3</b>	<b>20,7%</b>
Gross Margin	29,3%	26,5%	2,9 pp	31,5%	-2,1 pp	29,5%	29,0%	0,6 pp
<b>Operating Profit</b>	<b>49,8</b>	<b>30,0</b>	<b>66,0%</b>	<b>108,5</b>	<b>-54,1%</b>	<b>333,0</b>	<b>275,2</b>	<b>21,0%</b>
Operating Margin	6,7%	4,4%	2,3 pp	13,2%	-6,5 pp	10,9%	10,7%	0,2 pp
<b>EBITDA</b>	<b>84,1</b>	<b>59,8</b>	<b>40,6%</b>	<b>137,9</b>	<b>-39,0%</b>	<b>453,1</b>	<b>388,1</b>	<b>16,7%</b>
EBITDA Margin	11,3%	8,7%	2,5 pp	16,7%	-5,5 pp	14,8%	15,0%	-0,2 pp
<b>Net Profit</b>	<b>35,3</b>	<b>22,0</b>	<b>60,3%</b>	<b>73,3</b>	<b>-51,8%</b>	<b>203,3</b>	<b>210,6</b>	<b>-3,5%</b>
Net Margin	4,7%	3,2%	1,5 pp	8,9%	-4,2 pp	6,6%	8,2%	-1,5 pp
<b>Adjusted EBITDA</b>	<b>106,6</b>	<b>83,2</b>	<b>28,2%</b>	<b>137,9</b>	<b>-22,7%</b>	<b>475,6</b>	<b>413,3</b>	<b>15,1%</b>
Adjusted EBITDA Margin	14,3%	12,1%	2,1 pp	16,7%	-2,5 pp	15,6%	16,0%	-0,5 pp
<b>Investments</b>	<b>59,5</b>	<b>45,4</b>	<b>31,1%</b>	<b>20,8</b>	<b>186,2%</b>	<b>106,4</b>	<b>115,6</b>	<b>-7,9%</b>
<b>ROIC</b>	<b>13,9%</b>	<b>12,4%</b>	<b>1,5 pp</b>	<b>11,7%</b>	<b>2,2 pp</b>	<b>13,9%</b>	<b>12,4%</b>	<b>1,5 pp</b>

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

(\*) Includes intercompany sales

	4Q22	4Q21	Δ %	3Q22	Δ %	2022	2021	Δ %
<b>Average price of the US dollar</b>	<b>5,26</b>	<b>5,58</b>	<b>-5,9%</b>	<b>5,25</b>	<b>0,1%</b>	<b>5,16</b>	<b>5,40</b>	<b>-4,3%</b>

## »» BUSINESS OVERVIEW

Despite the political instability, combined with the global volatility, inflation hitting mature markets such as the United States and Europe, and the conflict in Ukraine, all these events remaining constant during 2022, Fras-le has held its leadership position in the market. The global performance of the brands and the strategies segmented by region helped the Company to achieve a record Net Revenue in 2022, with organic growth of 18.4% compared to the previous year.

## »» SALES PERFORMANCE

### Volume and Net Revenue by Family of Material

Sales Volumes by Product Line in millions of pieces or liters																
VOLUMES	4Q22		4Q21		Δ %		3Q22		Δ %		2022		2021		Δ %	
	Friction Material	25,2		23,4		7,5%		25,5		-6,0%		98,5		102,1		-3,5%
Components for the Brake System	2,2		1,9		13,3%		2,2		-3,4%		8,7		8,5		1,9%	
Components for the Suspension, Steering and Powertrain	4,0		4,3		-5,8%		4,2		6,4%		16,6		15,6		6,6%	
Sales Revenue by Material in R\$ million																
NET REVENUE	4Q22		4Q21		Δ %		2Q22		Δ %		2022		2021		Δ %	
	Friction Material	357,9	47,9%	313,1	45,7%	15,8%	386,2	49,3%	0,6%		1.502,7	49,1%	1.262,9	48,9%	19,0%	
Components for the Brake System	158,2	21,2%	141,8	20,7%	36,0%	147,4	18,8%	13,5%		591,6	19,3%	492,9	19,1%	20,0%		
Components for the Suspension, Steering and Powertrain	201,2	26,9%	194,2	28,3%	39,7%	208,9	26,7%	9,6%		821,0	26,8%	671,6	26,0%	22,3%		
Other products	29,5	4,0%	36,0	5,3%	11,7%	40,1	5,1%	-2,4%		142,8	4,7%	154,7	6,0%	-7,7%		
<b>Total Net Revenue</b>	<b>746,8</b>	<b>100,0%</b>	<b>685,1</b>	<b>100,0%</b>	<b>25,4%</b>	<b>782,6</b>	<b>100,0%</b>	<b>5,3%</b>		<b>3.058,2</b>	<b>100,0%</b>	<b>2.582,2</b>	<b>100,0%</b>	<b>18,4%</b>		

The components are detailed at the end of this report.

The fourth quarter showed again the Company's resilient track record of delivering results with growth, despite the political and economic instabilities experienced around the globe that have posed challenges to the business. Part of the performance delivered is due to the synergies between the group's companies and the strategies developed for each market in which the company operates. Below are the highlights of each family:

#### Friction Material

- In the brake linings line for commercial vehicles, the linear growth in volume and revenue is the result of expanding production capacity and embarking on new projects.
- In the light line, market dynamics have required a review of strategies to maintain growth throughout the year.

#### Brake System Components

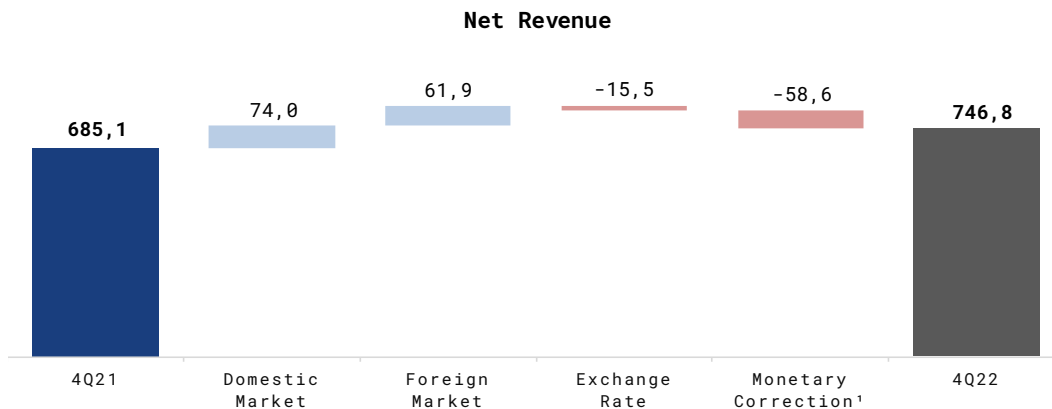
- Demand for brake discs exceeding current capacity, driven by both the domestic market and exports.

#### Suspension, Steering and Powertrain Components

- The subsidiary Nakata delivered an excellent performance, the result of the stabilization of the shock absorber manufacturing plant in Extrema/MG, which enabled the delivery of more volumes to the market.

NOTE: It should be noted that the performance of sales revenue by family of material does not necessarily reflect the same behavior in volumes, as there are effects of variation in the exchange rate, mix of products and prices. For more details on the families, see Appendix IV.

Below is a graph in causal format, showing the effects that changed the performance of consolidated net revenue in 4Q22, as compared to 4Q21:



Amounts in BRL Millions

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

## Revenue by Market

Markets	Net Revenue by Markets														
	4Q22			4Q21			3Q22			2022			2021		
					Δ %										Δ %
DM Aftermarket	445,6	59,7%	379,0	55,3%	17,6%	433,4	52,6%	2,8%	1.660,7	54,3%	1.425,4	55,2%	16,5%		
DM OEM	51,3	6,9%	44,0	6,4%	16,7%	60,3	7,3%	-14,8%	222,0	7,3%	165,2	6,4%	34,4%		
<b>Domestic Market</b>	<b>496,9</b>	<b>66,5%</b>	<b>422,9</b>	<b>61,7%</b>	<b>17,5%</b>	<b>493,6</b>	<b>59,9%</b>	<b>0,7%</b>	<b>1.882,1</b>	<b>61,5%</b>	<b>1.590,6</b>	<b>61,6%</b>	<b>18,3%</b>		
FM Aftermarket	208,9	28,0%	231,3	33,8%	-9,7%	281,9	34,2%	-25,9%	1.000,6	32,7%	850,1	32,9%	17,7%		
FM OEM	41,0	5,5%	30,8	4,5%	33,1%	48,4	5,9%	-15,2%	175,5	5,7%	141,4	5,5%	24,0%		
<b>Foreign Market</b>	<b>249,9</b>	<b>33,5%</b>	<b>262,1</b>	<b>38,3%</b>	<b>-4,7%</b>	<b>330,3</b>	<b>40,1%</b>	<b>-24,3%</b>	<b>1.176,0</b>	<b>38,5%</b>	<b>991,5</b>	<b>38,4%</b>	<b>18,6%</b>		
Total Aftermarket Net Revenue	654,5	87,6%	610,3	89,1%	7,2%	715,3	86,8%	-8,5%	2.660,7	87,0%	2.275,5	88,1%	16,9%		
Total OEM Net Revenue	92,4	12,4%	74,8	10,9%	23,5%	108,6	13,2%	-15,0%	397,5	13,0%	306,7	11,9%	29,6%		
<b>Total Net Revenue</b>	<b>746,8</b>	<b>100%</b>	<b>685,1</b>	<b>100%</b>	<b>9,0%</b>	<b>823,9</b>	<b>100%</b>	<b>-9,4%</b>	<b>3.058,2</b>	<b>100%</b>	<b>2.582,2</b>	<b>100%</b>	<b>18,4%</b>		

### DOMESTIC MARKET (DM)

In 4Q22, domestic market revenue grew by 17.5% when compared to 4Q21. At the end of 2022, we achieved 18.3% growth compared to the same period last year. As for progress in this concern, the following stand out:

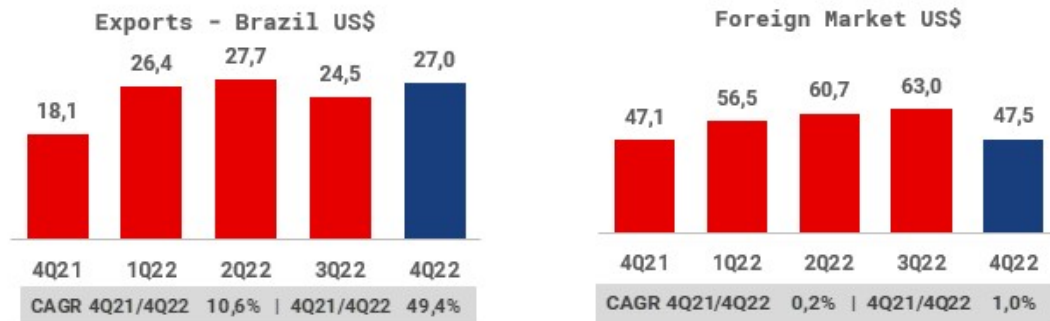
- The aftermarket grew throughout the year due to a combination of strategies, such as the completion of consolidated integrated inventories at the distribution center in Extrema/MG, in addition to sales campaigns, strengthening of brand positioning and constant product launches, mainly for light vehicles;
- The automakers market showed an increase in the item linked to new projects. Furthermore, production by automakers returned to normal levels following the normalization of components supply.

### INTERNATIONAL MARKET (IM)

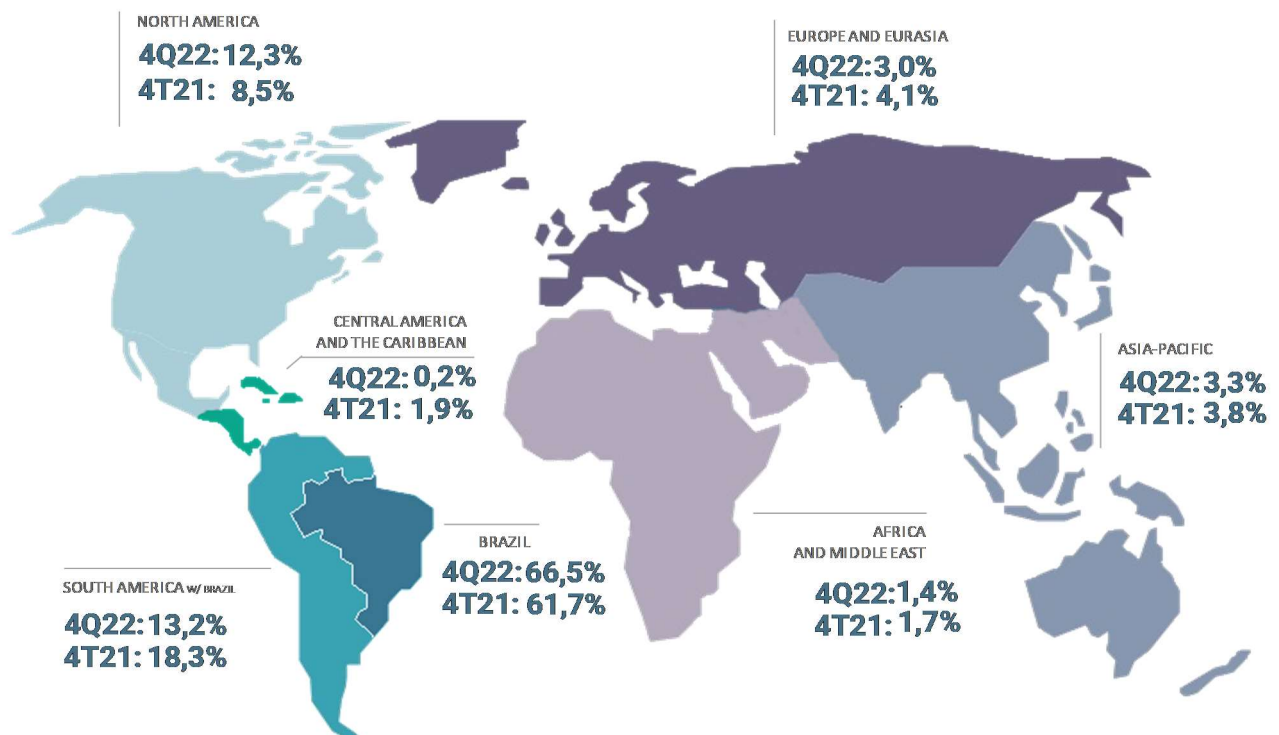
The international market in 4Q22 (which corresponds to the sum of exports out of Brazil plus revenues from our operations abroad) remained stable when compared to 4Q21. In the full year, growth was 18.6% compared to 2021, with the following highlights:

- In exports, the O.E.M. market stood out, driven by the high demand for brake linings for commercial vehicles to the United States and Mexico. These regions also had an important role in the brake disc replacement market.
- In the international market, a polarization of movements took place. The aftermarket sector

had difficulties mainly in Argentina due to the political and economic obstacles caused by import restrictions. On the other hand, we were able to gain new markets in Asia, mainly in automakers, which balanced the result of 4Q22 compared to 4Q21.



## Net Revenue Breakdown in the World



- **North America:** New commercial partnerships were established in the fourth quarter, which gave space for new product families to enter the market.
- **South America:** in Argentina, supply barriers remain due to the restriction on the outflow of dollars from the country. In addition, there was a change in consumer habits, which became more selective, affecting the performance of this region in 4Q22.
- **Europe,** the Company is dedicated to strengthening the brand's positioning, in addition to expanding business in the African and Middle East markets. A red flag is raised when it comes to high inflation and the consequent change in consumption habits.
- **Asia:** the operation located in India has gaining local market both in aftermarket and in automakers. Fras-le unit located in China recovered the volumes that were affected in 1H22 as a result of the lockdowns.

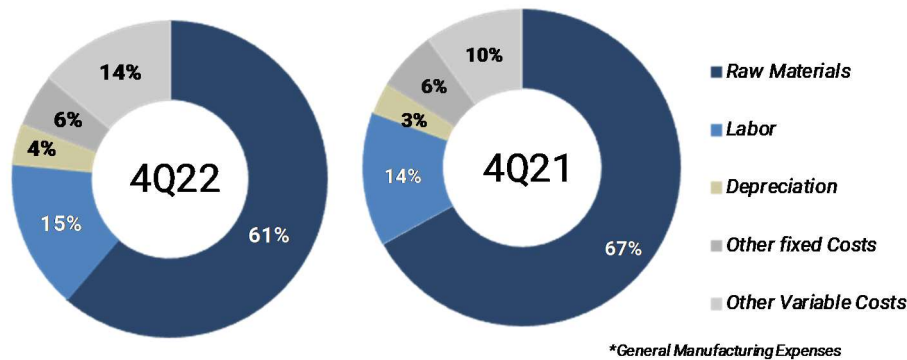


## OPERATING PERFORMANCE

### Cost of Products Sold and Gross Profit

In 4Q22, cost of products sold amounted to R\$ 527.7 million, accounting for 70.7% of net revenue for the period and resulting in a gross profit of R\$ 219,1 million, with a gross margin of 29,3%, which is 2.9 percentage points above the same period of the previous year.

The chart below shows the breakdown of Cost of Products Sold:



The fourth quarter ended with R\$ 219.1 million in Gross Profit, accounting for 20.7% growth when compared to 4Q21. The Company maintains the margin increase throughout 2022 with price pass-through and sales campaigns, in addition to the continuous effort to research new raw materials and reduce production costs. Another impact factor in this line was the organizational restructuring of R\$ 2.6 million.



### Operating Expenses and Revenues

	4Q22		4Q21		Δ %	3Q22		Δ %	2022		2021		Δ %
<b>Selling Expenses</b>	-79,6	-10,7%	-66,7	-9,7%	19,3%	-79,8	-9,7%	-0,3%	-291,6	-9,5%	-237,2	-9,2%	22,9%
Variable Expenses w/ Sales	-27,1	-3,6%	-23,3	-3,4%	16,7%	-27,5	-3,3%	-1,2%	-101,5	-3,3%	-77,1	-3,0%	31,6%
Other Expenses w/ Sales	-52,4	-7,0%	-43,4	-6,3%	20,7%	-52,3	-6,3%	0,2%	-190,1	-6,2%	-160,1	-6,2%	18,8%
<b>Administrative Expenses</b>	-60,1	-8,0%	-51,5	-7,5%	16,7%	-54,2	-6,6%	10,9%	-211,1	-6,9%	-187,2	-7,3%	12,7%
<b>Other Net Expenses/Income</b>	-29,4	-3,9%	-33,2	-4,8%	-11,2%	-17,1	-2,1%	71,8%	-67,8	-2,2%	-49,2	-1,9%	37,7%
Other Operating Expenses	-46,0	-6,2%	-43,4	-6,3%	5,8%	-21,9	-2,7%	109,7%	-101,0	-3,3%	-91,2	-3,5%	10,7%
Other Operating Income	16,5	2,2%	10,3	1,5%	60,8%	4,8	0,6%	245,6%	33,2	1,1%	41,9	1,6%	-20,9%
<b>Equity Equivalence</b>	-0,2	0,0%	-0,1	0,0%	52,8%	0,3	0,0%	-168,8%	0,0	0,0%	0,6	0,0%	-97,1%
<b>Total Operating Exp/Income</b>	-169,3	-22,7%	-151,5	-22,1%	11,8%	-150,8	-18,3%	12,2%	-570,4	-18,7%	-473,1	-18,3%	20,6%

Values in R\$ millions and % over Net Revenue

In 4Q22 operating expenses increased 11.8% over the same period last year (over total operating expenses and revenues). Regarding growth, the following stand out:

- Selling and administrative expenses accounted for 18.7% of net revenue for the period. The growth in selling expenses in the 4Q22 x 4Q21 comparison is due to sales campaigns plus freight, commission, travel and events.
- In the other operating expenses account, the most relevant impacts were: update of

accounts payable by business combination (R\$ 16.2 million), Impairment at Fras-le Europa B.V (R\$2.0 million), PIS/Cofins contingency provision in the subsidiary Jurid (R\$ 5.6 million), depreciation of items with Impairment at Fras-le Norte América (6.0 million) and restatement of the provision for labor liabilities (R\$ 3,3 million). In 4Q21, there was a record of reversal of Impairment of the subsidiaries Jurid, Armetal and Fanacif in the amount of R\$ 20.5 million, totaling the reversal of R\$ 24.7 million in 2021.

- In the other operating income, the highlight is the reversal of impairment in the subsidiary Fras-le Norte America ( R\$ 7.3 million) and the sale of the building where Fras-le Argentina was located in San Martin due to the transfer of operations to the new distribution center located in Garin, generating revenue of R\$1.8 million.
- M&A expenses in the order of R\$ 1.4 million. Considering the materiality of the amount and the connection with the Company's M&A strategy, which is growing in recurrence, these expenses will not be considered for adjusted EBITDA purposes.

## Nakata Sinergies

R\$ Millions EBITDA	Implanted*		Mapped**
	2021	2022	2023
<b>Purchases and Supplies</b>	1,5	14,8	17,8
<b>Logistics and Industrial Footprint</b>	13,6	25,1	30,0
<b>Revenue expansion ***</b>	1,5	12,5	15,0
<b>Others</b>	0,8	1,5	1,7

\* The values placed consider a period of 12 months, regardless of the month in which the synergy started to be considered implemented.

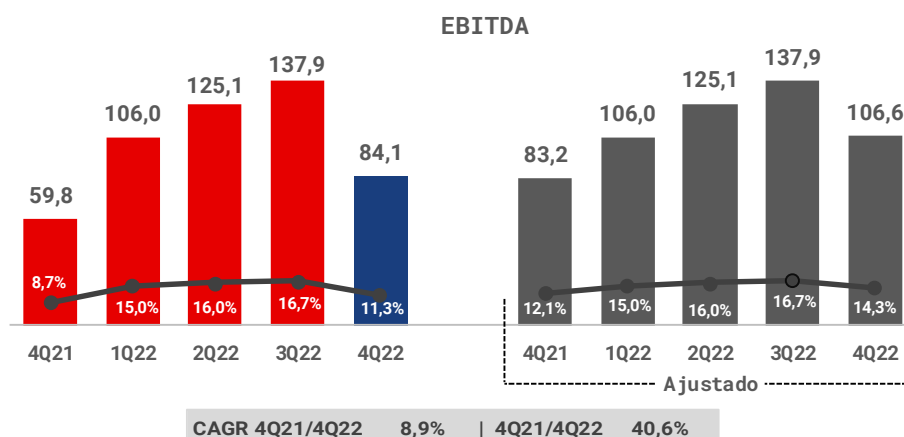
\*\* The mapped synergies are in the process of being implemented and may result in different gains due to economic, technological and fiscal factors, among others.

\*\*\* It refers only to revenue from projects implemented in the integration.

Note: the data above refer to management records (non-accounting and non-audited). They reflect the Company's expectations at the end of the year, and therefore may change.

## EBITDA and Adjusted EBITDA

Consolidated EBITDA reached R\$ 84.1 million, with a margin of 11.3% in 4Q22, which accounts for growth of 2.5 p.p. when compared to 4Q21 (R\$ 59.8 million and a margin of 8.7%). The performance of this item is due to price pass-through and continuous demand from the markets where the company operates.



EBITDA Reconciliation and Adjusted EBITDA	4Q22	4Q21	Δ %	3Q22	Δ %	2022	2021	Δ %
<b>Net Profit</b>	<b>35,3</b>	<b>22,0</b>	<b>60,3%</b>	<b>73,3</b>	<b>-51,8%</b>	<b>203,3</b>	<b>210,6</b>	<b>-3,5%</b>
<i>Result using the Equity Method</i>	<i>0,0</i>	<i>0,1</i>	<i>-100,0%</i>	<i>0,0</i>	<i>0,0%</i>	<i>0,0</i>	<i>-0,6</i>	<i>-100,0%</i>
<i>Financial Result</i>	<i>23,2</i>	<i>13,6</i>	<i>69,8%</i>	<i>11,2</i>	<i>107,0%</i>	<i>84,2</i>	<i>49,1</i>	<i>71,3%</i>
<i>Depreciation</i>	<i>34,3</i>	<i>29,7</i>	<i>15,5%</i>	<i>29,3</i>	<i>16,9%</i>	<i>120,1</i>	<i>113,5</i>	<i>5,8%</i>
<i>Income Tax / Social Contribution</i>	<i>-8,6</i>	<i>-5,7</i>	<i>52,8%</i>	<i>24,0</i>	<i>-136,0%</i>	<i>45,5</i>	<i>15,4</i>	<i>195,2%</i>
<b>EBITDA</b>	<b>84,1</b>	<b>59,8</b>	<b>40,6%</b>	<b>137,9</b>	<b>-39,0%</b>	<b>453,1</b>	<b>388,1</b>	<b>16,7%</b>
<i>EBITDA Margin</i>	<i>11,3%</i>	<i>8,7%</i>	<i>2,5 pp</i>	<i>16,7%</i>	<i>-5,5 pp</i>	<i>14,8%</i>	<i>15,0%</i>	<i>-0,2 pp</i>
<b>Non-recurring Events</b>	<b>22,5</b>	<b>23,4</b>	<b>-3,7%</b>	<b>0,0</b>	<b>0,0%</b>	<b>22,5</b>	<b>25,2</b>	<b>-10,6%</b>
<i>Asset impairment</i>	<i>0,7</i>	<i>-20,5</i>	<i>-103,4%</i>	<i>0,0</i>	<i>0,0%</i>	<i>0,7</i>	<i>-24,8</i>	<i>-102,8%</i>
<i>SELIC tax credit impact</i>	<i>0,0</i>	<i>1,2</i>	<i>-100,0%</i>	<i>0,0</i>	<i>0,0%</i>	<i>0,0</i>	<i>7,2</i>	<i>-100,0%</i>
<i>Various litigation proceedings</i>	<i>0,0</i>	<i>-1,1</i>	<i>-100,0%</i>	<i>0,0</i>	<i>0,0%</i>	<i>0,0</i>	<i>-1,1</i>	<i>-100,0%</i>
<i>Labor provision</i>	<i>0,0</i>	<i>19,4</i>	<i>-100,0%</i>	<i>0,0</i>	<i>0,0%</i>	<i>0,0</i>	<i>19,4</i>	<i>-100,0%</i>
<i>Business combination update</i>	<i>16,2</i>	<i>24,4</i>	<i>0,0%</i>	<i>0,0</i>	<i>0,0%</i>	<i>16,2</i>	<i>24,4</i>	<i>-33,7%</i>
<i>M&amp;A Expenses</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0%</i>	<i>0,0</i>	<i>0,0%</i>	<i>0,0</i>	<i>0,0</i>	<i>0,0%</i>
<i>Reversal of gains on tax litigation proceedings</i>	<i>5,6</i>	<i>0,0</i>	<i>0,0%</i>	<i>0,0</i>	<i>0,0%</i>	<i>5,6</i>	<i>0,0</i>	<i>0,0%</i>
<b>Adjusted EBITDA</b>	<b>106,6</b>	<b>83,2</b>	<b>28,2%</b>	<b>137,9</b>	<b>-22,7%</b>	<b>475,6</b>	<b>413,3</b>	<b>15,1%</b>
<i>EBITDA Margin - Adjusted</i>	<i>14,3%</i>	<i>12,1%</i>	<i>2,1 pp</i>	<i>16,7%</i>	<i>-2,5 pp</i>	<i>15,6%</i>	<i>16,0%</i>	<i>-0,5 pp</i>

Values in R\$ million

Adjusted EBITDA in 4Q22 amounted to R\$ 106,6 million, with a margin of 14.3%, which is 2.1 percentage points higher than in the same period in 2021. The year ended with R\$ 475,6 million in consolidated EBITDA with a 15.6% margin. Below are the one-off effects of the quarter:

- Impairment of assets of R\$ 7.3 million related to Fras-le North America, referring to the evaluation of the impairment test of the physical structure of the operation, furthermore R\$6.0 million referring to the depreciation of items in the same unit. Also part of the balance is the provision of Fras-le Europa B.V in the amount of R\$ 2.0 million due to the decrease in volumes and increase in inflation, adjacent factors of the conflict between Russia and Ukraine.
- Update of business combination refers to the update of future tax benefits of the subsidiary Nakata that are paid annually to the former partners until the end of 6 years, that is, this amount is annually updated considering the future expectation of that operation. The update of this commitment refers to the excellent performance of the subsidiary, above the initial expectations regarding this amount.
- Reversal of the tax proceeding gain totaling R\$ 5.6 million from the subsidiary Jurid, regarding the rescission action filed by the Attorney General of the National Treasury to partially overrule the decision favorable to the action for the exclusion of ICMS from the PIS calculation base and COFINS, aiming to remove the compensation of amounts retroactive to March 15, 2017 (modulation of effects).

Expenses related to M&A were considered to be one-off events and do not compose the basis of adjusted EBITDA.

## Financial Result

	4Q22	4Q21	Δ %	3Q22	Δ %	2022	2021	Δ %
Exchange Variation	34,0	30,9	9,8%	50,5	-32,8%	168,8	129,4	30,4%
Interests on Capital Investment	32,5	9,7	234,6%	42,2	-23,1%	108,6	25,5	325,0%
Present Value Adjust	5,5	12,0	-54,1%	4,9	13,0%	16,8	14,3	17,3%
Other Financial Income	14,7	11,7	25,4%	6,3	133,6%	29,3	24,0	22,3%
Monetary adjustment (IAS 29)	10,1	5,5	82,7%	16,1	-37,2%	55,2	43,1	28,1%
<b>Financial Income</b>	<b>96,7</b>	<b>69,9</b>	<b>38,4%</b>	<b>120,0</b>	<b>-19,4%</b>	<b>378,6</b>	<b>236,3</b>	<b>60,2%</b>
Exchange Variation	-65,7	-31,6	107,6%	-69,4	-5,4%	-233,3	-152,9	52,6%
Financing Interests	-27,6	-33,1	-16,7%	-32,6	-15,3%	-112,0	-68,3	64,0%
Present Value Adjust	0,7	-10,9	-106,1%	-1,4	-148,5%	-19,3	-21,6	-10,7%
Bank Expenses	-13,5	-6,4	111,2%	-17,3	-22,0%	-52,0	-16,3	219,5%
Other Financial Expenses	-13,7	-1,5	832,9%	-10,5	31,2%	-46,2	-26,3	75,5%
<b>Financial Expenses</b>	<b>-119,9</b>	<b>-83,5</b>	<b>43,5%</b>	<b>-131,2</b>	<b>-8,6%</b>	<b>-462,8</b>	<b>-285,4</b>	<b>62,1%</b>
<b>Financial Result</b>	<b>-23,2</b>	<b>-13,6</b>	<b>69,8%</b>	<b>-11,2</b>	<b>107,0%</b>	<b>-84,2</b>	<b>-49,1</b>	<b>71,3%</b>

Values in R\$ millions

The Company's financial result in the fourth quarter was a negative R\$23.2 million and the year ended with a negative R\$ 84.2 million. The main highlights were:

- The Selic rate rose from 9.25% p.a. to 13.75% p.a., leading to a significant increase in yields on financial investments.
- The increase in interest on financing linked to the CDI, due to the new levels of the Selic rate.
- Regarding to one-off events, the Company recorded an impact on the financial result of R\$ 11.7 million related to tax proceedings and R\$ 9.9 million referring to the present value update of the business combination of Nakata, totaling R\$ 21.6 million in 2021. In 2022, one-off events were recorded in the financial result.

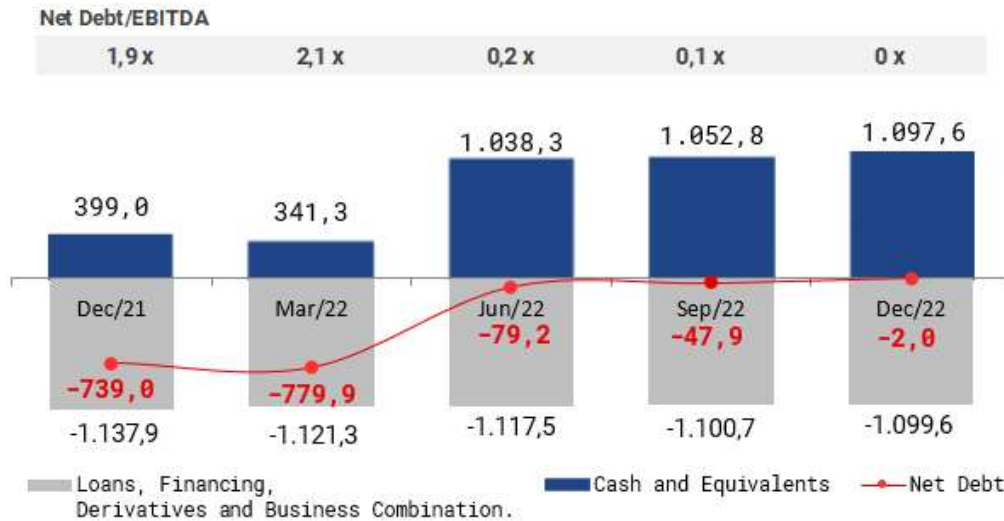
## Net Profit

The combination of the factors presented resulted in net income of R\$ 35.3 million in 4Q22, with a net margin of 4.7%. Growth was 60.4% compared to the same period of the previous year. Another factor impacting this item is the increase in IRPJ and CSLL due to the increase in the Company's revenue.



## FINANCIAL MANAGEMENT

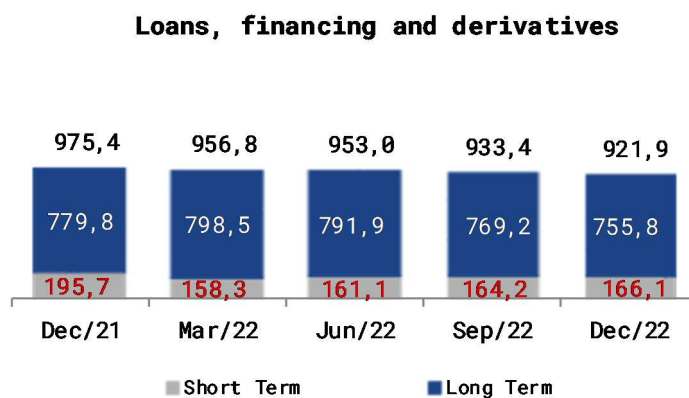
### Net Debt



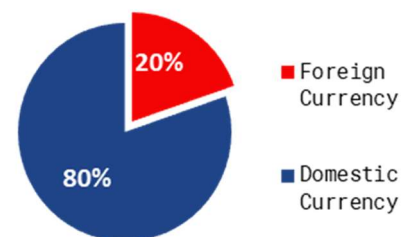
The main indexes of consolidated gross debt at the end of 4Q22 were:

- In Reais indexed to the CDI, which accounted for 77.67% (average cost CDI + 1.85%);
- In Euros (Euro + 2.0% pa) with 0.55%;
- In Dollars (US\$ + average of 4.0% per year) with 19.69%;
- In Reais indexed to others which accounted for 2.09% (average CDI cost + 1.82%)

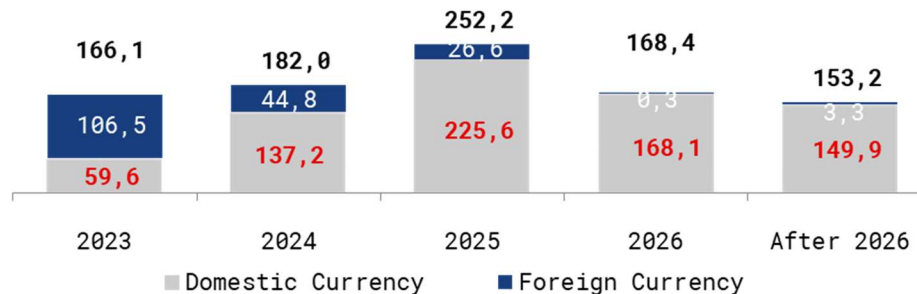
The following charts show a breakdown of the debt:



Debt Origin - Dec/22



### Annual Payment



### Working Capital

	2018	2019	2020	2021	2022
<b>Resources Investment</b>					
<i>Customers</i>	112,8	123,4	289,2	268,3	271,7
<i>In Days</i>	28 d	25 d	49 d	29 d	25 d
<i>Inventory</i>	368,3	333,3	494,1	825,2	857,7
<i>In Days</i>	91 d	69 d	84 d	89 d	80 d
<i>Others Resources</i>	61,9	42,9	221,9	150,6	116,4
<b>Total of Resources Invested</b>	<b>542,9</b>	<b>499,6</b>	<b>1.005,2</b>	<b>1.244,2</b>	<b>1.245,8</b>
<b>Sources</b>					
<i>Suppliers</i>	-95,7	-93,7	-265,4	-348,4	-388,2
<i>In Days</i>	24 d	19 d	45 d	38 d	36 d
<i>Others Resources</i>	-71,3	-82,6	-133,9	-155,0	-160,9
<b>Total of Sources</b>	<b>-167,0</b>	<b>-176,3</b>	<b>-399,3</b>	<b>-503,4</b>	<b>-549,2</b>
<b>WC in R\$</b>	<b>375,9</b>	<b>323,3</b>	<b>606,0</b>	<b>740,8</b>	<b>696,6</b>
<i>WC in Days</i>	93 d	67 d	103 d	80 d	65 d

Values in R\$ million

- **2018 to 2019:** The significant reduction in Working Capital days in 2019, when compared to the previous year, is due to a sum of synergies demanded by the expansion cycle that the Company started in 2017, aimed at adding resources to the operation. In addition, the year was marked by a reduced level of working capital and by volumes becoming regular again.
- **2020 and 2021:** In 2020, as a result of the acquisition of the subsidiary Nakata, the need for working capital increased significantly. In 2021, the customer line was impacted by a contractual discount (R\$ 30.5 million), which will be paid through consideration. Inventories, on the other hand, increased significantly due to strategic purchases made throughout the year, mainly of steel, metals and chemicals to mitigate the effects of inflation and shortage of inputs.
- **2022:** Compared to 2022x2021, there was a fifteen-day reduction in Working capital need, reflecting mainly on the Vendor operations for customers carried out at the subsidiary Nakata. In addition, with the consolidation of the new shock absorber plant in Extrema/MG, the subsidiary was able to increase its sales volumes, helping to deliver the excellent

performance in days in the inventory account (and continues to grow due to high demand). Under the heading of suppliers, the Company carried out negotiations that optimized the deadlines, giving margin for the operation.

## Free Cash Flow

	2018	2019	2020	2021	2022
<b>EBITDA</b>	<b>183,9</b>	<b>175,2</b>	<b>330,9</b>	<b>388,1</b>	<b>453,1</b>
<i>Investments</i>	-61,5	-83,2	-56,0	-115,6	-106,4
<i>Financial Result</i>	-37,5	-36,3	14,6	-49,1	-84,2
<i>Income and Social Taxes</i>	-13,7	-37,5	-72,5	-15,4	-45,5
<i>Working Capital Variation</i>	-137,0	52,7	-272,6	-134,8	44,2
<b>Operating Cash Flow</b>	<b>-65,9</b>	<b>70,8</b>	<b>-55,6</b>	<b>73,2</b>	<b>261,2</b>
<i>Dividends/ROE</i>	-50,9	-73,6	-15,5	-78,9	-70,1
<i>Capital Integr. / Business Acquis.</i>	-301,8	0,0	-283,4	-57,6	595,8
<i>Debt Exchange Variation</i>	-0,4	0,0	0,0	0,0	0,0
<i>Others</i>	18,8	-35,3	-82,3	-59,7	-49,9
<b>Free Cash Flow</b>	<b>-400,2</b>	<b>-38,0</b>	<b>-436,8</b>	<b>-123,0</b>	<b>737,0</b>
<b>NET DEBT (NET CASH)</b>	<b>-141,2</b>	<b>-179,2</b>	<b>-616,0</b>	<b>-739,0</b>	<b>-2,0</b>

Values in R\$ million

The Company generated R\$ 737.0 million in cash and cash equivalents, with the operating activity amounting to R\$ 261.2 million at the end of the quarter. Highlights on the result achieved: the working capital variation due to the renegotiation of terms with suppliers and the raising of funds via a restricted share offering (Follow-on) expanding cash and cash equivalents and reducing indebtedness.

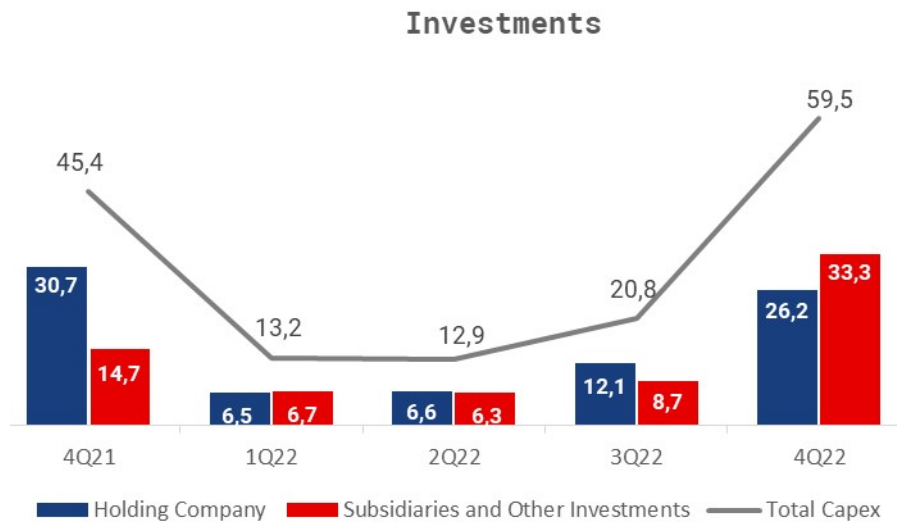
## Dividends and Interest on Equity

See below table showing the history of Interest on Equity and Dividends payment.

Approval Date	Earnings	Amount	Value per common share	Date of Payment	Ex-dividend
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)



The year 2022 ended with a total of R\$ 106.4 million in investments, R\$ 59.5 million of which refers to the 4Q22 period, with emphasis on:

- At the controlling company, the most relevant investments were concentrated in projects to expand machinery, productivity and automation.
- In the subsidiaries, Fras-le North America stood out due to the acquisition of machinery to expand the production process and the expansion of the unit. In the quarter, emphasis was also given to Fremax, Nakata and Controil, which made investments related to productivity, improvement of internal capacity, automation and innovation.

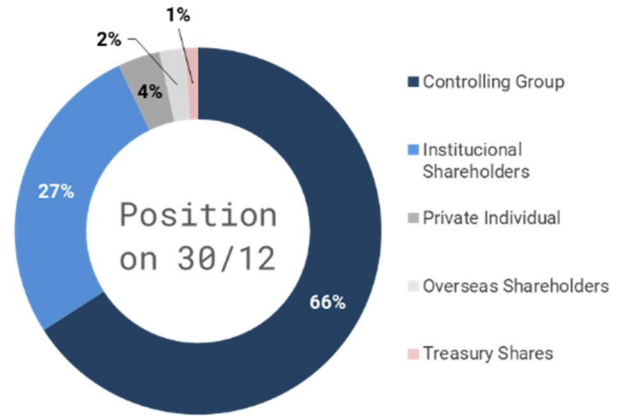
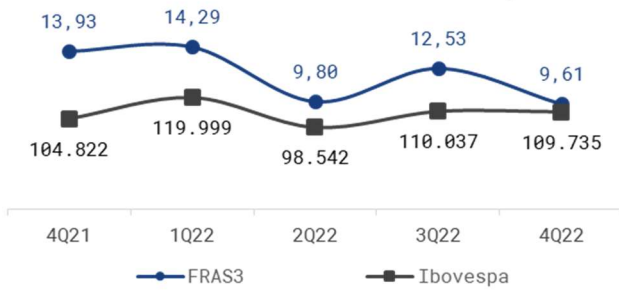
## »»» CAPITAL MARKET

In 4Q22, 25.5 million “FRAS3” shares were traded. In this period, the average daily volume of business was R\$ 5.0 million, 93.33% up from the same period a year ago. The Company’s market value at the end of December reached R\$ 2.6 billion.



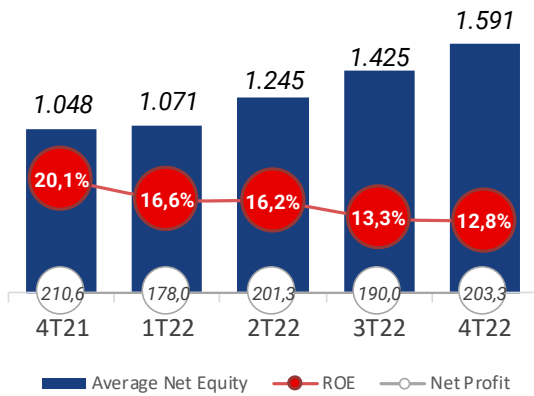


### Variation FRAS3 x Ibovespa

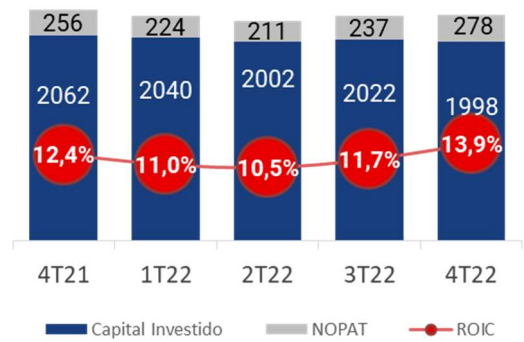


## ROE and ROIC

### ROE - Return On Equity



### ROIC - Return on Invested Capital



## APPENDIX I

### CONSOLIDATED STATEMENT OF INCOME

Values in thousands of Reais

	4Q22	%	4Q21	%	2022	%	2021	%	Variations	
									4Q22/4Q21	2022/2021
<b>Net Revenue</b>	<b>746.827</b>	<b>100,0%</b>	<b>685.088</b>	<b>100,0%</b>	<b>3.058.171</b>	<b>100,0%</b>	<b>2.582.166</b>	<b>100,0%</b>	<b>9,0%</b>	<b>18,4%</b>
COGS – Cost of Goods Sold	-527.699	-70,7%	-503.604	-73,5%	-2.154.694	-70,5%	-1.833.869	-71,0%	4,8%	17,5%
<b>Gross Profit</b>	<b>219.128</b>	<b>29,3%</b>	<b>181.485</b>	<b>26,5%</b>	<b>903.477</b>	<b>29,5%</b>	<b>748.297</b>	<b>29,0%</b>	<b>20,7%</b>	<b>20,7%</b>
Selling Expenses	-79.565	-10,7%	-66.693	-9,7%	-291.596	-9,5%	-237.211	-9,2%	19,3%	22,9%
Administrative Expenses	-60.099	-8,0%	-51.495	-7,5%	-211.064	-6,9%	-187.216	-7,3%	16,7%	12,7%
Other Operation Expens./Incom.	-29.443	-3,9%	-33.161	-4,8%	-67.792	-2,2%	-49.239	-1,9%	-11,2%	37,7%
<b>Financial Result</b>	<b>-23.157</b>	<b>-3,1%</b>	<b>-13.635</b>	<b>-2,0%</b>	<b>-84.199</b>	<b>-2,8%</b>	<b>-49.145</b>	<b>-1,9%</b>	<b>-69,8%</b>	<b>-71,3%</b>
Financial Income	96.728	13,0%	69.887	10,2%	378.638	12,4%	236.302	9,2%	38,4%	60,2%
Financial Expenses	-119.885	-16,1%	-83.522	-12,2%	-462.837	-15,1%	-285.447	-11,1%	43,5%	62,1%
<b>Income Before Tax</b>	<b>26.677</b>	<b>3,6%</b>	<b>16.378</b>	<b>2,4%</b>	<b>248.841</b>	<b>8,1%</b>	<b>226.039</b>	<b>8,8%</b>	<b>62,9%</b>	<b>10,1%</b>
Income and Social Tax	8.641	1,2%	5.653	0,8%	-45.512	-1,5%	-15.417	-0,6%	52,8%	195,2%
<b>Net Profit</b>	<b>35.319</b>	<b>4,7%</b>	<b>22.032</b>	<b>3,2%</b>	<b>203.329</b>	<b>6,6%</b>	<b>210.622</b>	<b>8,2%</b>	<b>60,3%</b>	<b>-3,5%</b>
Attributable to non-controlling shar.	-365	0,0%	158	0,0%	1.509	0,0%	-606	0,0%	-331,4%	-349,1%

Values in R\$ thousands

## APPENDIX II

### CONSOLIDATED BALANCE SHEET

Values in thousands of Reais

	12.31.22	12.31.21
<b>Assets</b>	<b>3.765.876</b>	<b>3.082.318</b>
<b>Current Assets</b>	<b>2.289.336</b>	<b>1.611.991</b>
<i>Cash and Cash Equivalents</i>	567.855	363.599
<i>Financial Applications</i>	494.133	59
<i>Receivables</i>	301.669	296.275
<i>Inventory</i>	857.667	825.226
<i>Taxes Recoverable</i>	68.012	123.454
<i>Others Current Assets</i>	0	3.378
<b>Non-current Assets</b>	<b>1.476.540</b>	<b>1.470.327</b>
<i>Long-Term Realisable Assets</i>	142.823	120.116
<i>Investments</i>	32.319	28.792
<i>Fixed Assets</i>	827.260	822.660
<i>Intangible</i>	474.138	498.759
<b>Liabilities</b>	<b>3.765.876</b>	<b>3.082.318</b>
<b>Current Liabilities</b>	<b>862.126</b>	<b>825.520</b>
<i>Salaries and Charges</i>	92.206	83.964
<i>Suppliers</i>	387.556	345.727
<i>Tax Obligations</i>	79.440	64.458
<i>Loans and Financing</i>	166.058	195.676
<i>Others Obligations</i>	127.369	128.534
<i>Provisions</i>	9.497	7.161
<b>Non-current Liabilities</b>	<b>1.125.312</b>	<b>1.150.843</b>
<i>Loans and Financing</i>	755.812	779.760
<i>Others Obligations</i>	313.897	329.565
<i>Provisions</i>	53.859	39.505
<i>Profits and Revenues to Be Appropriated</i>	1.744	2.013
<b>Equity</b>	<b>1.778.438</b>	<b>1.105.955</b>
<i>Social Capital</i>	1.212.844	595.377
<i>Profit Reserves</i>	587.153	461.464
<i>Other Comprehensive Results</i>	-36.096	38.728
<i>Non-controlling Participation</i>	14.537	10.386

Values in R\$ thousands

## APPENDIX III

### STATEMENTS OF CASH FLOW - INDIRECT METHOD

Values in Thousands of Reais

	12.31.22	12.31.21
<b>Operational Cash Flow</b>		
<b>Net operational cash</b>	<b>-105.071</b>	<b>245.036</b>
<b>Cash generated from operations</b>	<b>425.730</b>	<b>382.910</b>
Net Income for the Period	203.329	210.622
Depreciation and Amortization	120.079	113.514
Provision for Disputes	14.354	17.805
Provision for Doubtful Settlement Credit	583	2.734
Other Provisions	-1.891	10.760
Residual Cost of Assets and Leases Downloaded and Sold	6.449	4.389
Variation on Loans, Derivatives and Leases	91.464	89.919
Equity	-16	-553
Provision for Income Tax and Current and Deferred Social Contribution	45.512	15.417
Provision for Obsolete Inventories and Negative Margin	9.223	-3.845
Monetary Correction Adjustment	-55.178	-43.090
Revenue from active lawsuits	-11.304	-9.250
Impairment reduction	-2.834	-25.512
Clearing retained amounts in business combination	5.960	0
<b>Changes in assets and liabilities</b>	<b>-530.801</b>	<b>-137.874</b>
Receivables	3.238	40.130
Accounts Receivable from Customers	-24.056	-9.448
Inventory	-37.024	-324.985
Suppliers	75.562	65.835
Accounts Payable	-94.252	74.212
Income Tax and Social Contribution Paid	-18.662	-39.303
Financial Investments	-497.782	56.396
Judicial Deposits	1.963	-711
Taxes to be recovered	60.212	0
<b>Investment Cash Flow</b>		
<b>Net investment cash</b>	<b>-87.381</b>	<b>-195.344</b>
Fixed and Intangible Purchases	-84.136	-107.563
Capital payment in affiliates	-3.245	-5.673
Business combination	0	-82.108
<b>Cash From Financing Activities</b>		
<b>Net funding cash</b>	<b>396.708</b>	<b>-129.336</b>
Payment Interest Equity and Dividends	-70.110	-72.569
Loans and Financial Instruments Taken	157.686	271.374
Payment of Loans and Financial Instruments	-199.192	-242.339
Interest Paid with Loans	-94.413	-46.730
Lease Payment	-26.663	-39.072
Payment of Capital	629.400	0
Expenses with Issuance of Shares	0	0
<b>Funding Cash Flow</b>	<b>204.256</b>	<b>-79.644</b>

Values in R\$ thousands

# APPENDIX IV

## COMPONENTS BY PRODUCT FAMILY

Detailed description - Product family	
<b>Friction Material</b>	<i>Brake linings for Heavy Vehicles (Blocks), Brake Pads, Other Friction Materials<sup>1</sup>.</i>
<b>Components for the Brake System</b>	<i>Discs, Drums, Master cylinder, Wheel cylinder.</i>
<b>Components for Suspension System, Steering, Powertrain</b>	<i>Shock absorbers, shock absorber kits, suspension bushings, pivots, suspension trays, ball joints, homokinetic joints, linkage bars and wheel hubs.</i>
<b>Other Various Products</b>	<i>Components for the Engine<sup>2</sup>, Packed liquids<sup>3</sup>, Other<sup>4</sup>.</i>
<p><i><sup>1</sup>(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>	

