

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

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

3RD QUARTER AND  
FIRST NINE MONTHS  
OF 2022 RESULTS

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



**Caxias do Sul, November 9, 2022.** Fras-le S.A. (B3:FRAS3) announces its results for the third quarter of 2022 (3Q22) and First Nine Months of 2022 (9M22). 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 2021 (3Q21) and First Nine Months of 2021 (9M21).

## »» HIGHLIGHTS:



**Consolidated Net Revenue** was **R\$ 823.9 million** in 3Q22, 25.4% up from 3Q21. In 9M22 it reached **R\$ 2.3 billion**, accounting for a 21.8% growth rate when compared to 9M21.

**Revenues from the International Market<sup>1</sup>** amounted to **US\$ 63.0 million** in 3Q22, 25.9% up from 3Q21 Year-to-date results was **180.2 million**, 31.8% up from 9M21



**Gross Margin** was **31.5%** in 3Q22, 0.5 percentage point up from 3Q21. In the 9-month period, the margin was **29.6%**, accounting for 0.3 percentage point down when compared to the same period a year ago.



**EBITDA** reached **R\$ 137.9 million** in 3Q22, 35.8% up from 3Q21, reaching **R\$ 369.0 million** in 9M22, which is 12.4% up from 9M21; **EBITDA margin** was **16.7%** in 3Q22, 1.3 percentage point up from 3Q21. In 9M22, EBITDA margin was **16.8%**, 1.3 percentage point down from the same period last year.



**Net margin** was **8.9%** in 3Q22, 4 percentage points down from 3Q21 and **7.3%** in 9M22, 2.7 percentage points down from 9M21.



**Investments<sup>2</sup>** totalled **R\$ 46.9 million** in 9M22, of which **25,2%** correspond to the Controlling Company and **21,7%** to the controlled units.

MARKET CAP (Sept 30, 2022)  
**R\$ 3.4 bi**  
 CLOSING QUOTE "FRAS3" **R\$ 12,53**  
 FREE FLOAT – **33.1%**

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**Videoconference of Results 3Q22**  
 November 10, 2022 (Thursday)  
 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

### 50th RS Export Award



Fras-le is the winner in the Outstanding Sector category – Vehicles/Auto Parts. The award ceremony took place on August 11 and was promoted by *Associação dos Dirigentes de Marketing e Vendas do Brasil (ADVB/RS)* (Association of Marketing and Sales Directors of Brazil (ADVB/RS)). The RS Export Award is the largest recognition in Southern Brazil to the export segment, listing the companies with the best performances and strategies in the international market in 2021. [click here](#).

### Sindirepa/SP Award – The Best of the Year

The award aims to highlight the performance of the best partners in the Vehicle Repair Sector in each segment, in addition to promoting good practices for the market, such as servicing the workshops and/or providing these services to their customers. At the award ceremony, which took place on August 15 in São Paulo, two companies of Fras-le Group were awarded: JURID, which won the second place with the Silver Award in the brake pads category, and FREMAX, which took first place with the Gold Award in the Brake Disc category.

### Fras-le Universe 2022 – Investor Day

Fras-le Universe took place on September 27, in a hybrid way, and brought together investors and capital market analysts in Extrema/MG, where the new Fras-le warehouse and Nakata's shock-absorbers plant are located. Focused on bringing investors closer to Fras-le's business vision and automotive consumer portfolio, the main executives updated the market on the current scenario and on the company's long-term prospects. The recording of the event is available on the official Fras-le channel on [YouTube](#).



### Site visit Fremax



It happened on November 7 the visit of the investors and analysts at the Fremax plant in Joinville/SC. At the meeting the participants followed the monitor the efficiency of the production process as well as market prospects and the brand's vision for the future.

## »»» WORD FROM MANAGEMENT

“Although this year and the quarter under review celebrate a very special moment in the Company's recent history, many avenues of growth hold excellent opportunities for this performance to be replicated in the coming years...”

Fras-le reports another quarter marked by record sales and positive results. This has been our performance road in 2022, transparently demonstrating the robust organic growth capacity of the business model we have built over the last years, materialized by gains in market share, volumes and geographic expansion.

Almost 90% of the Company's businesses are linked to the aftermarket, a sector that sustains growth even in times of economic downturn or stagnation. This makes Fras-le a different company, directly linked to the recurring consumption of automotive items which, for the most part, are non-elective replacement components, that is, their replacement is mandatory since they are linked to safety items.

These products are sold through iconic brands that are recognized for their superior tradition, quality, and delivery of promise. A high level of service differentiates them, making them benchmarks in the markets where they operate.

Although this year and the quarter under analysis celebrate a very special moment in the Company's recent history, many avenues of growth hold excellent opportunities for this performance to be replicated in the coming years: increase in market share, geographic exposure and consolidation of synergies in several areas that are still being prepared, in addition to new non-organic expansion moves aimed at scaling Fras-le's genuine business model, whether through portfolio expansion, geographic expansion or exploration of new and unprecedented synergies with new companies. Additionally, the innovation area announces new businesses in smart composites, as well as unprecedented initiatives by NIONE in other markets.

These are the results and vision of many people that make Fras-le a unique company, a company that seeks, in every move, to do its part, that of keeping your life moving!

## »» MAIN FIGURES

	3Q22	3Q21	Δ %	2Q22	Δ %	9M22	9M21	Δ %
<b>Net Revenue</b>	<b>823,9</b>	<b>657,3</b>	<b>25,4%</b>	<b>782,6</b>	<b>5,3%</b>	<b>2.311,3</b>	<b>1.897,1</b>	<b>21,8%</b>
Domestic Market	493,6	395,6	24,8%	483,2	2,2%	1385,2	1167,7	18,6%
Foreign Market	330,3	261,7	26,2%	299,4	10,3%	926,1	729,4	27,0%
Foreign Market US\$	63,0	50,0	25,9%	60,7	3,7%	180,2	136,7	31,8%
Exports - Brazil US\$	24,5	21,5	14,0%	27,7	-11,5%	78,6	66,6	18,0%
<b>Gross Profit</b>	<b>259,4</b>	<b>203,8</b>	<b>27,3%</b>	<b>230,5</b>	<b>12,6%</b>	<b>684,3</b>	<b>566,8</b>	<b>20,7%</b>
Gross Margin	31,5%	31,0%	0,5 pp	29,4%	2,0 pp	29,6%	29,9%	-0,3 pp
<b>Operating Profit</b>	<b>108,5</b>	<b>73,3</b>	<b>48,1%</b>	<b>96,7</b>	<b>12,3%</b>	<b>283,2</b>	<b>245,2</b>	<b>15,5%</b>
Operating Margin	13,2%	11,2%	2,0 pp	12,4%	0,8 pp	12,3%	12,9%	-0,7 pp
<b>EBITDA</b>	<b>137,9</b>	<b>101,5</b>	<b>35,8%</b>	<b>125,1</b>	<b>10,2%</b>	<b>369,0</b>	<b>328,3</b>	<b>12,4%</b>
EBITDA Margin	16,7%	15,4%	1,3 pp	16,0%	0,7 pp	16,0%	17,3%	-1,3 pp
<b>Net Profit</b>	<b>73,3</b>	<b>84,5</b>	<b>-13,3%</b>	<b>66,8</b>	<b>9,8%</b>	<b>168,0</b>	<b>188,6</b>	<b>-10,9%</b>
Net Margin	8,9%	12,9%	-4,0 pp	8,5%	0,4 pp	7,3%	9,9%	-2,7 pp
<b>Adjusted EBITDA</b>	<b>137,9</b>	<b>107,6</b>	<b>28,2%</b>	<b>125,1</b>	<b>10,2%</b>	<b>369,0</b>	<b>330,1</b>	<b>11,8%</b>
Adjusted EBITDA Margin	16,7%	16,4%	0,4 pp	16,0%	0,7 pp	16,0%	17,4%	-1,4 pp

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

(\*) Includes intercompany sales

	3Q22	3Q21	Δ %	2Q22	Δ %	9M22	9M21	Δ %
<b>Average price of the US dollar</b>	<b>5,25</b>	5,23	0,4%	4,92	6,7%	<b>5,13</b>	5,33	-3,7%



## Business and Market Overview

Despite the prospect of high global inflation and timid growth for 2022, the aftermarket, responsible for 87% of the Company's revenues, combined with our robust business model, which is diversified in geographies and portfolio, once again proved to be efficient in the face of adversities that we had to overcome so far, enabling Fras-le to achieve a growth rate of 21.8% in 9M22 compared to the same period last year.

In the aftermarket, the outlook remains positive due to the aging of the fleet, especially passenger vehicles that require a higher level of maintenance and, consequently, a greater number of components replaced. According to CINAU – Central de Inteligência Automotiva, a survey agency - BI-Business Intelligence and Consulting unit of Grupo Oficina Brasil, workshop services in 9M22 grew 12.84%.

## SALES PERFORMANCE

### Volume and Net Revenue by Family of Material

Sales Volumes by Product Line in millions of pieces or liters													
VOLUMES	3Q22			3Q21			2Q22			9M22			
			Δ %			Δ %			Δ %			Δ %	
Friction Material	24,0		-12,8%	27,5		-6,0%	25,5		-6,0%	73,3		-6,8%	
Components for the Brake System	2,1		0,9%	2,1		-3,4%	2,2		-3,4%	6,5		-1,5%	
Components for the Suspension, Steering and Powertrain	4,4		19,6%	3,7		6,4%	4,2		6,4%	12,6		11,4%	
Sales Revenue by Material in R\$ million													
NET REVENUE	3Q22			3Q21			2Q22			9M22			
			Δ %			Δ %			Δ %			Δ %	
Friction Material	388,5	47,2%	15,8%	335,4	51,0%	386,2	49,3%	0,6%	1.144,8	49,5%	949,8	50,1%	20,5%
Components for the Brake System	167,2	20,3%	36,0%	123,0	18,7%	147,4	18,8%	13,5%	433,4	18,8%	351,1	18,5%	23,4%
Components for the Suspension, Steering and Powertrain	229,0	27,8%	39,7%	163,9	24,9%	208,9	26,7%	9,6%	619,8	26,8%	477,4	25,2%	29,8%
Other products	39,1	4,7%	11,7%	35,0	5,3%	40,1	5,1%	-2,4%	113,3	4,9%	118,7	6,3%	-4,6%
<b>Total Net Revenue</b>	<b>823,9</b>	<b>100,0%</b>	<b>25,4%</b>	<b>657,3</b>	<b>100,0%</b>	<b>782,6</b>	<b>100,0%</b>	<b>5,3%</b>	<b>2.311,3</b>	<b>100,0%</b>	<b>1.897,1</b>	<b>100,0%</b>	<b>21,8%</b>

The components are detailed at the end of this report.

The upturn in our local economy throughout 2022 has led to growing sales revenue. Below are the highlights of each family:

#### Friction Materials

- About brake pads (light line), volumes went down, which can be related to the search for low-cost parts.
- In the commercial brake pads line, volumes reduction in 3Q22 is related to the high volume of inventories at distributors, mainly linked to the seasonality of the period.

#### Brake System Components

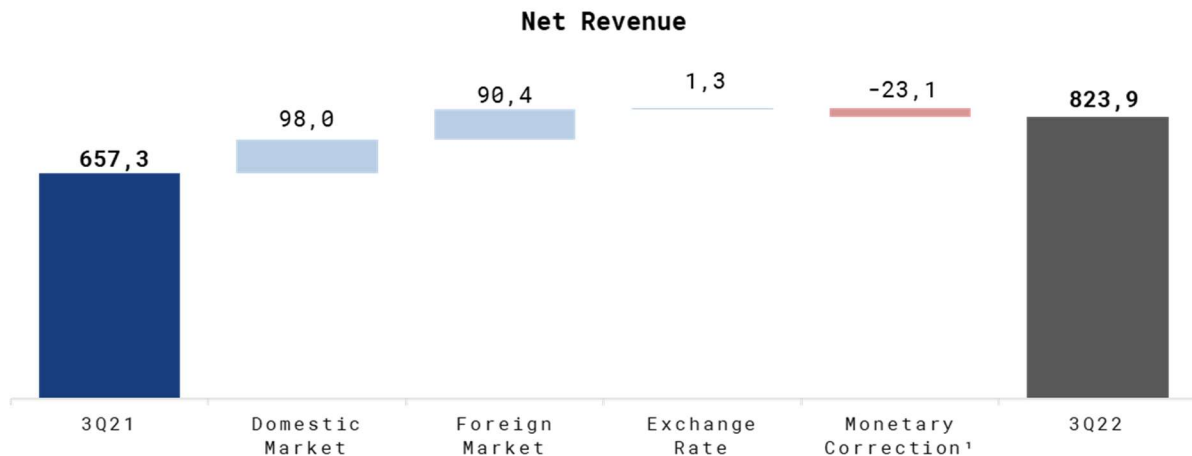
- The brake discs line continues with high demand on account of the international market, mainly the USA, and the growth in the line of automakers.

#### Suspension, Steering and Powertrain Components

- The excellent sales results are driven by our subsidiary Nakata on account of a market share gain in the shock absorber line. In addition, the manufacturing capacity - that was expanded last year - returned to its regular level.

NOTE: We must point it out that the performance of sales revenue by family of material does not necessarily reflect the same behaviour in volumes, as we have to consider the effects of changes in exchange rates, product mix and prices. For more details on families, see Annex IV.

Below is a chart in causal format showing the effects that modified the performance of consolidated net revenue in 3Q22 as compared to 3Q21:



Amounts in BRL Millions

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

## Revenue by Market

Net Revenue by Markets													
Markets	3Q22		3Q21		Δ %	2Q22		Δ %	9M22		9M21		Δ %
DM Aftermarket	433,4	52,6%	352,3	53,6%	23,0%	426,5	54,5%	1,6%	1.214,5	52,5%	1.046,4	55,2%	16,1%
DM OEM	60,3	7,3%	43,3	6,6%	39,2%	56,6	7,2%	6,5%	170,7	7,4%	121,2	6,4%	40,8%
<b>Domestic Market</b>	<b>493,6</b>	<b>59,9%</b>	<b>395,6</b>	<b>60,2%</b>	<b>24,8%</b>	<b>483,2</b>	<b>61,7%</b>	<b>2,2%</b>	<b>1.385,2</b>	<b>59,9%</b>	<b>1.167,7</b>	<b>61,6%</b>	<b>18,6%</b>
FM Aftermarket	281,9	34,2%	226,3	34,4%	24,6%	256,4	32,8%	10,0%	791,7	34,3%	618,8	32,6%	27,9%
FM OEM	48,4	5,9%	35,4	5,4%	36,7%	43,1	5,5%	12,3%	134,4	5,8%	110,6	5,8%	21,5%
<b>Foreign Market</b>	<b>330,3</b>	<b>40,1%</b>	<b>261,7</b>	<b>39,8%</b>	<b>26,2%</b>	<b>299,4</b>	<b>38,3%</b>	<b>10,3%</b>	<b>926,1</b>	<b>40,1%</b>	<b>729,4</b>	<b>38,4%</b>	<b>27,0%</b>
Total Aftermarket Net Revenue	715,3	86,8%	578,6	88,0%	23,6%	682,9	87,3%	4,7%	2.006,2	86,8%	1.665,2	87,8%	20,5%
Total OEM Net Revenue	108,6	13,2%	78,7	12,0%	38,1%	99,7	12,7%	9,0%	305,1	13,2%	231,9	12,2%	31,6%
<b>Total Net Revenue</b>	<b>823,9</b>	<b>100%</b>	<b>657,3</b>	<b>100%</b>	<b>25,4%</b>	<b>782,6</b>	<b>100%</b>	<b>5,3%</b>	<b>2.311,3</b>	<b>100%</b>	<b>1.897,1</b>	<b>100%</b>	<b>21,8%</b>

Values in R\$ million

### DOMESTIC MARKET (DM)

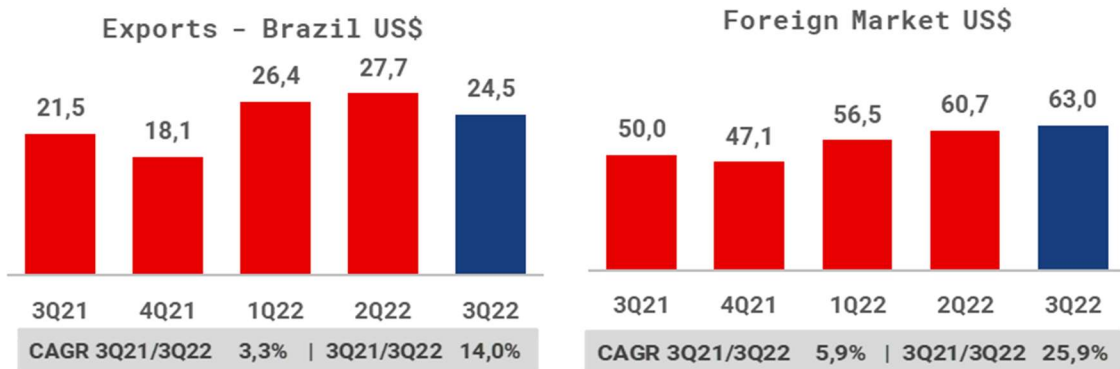
In 3Q22, revenue from the domestic market grew by 24.8% when compared to 3Q21. In 9M22, the increase was 18.6% compared to the same period a year ago. Regarding this progress, we highlight:

- The aftermarket has been growing on a recurring basis on account of the Company's strategies, such as: centralization of a warehouse for all brands, optimizing load and delivery levels for customers; price transfer carried out in recent months to balance margins; review and update of product portfolios at distributors and repositioning of brands.
- Automakers showed growth driven by the normalization of components supply. Supply problems were previously affecting production at OEMs.

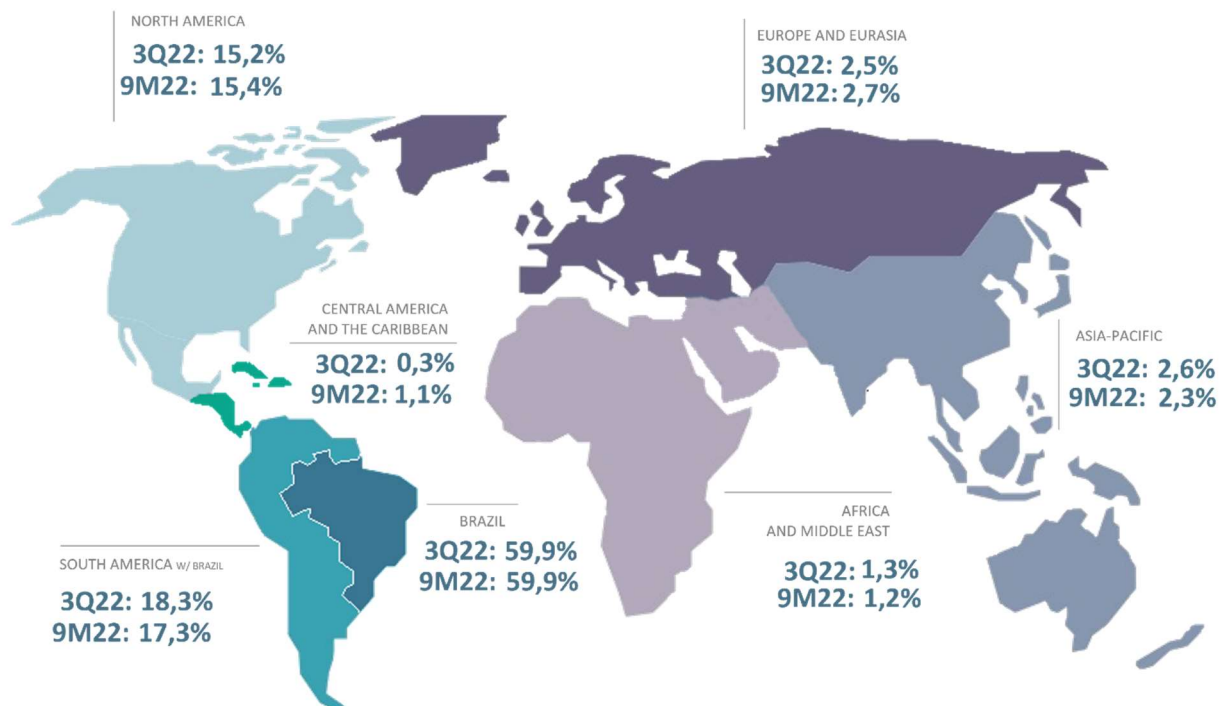
## INTERNATIONAL MARKET (IM)

The foreign market, which corresponds to the total of exports out of Brazil, and revenue from operations abroad, grew by 26.2% when compared to 3Q21 (10.3% higher than in 2Q22). The growth rate in 9M22 was 27.0%. The main highlights were:

- Regarding exports, the availability of products for sale increased due to the introduction of new production shifts at the block plant in Caxias do Sul, resulting in reduced delivery times for customers.
- In the foreign market, we highlight the good results of our units abroad, with growth of 25.9% in revenue in dollars when compared to the same period of the previous year. Retraction took place only in the European region, due to the current economic scenario, and devaluation of the EU x US\$. In the USA, on the other hand, volumes are good at automakers.



## Net Revenue Breakdown in the World





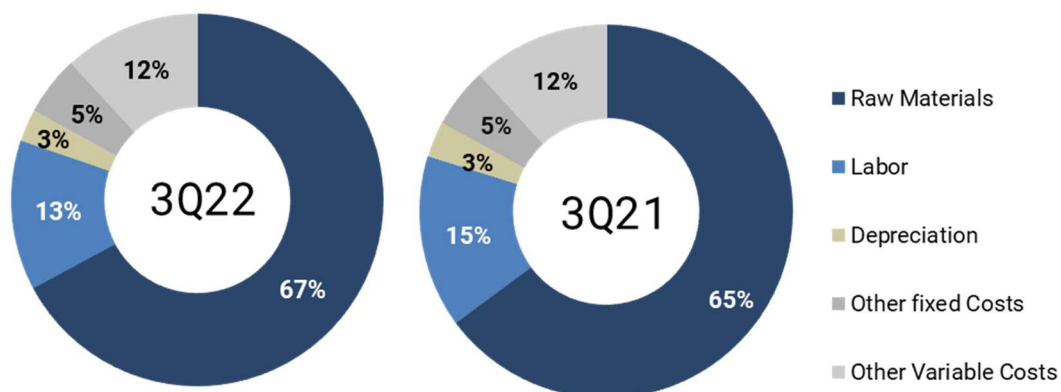
- In **North America**, strategic partnerships were established and so our portfolio was expanded in important customers, ensuring stability of revenue and increase in sales volumes in this quarter.
- In **South America**, restrictions on imports and exit of dollars from Argentina remain, as well as the consumption habits of the local population, which positively influences results and sales.
- In **Europe**, the energy crisis, caused by the conflict between Ukraine and Russia, impacted the final consumer, such as increase in inflation, which results in a change in consumption habits, a scenario that challenges the growth of this market. In addition, the devaluation of the Euro also affects sales.
- In **Asia**, our business unit located in India showed growth in projects that have been implemented in recent months and that serve the local market. In China, sales volume and revenue recovered, although there are still occasional restrictions related to COVID-19.

## OPERATING PERFORMANCE

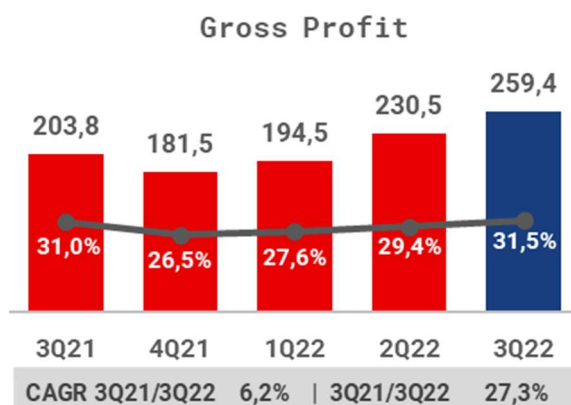
### Cost of Products Sold and Gross Profit

In 3Q22, cost of goods sold totalled R\$ 564.5 million, accounting for 68.5% of net revenue for the period, resulting in gross profit of R\$ 259.4 million, with a gross margin of 31.5%, which is around 0.5 percentage point above the same period last year.

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



\*General Manufacturing Expenses



The constant price increases in inputs, faced throughout the year, and the high logistics cost (although reduced in recent months but still far from the pre-pandemic cost), have been challenging factors for maintaining gross profit. Several initiatives to mitigate the effects on margins have been implemented, such as assertive price transfers and good supply management.

## Operating Expenses and Revenues

	3Q22		3Q21		Δ %	2Q22		Δ %	9M22		9M21		Δ %
<b>Selling Expenses</b>	<b>-79,8</b>	<b>-9,7%</b>	<b>-60,6</b>	<b>-9,2%</b>	<b>31,7%</b>	<b>-70,9</b>	<b>-9,1%</b>	<b>12,5%</b>	<b>-212,0</b>	<b>-9,2%</b>	<b>-170,5</b>	<b>-9,0%</b>	<b>24,3%</b>
Variable Expenses w/ Sales	-27,5	-3,3%	-18,6	-2,8%	48,1%	-24,7	-3,1%	11,5%	-74,3	-3,2%	-53,9	-2,8%	38,0%
Other Expenses w/ Sales	-52,3	-6,3%	-42,0	-6,4%	24,5%	-46,2	-5,9%	13,1%	-137,7	-6,0%	-116,7	-6,1%	18,0%
<b>Administrative Expenses</b>	<b>-54,2</b>	<b>-6,6%</b>	<b>-49,7</b>	<b>-7,6%</b>	<b>9,2%</b>	<b>-50,4</b>	<b>-6,4%</b>	<b>7,6%</b>	<b>-151,0</b>	<b>-6,5%</b>	<b>-135,7</b>	<b>-7,2%</b>	<b>11,2%</b>
<b>Other Net Expenses/Income</b>	<b>-17,1</b>	<b>-2,1%</b>	<b>-20,7</b>	<b>-3,1%</b>	<b>-17,1%</b>	<b>-12,5</b>	<b>-1,6%</b>	<b>36,9%</b>	<b>-38,3</b>	<b>-1,7%</b>	<b>-16,1</b>	<b>-0,8%</b>	<b>138,5%</b>
Other Operating Expenses	-21,9	-2,7%	-20,3	-3,1%	7,7%	-18,4	-2,3%	19,4%	-55,0	-2,4%	-47,7	-2,5%	15,2%
Other Operating Income	4,8	0,6%	-0,3	0,0%	-1564,8%	5,8	0,7%	-18,3%	16,7	0,7%	31,7	1,7%	-47,4%
<b>Equity Equivalence</b>	<b>0,3</b>	<b>0,0%</b>	<b>0,3</b>	<b>0,1%</b>	<b>-21,9%</b>	<b>0,0</b>	<b>0,0%</b>	<b>-951,8%</b>	<b>0,2</b>	<b>0,0%</b>	<b>0,7</b>	<b>0,0%</b>	<b>-70,0%</b>
<b>Total Operating Exp/Income</b>	<b>-150,8</b>	<b>-18,3%</b>	<b>-130,5</b>	<b>-19,9%</b>	<b>15,6%</b>	<b>-133,8</b>	<b>-17,1%</b>	<b>12,7%</b>	<b>-401,1</b>	<b>-17,4%</b>	<b>-321,6</b>	<b>-17,0%</b>	<b>24,7%</b>

Values in R\$ millions and % over Net Revenue

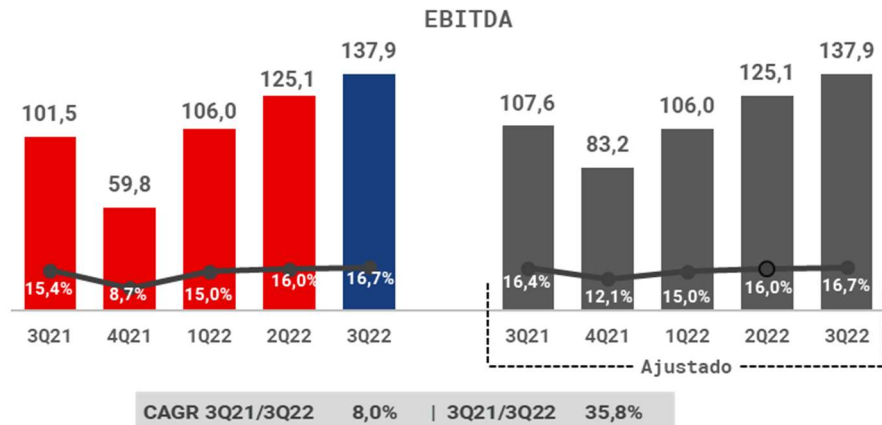
Selling and administrative expenses in 3Q22 accounted for 16.26% of net revenue in the period, remaining linear with previous periods. Variable selling expenses increased, driven by a 25.4% increase in revenue in the same period. Several factors have helped increase our selling expenses: events, that now are back, trade shows, trips and commissions.

We did not record one-off expenses or income in 9M22. It is important to note, however, that in 9M22, the calculation of loss - due to the non-recoverability of the investment in the subsidiary Fanacif - was updated, resulting in the reversal of Impairment in the amount of R\$ 4, 3 million, recorded under Other Operating Income and Expenses and under Administrative Expenses. The Company provisioned the amount of R\$ 1.5 million referring to fees related to the decision of the STF Supreme Federal Court) on the non-levy of IRPJ and CSLL on the Selic rate, and related to the same decision, the recognition was made in the line of other operating expenses related to the subsequent assets owed to Nakata's sellers in the amount of R\$ 4.6 million.

## EBITDA and Adjusted EBITDA

<b>EBITDA Reconciliation and Adjusted EBITDA</b>	<b>3Q22</b>	<b>3Q21</b>	<b>Δ %</b>	<b>2Q22</b>	<b>Δ %</b>	<b>9M22</b>	<b>9M21</b>	<b>Δ %</b>
<b>Net Profit</b>	<b>73,3</b>	<b>84,5</b>	<b>-13,3%</b>	<b>66,8</b>	<b>9,8%</b>	<b>168,0</b>	<b>188,6</b>	<b>-10,9%</b>
Result using the Equity Method	0,0	-0,3	-100,0%	0,0	0,0%	0,0	-0,7	-100,0%
Financial Result	11,2	11,3	-0,8%	3,9	190,2%	61,0	35,5	71,9%
Depreciation	29,3	28,6	2,7%	28,5	3,0%	85,8	83,8	2,4%
Income Tax / Social Contribution	24,0	-22,5	-206,7%	26,0	-7,6%	54,2	21,1	157,0%
<b>EBITDA</b>	<b>137,9</b>	<b>101,5</b>	<b>35,8%</b>	<b>125,1</b>	<b>10,2%</b>	<b>369,0</b>	<b>328,3</b>	<b>12,4%</b>
EBITDA Margin	16,7%	15,4%	8,3%	16,0%	4,6%	16,0%	17,3%	-7,8%
<b>Non-recurring Events</b>	<b>0,0</b>	<b>6,1</b>	<b>-100,0%</b>	<b>0,0</b>	<b>0,0%</b>	<b>0,0</b>	<b>1,8</b>	<b>-100,0%</b>
Impairment of Assets	0,0	0,0	0,0%	0,0	0,0%	0,0	-4,3	-100,0%
Tax credit impact	0,0	6,1	-100,0%	0,0	0,0%	0,0	6,1	-100,0%
<b>Adjusted EBITDA</b>	<b>137,9</b>	<b>107,6</b>	<b>28,1%</b>	<b>125,1</b>	<b>10,2%</b>	<b>369,0</b>	<b>330,1</b>	<b>11,8%</b>
EBITDA Margin - Adjusted	16,7%	16,4%	2,2%	16,0%	4,6%	16,0%	17,4%	-8,3%

Values in R\$ million



Consolidated EBITDA in 3Q22 totalled R\$137.9 million (margin of 16.7%, 8.3% up from the same period last year). In 9M22, the total sum was R\$ 369 million, 16% margin.

Factors that contributed to this result:

- Good supply management, mitigating inflationary pressure on raw materials through strategic purchases and early negotiations.
- Price adjustments of products sold, which, combined with the supply strategy, allowed margin gains.
- Continuity of good demand in the Company's markets, both domestically and abroad.
- Harmony between operations, with all units contributing to the positive consolidated result.
- Diversified business model, which provides resilience and profitability.
- Capturing synergies between business units, such as the Nakata warehouse, which aims to reduce transport costs, optimize and consolidate cargo, in addition to improving the level of delivery and customer service.

## Financial Result

	3Q22	3Q21	Δ %	2Q22	Δ %	9M22	9M21	Δ %
Exchange Variation	50,5	36,8	37,1%	49,6	1,9%	134,8	98,5	36,9%
Interests on Capital Investment	42,2	6,8	517,6%	26,3	60,7%	76,1	15,8	380,4%
Present Value Adjust	4,9	1,1	358,0%	3,7	30,0%	11,3	2,3	390,9%
Other Financial Income	6,3	-0,3	-1984,7%	2,8	125,4%	14,6	12,3	19,3%
Monetary adjustment (IAS 29)	16,1	14,4	11,7%	21,3	-24,5%	45,1	37,6	20,0%
<b>Financial Income</b>	<b>120,0</b>	<b>58,8</b>	<b>104,1%</b>	<b>103,6</b>	<b>15,8%</b>	<b>281,9</b>	<b>166,4</b>	<b>69,4%</b>
Exchange Variation	-69,4	-45,0	54,5%	-45,1	54,0%	-167,6	-121,3	38,2%
Financing Interests	-32,6	-14,1	131,6%	-28,2	15,5%	-84,4	-35,2	139,9%
Present Value Adjust	-1,4	-4,1	-66,8%	-13,3	-89,7%	-20,0	-10,7	86,2%
Bank Expenses	-17,3	0,5	-3931,2%	-8,7	98,3%	-38,5	-9,9	289,6%
Other Financial Expenses	-10,5	-7,4	41,8%	-12,2	-14,0%	-32,5	-24,9	30,7%
<b>Financial Expenses</b>	<b>-131,2</b>	<b>-70,1</b>	<b>87,2%</b>	<b>-107,5</b>	<b>22,0%</b>	<b>-343,0</b>	<b>-201,9</b>	<b>69,8%</b>
<b>Financial Result</b>	<b>-11,2</b>	<b>-11,3</b>	<b>-0,8%</b>	<b>-3,9</b>	<b>190,2%</b>	<b>-61,0</b>	<b>-35,5</b>	<b>71,9%</b>

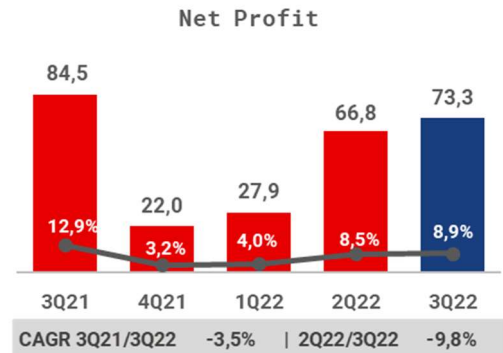
Values in R\$ millions

The Company's net financial result was a negative R\$11.2 million in 3Q22. The main factors are:

- Increase in interest on income from financial investments and in interest paid on financing, due to the advance of the Selic rate.
- Advance in revenue regarding adjustment for inflation (IAS 29) related to operations located in Argentina, where the inflation rate is very high.

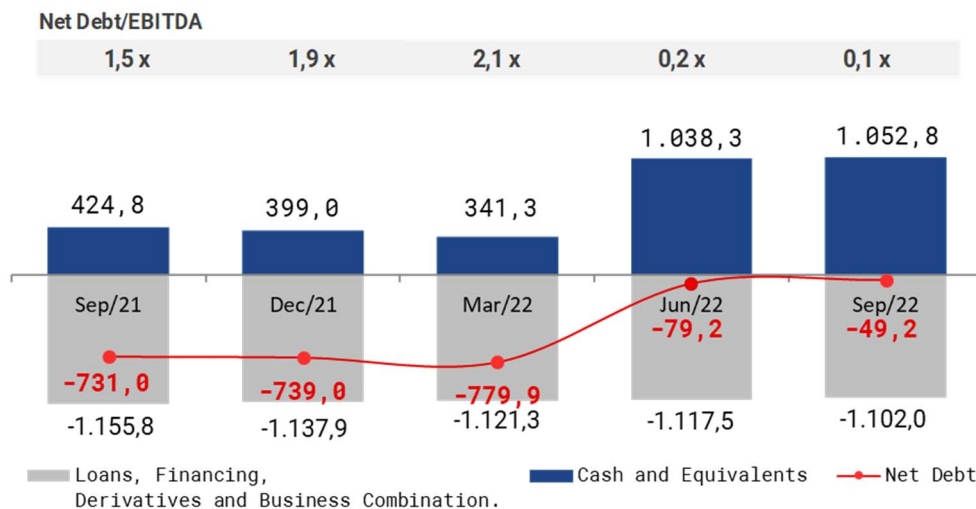
## Net Profit

The combination of all factors presented above resulted in net income of R\$ 73.3 million in 3Q22, with a net margin of 8.9%. It should be noted that, when comparing with 3Q21, the profit for the current quarter is lower because, in this period, the Federal Supreme Court recognized tax credits on the non-levy of IRPJ and CSLL on the correction of the Selic rate in the processes of return of taxes unduly paid, a fact which positively impacted net income by R\$ 22.7 million in 3Q21.



## FINANCIAL MANAGEMENT

### Net Debt

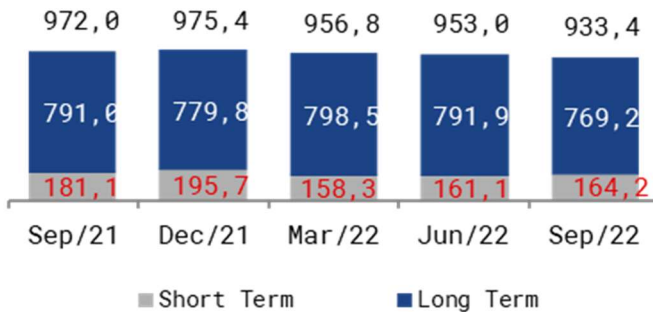


The main indexes of consolidated gross debt at the end of 3Q22 were:

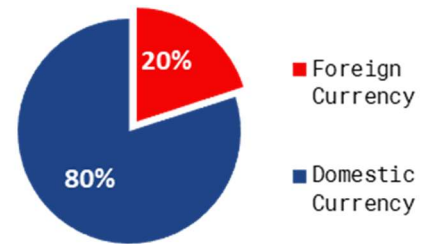
- (i) lines in Reais indexed to CDI, which accounted for 77.32% (average cost of CDI + 1.87%);
- (ii) lines in Euros (Euro + 2.0% per year) with 0.53%;
- (iii) lines in Dollars (US\$ + average of 4.4% per year) with 20.09%;
- (iv) lines in Reais indexed to others, which accounted for 2.06% (average cost CDI + 1.81%).

The following charts show debt breakdown:

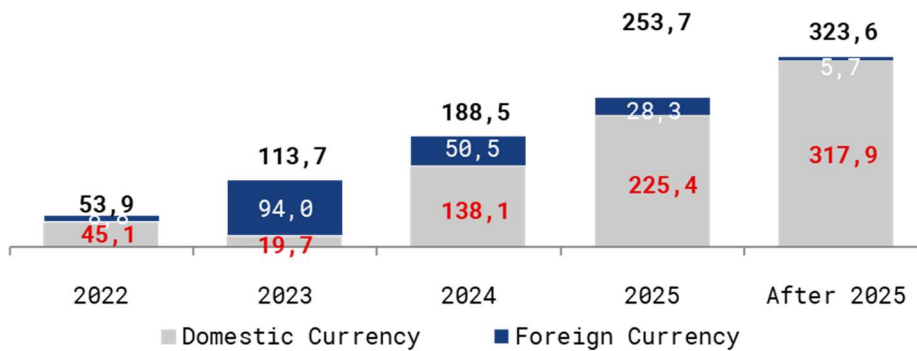
### Loans, financing and derivatives



### Debt Origin - Sep/22



### Annual Payment



## Working Capital

	9M21	2021	1Q22	1H22	9M22
<b>Resources Investment</b>					
Customers	331,6	268,3	298,8	370,6	319,9
<i>In Days</i>	37 d	29 d	32 d	37 d	30,0
Inventory	783,4	825,2	794,7	786,1	853,0
<i>In Days</i>	88 d	89 d	85 d	79 d	81 d
Others Resources	164,0	150,6	141,8	122,7	121,3
<b>Total of Resources Invested</b>	<b>1.278,9</b>	<b>1.244,2</b>	<b>1.235,3</b>	<b>1.279,3</b>	<b>1.294,3</b>
<b>Sources</b>					
Suppliers	-358,2	-348,4	-301,4	-345,5	-366,3
<i>In Days</i>	40 d	38 d	32 d	35 d	35 d
Others Resources	-147,2	-155,0	-159,4	-206,7	-184,4
<b>Total of Sources</b>	<b>-505,4</b>	<b>-503,4</b>	<b>-460,8</b>	<b>-552,2</b>	<b>-550,7</b>
<b>WC in R\$</b>	<b>773,5</b>	<b>740,8</b>	<b>774,5</b>	<b>727,0</b>	<b>743,6</b>
<i>WC in Days</i>	87 d	80 d	83 d	73 d	71 d

Values in R\$ million

When comparing 9M21 x 9M22, there is a reduction of sixteen days in working capital. In this concern we highlight:

- The Customer account was reduced by seven days because of Vendor operations in Nakata subsidiary.
- The Inventory account has progressively increased in relation to volume and decreased in relation to turnover, which represents an efficiency gain. The increase in this item in recent months is due to the setup of the warehouse in Extrema – MG;

## Free Cash Flow

	9M21	2021	1Q22	1H22	9M22
<b>EBITDA</b>	<b>328,3</b>	<b>388,1</b>	<b>106,0</b>	<b>231,1</b>	<b>369,0</b>
Investments	-70,3	-115,6	-13,2	-26,1	-46,9
Financial Result	-35,5	-49,1	-46,0	-49,9	-61,0
Income and Social Taxes	-21,1	-15,4	-4,1	-30,1	-54,2
Working Capital Variation	-167,5	-134,8	-33,7	13,7	-2,8
<b>Operating Cash Flow</b>	<b>33,9</b>	<b>73,2</b>	<b>9,0</b>	<b>138,8</b>	<b>204,1</b>
Dividends/ROE	-78,9	-78,9	-23,0	-46,3	-70,1
Capital Integr. / Business Acquis.	-56,5	-57,6	0,0	614,3	613,4
Debt Exchange Variation	0,0	0,0	0,0	0,0	0,0
Others	-13,5	-59,7	-26,9	-47,0	-57,6
<b>Free Cash Flow</b>	<b>-115,0</b>	<b>-123,0</b>	<b>-40,9</b>	<b>659,8</b>	<b>689,7</b>
<b>NET DEBT (NET CASH)</b>	<b>-731,0</b>	<b>-739,0</b>	<b>-779,9</b>	<b>-79,2</b>	<b>-49,2</b>

Values in R\$ million

The company had R\$ 689.7 million of cash available. The final operating activity in the quarter was 204.1 million. Some highlights of this result are:

- Investments in 9M22 were R\$ 46.9 million, which is lower when compared to the same period last year, although it is showing recovery in the current quarter.
- The 9M22 financial result was impacted by the positive profitability of investments and exchange rate variation.
- The company raised funds by means of a restricted share offering (Follow-on) ended in April 2022.

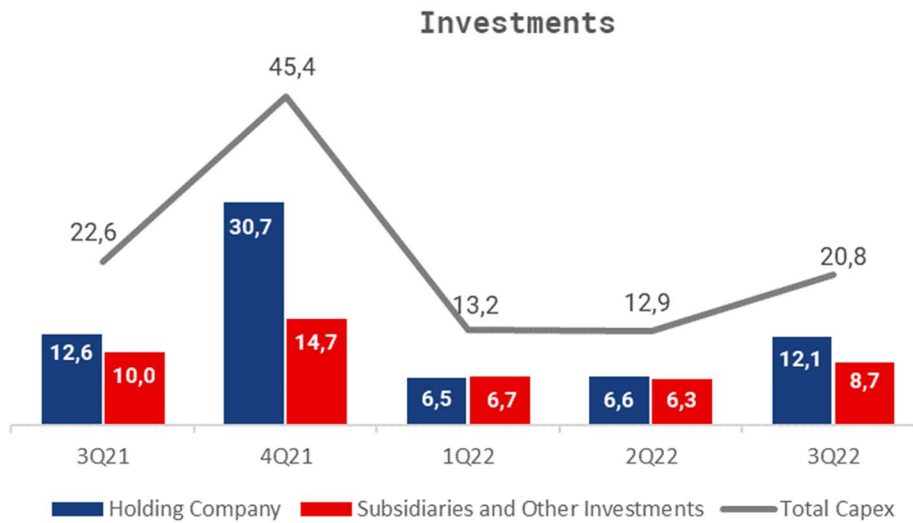
## Dividends and Interest on Equity

See below table showing the history of Interest on Equity and Dividends payment in 2021 e 2022:

Approval Date	Earnings	Amount	Value per common share	Date of Payment	Ex-dividend
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
12/16/2021	Interest on Equity	23,0	0,10724	01/19/2022	12/22/2021
07/19/2021	Interest on Equity	20,0	0,09320	08/18/2021	07/23/2021
04/13/2021	Remaining Dividends	21,4	0,09969	04/30/2021	04/19/2020

Values in R\$ million

## Investments (Capex)



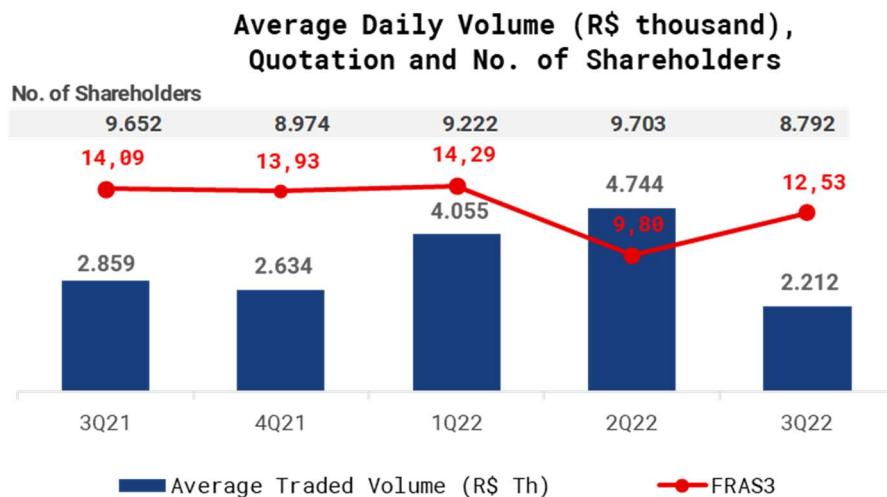
Investments in 3Q22 remained linear in relation to the same period last year, with emphasis on:

→ Controlling Company: the most relevant investments were concentrated in expansion, productivity, maintenance and automation projects. Innovation was also highlighted in this quarter, as well as the launch of new products including software and machines.

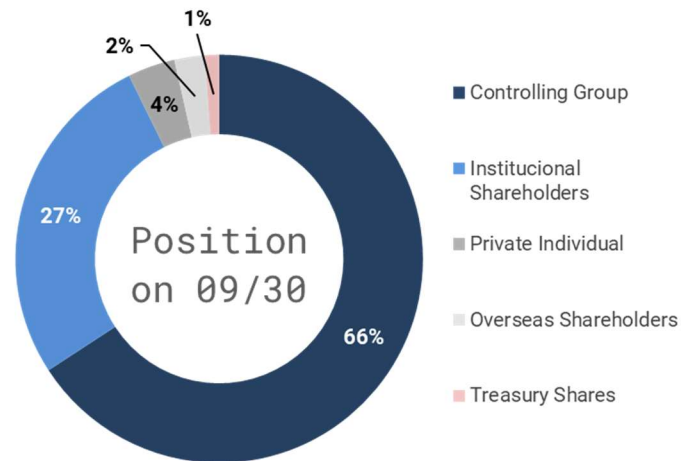
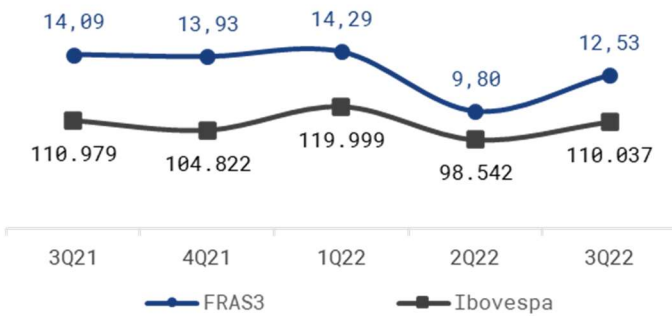
→ Concerning controlled companies, Controil and Fras-le Norte America stand out in this quarter with expansion projects. Fanacif (Uruguay), Fras-le China, Nakata and Fremax stand out in investments in machinery maintenance, aiming at increasing production capacity and innovation.

## »» CAPITAL MARKET

In 3Q22, 12 million “FRAS3” shares were traded. In this period, the average daily volume of business was R\$ 2.21 million, 22.63% lower than in the same period a year ago. The Company's market value at the end of September reached R\$ 3.4 billion.

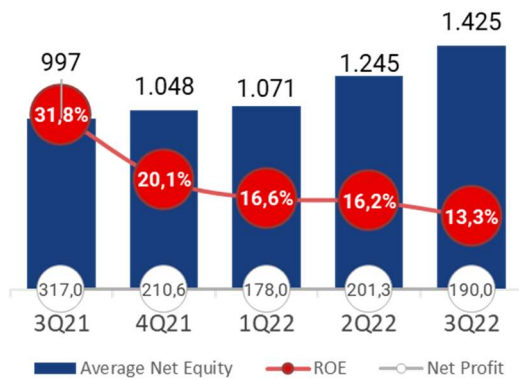


### Variation FRAS3 x Ibovespa

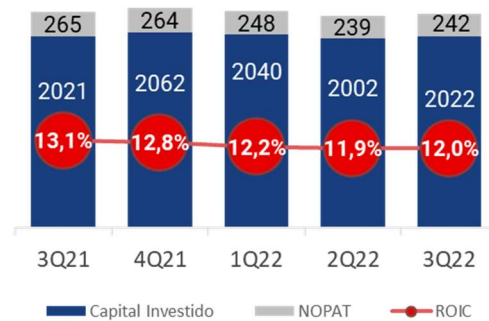


## ROE and ROIC

### ROE - Return On Equity



### ROIC - Return on Invested Capital





# ATTACHMENT I

## CONSOLIDATED STATEMENT OF INCOME

Values in thousands of Reais

	3Q22	%	3Q21	%	9M22	%	9M21	%	Variations	
									3Q22/3Q21	9M22/9M21
<b>Net Revenue</b>	<b>823.928</b>	<b>100,0%</b>	<b>657.289</b>	<b>100,0%</b>	<b>2.311.344</b>	<b>100,0%</b>	<b>1.897.077</b>	<b>100,0%</b>	<b>25,4%</b>	<b>21,8%</b>
COGS – Cost of Goods Sold	-564.534	-68,5%	-453.449	-69,0%	-1.626.995	-70,4%	-1.330.265	-70,1%	24,5%	22,3%
<b>Gross Profit</b>	<b>259.394</b>	<b>31,5%</b>	<b>203.840</b>	<b>31,0%</b>	<b>684.349</b>	<b>29,6%</b>	<b>566.812</b>	<b>29,9%</b>	<b>27,3%</b>	<b>20,7%</b>
Selling Expenses	-79.777	-9,7%	-60.565	-9,2%	-212.031	-9,2%	-170.518	-9,0%	31,7%	24,3%
Administrative Expenses	-54.204	-6,6%	-49.650	-7,6%	-150.965	-6,5%	-135.721	-7,2%	9,2%	11,2%
Other Operation Expens./Incom.	-17.140	-2,1%	-20.676	-3,1%	-38.349	-1,7%	-16.078	-0,8%	-17,1%	138,5%
<b>Financial Result</b>	<b>-11.185</b>	<b>-1,4%</b>	<b>-11.275</b>	<b>-1,7%</b>	<b>-61.042</b>	<b>-2,6%</b>	<b>-35.510</b>	<b>-1,9%</b>	<b>0,8%</b>	<b>-71,9%</b>
Financial Income	119.976	14,6%	58.785	8,9%	281.910	12,2%	166.415	8,8%	104,1%	69,4%
Financial Expenses	-131.161	-15,9%	-70.060	-10,7%	-342.952	-14,8%	-201.925	-10,6%	87,2%	69,8%
<b>Income Before Tax</b>	<b>97.359</b>	<b>11,8%</b>	<b>62.021</b>	<b>9,4%</b>	<b>222.164</b>	<b>9,6%</b>	<b>209.661</b>	<b>11,1%</b>	<b>57,0%</b>	<b>6,0%</b>
Income and Social Tax	-24.033	-2,9%	22.528	3,4%	-54.153	-2,3%	-21.070	-1,1%	-206,7%	157,0%
<b>Net Profit</b>	<b>73.327</b>	<b>8,9%</b>	<b>84.549</b>	<b>12,9%</b>	<b>168.011</b>	<b>7,3%</b>	<b>188.590</b>	<b>9,9%</b>	<b>-13,3%</b>	<b>-10,9%</b>
Attributable to non-controlling shar.	1.293	0,2%	830	0,1%	1.875	0,1%	-764	0,0%	55,8%	-345,5%

Values in R\$ thousands

## ATTACHMENT II

### CONSOLIDATED BALANCE SHEET

Values in thousands of Reais

	09.30.22	12.31.21
<b>Assets</b>	<b>3.753.696</b>	<b>3.082.318</b>
<b>Current Assets</b>	<b>2.317.685</b>	<b>1.611.991</b>
Cash and Cash Equivalents	419.560	363.599
Financial Applications	597.234	59
Receivables	367.292	296.275
Inventory	853.035	825.226
Biological Assets	0	0
Taxes Recoverable	79.188	123.454
Prepaid expenses	0	0
Others Current Assets	1.376	3.378
<b>Non-current Assets</b>	<b>1.436.011</b>	<b>1.470.327</b>
Long-Term Realisable Assets	126.282	120.116
Investments	31.660	28.792
Fixed Assets	793.444	822.660
Intangible	484.625	498.759
<b>Liabilities</b>	<b>3.753.696</b>	<b>3.082.318</b>
<b>Current Liabilities</b>	<b>793.635</b>	<b>825.520</b>
Salaries and Charges	101.410	83.964
Accounts Payable	362.249	345.727
Tax Obligations	73.191	64.458
Loans and Financing	164.234	195.676
Others Obligations	83.744	128.534
Provisions	8.807	7.161
Liabilities on Non-Current Assets on Sale and Discontinued	0	0
<b>Non-current Liabilities</b>	<b>1.154.150</b>	<b>1.150.843</b>
Loans and Financing	769.158	779.760
Others Obligations	329.318	329.565
Deferred Taxes	7.921	0
Provisions	45.740	39.505
Liabilities on Non-Current Assets on Sale and Discontinued	0	0
Profits and Revenues to Be Appropriated	2.013	2.013
<b>Equity</b>	<b>1.805.911</b>	<b>1.105.955</b>
Social Capital	1.212.844	595.377
Capital Reserves	0	0
Revaluation Reserves	0	0
Profit Reserves	598.346	461.464
Accumulated Profits/Losses	0	0
Equity Valuation Adjustments	0	0
Cumulative Conversion Adjustments	0	0
Other Comprehensive Results	-12.238	38.728
Non-controlling Participation	6.959	10.386

Values in R\$ thousands

## ATTACHMENT III

### STATEMENTS OF CASH FLOW - INDIRECT METHOD

Values in Thousands of Reais

	09.30.22	12.31.21
<b>Operational Cash Flow</b>		
<b>Net operational cash</b>	<b>-339.322</b>	<b>100.941</b>
<b>Cash generated from operations</b>	<b>308.472</b>	<b>290.308</b>
Net Income for the Period	168.011	188.590
Depreciation and Amortization	85.798	83.824
Provision for Disputes	6.235	-3.908
Provision for Doubtful Settlement Credit	852	1.407
Other Provisions	-8.973	-452
Residual Cost of Assets and Leases Downloaded and Sold	3.523	1.059
Variation on Loans, Derivatives and Leases	54.801	53.888
Equity	-203	-675
Provision for Income Tax and Current and Deferred Social Contribution	54.153	21.070
Provision for Obsolete Inventories and Negative Margin	5.298	-3.696
Monetary Correction Adjustment	-45.091	-37.568
Revenue from active lawsuits	-11.023	0
Impairment reduction	3.286	-3.018
Clearing retained amounts in business combination	-8.195	-10.213
<b>Changes in assets and liabilities</b>	<b>-647.794</b>	<b>-189.367</b>
Receivables	-19.923	-5.723
Accounts Receivable from Customers	-50.867	-41.213
Inventory	-25.671	-285.345
Suppliers	40.973	89.951
Accounts Payable	-38.231	32.414
Income Tax and Social Contribution Paid	-11.772	-37.590
Financial Investments	-599.865	18.092
Judicial Deposits	1.436	-450
Taxes to be recovered	56.126	40.497
<b>Investment Cash Flow</b>		
<b>Net investment cash</b>	<b>-49.618</b>	<b>-118.856</b>
Fixed and Intangible Purchases	-46.914	-70.280
Capital payment in affiliates	-2.704	-5.673
Business combination	0	-42.903
<b>Cash From Financing Activities</b>		
<b>Net funding cash</b>	<b>444.901</b>	<b>-75.580</b>
Payment Interest Equity and Dividends	-70.110	-72.554
Loans and Financial Instruments Taken	118.194	234.796
Payment of Loans and Financial Instruments	-144.074	-191.582
Interest Paid with Loans	-64.260	-27.775
Lease Payment	-12.316	-18.465
Payment of Capital	629.400	0
Expenses with Issuance of Shares	-11.933	0
<b>Funding Cash Flow</b>	<b>55.961</b>	<b>-93.495</b>

Values in R\$ thousands

# ATTACHMENT IV

## COMPONENTS BY PRODUCT FAMILY

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