

**FRAS'LE<sup>®</sup>**



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

**RELEASE OF  
RESULTS FOR THE  
THIRD QUARTER  
AND 9-MONTH  
PERIOD OF 2021.**

[RI.FRAS-LE.COM.BR](http://RI.FRAS-LE.COM.BR)



# FRAS

## B3 LISTED N1

Caxias do Sul, RS, November 10, 2021. Fras-le S.A. (B3: "FRAS3"), which stands out for being an Aftermarket powerhouse in auto parts, bringing together iconic products and brands in its portfolio, in addition to being the largest manufacturer of friction material in Latin America and one of the market leaders worldwide, is pleased to report its results for the third quarter of 2021 (3Q21) and 9-month period of 2021 (9M21). The financial and operating information of the Company is consolidated in compliance with the International Financial Reporting Standards (IFRS) and the monetary values are denominated in Reais, except when otherwise indicated. Comparisons are made with the third quarter of 2020 (3Q20).

MARKET CAP (Sept 30, 2021)

**R\$ 3.1 billion**

"FRAS3" Quote (Sept 30, 2021)

**R\$ 14.09**

### CONFERENCE CALL OF RESULTS

In Portuguese, with simultaneous translation into English.

NOVEMBER 11, 2021, (Thursday)

3:00 PM Brasília

1:00 PM New York

6:00 PM London

### FRAS-LE UNIVERSE 2021 - APIMEC SUPPORT

It will be held together with the 3Q21 earnings videoconference.

**Portuguese:** [universo.fras-le.com/](https://www.universo.fras-le.com/)

**English:** <https://www.universo.fras-le.com/?lang=en>

### REPLAY:

It will be available on:  
[www.ri.fras-le.com](http://www.ri.fras-le.com)

## HIGHLIGHTS

▶▶▶ Total Gross Revenue, with no elimination: R\$ 932.5 million, or 44.1% higher than 3Q20.

▶▶▶ Net Revenue:  
R\$ 657.3 million, 44.9% up from 3Q20.

▶▶▶ Sales in the Foreign Market (Exports + overseas operations):  
US\$ 50.0 million, 28.5% up from 3Q20.

▶▶▶ Gross Income:  
R\$ 203.8 million, or 35.3% higher than 3Q20.

▶▶▶ EBITDA:  
R\$ 101.5 million, or 7.7% higher than 3Q20.

▶▶▶ Net Result:  
R\$ 84.5 million, which is 102.6% higher than 3Q20.



# MOTION

**“The good results of this quarter, combined with our previous accrued results, clearly reflect the Company’s business management in the adverse scenario.”**

## WORD FROM MANAGEMENT

2021 has been a challenging year. Coping with a growing demand for products and services in different markets, with the complexity of maintaining the operation of a global footprint, connected to hundreds of suppliers all over the world and during a giant inflationary wave and raw material shortages, requires more than planning.

In addition to inflation and supply difficulties, an important logistics crisis impacts the trade routes of receiving and delivering goods, which requires the Company to be on full alert in managing these issues that will remain present in the coming quarters.

The good results of this quarter, combined with our previous accrued results, clearly reflect the Company’s business management in this adverse scenario. The revenue support and the quality of results attest to the effective and successful strategy we have developed and that has strengthened the Company’s positioning in the aftermarket, by offering a broad product mix while expanding our geographic sales footprint.

Also, to be considered in our quarter-over-quarter results is the first anniversary of the Nakata acquisition which we celebrated in this quarter. Like other recent acquisitions, the integration and exploitation of synergies add to the Fras-le Universe, creating value and an important benchmark in the present and future results.

Life in motion brings opportunities and challenges and it is in balanced harmony that Fras-le’s business grows.





## »» FRAS-LE UNIVERSE\_

### Inova Award 2021

The companies Fras-le, Fremax and Nakata were highlighted in the Inova 2021 Award. Fras-le with 1st place in the Brake Pad category, Fremax with 1st place in the Brake Disc category and Nakata with 1st place in the Pivot and Terminal category. The survey is carried out by After.Lab and interviewed 500 entrepreneurs and store managers to elect the New Retail Industries.

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

Several companies of Fras-le group have stood up in the Sindirepa/SP Award – The Best of the Year. The highlights were Fremax, in the Brake Disc category, and Nakata, in the Shock Absorbers category. In addition, the companies Jurid do Brasil (Silver Highlight) and Fras-le (Bronze Highlight) were awarded in the Brake Pads category.

### Fras-le receives a Sector Highlight at the 49th RS Export Award



Fras-le is the winner in the Sector Highlight category – Vehicles and Auto Parts at the 49th edition of the RS Export Award. The award is the highest recognition of the export segment in Southern Brazil and lists the companies with the best market results in view of their innovative strategies in the international market, based on data from 2020.

## ESG Panel

In this space, we highlight the actions taken by the Company in 3Q21 related to the Environmental, Social and Governance pillars.

### S SAFETY DAY:

S-Day is an event that aims to strengthen even more the culture of safety among all Fras-le employees. As a way to get involved, this year, employees were invited to develop parodies, addressing the issue of safety.

### SMART MATERIALS:

**SMART COMPOSITES:** Fras-le has launched a new product line, the Fras-le Smart Composites, which aims to bring composite materials in the production of auto parts. This technology results in products with lighter weight, better performance, innovative design and sustainability appeal. This product line appears as an alternative to steel and has the design flexibility as its differential, in addition to its lightness. These features provide greater durability of the part, economy in fuel consumption and, consequently, a reduction in pollutant emissions.

**NANO-TECNOLOGY:** Randon Companies, especially Fras-le and the Randon Technological Center have taken another step into the future by presenting its newest breakthrough: a new method for obtaining niobium nanoparticles on a large scale. The innovation is unprecedented in the world market and comes with the purpose of creating new opportunities for different sectors of the manufacturing industry. The solution enhances the characteristics of other materials, providing greater durability, mechanical resistance and significantly altering their physicochemical properties. In addition, it uses environmentally friendly methods, contributing to a sustainable process.



**»» MAIN FIGURES\_**

	3Q21	3Q20	Δ %	2Q21	Δ %	9M21	9M20	Δ %
<b>Gross Revenue*</b>	<b>932.5</b>	<b>647.0</b>	<b>44.1%</b>	<b>858.3</b>	<b>8.6%</b>	<b>2,711.5</b>	<b>1,539.5</b>	<b>76.1%</b>
<b>Net Revenue</b>	<b>657.3</b>	<b>453.6</b>	<b>44.9%</b>	<b>599.1</b>	<b>9.7%</b>	<b>1,897.1</b>	<b>1,075.5</b>	<b>76.4%</b>
Domestic Market	395.6	243.8	62.3%	365.4	8.3%	1167.7	529.3	120.6%
Foreign Market	261.7	209.8	24.7%	233.7	12.0%	729.4	546.2	33.5%
Foreign Market US\$	50.0	38.9	28.4%	44.1	13.3%	136.7	108.0	26.6%
Exports - Brazil US\$	21.5	19.3	11.3%	23.5	-8.5%	66.6	49.4	34.8%
<b>Gross Profit</b>	<b>203.8</b>	<b>150.6</b>	<b>35.4%</b>	<b>174.4</b>	<b>16.8%</b>	<b>566.8</b>	<b>304.1</b>	<b>86.4%</b>
Gross Margin	31.0%	33.2%	-2.2 pp	29.1%	1.9 pp	29.9%	28.3%	1.6 pp
<b>Operating Profit</b>	<b>73.3</b>	<b>70.3</b>	<b>4.2%</b>	<b>75.2</b>	<b>-2.5%</b>	<b>245.2</b>	<b>110.5</b>	<b>121.9%</b>
Operating Margin	11.2%	15.5%	-4.4 pp	12.5%	-1.4 pp	12.9%	10.3%	2.6 pp
<b>EBITDA</b>	<b>101.5</b>	<b>94.2</b>	<b>7.8%</b>	<b>101.2</b>	<b>0.3%</b>	<b>328.3</b>	<b>174.3</b>	<b>88.3%</b>
EBITDA Margin	15.4%	20.8%	-5.3 pp	16.9%	-1.5 pp	17.3%	16.2%	1.1 pp
<b>Net Profit</b>	<b>84.5</b>	<b>41.7</b>	<b>102.6%</b>	<b>43.6</b>	<b>94.0%</b>	<b>188.6</b>	<b>53.6</b>	<b>251.8%</b>
Attributable to controlling shareholders	83.7	42.2	98.3%	44.9	86.3%	189.4	60.1	215.1%
Attributable to non-controlling shareholders	0.8	-0.5	272.7%	-1.4	161%	-0.8	-6.5	88.2%
Net Margin	12.9%	9.2%	3.7 pp	7.3%	5.6 pp	9.9%	5.0%	5.0 pp
<b>Adjusted EBITDA</b>	<b>107.6</b>	<b>92.6</b>	<b>16.1%</b>	<b>101.2</b>	<b>6.3%</b>	<b>330.1</b>	<b>169.0</b>	<b>95.3%</b>
Adjusted EBITDA Margin	16.4%	20.4%	-4.1 pp	16.9%	-0.5 pp	17.4%	15.7%	1.7 pp

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

(\*) Includes intercompany sales

	3Q21	3Q20	Δ %	2Q21	Δ %	9M21	9M20	Δ %
<b>Average price of the US dollar</b>	<b>5.23</b>	5.38	-2.8%	5.30	-1.2%	<b>5.33</b>	5.08	5.1%





## »» SALES PERFORMANCE\_

### Sales Overview\_

The rise in the prices of brand-new vehicles and the production limitations imposed by the Covid-19 pandemic have substantially changed the conditions for the sale of used vehicles, different from pre-pandemic conditions. In addition to postponing fleet renewal, this effect raises the average age of vehicles and leads to an increase in the demand for spare parts aimed at the maintenance of vehicles in circulation. On the light line, 3Q21 was the first quarter, after the pandemic, coming close to the historical normality of this market, with gradual order entry within the quarter and increased competition. In the commercial line, the strong export demand lengthened the order delivery time, and in Brazil, agribusiness continued to boost this market. Additionally, scarce rains caused low levels of rivers, compromising the flow of the grain crop through waterways and thus expanding road transport.

### Volume and Revenue by Family of Material\_

Sales Volumes by Product Line in millions of pieces or liters													
VOLUMES		3Q21			3Q20			9M21			9M20		
		Δ %			Δ %			Δ %			Δ %		
	<b>Friction Material</b>	27.5		26.1	5.1%		78.6		67.9	15.8%			
	Components for the <b>Brake System</b>	2.1		1.8	16.4%		6.6		5.1	28.0%			
	Components for the <b>Suspension, Steering and Powertrain</b>	3.7		1.2	201.8%		11.3		1.5	665.0%			
Sales Revenue by Material in R\$ million													
NET REVENUE		3Q21			3Q20			9M21			9M20		
		Δ %			Δ %			Δ %			Δ %		
	<b>Friction Material</b>	335.4	51.0%	278.1	61.3%	20.6%	949.8	50.1%	741.8	69.0%	28.0%		
	Components for the <b>Brake System</b>	123.0	18.7%	91.9	20.3%	33.8%	351.1	18.5%	214.8	20.0%	63.5%		
	Components for the <b>Suspension, Steering and Powertrain</b>	163.9	24.9%	52.5	11.6%	211.9%	477.4	25.2%	68.0	6.3%	601.6%		
	<b>Other products</b>	35.0	5.3%	31.0	6.8%	12.9%	118.7	6.3%	50.9	4.7%	133.3%		
	<b>Total Net Revenue</b>	<b>657.3</b>	<b>100.0%</b>	<b>453.6</b>	<b>100.0%</b>	<b>44.9%</b>	<b>1,897.1</b>	<b>100.0%</b>	<b>1,075.5</b>	<b>100.0%</b>	<b>76.4%</b>		

The components are detailed at the end of this report.

**Friction Material:** friction material volumes have increased if compared to 3Q20 and 2Q21. When making an analysis by Type of Product, sales of brake linings were positively impacted by road freight transport on account of the agribusiness. The volumes of brake pads sold in 3Q21 were within historical normality but went down when compared to 3Q20. The reason for that is that the demand for light line replacement items was atypical in that period, driven by a recovery in the production halts in 2Q20.

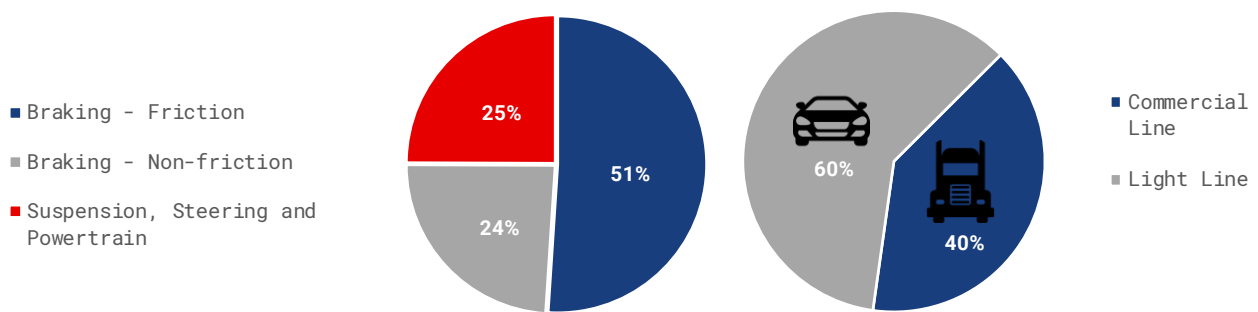


**Brake System Components:** compared to 3Q20, volume and revenue have increased as a result of the increase in production capacity of brake discs and master cylinders, despite some logistics difficulties, such as unavailability of containers and void /blank sailing, which affected exports of brake discs. In addition, when comparing quarter-over-quarter, we had the increase of Nakata's volume and revenue, which became part of Fras-le's sales in September 2020.

**Suspension, Steering and Powertrain Components:** this product family has had a substantial increase since the acquisition of Nakata and has consistently shown good volumes since 4Q20. Difficulties in shipments from Asia to Brazil, already mentioned in the previous quarter, combined with the transfer of the shock absorber plant from Diadema/SP to Extrema/MG, created some small gaps between supply and demand, fortunately adjusted throughout the quarter (with a small share in this area).

It should be noted that the performance of sales revenue by family of material does not necessarily reflect the same behavior in volumes, since there are variations in the exchange rate, product mix and prices charged. For more details on families, see Annex IV.

Below is a graphical representation of the revenue segmentation in 3Q21:



## Revenues by Market\_

Net Revenue by Markets											
Markets	3Q21		3Q20		Δ %	2Q21		Δ %	9M21	9M20	Δ %
DM Aftermarket	352.3	53.6%	214.3	47.2%	64.4%	325.9	54.4%	8.1%	1,046.4	441.1	137.2%
DM OEM	43.3	6.6%	29.5	6.5%	46.7%	39.5	6.6%	9.5%	121.2	88.2	37.5%
<b>Domestic Market</b>	<b>395.6</b>	<b>60.2%</b>	<b>243.8</b>	<b>53.7%</b>	<b>62.3%</b>	<b>365.4</b>	<b>61.0%</b>	<b>8.3%</b>	<b>1,167.7</b>	<b>529.3</b>	<b>120.6%</b>
FM Aftermarket	226.3	34.4%	182.1	40.1%	24.3%	195.6	32.7%	15.7%	618.8	499.9	23.8%
FM OEM	35.4	5.4%	27.7	6.1%	27.6%	38.1	6.4%	-7.0%	110.6	46.3	138.9%
<b>Foreign Market</b>	<b>261.7</b>	<b>39.8%</b>	<b>209.8</b>	<b>46.3%</b>	<b>24.7%</b>	<b>233.7</b>	<b>39.0%</b>	<b>12.0%</b>	<b>729.4</b>	<b>546.2</b>	<b>33.5%</b>
Total Aftermarket Net Revenue	578.6	88.0%	396.3	87.4%	46.0%	521.5	87.0%	10.9%	1,665.2	941.0	77.0%
Total OEM Net Revenue	78.7	12.0%	57.3	12.6%	37.4%	77.6	13.0%	1.4%	231.9	134.5	72.4%
<b>Total Net Revenue</b>	<b>657.3</b>	<b>100%</b>	<b>453.6</b>	<b>100%</b>	<b>44.9%</b>	<b>599.1</b>	<b>100%</b>	<b>9.7%</b>	<b>1,897.1</b>	<b>1,075.5</b>	<b>76.4%</b>

Values in R\$ million

### DOMESTIC MARKET (DM)

In Brazil, the third quarter of 2021 was marked by the advance of vaccination and greater flexibility in measures of social distancing, which stimulated the movement of people (passenger vehicles/light line). On the other hand, the purchasing power of families leads to an increased demand for lower-priced items, increasing competition. In the commercial line, the public transport sector showed a slight recovery and the heavy vehicles line continued to be heated on account of the grain harvest and lack of rain, which reduced navigation in several waterways, causing an increase in the flow of crops via land transport.

The auto parts companies of the light line had to stop production several times in 3Q21, due to lack of inputs (especially electronic components), causing a drop in this segment volumes. In the commercial/heavy line, the lack of inputs did not affect production in 3Q21, but production went down a little in September when compared to the previous month.

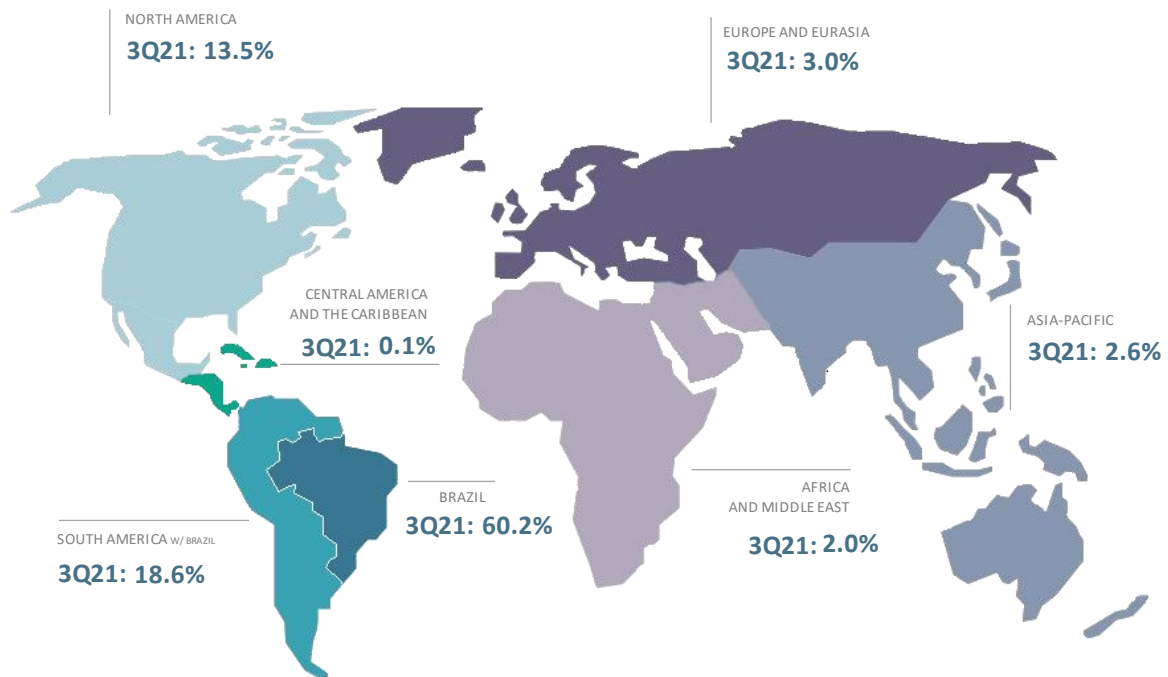
### FOREIGN MARKET (FM)

Because of the good vaccination pace in many countries, the return to normalcy stimulated demand, especially in heavy line items. The significant increase in global maritime freights and energy rationing in China are favoring Brazil as a supplier, but we still suffer from problems related to void/blank sailing and lack of containers, which affected the logistics of receiving customers from the foreign market.

Below is a chart in causal format, with the effects that changed the performance of consolidated net revenue in 3Q21, as compared to 3Q20:



## Net Revenue Breakdown in the World



»»» BRAZIL: responsible for over 60% of the Company's consolidated net revenue. Domestic market sales totaled R\$ 395.6 million, driven by the heated replacement market.

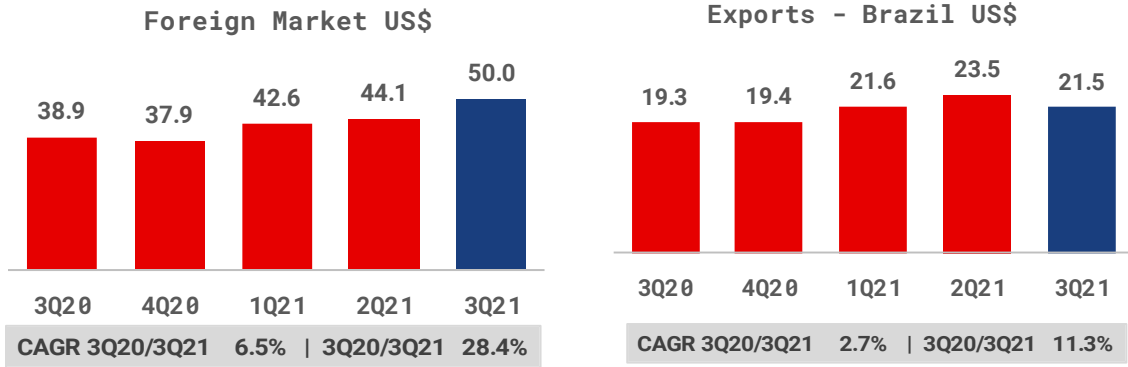
»»» SOUTH AMERICA: in Argentina, despite the country's crisis, customers did not stop buying for understanding that stocks serve as an investment to protect themselves from inflation and currency devaluation. In other countries, volumes follow normally.

»»» NORTH AMERICA: the market remains consuming, despite challenges related to logistics issues, such as port congestion, high freight costs, and shortage of labor.

»»» EMEA (EUROPE, MIDDLE EAST AND AFRICA): distribution of products in these regions is made through the Netherlands, which buys mainly from the plants in Brazil, India, and China. As a result of the global logistics crisis, this market suffers from product shortages and sea freight inflation.

»»» ASIA AND THE PACIFIC: the manufacturing plant located in Pinghu, China, changed its work shifts to minimize the impacts of energy rationing, but even so production capacity went down by 20% at this time. The domestic market slowed down and competition is increasingly aggressive. In India, an important step was taken by appointing Tata Motors to supply the OEM line. Tata is among the largest automotive companies in the world.

## Foreign Market and Exports\_



The foreign market, which corresponds to exports out of Brazil and the sum of our business units abroad, show a gradual evolution. This result reflects the good performance of our controlled units located outside Brazil, since part of the products shipped out of Brazil are now supplied by our units abroad, considering that exports decreased due to difficulties related to global logistics.



## »» OPERATING PERFORMANCE

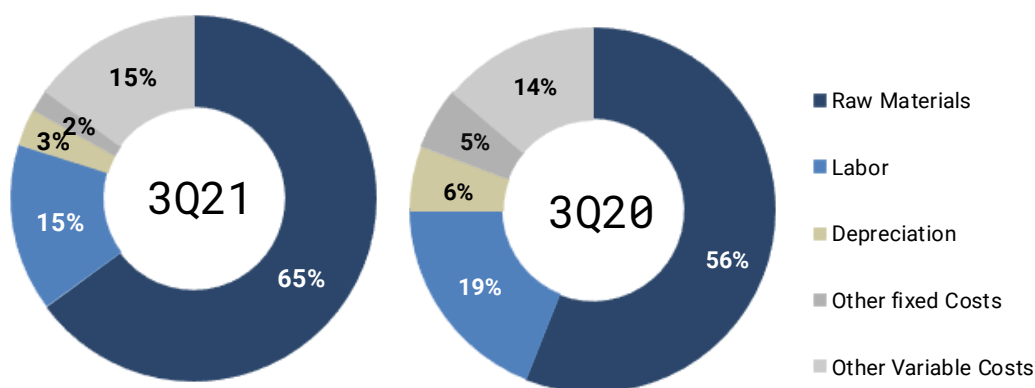
### Operating Performance Overview

Despite all the macroeconomic challenges, Fras-le's business model is once again shielded by the diversification of its portfolio, markets, and geographies, combined with effective management of resources and engagement of teams, which have allowed it to close another quarter with results and stability in its margins, even with domestic inflation and the difficulties to pass on prices to customers.

Regarding the supply chain, the Company pays close attention to market movements and has managed to mitigate the risks of shortages by negotiating with suppliers. As for the impacts caused by inflation, internal work on productivity, price adjustment and synergies between our business operations have helped overcome it.

### Cost of Products Sold

The cost of goods sold totaled R\$ 453.4 million in 3Q21, accounting for 69.0% of net revenue for the period. When compared to the same period last year, the cost of goods sold shows an increase of 2.2 p.p. The chart below shows the breakdown of Cost of Goods Sold:

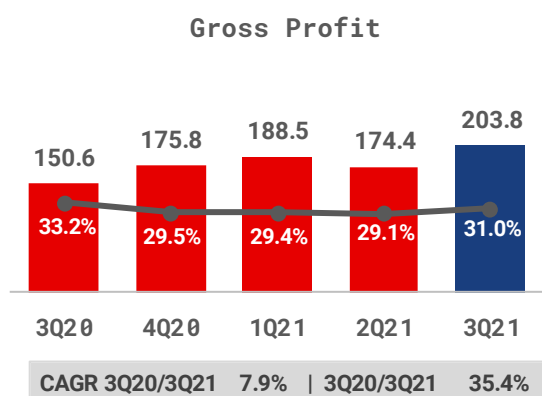


The percentage of raw material in relation to total COGS increased considerably when comparing quarter-over-quarter, mainly as a result of Nakata's business model (in 3Q20, only the month of September was consolidated in the company). However, even if we disregard this acquisition, the cost of raw material increased due to the high inflation of inputs and costs related to maritime freight. General manufacturing expenses were also impacted by inflation, mainly by industrial gases that reached 45% increase in 2021, and electricity with 23.5% increase. As for labor, when comparing this quarter with the same quarter last year, we can see that here is a significant increase in the



workforce (Sep/20: 4,287 | Sep/21: 5,253) since in May 2020 we offered voluntary layoffs to our employees, but throughout the recent months, we have intensified hiring to meet production demands.

## Gross Profit



Inflation has been gradually putting pressure on gross margin. To mitigate these impacts, the Company is working to avoid major gaps between inflation and the transfer of prices. In 3Q21, while some Operations underwent a reduction in gross margin due to consumption and inventory turnover, other Operations had their margins recovered by price adjustments, which resulted in a higher consolidated gross margin this year.

## Operating Expenses and Revenues

	3Q21		3Q20		Δ %	2Q21		Δ %	9M21		9M20		Δ %
<b>Selling Expenses</b>	-60.6	-9.2%	-40.5	-8.9%	49.4%	-55.0	-9.2%	10.2%	-170.5	-9.0%	-101.0	-9.4%	68.8%
Variable Expenses w/ Sales	-18.6	-2.8%	-15.4	-3.4%	20.3%	-17.2	-2.9%	8.0%	-53.9	-2.8%	-35.9	-3.3%	50.1%
Other Expenses w/ Sales	-42.0	-6.4%	-25.1	-5.5%	67.3%	-37.8	-6.3%	11.2%	-116.7	-6.1%	-65.2	-6.1%	79.1%
<b>Administrative Expenses</b>	-49.7	-7.6%	-35.5	-7.8%	39.9%	-44.2	-7.4%	12.4%	-135.7	-7.2%	-93.5	-8.7%	45.2%
<b>Other Net Expenses/Income</b>	-20.7	-3.1%	-4.2	-0.9%	393.7%	-0.5	-0.1%	4160.2%	-16.1	-0.8%	0.9	0.1%	-1839.2%
Other Operating Expenses	-20.3	-3.1%	-7.8	-1.7%	161.6%	-23.7	-4.0%	-14.2%	-47.7	-2.5%	-35.2	-3.3%	35.7%
Other Operating Income	-0.3	0.0%	3.6	0.8%	-109.1%	23.2	3.9%	-101.4%	31.7	1.7%	36.1	3.4%	-12.3%
<b>Total Operating Exp/Income</b>	<b>-130.9</b>	<b>-19.9%</b>	<b>-80.2</b>	<b>-17.7%</b>	<b>63.2%</b>	<b>-99.6</b>	<b>-16.6%</b>	<b>31.4%</b>	<b>-322.3</b>	<b>-17.0%</b>	<b>-193.6</b>	<b>-18.0%</b>	<b>66.5%</b>

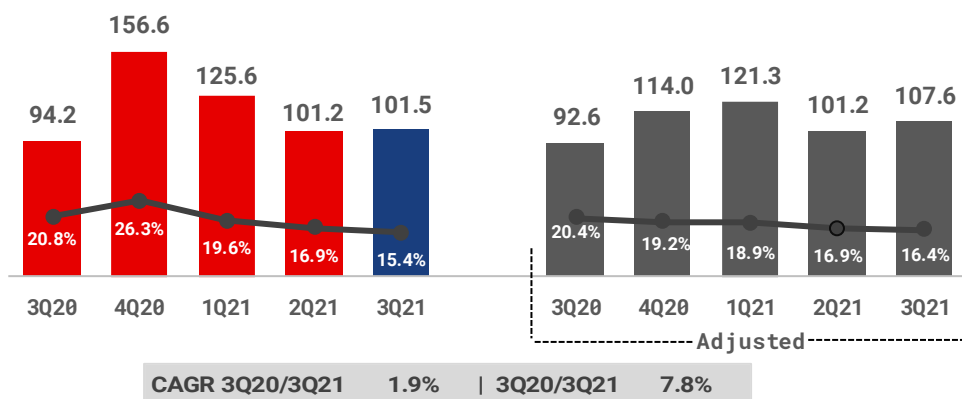
Values in R\$ millions and % over Net Revenue

**Highlights of 3Q21:** in terms of administrative expenses, the Company provisioned the amount of R\$ 1.5 million related to the Brazilian Supreme Court's decision on the non-levy of IRPJ and CSLL on Selic rate. Also related to this very same decision, recognition was made in the line of other operating expenses referring to the asset's surplus owed to Nakata's sellers (R\$ 4.6 million). When comparing quarter-over-quarter, it is important to highlight that Nakata has not yet entirely integrate the results for 3Q20.



## EBITDA\_

### EBITDA



Consolidated EBITDA reached R\$ 101.5 million in 3Q21 and margin was 16.4%, accounting for a reduction of 5.4 p.p. when compared to 3Q20.

Please see below adjusted EBITDA for the accumulated period:

	9M21	
	Adjusted	Accounted
<b>Net Revenue</b>	<b>1,897.1</b>	<b>1,897.1</b>
<b>COGS – Cost of Goods Sold</b>	<b>-1,330.3</b>	<b>-1,330.3</b>
<b>Gross Profit</b>	<b>566.8</b>	<b>566.8</b>
Gross Margin	29.9%	29.9%
(-) Impairment reversal	-4.3	
Tax credit impact	6.1	
Operating Expenses	-306.2	-306.2
Other Expenses/Revenues	-16.1	-16.1
<b>Operating Expenses</b>	<b>-320.5</b>	<b>-322.3</b>
<b>EBIT</b>	<b>246.3</b>	<b>244.5</b>
Depreciation/Amortisation	83.8	83.8
<b>EBITDA</b>	<b>330.1</b>	<b>328.3</b>
EBITDA Margin	17.4%	17.3%

Values in R\$ millions

As mentioned under Operating Expenses, in 3Q21, provision for fees and assets surplus of Nakata (related to the judgment of the Federal Supreme Court (STF) on the non-levy of IRPJ and CSLL on the Selic rate, in the restoration of undue payment) was recorded as an on-off event. Therefore, adjusted EBITDA for 9M21 reached the amount of R\$ 330.1 million, accounting for a margin of 17.4%.

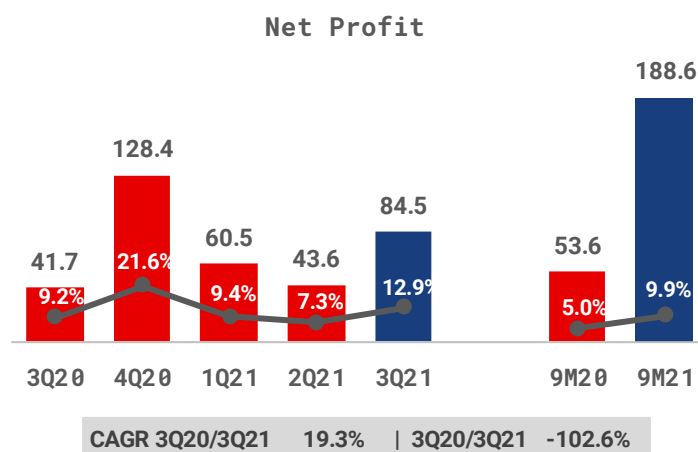
## Financial Result\_

	3Q21	3Q20	Δ %	2Q21	Δ %	9M21	9M20	Δ %
Exchange Variation	36.8	35.5	3.6%	13.3	177.9%	98.5	160.8	-38.8%
Interests on Capital Investment	6.8	3.3	109.7%	4.6	49.0%	15.8	8.2	94.0%
Present Value Adjust	1.1	0.6	70.4%	0.7	51.2%	2.3	2.3	1.3%
Other Financial Income	-0.3	4.6	-107.3%	3.5	-109.6%	12.3	11.4	7.5%
Monetary adjustment (IAS 29)	14.4	4.0	263.1%	9.8	46.8%	37.6	7.3	415.8%
<b>Financial Income</b>	<b>58.8</b>	<b>47.9</b>	<b>22.6%</b>	<b>31.8</b>	<b>84.7%</b>	<b>166.4</b>	<b>189.9</b>	<b>-12.4%</b>
Exchange Variation	-45.0	-35.7	26.1%	-10.6	326.0%	-121.3	-172.2	-29.6%
Financing Interests	-14.1	-13.2	6.1%	-13.9	1.0%	-35.2	-25.3	39.3%
Present Value Adjust	-4.1	-2.0	104.1%	-3.7	10.9%	-10.7	-6.1	77.0%
Bank Expenses	0.5	-2.8	-115.9%	-5.6	-108.1%	-9.9	-6.0	65.2%
Other Financial Expenses	-7.4	-3.0	145.5%	-10.5	-29.7%	-24.9	-4.2	490.1%
<b>Financial Expenses</b>	<b>-70.1</b>	<b>-56.8</b>	<b>23.4%</b>	<b>-44.2</b>	<b>58.3%</b>	<b>-201.9</b>	<b>-213.7</b>	<b>-5.5%</b>
<b>Financial Result</b>	<b>-11.3</b>	<b>-8.8</b>	<b>27.8%</b>	<b>-12.4</b>	<b>-9.3%</b>	<b>-35.5</b>	<b>-23.8</b>	<b>49.2%</b>

Values in R\$ millions

Unusually, the 3Q21 financial result recorded R\$ 2.0 million related to the recognition of tax credits concerning the judgment of unconstitutionality in the levying of IRPJ and CSLL on the Selic rate, in the restoration of undue payment.

## Net Income\_



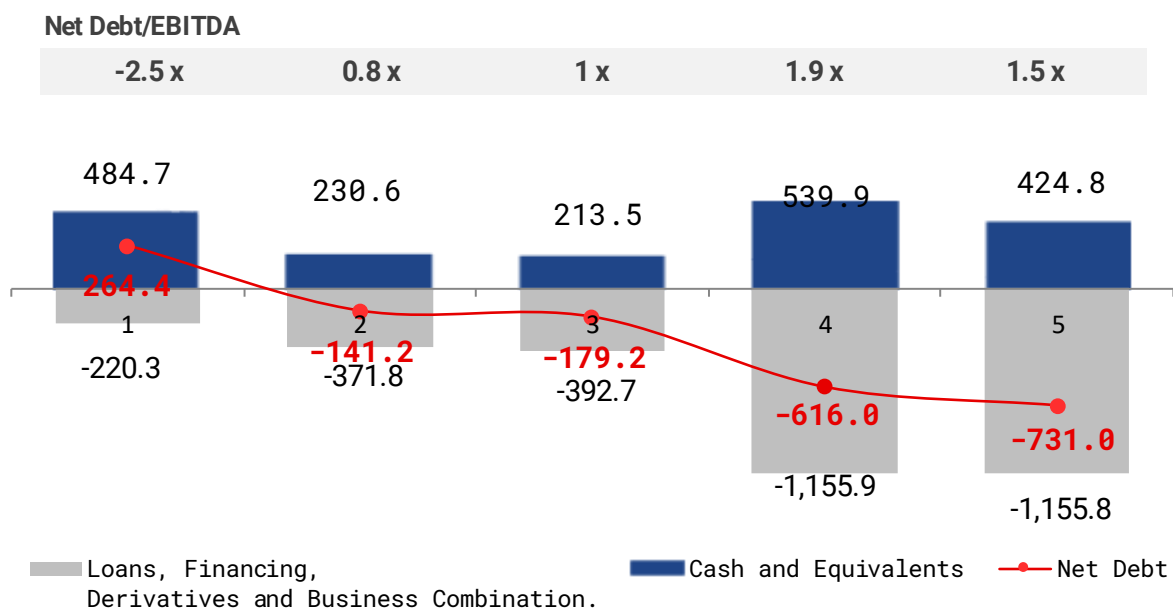
The combination of all the factors listed above resulted in a net income of R\$ 84.5 million in 3Q21, accounting for a net margin of 9.1%. In 3Q21, as already mentioned, tax credits were recognized due to the STF's decision on the non-levy of IRPJ and CSLL on the adjustment of the Selic rate, in the processes for returning unduly paid taxes that impacted net income by R\$ 22.7 million.

## FINANCIAL MANAGEMENT

### Net Debt

2017 to 2019: In 2017, Fras-le's position in terms of its financial resources was comfortable, as the Company counted on the resources of a capital increase 2016 through an offering of shares, and resources from the company's cash flow. Over the years 2018 and 2019, however, most of these funds were used to pay for acquisitions and to remunerate shareholders (dividends and interest on equity), gradually reducing the volume of funds invested.

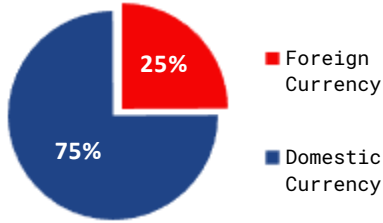
2020 and 2021: In 2020, the Company issued two debentures to fulfill the commitments related to the acquisition of the subsidiary Nakata. The 3rd issue took place in July and the 4th issue took place in July, in the amount of R\$ 210.0 million each. Both took place through a private placement instrument with restricted efforts, of simple debentures, not convertible into shares, unsecured, in a single series, under the subscription regime. The final maturity of both operations is June 15, 2027 and July 15, 2027, respectively. On September 28, the amount of R\$ 42.9 million related to the Earn-Out was paid to the former partners of Nakata. As provided for in the Agreement, this amount was already recorded in our liabilities.



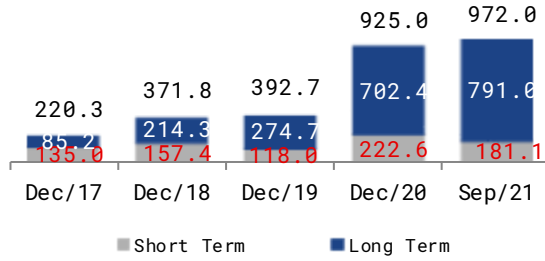


The graphs below show debt breakdown:

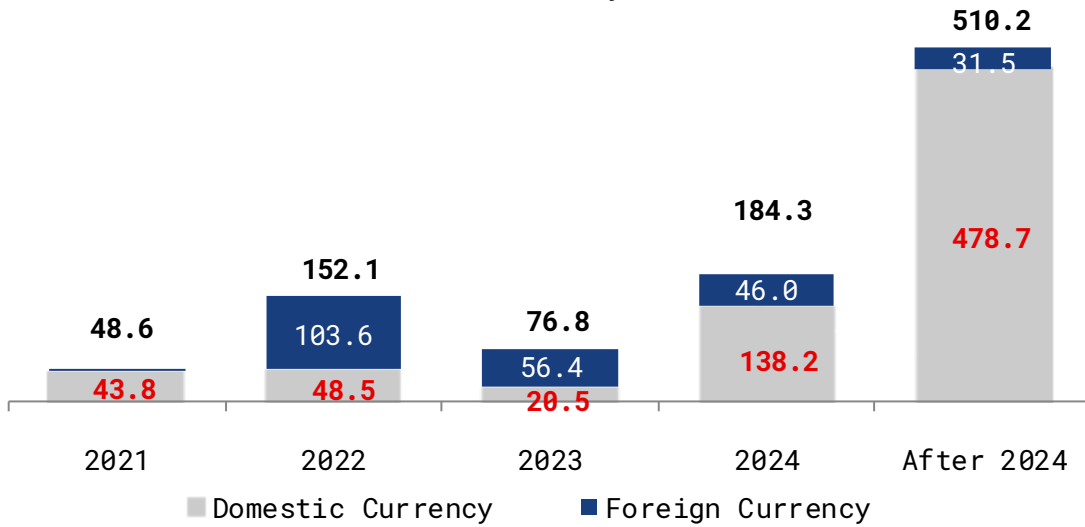
**Debt Origin - Sep/21**



**Loans, financing and derivatives**



**Annual Payment**





## Working Capital

	2017	2018	2019	2020	9M21
<b>Resources Investment</b>					
Customers	77.8	112.8	123.4	289.2	331.6
<i>In Days</i>	<i>26 d</i>	<i>28 d</i>	<i>25 d</i>	<i>49 d</i>	<i>37 d</i>
Inventory	256.2	368.3	333.3	494.1	783.4
<i>In Days</i>	<i>84 d</i>	<i>91 d</i>	<i>69 d</i>	<i>84 d</i>	<i>88 d</i>
Others Resources	40.8	61.9	42.9	221.9	164.0
<b>Total of Resources Invested</b>	<b>374.8</b>	<b>542.9</b>	<b>499.6</b>	<b>1,005.2</b>	<b>1,278.9</b>
<b>Sources</b>					
Suppliers	-78.4	-95.7	-93.7	-265.4	-358.2
<i>In Days</i>	<i>26 d</i>	<i>24 d</i>	<i>19 d</i>	<i>45 d</i>	<i>40 d</i>
Others Resources	-57.5	-71.3	-82.6	-133.9	-147.2
<b>Total of Sources</b>	<b>-135.8</b>	<b>-167.0</b>	<b>-176.3</b>	<b>-399.3</b>	<b>-505.4</b>
<b>WC in R\$</b>	<b>238.9</b>	<b>375.9</b>	<b>323.3</b>	<b>606.0</b>	<b>773.5</b>
<i>WC in Days</i>	<i>78 d</i>	<i>93 d</i>	<i>67 d</i>	<i>103 d</i>	<i>87 d</i>

Values in R\$ million

»»» 2017 to 2019: At the time of the expansion cycle (2017 and 2018), new structures were added, as well as the need of resources to operationalize the business. In 2019, following efforts to reduce working capital levels, volumes returned to levels considered regular for the Company, while getting cash reinforcement and, consequently, an important reduction in Working Capital days.

»»» 2020 and 2021: In 2020, because of the acquisition of the subsidiary Nakata, the need for working capital increased significantly. This acquisition resulted in the addition of a new structure that housed a shock absorber plant, a warehouse, and a Research and Development Center. In addition, inventory levels had an important increase on account of strategic purchases to protect the Company from shortages and inflation. As an example of this need of protection, we cite our business unit located in Argentina, where government restrictions on imports caused the level of inventories to increase as a form of protection. In addition, there is the impact from the recognition of the aforementioned tax credits in the amount of R\$ 26.8 million in recoverable taxes.

## Free Cash Flow\_

	2017	2018	2019	2020	9M21
<b>EBITDA</b>	<b>106.4</b>	<b>183.9</b>	<b>175.2</b>	<b>330.9</b>	<b>328.3</b>
Investments	-45.0	-61.5	-83.2	-56.0	-70.3
Financial Result	18.4	-37.5	-36.3	14.6	-35.5
Income and Social Taxes	-19.4	-13.7	-37.5	-72.5	-21.1
Working Capital Variation	-81.1	-137.0	52.7	-272.6	-167.5
<b>Operating Cash Flow</b>	<b>-20.7</b>	<b>-65.9</b>	<b>70.8</b>	<b>-55.6</b>	<b>33.9</b>
Dividends/ROE	-44.1	-50.9	-73.6	-15.5	-78.9
Capital Integr. / Business Acquis.	-6.9	-301.8	0.0	-283.4	-56.5
Debt Exchange Variation	0.3	-0.4	0.0	0.0	0.0
Others	56.3	18.8	-35.3	-82.3	-13.5
<b>Free Cash Flow</b>	<b>-15.1</b>	<b>-400.2</b>	<b>-38.0</b>	<b>-436.8</b>	<b>-115.0</b>
<b>NET DEBT (NET CASH)</b>	<b>259.0</b>	<b>-141.2</b>	<b>-179.2</b>	<b>-616.0</b>	<b>-731.0</b>

Values in R\$ million

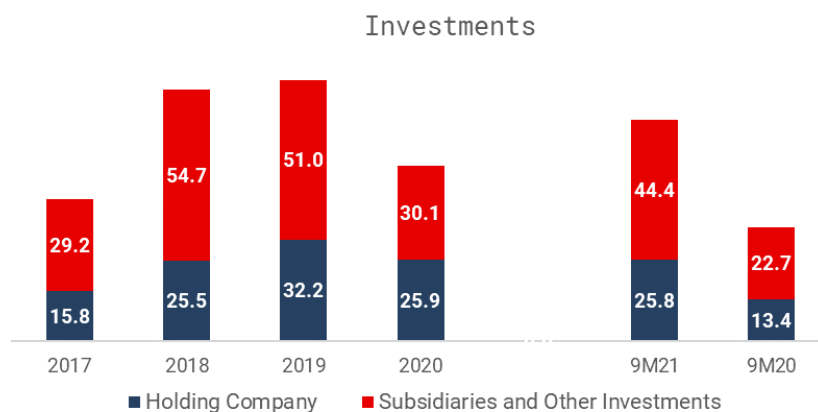
Likewise, when comparing the periods that preceded the expansion movements, significant variations took place as well, mainly in the Working Capital variation line due to the changes made between the years 2017 and 2018. In 2020, the increase reported in the comments under Working Capital directly impacted cash flow, which absorbed an increase of R\$ 398.8 million in 2020 as compared to the flow of 2019. The positive conversion of R\$ 328.3 million in accumulated EBITDA, until September 2021, led the quarter to end with a negative free cash flow of R\$ 115.0 million.

### »»» Dividends / Interest on Equity

In 2021, payments in the amount of R\$ 78.9 million were made, related to interest on equity and dividends, as detailed below:

Date of Approval	Payment	Period	Amount	Value per Common Share	Date of Payment
Jul 19, 2021	Interest on Equity	2021	R\$ 19.9 million	R\$ 0.09320	Aug 18, 2021
Apr 13, 2021	Dividends	2020	R\$ 21.4 million	R\$ 0.09969	Apr 30, 2021
Dec 15, 2020	Interest on Equity	2020	R\$ 37.5 million	R\$ 0.17477	Jan 20, 2021

## Investments\_



In 3Q21, Capex investments totaled R\$ 22.7 million. At the Parent Company (R\$ 12.7 million), we highlight investments made to continually improve legal obligations, tools such as investment in press dies, and acquisition of equipment aimed at productivity and automation, to continue the investments we already began 2021. In our controlled units, R\$ 10.0 million were invested, especially at Fras-le North America (R\$ 3.2 million), being mainly related to machinery and equipment to improve productivity and automate processes. At Ask Fras-le Friction, our business unit located in India, R\$ 3.5 million were invested to increase production capacity. Investments were made also at Controlil, with additions related to the continuity of the New Master Cylinder machining cell project.

## CVM Instruction no. 381/2003\_

In compliance with Instruction No. 381/2003 of the Brazilian Securities Commission, the Company informs that, until September 30, 2021, it paid fees to the company Ernst Young Auditores Independentes S/S in the amount of R\$ 2.9 million to cover external audit services and other services, the characteristics of which are shown below:

### Audit Fees

Audit services for financial statements, accounting reports, additional fees for the process of reviewing financial information: R\$ 2.697.931,62

### Extra-Audit Fees

Tax consultancy services in Brazil and abroad, global mobility consultancy, E-Social review: R\$ 260.798,95

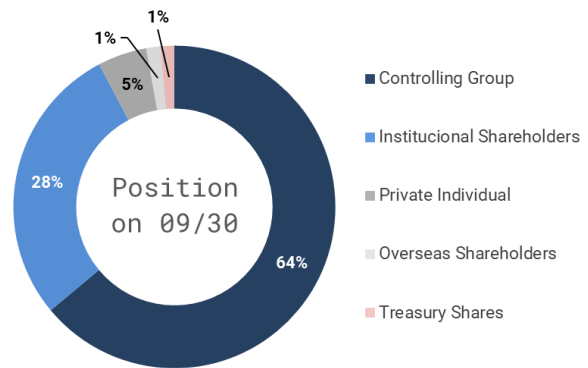
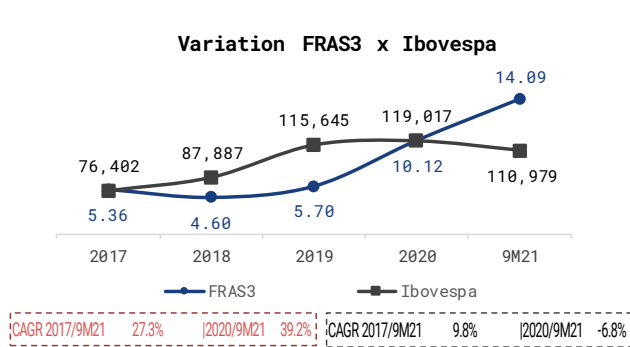
% participation of non-audit services: 10%

**»»» CAPITAL MARKET**

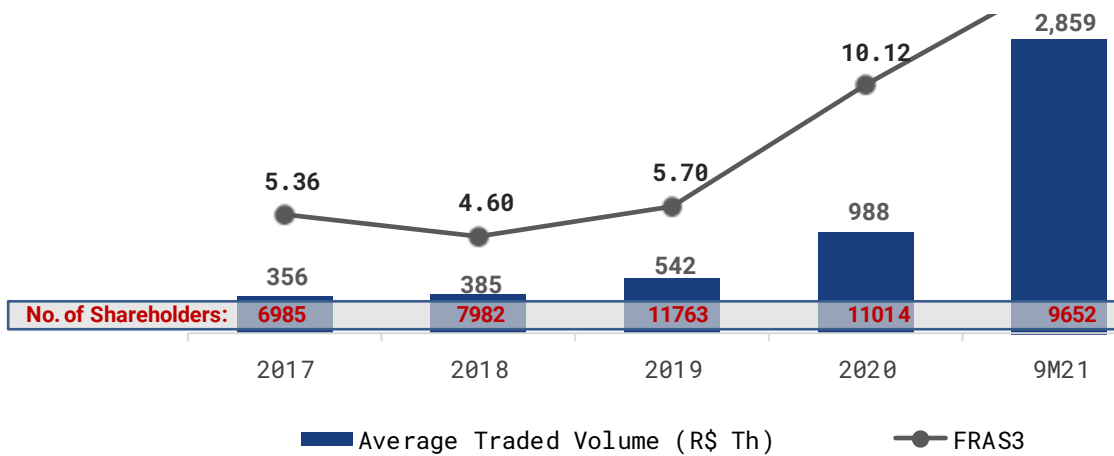
**FRAS**  
**B3 LISTED N1**

In 3Q21, 13.0 million “FRAS3” shares were traded. During this period, an average daily trading volume of R\$ 3.8 million was recorded, an increase of more than 440% when compared to the average daily volume of 3Q20. The Company's market value at the end of September 2021 reached R\$ 3.1 billion.

reached R\$ 3.1 billion.



**Average Daily Volume (R\$ thousand), Quotation and No. of Shareholders**



## »»» BOARD AND FUNCTIONS\_

### Board of Directors

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

### Audit Committee

Geraldo Santa Catharina  
Rogério Luiz Ragazzon  
Valmir Pedro Rossi

### Executive Board

Sérgio Lisboa Moreira de Carvalho – CEO (Statutory)  
Anderson Pontalti – General Director (Statutory)  
Hemerson Fernando de Souza – Director (Statutory)  
Guilherme Adami – Director (Non-statutory)  
Eduardo Vargas – Director (Non-Statutory)

### Investor Relations

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

## »»» ADDRESS AND CONTACTS

Rodovia RS 122, KM 66, nº 10.945  
Bairro Forqueta  
Caxias do Sul, RS

### Contacts

Phone: +55 54 3239-1553 | +55 54 3239-3036  
E-mail: [ri@fras-le.com](mailto:ri@fras-le.com)  
Home Page: <http://ri.fras-le.com.br>

## ATTACHMENT I

### CONSOLIDATED STATEMENT OF INCOME

Values in R\$ Thousands

	3Q21		3Q20		2Q21		9M21		9M20		Variations	
		%		%		%		%		%	3Q21/3Q20	9M21/9M20
<b>Net Revenue</b>	<b>657,289</b>	<b>100.0%</b>	<b>453,592</b>	<b>100.0%</b>	<b>599,133</b>	<b>100.0%</b>	<b>1,897,077</b>	<b>100.0%</b>	<b>1,075,473</b>	<b>100.0%</b>	<b>44.9%</b>	<b>76.4%</b>
COGS – Cost of Goods Sold	-453,449	-69.0%	-303,039	-66.8%	-424,686	-70.9%	-1,330,265	-70.1%	-771,397	-71.7%	49.6%	72.4%
<b>Gross Profit</b>	<b>203,840</b>	<b>31.0%</b>	<b>150,553</b>	<b>33.2%</b>	<b>174,447</b>	<b>29.1%</b>	<b>566,812</b>	<b>29.9%</b>	<b>304,076</b>	<b>28.3%</b>	<b>35.4%</b>	<b>86.4%</b>
Selling Expenses	-60,565	-9.2%	-40,540	-8.9%	-54,957	-9.2%	-170,518	-9.0%	-101,038	-9.4%	49.4%	68.8%
Administrative Expenses	-49,650	-7.6%	-35,496	-7.8%	-44,172	-7.4%	-135,721	-7.2%	-93,472	-8.7%	39.9%	45.2%
Other Operation Expens./Incom.	-20,676	-3.1%	-4,188	-0.9%	-485	-0.1%	-16,078	-0.8%	924	0.1%	393.7%	-1839.2%
<b>Financial Result</b>	<b>-11,275</b>	<b>-1.7%</b>	<b>-8,825</b>	<b>-1.9%</b>	<b>-12,425</b>	<b>-2.1%</b>	<b>-35,510</b>	<b>-1.9%</b>	<b>-23,801</b>	<b>-2.2%</b>	<b>-27.8%</b>	<b>-49.2%</b>
Financial Income	58,785	8.9%	47,940	10.6%	31,822	5.3%	166,415	8.8%	189,944	17.7%	22.6%	-12.4%
Financial Expenses	-70,060	-10.7%	-56,765	-12.5%	-44,247	-7.4%	-201,925	-10.6%	-213,744	-19.9%	23.4%	-5.5%
<b>Income Before Tax</b>	<b>62,021</b>	<b>9.4%</b>	<b>61,503</b>	<b>13.6%</b>	<b>62,736</b>	<b>10.5%</b>	<b>209,661</b>	<b>11.1%</b>	<b>86,689</b>	<b>8.1%</b>	<b>0.8%</b>	<b>141.9%</b>
Income and Social Tax	22,528	3.4%	-19,770	-4.4%	-19,146	-3.2%	-21,070	-1.1%	-33,087	-3.1%	-214.0%	-36.3%
<b>Net Profit</b>	<b>84,549</b>	<b>12.9%</b>	<b>41,733</b>	<b>9.2%</b>	<b>43,589</b>	<b>7.3%</b>	<b>188,590</b>	<b>9.9%</b>	<b>53,603</b>	<b>5.0%</b>	<b>102.6%</b>	<b>251.8%</b>
Attributable to non-controlling shar.	830	0.1%	-480	-0.1%	-1,360	-0.2%	-764	0.0%	-6,492	-0.6%	-272.7%	-88.2%

Values in R\$ thousands

## ATTACHMENT II

### CONSOLIDATED BALANCE SHEET

Values in R\$ Thousands

	09.30.21	09.30.20
<b>Assets</b>	<b>3,103,604</b>	<b>2,759,114</b>
<b>Current Assets</b>	<b>1,615,535</b>	<b>1,298,550</b>
Cash and Cash Equivalents	349,748	393,267
Receivables	330,684	303,387
Inventory	783,394	483,293
Financial Applications	57	19,567
Derivative Operations	4,769	11,572
Taxes Recoverable	119,529	66,073
Others Current Assets	27,354	21,390
<b>Non-current Assets</b>	<b>1,488,069</b>	<b>1,460,564</b>
Taxes Recoverable	66,931	26,105
Judicial Deposits	22,455	23,461
Deferred Taxes	43,856	43,548
Financial investments	70,228	68,022
Others Non-current Assets	8,053	8,651
Investments	28,977	1,317
Fixed Assets	611,612	615,817
Right of Use of Leases	143,062	142,657
Intangible	492,894	530,988
<b>Liabilities</b>	<b>3,103,604</b>	<b>2,759,114</b>
<b>Current Liabilities</b>	<b>789,020</b>	<b>712,231</b>
Accounts Payable	355,352	219,391
Loans and Financing	181,065	221,762
Derivative Financial Instruments	1,544	894
Taxes and Contributions	36,037	61,639
Salaries and Charges	68,656	46,867
Business combination	11,929	62,904
Lease	17,851	15,728
Others Obligations	116,587	83,047
<b>Non-current Liabilities</b>	<b>1,206,912</b>	<b>1,148,825</b>
Loans and Financing	790,955	740,266
Deferred Taxes	57,063	68,727
Provisions	17,792	25,900
Tax Incentive	2,281	2,550
Accounts payable per business combination	166,422	169,979
Lease	128,143	125,041
Others Obligations	44,256	16,362
<b>Equity</b>	<b>1,107,671</b>	<b>898,058</b>
Social Capital	600,000	600,000
Tax Incentive Reserve	8,266	5,002
Costs with Issue of Shares	-4,622	-4,622
Profit Reserves	480,733	244,075
Stocks in Treasury	-13,352	-13,352
Other Comprehensive Results	26,371	55,463
Non-controlling Participation	10,275	11,492

Values in R\$ thousands

## ATTACHMENT III

### STATEMENTS OF CASH FLOW – INDIRECT METHOD

Values in R\$ Thousands

	09.30.21	09.30.20
<b>Operational Cash Flow</b>		
<b>Net operational cash</b>	<b>100,941</b>	<b>143,678</b>
<b>Cash generated from operations</b>	<b>300,521</b>	<b>193,353</b>
Income statement	188,590	53,603
Provision of income and social tax and deferred	21,070	33,086
Depreciation and amortization	83,824	63,828
Provision for disputes	-3,908	4,279
Allowance for doubtful accounts	1,407	1,102
Obsolete inventory provision	-3,696	4,747
Other provisions	-1,127	5,614
Cost of the fixed assets sold	-1,959	14,272
Revenue from active lawsuits	0	-27,591
Monetary adjustment	-37,568	-7,284
Loans and leases variation	53,888	20,106
<b>Assets and liabilities fluctuations</b>	<b>-199,580</b>	<b>-22,084</b>
Financial applications	18,092	-52,517
Judicial Deposits	-450	-5,810
Receivables	-41,213	-46,238
Inventory	-285,345	-55,421
Others assets	34,774	24,232
Accounts payable	89,951	74,970
Others liabilities	22,201	65,209
Paid income and social tax	-37,590	-26,509
<b>Investment Cash Flow</b>		
<b>Net investment cash</b>	<b>-118,856</b>	<b>-295,929</b>
Fixed assets acquisitions and intangible	-69,457	-34,966
Additions to intangible assets	-823	-1,144
Business combination	-42,903	-259,819
<b>Cash From Financing Activities</b>		
<b>Net funding cash</b>	<b>-75,580</b>	<b>367,127</b>
Payment of the return over equity	-72,554	-14,059
Loans Taken	234,796	530,940
Loans and leases payments	-210,047	-133,602
Paid interests	-27,775	-16,152
<b>Funding Cash Flow</b>	<b>-93,495</b>	<b>214,876</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.</p>	