

Annual Management Report 2022



RANDON[®]
Companies

BUILDING THE FUTURE. NOW.

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Word from the CEO

The year 2022 was a period in which the Company implemented several initiatives and projects that are a source of great satisfaction and place it in a prominent position in its sectors of operation. We closed the year with an all-time revenue record, despite facing the challenges and complexities of the recent global context. We achieved and even exceeded our Guidance projections for the year, thus demonstrating our ability to execute what we planned and showing the consistency of our diversified business model.

It is through diversification that we will continue to grow rapidly and sustainably. Today, most of our companies' sales are connected to markets and segments that are less vulnerable to economic fluctuations. The recent acquisitions and incorporations of companies enhance our expansion strategy in strong sectors, such as the agribusiness, the aftermarket and international markets, where we carried out emblematic movements: our Trailers Vertical expanded its geographies by entering the United States through the acquisition of Hercules Enterprises, completed in November, as well as the first semi-trailers exported to that country and, more recently, we announced the acquisition, by Fras-le, of the auto parts manufacturer AML Juratek, in the United Kingdom.

The year 2022 was also strategic for us in terms of expanding the capture of synergies between our operations and innovating in our processes. As examples, we highlight the plant reorganization between the Castertech units so as to expand its operations to serve the agribusiness, the after sales and the international markets, which, together with the acquisition of the assets of *Fundição Balancins*, consolidates it as one of the largest foundries in the country. In addition, we highlight the integration of Nakata's logistics center, which adds, to the companies of the subsidiary Fras-le, speed in delivery and more competitive costs.

In terms of process innovation, we highlight the new JOST branch in Campinas, a model plant considered to be the most modern among all our operations, where we manufacture the Bus Link, the company's new product, developed with Brazilian technology in an innovative concept in our country, expanding JOST's portfolio and market.

New businesses also guided our diversification actions as a strategy to strengthen the Company. In partnership with Gerda, we entered the commercial vehicle leasing market by creating *Addiante*. Additionally, we accelerated our digital transformation journey with the acquisition of DBServer.

In addition to all these initiatives aimed at expansion and diversification, innovation and technology were also very present in our actions. *Randon Implementos* launched a wide range of new products, such as the *New R line*, *Randon Solar* and *Randon Smart*, exploring the concepts of sustainability, connectivity and modularity. We presented a new project in smart materials and developed auto parts with niobium nanoparticles, both developed in partnership with *Centro Tecnológico Randon*, *Instituto Hercílio Randon* and NIONE.

All these movements were carried out with the commitment and engagement of our people, who are crucial for the Company's success. We make it a point to operate in safe and healthy work environment, and we are guided by our ESG Ambition, which directs us towards a more prosperous and sustainable future. In this sense, we announced an investment in renewable energies of R\$ 100 million to be carried out by 2030, and we implemented affinity groups so as to have an increasingly inclusive and diverse Randon and we continue to support the community through the *Elisabetha Randon* Institute.

We reaffirm the importance of our principles and values, which are instrumental in achieving sustainable results, through our purpose of connecting people and riches, to generate prosperity and, through which, we are building the future, now!

Sérgio L. Carvalho
CEO of Randon Companies



2022 Highlights



FINANCIAL HIGHLIGHTS

NEW REVENUE RECORD.

We reached R\$ 11.2 billion in consolidated net revenue in 2022, a growth rate of 23.1% compared to 2021.

INTERNATIONALIZATION STRATEGY ACCELERATED REVENUES COMING FROM THE INTERNATIONAL MARKET.

We reached US\$ 436.5 million in international market revenues in 2022, an increase of 37.9% compared to 2021.

CONSISTENT EBITDA, EVEN IN A CHALLENGING SCENARIO.

In 2022, Consolidated EBITDA was R\$1.5 billion, with an EBITDA margin of 13.5%.

BUSINESS DIVERSIFICATION REFLECTED IN NET INCOME.

With net income of R\$ 471.7 million in 2022, we are following our sustainable development plan to expand future results.

RAPID GROWTH THROUGH STRATEGIC INVESTMENTS.

We invested R\$ 1.2 billion in 2022, mostly in acquisitions and expansion, being R\$ 346.8 million in CAPEX, within Guidance range, accounting for 23.0% of EBITDA.

WORKING CAPITAL REDUCTION, WITH HIGHER GROSS CASH GENERATION.

Working capital dropped 96.5% compared to 2021, mainly due to the decrease in customers' account.



BUSINESS EXPANSION AND DIVERSIFICATION EXPANSION

RANDON VENICE IS SET UP

Randon's distributor of Randon brand products, which serves 80% of Rio Grande do Sul market.

HERCULES ENTERPRISES IS OUR WAY INTO THE U.S.

The acquisition of the North American manufacturer of trailers places Randon in this large trailer market, adding revenues in a strong currency.

ADDIANTE IS SET UP – A JOINT VENTURE IN PARTNERSHIP WITH GERDAU.

The new company is focused on leasing commercial vehicles and on the yellow and green line machines, which are markets still little explored in Brazil.

PURCHASE OF FUNDIÇÃO BALANCINS'S ASSETS.

Through an auction, Castertech acquired the industrial facilities of *Fundição Balancins*, located in Mogi Guaçu, SP and expected to start operations in 2024.

JUST OPENED A NEW OPERATION IN CAMPINAS, SP.

The new industrial unit counts on the most modern automation concepts and expands our portfolio of operations, manufacturing components for buses.

ACQUISITION OF DBSERVER.

Announced in December, the company, which operates in software solutions, became part of Randon Companies in February 2023.



ESG AMBITION

ETHICAL AND RESPONSIBLE LEADING.

We updated the Bylaws, implemented the assessment of the Board of Directors and announced the establishment of the People Committee.

COMMITMENT TO THE ENVIRONMENT.

We announced an investment of R\$ 100 million by 2030 in renewable energy generation initiatives, starting with the construction of photovoltaic plants at Randon Technological Center (CTR) and Fras-le China.

EXCELLENCE AND SAFETY AS A VALUE.

We were awarded certifications seeking continuous improvement and implemented thematic groups that work on the critical risks of accidents in the Companies.

PROSPERITY FOR ALL.

We reviewed our organizational skills, were awarded the GPTW® seal, launched the journey of affinity groups and opened a new unit of the *Florescer* Program.

SUSTAINABLE INNOVATION.

We started selling the e-Sys after a new testing and validation stage and launched innovative and disruptive products that bring gains to customers and society, such as Randon Solar, Randon Smart, a modular platform and products with niobium nanoparticles.

● Profile

Randon Companies have developed solutions in equipment, automotive systems and transport services for over 74 years.

Our brand has a global presence, based on quality, innovation and ethics, to sustain value-generating relationships with our stakeholders. We are headquartered in Caxias do Sul, RS, and have units located on four continents, which include 32 industrial plants. Our products are sold in over 120 countries.

Our shares are listed on B3, under the tickers RAPT3 and RAPT4, and we are part of Level 1 of Corporate Governance. In addition, in 2022, we adhere to 78.3% of the practices recommended by CVM (SEC) Instruction No. 586/2017.

With a diversified business model breakdown across five verticals, we serve different markets and geographies, reducing exposure to the cycles of the Brazilian economy.

We seek constant innovation in our products and processes, and this allows us to be at the forefront of launching new products and solutions in the automotive market.

Throughout 2022, we changed the format for presenting results to the market, moving from three divisions to five business verticals, namely: Trailers, Auto Parts, Motion Control, Financial and Digital Services, and Advanced Technology and Headquarter.

Trailers

This vertical includes the businesses related to the production and sale of semi-trailers, truck bodies, railcars, and aftermarket.

Randon Implementos is the leader in the Brazilian semi-trailer market, the largest manufacturer in Latin America and among the 7 largest in the world.

In Brazil, its industrial units are in Caxias do Sul and Erechim (RS), Chapecó (SC), Araraquara (SP), Porto Real (RJ) and Messias (AL) and a warehouse in Linhares (ES). Abroad, Randon Implementos has a plant in Argentina and the USA, in addition to partners strategically located in several countries. There are around 80 service points in Brazil and 85 abroad.

This vertical is exposed to the agribusiness, industry, civil construction and mining sectors, as well as to the international market, railcars and aftermarket. Its customer base includes large carriers, generators of load, fleet owners and freelancers.

Auto Parts

This vertical comprises the companies Master, JOST, Castertech, Suspensys and their subsidiaries, and concentrates companies that manufacture auto parts for commercial vehicles and parts for agricultural machinery, in addition to operating in the aftermarket, both in Brazil and abroad, being market leaders in the main product lines.

There are 12 plants in Brazil and 1 abroad, producing and selling suspensions, axles, brake systems, and coupling and undercarriage systems.

This vertical is exposed to the agribusiness, industry, civil construction, mining, and mobility sectors, as well as to the international market. Its customer base comprises major global OEMs, trailer manufacturers, aftermarket, and producers of agricultural equipment.

Motion Control

Comprised of Fras-le and its subsidiaries, this vertical concentrates companies that manufacture friction materials, brake components, suspensions, steering and powertrain systems, among other items related to the braking system of commercial and light vehicles, for Brazil and abroad.

There are 10 plants, 5 in Brazil and 5 abroad, 6 warehouses (1 in Brazil and 5 abroad), 4 sales offices abroad and 1 technological center.

This vertical is exposed to the agribusiness, industry, civil construction, and mobility sectors, in addition to the international market. Its customer base comprises major global OEMs and large auto parts retail and distribution networks.

Financial and Digital Services

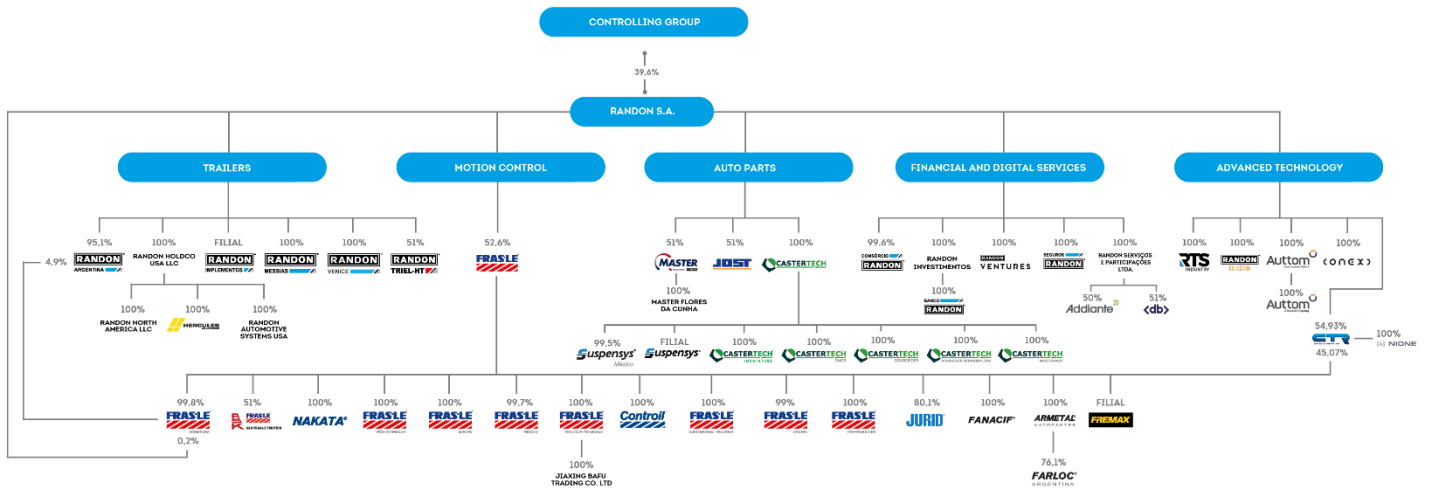
This vertical includes the companies *Randon Consórcios*, *Banco Randon*, *Randon Corretora*, *Randon Ventures*, *DB* and *Addiante*, a joint venture in partnership with *Gerdau*.

It is focused on offering credit solutions and services that facilitate the daily lives of customers, suppliers and distributors of Randon Companies. It is through this vertical that we connect with startups and digitalization.

Advanced Technology and Headquarter

The companies *RTS Industry*, *Auttom*, *Conexo*, *CTR*, *NIONE*, and the *Headquarters* are part of this vertical.

The companies that make up this vertical aim to be a source of innovation for Randon Companies, contributing to the development of new solutions and boosting results, especially in the medium and long term.



Market and Macroeconomic Scenario

		2022	2021	Δ%
Production	Trucks ¹	161.816	158.810	1,9%
	Trailers ³	88.537	95.387	-7,2%
Brazil Sales	Trucks ¹	126.642	128.679	-1,6%
	Trailers ²	82.837	90.323	-8,3%
Exports	Trucks ¹	25.455	22.699	12,1%
	Trailers ³	5.700	5.064	12,6%
Circulating Fleet ⁴	Trucks	2.022.443	1.987.899	1,7%
	Trailers	856.142	804.311	6,4%
	Light Vehicles ⁵	60.461.931	59.868.942	1,0%

¹ Anfavea

² Anfir

³ Anfir + Aliceweb

⁴ Fraga Projections + Market Intelligence Randon Companies

⁵ Cars, Light Commercial and Motorcycles

The Company's markets, which are mostly connected to the production of trucks, semi-trailers, and aftermarket for the circulating fleet, were at good levels at the end of 2022.

Despite being a challenging year, with numerous factors affecting the automotive market, volumes remained consistent, driven mainly by the agribusiness, which has remained capitalized due to consecutive record harvests.

Main highlights on the automotive market in 2022:

Trucks:

- > Production and sales volumes similar to those of 2021, at a robust and consistent level.
- > Increase in truck exports, mainly to Colombia and Chile.
- > Production was accelerated at the end of 2022 to ensure good inventory levels of Euro 5¹ trucks, thus meeting demand at the beginning of 2023.

Trailers:

- > Second best year in history in volumes, surpassed only by 2021.
- > Strong demand from the agribusiness, which accounted for 67.0% of sales in the Brazilian market. This market remains strong.
- > Domestic market was impacted by the slowdown in the consumer goods and retail sectors.
- > Growth in exports, mainly due to entry into the North American market.

Aftermarket:

- > Heated market for used vehicles due to the low availability of brand-new ones. Current fleets require regular maintenance.
- > Aftermarket for the light line segment is facing fierce competition, in addition to being more sensitive to price, due to inflation.
- > Commercial line with high demand, driven by the agribusiness and urban transportation, which also improved.

Automotive Market Projections for 2023:

		2023	2022	Δ% ⁴
Production ¹	Trucks	154	162	-4.8%
	Light Vehicles	2.267	2.176	4.2%
Brazil Sales ²	Trucks	125	127	-1.6%
	Trailers	75	83	-9.5%
	Light Vehicles	1.957	1.960	-0.2%
Fleet ³	Trucks	2.056	2.022	1.6%
	Trailers	892	856	4.2%
	Cars and Motorcycles	60.237	60.462	-0.4%

¹ Anfavea | ² Fenabrave

³ Fraga Projections + Randon Companies

⁴ Δ Represents the variation of the 2023 projection on the 2022 market

Values in Units

- > Drop in truck production in the first months of the year, due to the start of production of Euro 6¹ trucks, which requires OEMs to adapt their plants and supply chain.
- > Economic slowdown, political uncertainties, and high interest rates, negatively impacting financing costs.

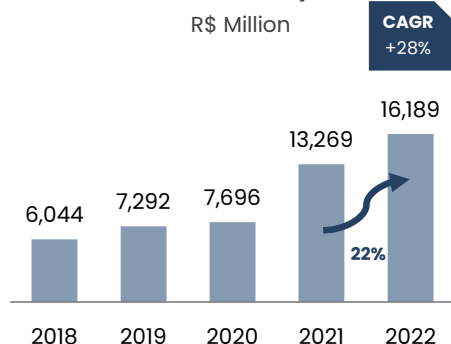
Despite the challenging scenario, several factors may positively influence the market, such as:

- > Agribusiness is expected to have a new record harvest for 2023, demanding more products.
- > Normalization of the supply chain, mainly for semiconductors.
- > Continued growth in the used vehicle market, boosting the aftermarket sector.
- > Good performance of exports.

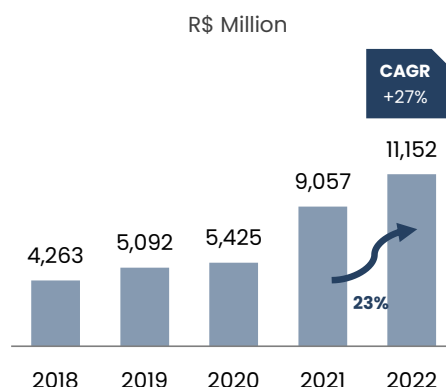
¹ Euro 5 and Euro 6 are sets of regulatory standards that aim to reduce the emission of pollutants from diesel-powered vehicles, such as trucks. These names are a reference to European laws created for the same purpose.

Main Indicators

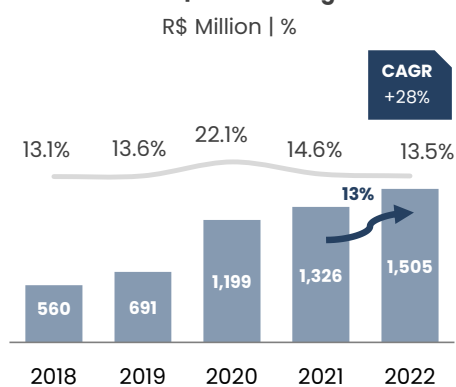
Total Gross Revenue (without elimination)



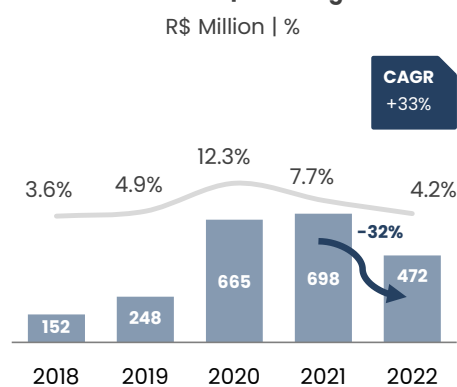
Consolidated Net Revenue



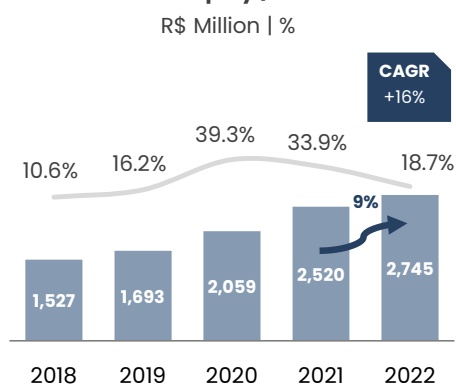
EBITDA | EBITDA Margin



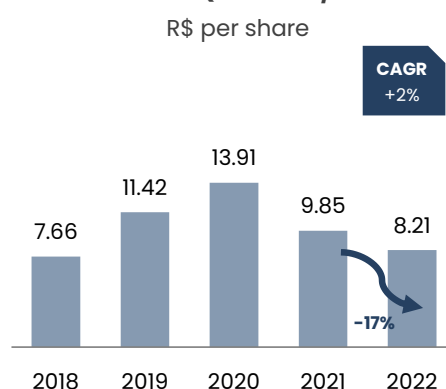
Net Results | Net Margin



Net Equity | ROE



RAPT4 Quote in 12/31'



Values in R\$

CAGR: Compound Annual Growth Rate

ROE: Return on Equity

¹ Quotes adjusted to dividends and interest on equity paid.

Capital Market	2021	2022	Δ%
Dividends + Interest on Equity (R\$ per share) ¹	0.6491	0.7270	12.0%
Dividend Yield (%) ²	5.66%	8.94%	328 bps
Return on Net Equity (%) ³	33.9%	18.7%	-1519 bps
Market Value on Dec 31 (R\$ billion)	3.8	2.7	-29.3%

¹ Fiscal year deliberations and payment.

² Fiscal year deliberations per share and quote at the last Day of the year before the fiscal year under analysis.

³ Ratio between the net income and the net equity in the prior year, calculated based on the closing price of each year.

Consolidated Performance

MAIN FIGURES

Economic Highlights	2022	2021	Δ%	Financial Highlights	2022	2021	Δ%
Total Gross Revenue ¹	16.188.683	13.269.421	22,0%	Equity	2.744.765	2.520.219	8,9%
Consolidated Net Revenue	11.152.417	9.057.457	23,1%	Investments ³	1.221.200	586.893	108,1%
International Market Revenues US\$ ²	436.463	316.399	37,9%	Net Debt	2.925.301	2.542.175	15,1%
Consolidated Gross Profit	2.624.762	2.268.352	15,7%	Net Debt (Without Randon Bank)	1.594.320	1.409.314	13,1%
Gross Margin (%)	23,5%	25,0%	-151 bps	Leverage	1,94 x	1,92 x	1,5%
Consolidated EBITDA	1.504.964	1.326.464	13,5%	Leverage (Without Randon Bank)	1,08 x	1,08 x	0,2%
EBITDA Margin (%)	13,5%	14,6%	-115 bps	ROE (last 12 months)	18,7%	33,9%	-1519 bps
Adjusted EBITDA	1.510.443	1.337.376	12,9%	ROIC (last 12 months)	14,5%	16,4%	-192 bps
Adjusted EBITDA Margin (%)	13,5%	14,8%	-122 bps				
Consolidated Net Profit	471.719	697.876	-32,4%				
Net Margin (%)	4,2%	7,7%	-348 bps				
Earnings per share R\$	1,43	2,12	-32,5%				

¹ Without eliminating intercompany sales

Values in R\$ Thousands

² Exports + Revenues from International Markets (both consolidated)

³ Capex + Non-Organics + Paid-in Capital

With a diversified business model, which proves to be effective in absorbing the market cycles, the Company recorded growth in its results, despite the challenging scenario, and continued its investments in innovation and sustainability.

In 2022, revenues increased significantly (23.1%) year-over-year, due to good sales volumes, recovery of prices in some product lines, increase in product portfolio and delivery of innovative solutions, which bring relevant competitive edges. In addition, we accelerated the Company's international expansion, with new geographies and sectors of activity, adding resilience to the business.

Consolidated revenues are already showing the effect of international expansion. Sales to the international market totalled US\$ 436.5 million in 2022, surpassing the top of the Guidance for the year. And all this during a very complex international scenario, with impacts caused by the conflict between Russia and Ukraine, lockdowns in China, slow flow at borders and high logistics costs. The Company managed to overcome all these difficulties: it gained new customers, developed new projects, restored prices and entered the North American semi-trailer market.

In 2022, inflationary pressure on costs, which had intensified since the beginning of the pandemic, continued impacting the supply and prices of inputs. To mitigate these effects on our margins, we made strategic purchases of raw materials, controlled our inventories, and invested to increase productivity. We also maintained rigor and discipline in relation

to administrative and commercial expenses, which decreased in their representativeness, compared to consolidated net revenue in the annual comparison.

Another important factor that affected our 2022 result was our adopting the CPC 47 (similar to IFRS 15), a rule for administrators of coop-payment plans authorized by the Central Bank, which came into force on January 1, 2022. As an impact, sales revenues and expenses in the Financial and Digital Services Vertical decreased, due to the change in the accounting format, with deferred recognition of these revenues and expenses until the end of the contract term, but with a positive effect on the result.

Net income decreased in the annual comparison, especially due to the relevant one-offs produced with tax proceedings in 2021, of R\$ 135.3 million. Without this amount, the indicator would have advanced in 2022, even with the financial result being strongly affected by the increase in SELIC in the year.

Regarding our projections for 2022 (Guidance), we achieved or exceeded our expectations for all indicators, demonstrating our ability to execute what we had planned. Below, we present a comparative table between the projected and realized numbers for the fiscal year.

	Guidance 2022	Achieved 2022
Consolidated Net Revenue	R\$ 9.5 ≤ X ≤ R\$ 11.0 B	R\$ 11.2 B
Revenues from International	US\$ 320 ≤ X ≤ US\$ 370 M	US\$ 436 M
EBITDA Margins	13% ≤ X ≤ 16%	13.5%
Investments ²	R\$ 340 ≤ X ≤ R\$ 370 M	R\$ 347 M

¹ Amount referring to the sum of exports out of Brazil and revenues from our operations abroad, net of intercompany operations.

² Amount referring to organic investments.



Revenues

In 2022, total gross revenue was R\$ 16.2 billion and consolidated net revenue was R\$ 11.2 billion, an increase of 22.0% and 23.1% compared to 2021, respectively. Below are the main factors that explain this line:

- > Good demand from the truck and trailer markets, as well as the aftermarket.
- > Inflation pass-through carried out in 2022, in most product lines.
- > Addition of revenues from companies acquired and established in 2022 (R\$ 304.4 million).
- > Increase in sales in the foreign market.

In the breakdown of consolidated net revenue by vertical, we highlight:

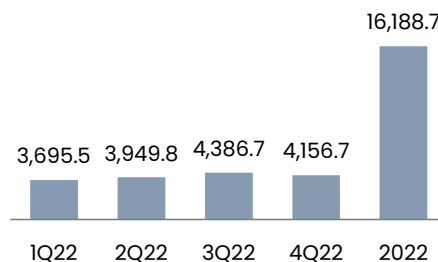
- > With 37.1% of consolidated net revenue, the Trailers Vertical was the most representative of the five verticals. Its products are the ones with higher average unit price.
- > Auto parts accounted for 33.4% of revenue, with sales mainly to OEMs in Brazil. Its operations are also being expanded to other markets.
- > The third most relevant vertical was Motion Control with 24.6% of the total. Its sales come mainly from the aftermarket.

Below are the main products in terms of representativeness in net revenue:

- 1) Semi-trailers (31.9%)** – With a diversified mix, this product serves several sectors. However, the agribusiness has gained increasing relevance. In addition, new geographies, such as the US, have brought additional business opportunities.
- 2) Axles and Suspensions (13.8%)** – Products sold mainly for heavy vehicles. Its main markets are OEMs and implementers.
- 3) Friction Materials (12.1%)** – Items used in commercial and light vehicles, linked to the aftermarket for the circulating fleet, with great exposure to the international market.
- 4) Brakes (7.4%)** – Auto parts sold mainly to OEMs in Brazil, with exposure to the truck, semi-trailer and bus market.
- 5) Foundry and Machining (7.2%)** – Most sales are made to OEMs and trailers manufacturers, but it has gradually increased its exposure to the agricultural market.

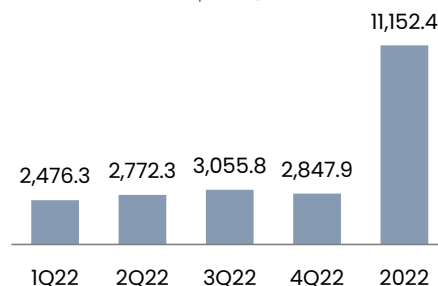
Total Gross Revenue

R\$ Million

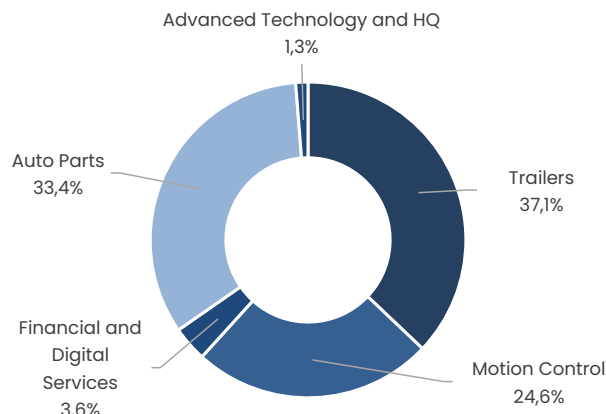


Consolidated Net Revenue

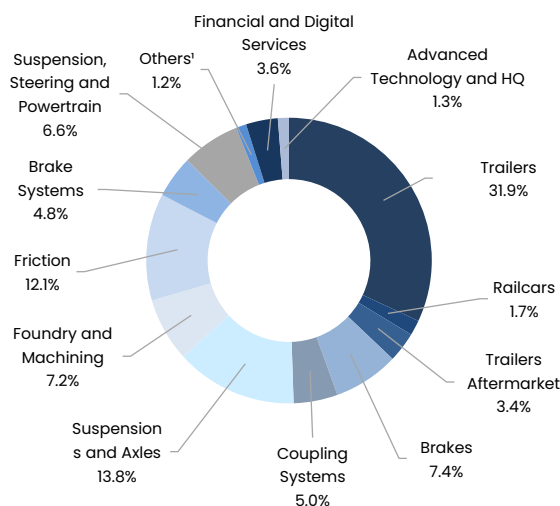
R\$ Million



Net Revenue Breakdown by Vertical in 2022



Net Revenue Breakdown by Product in 2022



¹ For the opening of the Others line, see attachment IV of the Fras-le Release

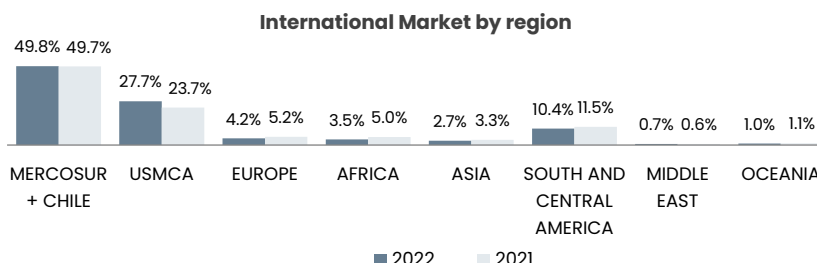
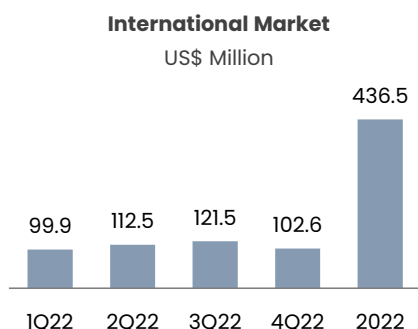
International Market

Exports	2022	2021	Δ%
Trailers	115.746	71.091	62,8%
Auto Parts	43.409	36.159	20,1%
Motion Control	103.653	84.740	22,3%
Advanced Technology and HQ	1.918	-	-
Sub-Total	264.726	191.989	37,9%
(-) Intercompany Sales	-74.061	-61.737	20,0%
Consolidated Exports	190.665	130.252	46,4%
Revenues from International Units	2022	2021	Δ%
Trailers	70.985	45.487	56,1%
Auto Parts	2.110	1.300	62,3%
Motion Control	195.615	156.163	25,3%
Sub-Total	268.710	202.950	32,4%
(-) Intercompany Sales	-22.912	-16.803	36,4%
Total	245.798	186.147	32,0%
International Market	436.463	316.399	37,9%

Values in US\$ Thousands

In 2022, sales to the international market had an important advance, which can be explained by the following factors:

- > Agribusiness, with boosted demand in South American countries.
- > Favourable exchange rate for exports.
- > Pass-through of inflation, helping to increase the average price of products sold.
- > New clients and contracts in different regions.
- > Strong demand for the aftermarket in the heavy line.
- > The high cost of global maritime freight has led some countries to migrate their imports from China to Brazil.
- > Semi-trailers began to be exported to the United States (US\$ 10.6 million).
- > Revenues from Hercules Enterprises, acquired in 2022 (US\$ 10.0 million).



International market revenues –exports out of Brazilian units and sales by companies abroad –, both with intercompany elimination, totalled US\$ 436.5 million in 2022, an increase of 37.9% when compared to 2021 (US\$ 316.4 million). These sales accounted for 20.2% of the Company's consolidated net revenue in 2022, an increase of 130bps compared to 2021.

The regions where the Company operates presented different dynamics throughout the year, among which we highlight:

Mercosur and Chile:

- > Demand affected by high interest rates, inflation and political and economic crises in some countries.
- > Import restrictions in Argentina.
- > Agribusiness, which boosted sales to Paraguay and Uruguay.

North America:

- > Entry of the Trailers vertical into the US trailer market.
- > Good volumes sold by the Motion Control Vertical and increased production capacity.

Europe:

- > The region was impacted by the conflict between Russia and Ukraine.

Africa:

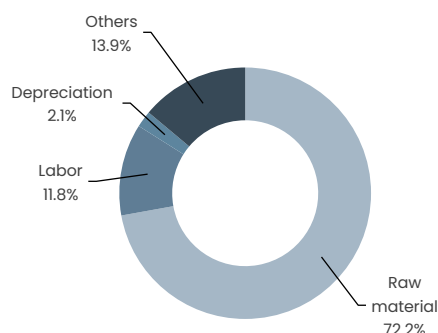
- > Level of sales of trailers similar to 2021, especially because of low competitiveness due to high freight prices and fierce market dynamics.
- > The Motion Control vertical looking for alternatives to explore this market from Europe.

Asia:

- > Progress in negotiations with OEMs and in the aftermarket.
- > Recovery of volumes after lockdown, in China.



Cost of Goods Sold (COGS)

2022 COGS BREAKDOWN


The cost of goods sold reached R\$ 8.5 billion in 2022, accounting for 76.5% of consolidated net revenue, against R\$ 6.8 billion (75.0%) of consolidated net revenue in 2021.

The main highlights related to the Company's COGS in 2022 were:

- > Significant price increases in some inputs, especially tires, mechanical springs, resins and cast iron.
- > Despite steel prices suffering less adjustments when compared to the previous year, they still were at high level.
- > Higher labour costs due to the increase in collective bargaining due to rising inflation.
- > Adoption of CPC 47, which reduced the Company's revenue by R\$ 55.4 million, impacting 40 bps in the representativeness of COGS.
- > Strategic purchases of raw materials throughout the year to mitigate the impact of inflation and guarantee supply.



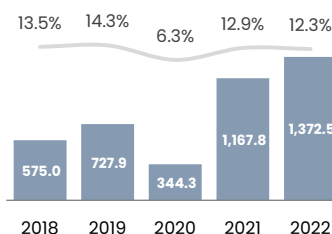
Operating Expenses

	2022	%	2021	%	Δ%
Selling Expenses	-717,075	-6.4%	-616,968	-6.8%	16.2%
Administrative Expenses	-541,434	-4.9%	-446,852	-4.9%	21.2%
Other Expenses/ Income	-113,717	-1.0%	-103,531	-1.1%	9.8%
Other Operating Expenses	-202,791	-1.8%	-286,681	-3.2%	-29.3%
Other Operating Income	89,074	0.8%	183,151	2.0%	-51.4%
Equity Income	-280	0.0%	-487	0.0%	-42.6%
Total Operating Exp/ Income	-1,372,506	-12.3%	-1,167,838	-12.9%	17.5%

Values in R\$ Thousand and % over Net Revenue

Operating Expenses

R\$ Million | % CNR



Operating expenses amounted to R\$ 1.4 billion in 2022 (R\$ 1.2 billion in 2021).

The absolute value of expenses has increased over the last few years, mainly due to the Company's expansion. However, the representativeness of revenue has shown a downward trend, as it can be seen in the graph. In 2022, we reached 12.3% of revenue, the second lowest level in the last five years, demonstrating our efforts to control costs and expenses. It should be noted that this number was not better than 2020, only because in that year we had relevant one-offs, which had a positive impact on this indicator.

The main highlights of 2022 are detailed below:

- > **Selling expenses:** adoption of CPC 47 at *Randon Consórcios*, resulting in a provision for delinquencies and reversal of commissions on sales, with an impact of R\$ 86.7 million, due to the new deferral rule¹.
- > **Administrative Expenses:** travel and trade shows restarted, new operations expenses were added, consultancy for the incorporation and acquisition of companies, write-offs of obsolete assets and adjustments in the administrative structure carried out in the verticals.
- > **Other Operating Income:** one-off related to updating the business combination of Castertech Indaiatuba² (R\$ 3.0 million) and gains from the tax lawsuit of Castertech³ (R\$ 14.0 million).
- > **Other Operating Expenses:** update of the business combination of Nakata² (R\$ 16.2 million), provision for contingency related to the tax lawsuit gain from Jurid³ (R\$ 5.6 million) and impairment of indirect subsidiaries Frás-le North America and Eurobrakes⁴ (R\$ 715.3 thousand).

¹ Deferral is the process by which the expense will be distributed over the duration of the contract.

Annual Financial Statements: ² Note 4 | ³ Note 12 | ⁴ Note 16.

EBITDA

The Company's gross cash generation (EBITDA) was R\$ 1.5 billion, an increase of 13.5% compared to 2021 (R\$ 1.3 billion).

The EBITDA margin decreased from 14.6% in 2021 to 13.5% in 2022.

In 2022, there were one-offs (explained in the previous chapter), which, together, did not significantly affect the Consolidated EBITDA margin, but whose impacts by vertical can be observed in the *Performance by Business Vertical* chapter.

	2022	2021	Δ%
Net Profit	471,719	697,876	-32.4%
Discontinued Operation	652	529	23.2%
Interest of non-controlling shareholders	-194,683	-186,836	4.2%
Income Tax and Social Contribution	-216,205	-110,151	96.3%
Financial Income	-370,301	-106,182	248.7%
EBIT	1,252,256	1,100,515	13.8%
Depreciation and Amortization	252,708	225,950	11.8%
Consolidated EBITDA	1,504,964	1,326,464	13.5%
EBITDA Margin (%)	13.5%	14.6%	-115 bps
One-Offs	5,479	10,912	-49.8%
Consolidated Adjusted EBITDA	1,510,443	1,337,376	12.9%
Adjusted EBITDA Margin (%)	13.5%	14.8%	-122 bps

Values in R\$ Thousands

These are the main factors that impacted EBITDA in 2022:

- > Cost inflation still present, although to a lesser extent than in the previous year.
- > Good production and sales volumes in most of the group's companies.
- > Tougher competitive scenario at the Trailers Vertical.
- > Higher volume of expenses related to the establishment and acquisition of companies.
- > Positive net impact of the adoption of CPC 47 in the Financial and Digital Services Vertical, of R\$ 27.9 million.

Financial Result

The Company had a negative financial result of R\$ 370.3 million at the end of 2022, an increase of 248.7% over the result achieved in the same period of 2021 (R\$ 106.2 million negative).

	2022	2021	Δ%
Financial Revenues	709,834	413,009	71.9%
Financial Expenses	-1,162,179	-574,664	102.2%
Monetary Adjustment (IAS 29)	82,044	55,473	47.9%
Net Financial Income	-370,301	-106,182	248.7%

Values in R\$ Thousand

Below are some highlights that affected this indicator:

- > Selic rate with consecutive increases in the last 12 months, going from 9.25% to 13.75% per year, leading to a significant increase in interest paid on financing linked to the CDI.
- > Positive effect of adjustment for inflation (IAS 29) at the subsidiaries located in Argentina.
- > Increase in expenses with FX variation due to the devaluation of the dollar against the real.

For more details on the financial result breakdown, see Note No. 31 in the Annual Financial Statements.

Net Result

Consolidated net income in 2022 was R\$ 471.7 million, with a net margin of 4.2% and ROE of 18.7% (last 12 months).

The decrease we see when comparing both periods is mainly due to the recognition of one-off tax credits in 2021, which affect the comparison basis.

	2022	2021	Δ%
EBIT	1,252,256	1,100,515	13.8%
Financial Income	-370,301	-106,182	248.7%
Operating Results	881,955	994,333	-11.3%
Income Tax and Social Contribution	-216,205	-110,151	96.3%
Discontinued Operation	652	529	23.2%
Interest of non-controlling shareholders	-194,683	-186,836	4.2%
Net Profit	471,719	697,876	-32.4%
Net Margin (%)	4.2%	7.7%	-348 bps
ROE (last 12 months)	18.7%	33.9%	-1519 bps

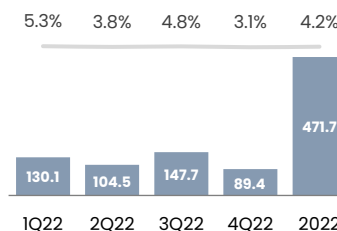
Values in R\$ Thousands

We list below other factors that impacted profitability in 2022:

- > Demand at good levels in most of the markets where the Company operates.
- > Adjustment of prices to pass through inflation, in some lines of business.
- > Strategic decision by the Trailers Vertical aimed at recovering market share in the domestic market.
- > Positive net impact of the adoption of CPC 47 (R\$ 19.0 million), considering tax effects.
- > Recognition of deferred tax of R\$ 8.6 million, benefiting the result (R\$ 13.1 million in 2021).
- > Diversified model, with greater business resilience.
- > Expansion of operations and capture of synergies between group companies.

Net Income | Net Margin

R\$ Million | %



Free Cash Flow (without Randon Bank)

At the end of 2022, the Company had negative free cash flow of R\$ 185.0 million, an increase of 66.4% compared to 2021.

Below are the main factors that impacted free cash flow in 2022:

- > Financial result affected by the increase in the Selic rate and indebtedness.
- > Implementation of initiatives to reduce Working Capital, mainly in customer, supplier and inventory accounts.
- > Payment of interest on equity and dividends, 26.6% higher than in 2021.
- > Follow-on by subsidiary Fras-le, which added R\$ 249.7 million to cash.
- > Payments made for the acquisition of companies and assets, which together totalled R\$ 344.5 million (Nakata, Master Flores da Cunha, Castertech Schroeder, Castertech Mogi, Auttom and Hercules Enterprises) and Paid-in capital in Randon Bank (R\$ 50.0 million) and Addiante (R\$ 10.0 million).

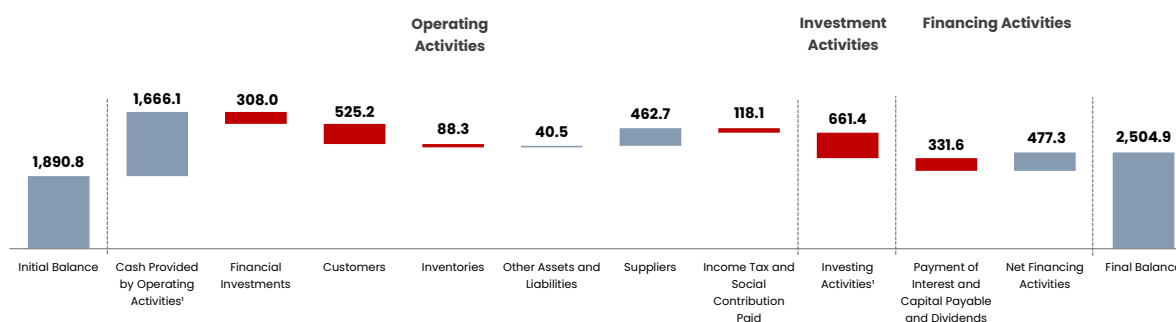
	2022	2021	Δ%
EBITDA	1,474,267	1,305,651	12.9%
Investments	-345,199	-357,887	-3.5%
Financial Income	-370,212	-106,092	249.0%
Income Tax and Social	-202,494	-100,425	101.6%
Working Capital	-27,095	-792,573	-96.6%
Operating Cash Flow	529,268	-51,326	1131.2%
Dividends/Interest on Equity	-348,438	-275,259	26.6%
Paid-in Capital	-154,798	-186,061	-16.8%
Others	-211,038	-37,556	461.9%
Free Cash Flow	-185,006	-550,201	-66.4%

Values in R\$ Thousands without Randon Bank

Cash and Cash Equivalents

The Company presented growth in its cash and cash equivalents, reaching R\$ 2.5 billion at the end of 2022, a positive variation of R\$ 614.1 million in the period.

Below is a causal graph that shows the impacts by group, and that explain this advance:



¹ For details on Investment Activities, see Cash Flow Statement on page 36 of this report.

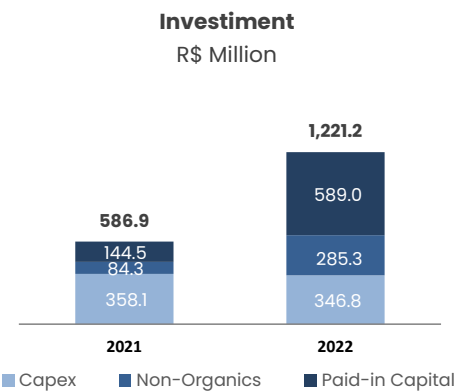
Investments

Throughout 2022, we invested R\$ 1.2 billion to make Randon Companies increasingly modern, resilient, sustainable and global.

Below is the breakdown of this amount by type of investment and its highlights:

- > **Capex (R\$ 346.8 million):** productivity, modernization and adaptations at the Trailers Vertical's plants, increased machining capacity at the Auto Parts Vertical, addition of production capacity at Fras-le North America (Motion Control Vertical), implementation of new software at the Financial and Digital Services Vertical, infrastructure projects at the corporate center, and investment in photovoltaic plants at Randon Technological Center (CTR) and Fras-le China.
- > **Non-organic (R\$ 285.3 million):** acquisition of Hercules Enterprises (R\$ 258.2 million) and part of the acquisition value of Castertech Usinagem (R\$ 3.2 million), Master Flores da Cunha (R\$ 2.5 million), Auttom (R\$ 10.9 million) and Nakata (R\$ 10.3 million).
- > **Paid-in Capital (R\$ 589.0 million):** Castertech Schroeder (R\$ 47.9 million), Castertech Mogi (R\$ 40.0 million), Follow-on Fras-le (R\$ 367.8 million), Randon Bank (R\$ 50.0 million), Randon Ventures (R\$ 13.5 million) and Addiante (R\$ 10.0 million).

2022 INVESTMENTS - R\$ Thousand						
	Trailers	Auto Parts	Motion Control	Financial and Digital Services	Advanced Technology	Total
Organic (CAPEX)						
Machinery	21.207	26.232	26.571	-	1.204	75.214
Buildings	4.369	6.526	138	-	-	11.033
Vehicles	637	254	1.164	-	4	2.059
Furniture and Fixture	3.173	1.909	3.809	42	255	9.188
Computer and Hardware	4.595	3.482	4.519	527	633	13.756
Others / Intangible Assets	35.241	114.789	70.219	4.312	11.009	235.570
Subtotal	69.222	153.191	106.420	4.881	13.106	346.820
Non Organic	258.245	5.778	10.361	-	10.947	285.330
Paid-in Capital	31.303	87.863	375.863	74.821	19.200	589.049
Total	358.770	246.832	492.643	79.702	43.253	1.221.200

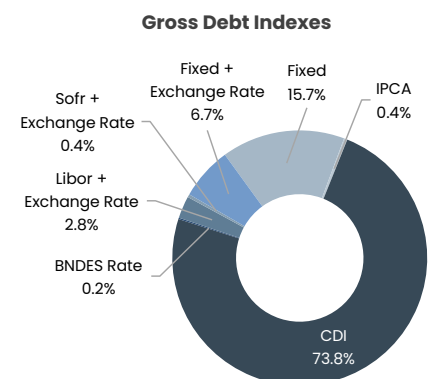


Net Debt

At the end of 2022, the Company's consolidated net debt was R\$ 2.9 billion, with a leverage ratio of 1.94x (Net Debt / EBITDA for the last twelve months). Disregarding Randon Bank's figures, net debt in the period was R\$ 1.6 billion, with leverage of 1.08x EBITDA.

Below are the main highlights on net debt in 2022:

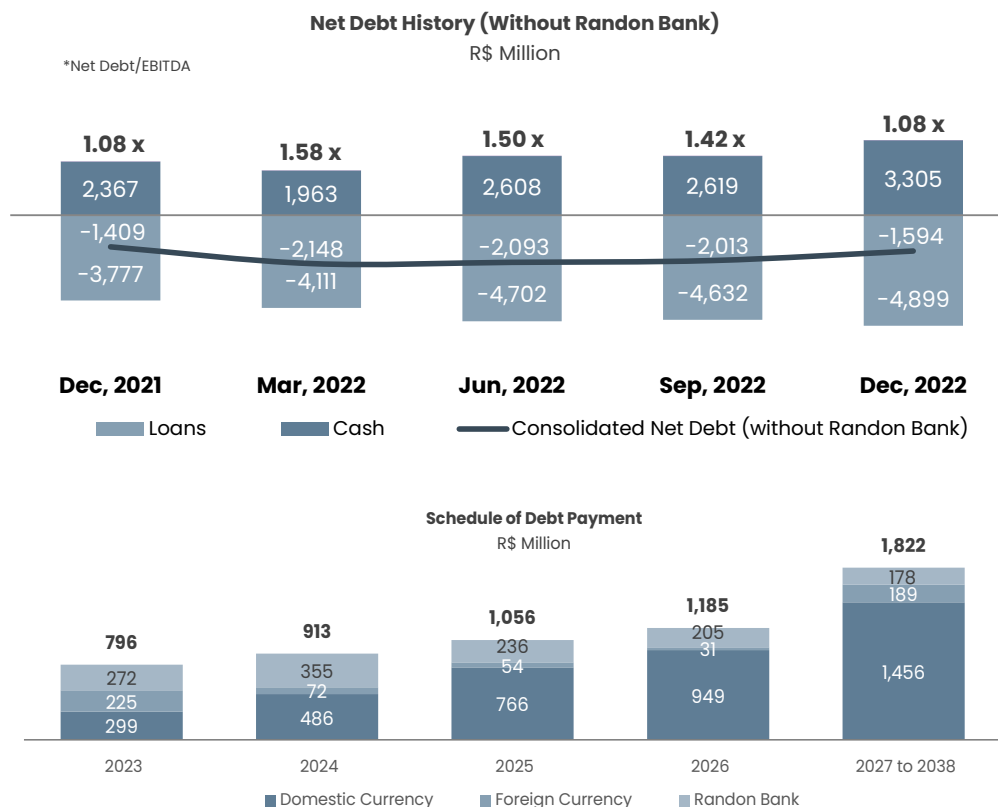
- > Higher net debt (without Randon Bank) compared to 2021, due to the increase in the business combination account and other investment activities.
- > Extension of the debt profile, due to the 10th issue of debentures, in the amount of R\$ 500 million, carried out in November (average term of 3.1 years at the end of 2022).
- > The average cost of debt increased both in local currency and in foreign currency, year-over-year, due to the increase in interest rates over the period.



	12/31/2021	03/31/2022	06/30/2022	09/30/2022	12/31/2022
Short Term Cash and Financial Investments	2,244,440	1,915,778	2,393,169	2,356,417	3,129,759
Long Term Cash and Financial Investments	53,054	104,895	67,525	69,717	89,024
Total Cash and Financial Investments	2,297,494	2,020,674	2,460,694	2,426,133	3,218,784
Short Term Debt Domestic Currency	1,513,852	1,397,820	1,494,156	1,458,362	1,022,280
Short Term Debt Foreign Currency	272,795	232,042	249,103	265,174	229,523
Total Short Term Debt	1,786,646	1,629,862	1,743,259	1,723,536	1,251,803
Long Term Debt Domestic Currency	2,613,881	3,141,202	3,475,227	3,458,246	4,179,108
Long Term Debt Foreign Currency	252,208	192,361	324,896	316,454	352,010
Total Long Term Debt	2,866,088	3,333,563	3,800,123	3,774,700	4,531,118
Accounts Payable by Business Combination	186,934	186,607	183,314	185,826	361,164
Total Gross Debt	4,839,669	5,150,032	5,726,696	5,684,062	6,144,084
Total Consolidated Net Debt	2,542,175	3,129,358	3,266,002	3,257,929	2,925,301
Net Debt (Without Randon Bank)	1,409,314	2,148,298	2,093,411	2,013,042	1,594,320
Average Cost of Bank Debt in Domestic Currency	10.9% per year	13.1% per year	15.0% per year	15.6% per year	15.3% per year
Average Cost of Bank Debt in Foreign Currency	4.2% per year	3.9% per year	5.5% per year	6.4% per year	6.9% per year
Average Term of Bank Debt	2.1 years	2.4 years	2.7 years	2.8 years	3.1 years
Average Term of Bank Debt Without Randon	2.4 years	2.7 years	2.8 years	2.8 years	3.3 years

Values in R\$ Thousands, except when indicated otherwise

Below are charts detailing the net debt history and the schedule of debt payment:



"Despite the complex macroeconomic scenario of 2022, we can say that we are in one of the best moments of the Company. Every quarter, we consolidate the efficiency of the strategy we are adopting, with a continuous diversification of businesses and funding sources, and operations in new markets, geographies, segments, and products. All of this, while maintaining our financial strength, leaving us ready to continue growing in a sustainable way".

Paulo Prignolato

CFO and IRO | Randon Companies

Performance by Segment



TRAILERS

- **PORTFOLIO:** several models of semi-trailers, truck bodies, railcars, aftermarket.
- **GEOGRAPHIES:** 8 industrial units, 6 in Brazil and 2 abroad, 1 warehouse, 1 sales office, 1 holding company abroad and 4 strategic partners.
- **CUSTOMER SERVICE NETWORK:** 80 dealers in Brazil and 85 abroad.
- **SECTORAL EXHIBITION:** agribusiness (2/3 of Net Revenue), industry and civil construction (1/3 of Net Revenue).
- **CUSTOMER BASE:** Large truckload carriers, generators of truck loads, fleet owners and self-employed customers.
- **REVENUE PROFILE:** domestic market 67% (Agri 2/3), international market 19%, railcars 5% and aftermarket 9%.



Volumes	2022		2021		Δ% Units
	Units	Revenue	Units	Revenue	
Trailers Brazil (un.)	24,556	3,108,192	29,039	2,790,764	-15.4%
Trailers International Market (un.)	5,786	855,544	4,207	519,609	37.5%
Railcars (un.)	342	213,681	459	238,968	-25.5%
Aftermarket	-	423,876	-	372,887	-
Performance	2022		2021		Δ%
Net Revenue	4,601,293		3,922,228		17.3%
COGS	-3,985,924		-3,287,114		21.3%
Gross Profit	615,368		635,114		-3.1%
Gross Margin %	13.4%		16.2%		-282 bps
Operating Expenses/Revenues	-305,423		-273,371		11.7%
EBIT	309,946		361,743		-14.3%
EBITDA	361,796		408,408		-11.4%
EBITDA Margin %	7.9%		10.4%		-255 bps
Adjusted EBITDA	361,796		395,640		-8.6%
Adjusted EBITDA Margin %	7.9%		10.1%		-222 bps

Values in R\$ Thousands, except when indicated otherwise

"In 2022, we achieved a historic milestone by acquiring the North American manufacturer of semi-trailers, Hercules Enterprises, believing that entering the largest market for semi-trailers in the western world is a fundamental move in the execution of the sustainable growth strategy we have planned, expanding our footprint in the international market and enhancing synergies. In addition, we presented innovative and disruptive products, which go far beyond what already exists on the market and explore new production concepts, such as modularization".

Sandro A. Trentin

Superintendent Director | Trailers Vertical

Economic-Financial Performance

The Trailers Vertical reached R\$ 4.6 billion in net revenue, a growth of 17.3% compared to 2021 (R\$ 3.9 billion), being the vertical that most contributed to the consolidated net revenue, with 37.1% of the total.

Trailers

Trailers, which are responsible for 85.2% of this vertical's revenues, had a year with good demand, both in Brazil and abroad, with emphasis on:

- Agribusiness, the sector to which we supply 70.0% of our sales of semi-trailers, especially dump trailers and grain trailers.
- Entry into the US market, with exports and local production from container chassis.
- Favourable exchange rate and good demand in South American countries, boosting exports.

With regard to sales performance and production dynamics during the year, we highlight:

- 24,556 trailers were produced for the domestic market, 24,440 units of which were licensed in 2022.
- 29.5% of national market share, a recovery throughout the year.
- 5,786 trailers sold to the international market, exported out of Brazil or manufactured in our plants abroad, with strong growth when compared to 2021.
- 61.8% market share in trailers exports.
- Release of new product lines and participation in FENATRAN, which ensured consistent order book.
- Randon positioned as a premium brand, with innovative and disruptive solutions.
- Investments in plant automation and modernization.

Aftermarket

Sales in the aftermarket, made through more than 165 service points throughout Brazilian states and abroad, grew 13.7% in comparison with 2021, due to:

- > Sale of tires, fifth wheels, brake linings, as main products.
- > Strategy to increase the representation of aftermarket revenues in the vertical, which accounted for 9.2% in 2022.

Railcars

Sales of railcars dropped by 25.5% in 2022. Revenues, however, fell by only 10.6%, due to the better product mix. Main highlights:

- > 342 rail cars were delivered during the year.
- > Main model sold: Sider for pulp transport.
- > Volumes were weak this year, with an estimated Brazilian market of 1,300 railcars.

As investments in this sector advance in the country, there will be a greater need for railcars, that should lead to better volumes.

Diversification

Historically, this vertical has been the most affected by economic cycles and their effects on business. However, over the last few years, we have made structural changes so that it becomes increasingly resilient.

The first change is related to the economic sectors, with agribusiness gaining representativeness and accounting for 70.0% of the vertical's sales. We have focused on expanding solutions for this thriving and constantly growing sector. As a result, only 30% of trailers are exposed to more cyclical sectors, such as industry, retail and construction.

Currently, the international market accounts for approximately 19.0% and aftermarket 9.0% of net revenue. As these are resilient sectors, our expectation is to expand both business fronts, with most projects in the international market, whose revenues should increase considerably in the coming years.

International Market

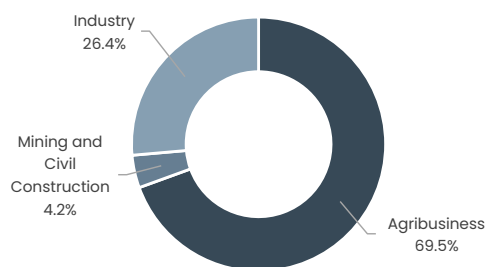
We reached record revenues in the international market in 2022, mainly benefiting from entering the US market, through exports and the acquisition of a plant in that country. It is important to point out that we are the only Brazilian trailers producer with manufacturing units abroad.

As a result, we were able to expand volumes in international geographies, with 5,786 units delivered abroad (+37.5% compared to 2021) which, combined with other factors, allowed us to reach 64.7% growth in revenues. Out of this total, 3,924 were exports and 1,862 were manufactured in units overseas.

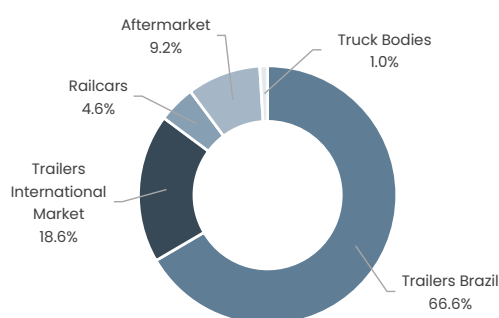
The main aspects that benefited the Trailers Vertical in the international market were:

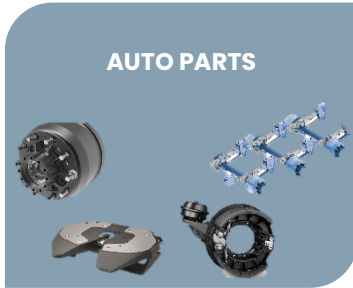
- > Beginning of trailers exports to the USA (R\$ 55.7 million).
- > Acquisition of Hercules Enterprises, which contributed with 558 units and R\$ 52.5 million in revenue.
- > Adjustment of prices on products sold.
- > Good sales volume in South American countries, benefited by agribusiness.

Net Revenue by Economic Sector % | 2022



Net Revenue by Product % | 2022





AUTO PARTS

- **PORTFOLIO:** Brake systems, axles and suspensions, coupling systems, electromobility, foundry and machining, among others.
- **GEOGRAPHIES:** 12 industrial plants (11 in Brazil and 1 abroad).
- **SECTOR EXPOSURE:** agribusiness, industry, civil construction, mining, mobility.
- **CUSTOMER BASE:** main global OEMs (trucks and buses), trailer manufacturers, aftermarket, and farming product manufacturers.



Volumes	2022		2021		Δ% Units
	Units	Revenue	Units	Revenue	
Brakes (units)	976,063	919,867	917,532	744,306	6.4%
Coupling Systems (units)	136,305	618,437	152,997	493,314	-10.9%
Axles and Suspensions (units)	185,934	1,710,485	197,377	1,414,235	-5.8%
Foundry and Machining (Tons) ¹	110,070	896,568	87,798	600,347	25.4%

¹We changed the way we report Castertech volumes due to the unit's growth and better market practices, in addition to reflecting the way we look at the business internally

Performance	2022	2021	Δ%
Net Revenue	4,145,356	3,252,202	27.5%
COGS	-3,265,477	-2,593,648	25.9%
Gross Profit	879,879	658,554	33.6%
Gross Margin %	21.2%	20.2%	98 bps
Operating Expenses/Revenues	-278,349	-241,482	15.3%
EBIT	601,530	417,072	44.2%
EBITDA	670,868	474,851	41.3%
EBITDA Margin %	16.2%	14.6%	158 bps
Adjusted EBITDA	653,787	474,592	37.8%
Adjusted EBITDA Margin %	15.8%	14.6%	118 bps

Values in R\$ Thousands, except when indicated otherwise

"With record revenues and consistent margins, this year was marked, among many achievements, by the sale of the first products with e-Sys, an electric traction system for commercial vehicles, considered to be an unprecedented advance in the electrification segment, and by the strengthening of our sustainable growth strategy. We acquired another foundry plant, in Mogi Guaçu, which will expand our installed capacity, allowing us to expand sales also to the export market, in addition to the opening of Jost Campinas, to manufacture the Bus Link and thus diversify our sources of income"

Ricardo Escoboza

Superintendent Director | Auto Parts

Economic-Financial Performance

In 2022, the Auto Parts Vertical reached net revenue of R\$ 4.1 billion, 27.5% higher than in 2021 (R\$ 3.3 billion), accounting for 33.4% of this consolidated indicator and being the second largest vertical of the Company.

All business units showed strong sales growth, driven by a robust demand in the truck market and by revenues generated from new businesses and companies.

In addition, through price recovery, efficiency gains, productivity and capture of synergies, there was an increase of 158 bps in margins compared to 2021, with an EBITDA of R\$ 670.9 million and an EBITDA margin of 16.2% in 2022.

Adjusting EBITDA to one-offs of the subsidiary Castertech (R\$ 17.1 million), which were explained along this report, Adjusted EBITDA amounted to R\$ 653.8 million (15.8% of consolidated net revenue).

Vertical's Highlights

- Increase in revenues with the setup of Castertech Schroeder (R\$ 165.0 million).
- Significant growth in sales to agribusiness, through Castertech.
- Growth in the volume of brakes sold for the North American market.
- Beginning of production of joints for buses (bus link), expanding JOST's portfolio and being a new source of revenues.
- Opening of JOST Campinas, a state-of-the-art plant in terms of productivity and manufacturing efficiency.
- Automation and robotization in Master's forging and welding processes, in the manufacture of brake system components.
- Start of sales of e-Sys, electric traction system, which offer numerous benefits to transporters, such as fuel savings of up to 25% and reduction in the emission of polluting gases.

Diversification

This vertical continues to expand and diversify its businesses, to become stronger, with more resilient and less cyclical results.

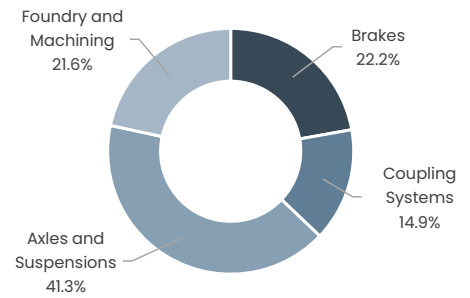
The graph on the side shows the breakdown of net revenue by type of product. Each of the units that produce these auto parts makes a significant contribution to this vertical, through its specific segments.

When we analyse revenue by segment, despite having greater exposure to OEMs, we see great diversification within this group, with emphasis on heavy trucks and trailers, which have relevant exposure to the agribusiness and, consequently, present more consistent volumes.

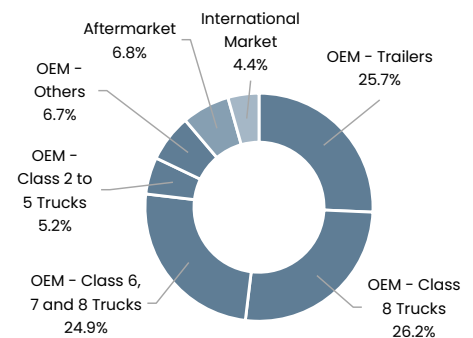
Moreover, this vertical has expanded direct sales to agricultural machinery manufacturers, adding more products to the portfolio and greater resilience of revenues and margins.

At the same time, we have concentrated efforts to increase our participation in the aftermarket and international markets. It is worth mentioning that these companies manufacture items that already equip trucks, buses and trailers sold globally, showing new avenues of growth to be explored.

Net Revenue by Product % | 2022



Net Revenue by Segment % | 2022



MOTION CONTROL



- **PORTFOLIO:** friction material, components for brake, suspension, steering and powertrain systems.
- **GEOGRAPHIES:** 10 industrial plants (5 in Brazil and 5 abroad), 6 warehouses (1 in Brazil and 5 abroad), 4 sales offices abroad and 1 technological center.
- **SECTOR EXPOSURE:** Agribusiness, industry, civil construction and mobility.
- **CUSTOMER BASE:** OEMs, distributors and auto parts retailers.
- **REVENUE PROFILE:** domestic market 62%, with 90% Aftermarket and 10% in OEMs, and 39% in the international market, with 86% in the aftermarket, and 14% in OEMs.



Volumes	2022		2021		Δ% Units
	Units	Revenue	Units	Revenue	
Friction Materials (Thousand/un.)	98,541	1,502,769	102,053	1,262,932	-3.4%
Components for the Braking Systems (Thousand/un.)	8,655	591,585	8,497	492,936	1.9%
Comp. Suspension, Steering and Powertrain Systems (Thousand/un.)	16,602	821,064	15,566	671,581	6.6%
Others ¹	-	142,753	-	154,717	-

Performance	2022		2021		Δ%
	Revenue	EBITDA	Revenue	EBITDA	
Net Revenue	3,058,171	453,120	2,582,166	388,698	18.4%
COGS	-2,154,694	14,8%	-1,833,869	15.1%	17.5%
Gross Profit	903,477	29.5%	748,297	29.0%	20.7%
Gross Margin %		29.5%		29.0%	56 bps
Operating Expenses/Revenues		-570,453		-473,665	20.4%
Equity Income		16		553	-97.1%
EBIT		333,040		275,184	21.0%
EBITDA		453,120		388,698	16.6%
EBITDA Margin %		14.8%		15.1%	-24 bps
Adjusted EBITDA		475,679		413,859	14.9%
Adjusted EBITDA Margin %		15.6%		16.0%	-47 bps

¹For the opening of the Others line, see attachment IV of the Fras-le Release
Values in R\$ Thousands, except when indicated otherwise

“With record revenues and excellent results, in 2022 we also made important moves, such as the offering of new shares in the capital market, adding resources aimed at the continual growth of Fras-le. More recently, we announced the acquisition of AML Juratek, inserting us in the European aftermarket through product diversification and expansion of brands in our portfolio.”

Anderson Pontalti
Superintendent Director | Fras-le

Economic-Financial Performance

The Motion Control Vertical reached, at the end of 2022, R\$ 3.1 billion in net revenue, an increase of 18.4% over 2021 (R\$ 2.6 billion), accounting for 24.6% of this consolidated indicator.

The aftermarket continued performing well and this, combined with the broad product portfolio, the capture of synergies between its operations, and the transfer of prices, boosted the results of this vertical.

EBITDA totalled R\$ 453.1 million, with an EBITDA margin of 14.8%. Considering one-offs, adjusted EBITDA was R\$ 475.7 million, with an adjusted EBITDA margin of 15.6%.

One-offs were: i) impairment of indirect subsidiaries Fras-le North America and Eurobrakes (R\$ 715.3 thousand), ii) update of Nakata's business combination (R\$ 16.2 million) and iii) provision for contingency related to Jurid's tax lawsuit gain (R\$ 5.6 million).

Vertical's Highlights

- > Stabilization of Nakata's new shock absorber plant, allowing larger delivery capacity and increased market share.
- > Good momentum for the international market throughout the year, with growth in revenues, volumes, new customers, business and expansion of the portfolio.
- > Beginning of the supply of smart composites products for OEM.
- > Centralization of inventories in the new distribution center, in Extrema-MG, offering greater agility and efficiency in customer service, in addition to reducing operating costs.
- > In February 2022, the vertical announced the acquisition of the company AML Juratek Limited, continuing its movement towards expansion and internationalization. For more details [click here](#).

Diversification

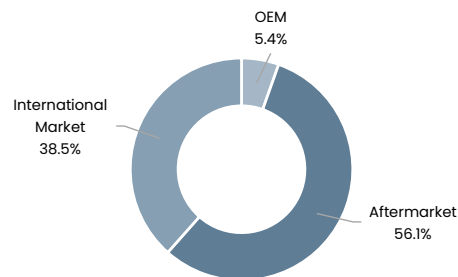
One of the great attributes of this vertical's business model is its resilience, which has been proven over the years, with consistent results, even in periods of market volatility.

Among several factors that contribute to this resilience, two stand out: the markets in which it operates, mainly related to aftermarket, and the geographies, with a relevant part of the revenues in the international market.

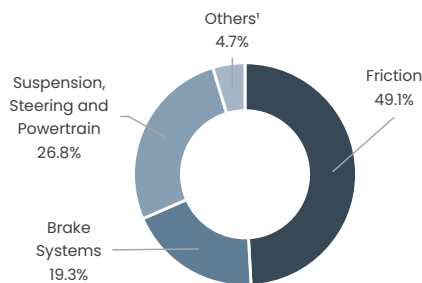
In the product lines, friction materials are the most relevant in revenue (49.1% share), followed by suspension, steering and powertrain systems, with 26.8%. Despite also serving OEMs, most of the volume of the items mentioned is destined for the aftermarket.

In the international market, it is present in several geographies, with South America and North America being the most important. However, the company is seeking to expand its global footprint and one of the recent moves in this direction was the acquisition of a company in the United Kingdom, already mentioned earlier in this chapter, and which will be fundamental in the expansion of this vertical on the European continent.

Net Revenue by Segment % | 2022



Net Revenue by Product % | 2022



¹ For the opening of the Others line, see attachment IV of the Fras-le Release

FINANCIAL AND DIGITAL SERVICES

- › **PORTFOLIO:** Coop-payment plans, credit, insurance, and investment in *startups*, leasing and Saas.
- › **STRUCTURE:** Bank, insurance broker, administrator of coop-payment plans, venture capital, car rental services, and technology and data analysis services.
- › **SECTOR EXPOSURE:** Agribusiness, capital goods, logistics and civil construction.
- › **CUSTOMER BASE:** suppliers and customers of Randon Companies, manufacturers of agricultural machinery and equipment, and logistics ecosystem operators.



Volumes	2022		2021		Δ% Units
	Units	Revenue	Units	Revenue	
Coop-payment plan quotas sold	22,199	210,028	16,669	198,594	33.2%
Randon Investimentos (Randon Bank)	-	231,027	-	103,172	-
Randon Corretora de Seguros	-	6,314	-	3,775	-

Performance	2022		2021		Δ%
	Revenue	COGS	Revenue	COGS	
Net Revenue	447,368	-149,156	305,542	-55,509	46.4%
Gross Profit	298,213	298,213	250,033	250,033	19.3%
Gross Margin %	66.7%		81.8%		-1517 bps
Operating Expenses/Revenues	-178,537		-173,361		3.0%
Equity Income	-280		-487		-42.6%
EBIT	119,396		76,184		56.7%
EBITDA	122,268		77,772		57.2%
EBITDA Margin %	27.3%		25.5%		188 bps
Adjusted EBITDA	122,268		77,513		57.7%
Adjusted EBITDA Margin %	27.3%		25.4%		196 bps

Values in R\$ Thousands, except when indicated otherwise

“A year of transformation. This is how we describe 2022 for the Financial and Digital Services vertical, with companies increasingly united in search of synergies between their businesses. We created an important partnership between two large Brazilian industrial companies with common visions for an innovative future. Addiante, a joint venture with Gerdau, accesses a segment with low penetration, offering sustainable and adequate solutions to potential customers, with great prospects for the transport and logistics sector”.

Daniel M. Ely

CTO of Randon Companies

Economic-Financial Performance

The Financial and Digital Services Vertical showed significant growth in 2022, reaching R\$ 447.4 million in net revenue, 46.4% higher than the previous year. This amount accounted for 3.6% of the Company's consolidated net revenue.

The year was marked by the good performance of all the vertical's business units, which benefited from the growth of the group's companies, offering solutions and products for the entire chain. As a result, it reached an EBITDA of R\$ 122.3 million and an EBITDA margin of 27.3%.

However, we emphasize that the results of this vertical were impacted by the adoption of CPC 47, as mentioned in this report. The impact was on net revenue (reversal of R\$ 55.4 million) and selling expenses (reversal of R\$ 86.7 million), benefiting EBITDA by R\$ 27.9 million.

The CPC establishes that operations are accounted for on an accrual basis and no longer on a cash basis, as it was previously done. That is, the amounts must be deferred until the expiration of the contract. For more information, see Note No. 7.3 of the Standardized Financial Statements.

Vertical's Highlights

- › Record sales of coop-payment plans, with growth of 33.2% compared to 2021, driven by the agribusiness and the high interest rate, which makes this type of financing more attractive.
- › The record mentioned above allowed *Randon Consórcios* to reach R\$ 1.2 billion in aggregate management fee at the end of 2022.
- › Randon Bank registered records in the volume of operations contracted by its customers throughout the year, becoming the company with the highest revenue in the vertical.
- › Randon Bank's backlog remained healthy, with a low level of delinquency.
- › Increase in Randon Bank's funding costs, due to the increase in the Selic rate, impacting the vertical's COGS.
- › Randon Ventures invested in startups Money Money (fintech) and SIRRUS IoT (industry 4.0), ending the year with 8 invested and 18 co-invested startups, totalling R\$ 25.3 million in investment.

Diversification

The search for making the Company less cyclical involves all verticals. In financial and digital services, we are expanding the performance of traditional businesses such as Randon Bank, increasing its scope to become a financial institution of logistics services, and Randon Consorcios, focusing on expanding its product portfolio.

In addition, we are advancing on new diversification fronts through the creation of M&A companies, as in the case of Addiante ([click here](#) to learn more) and DB (for more information, [click here](#)), which expand the scope of action of this vertical.

ADVANCED TECHNOLOGY AND HEADQUARTER

- › **PORTFOLIO:** holding, manufacturing and sale of robotic cells, industrial automation, development and approval of products for the mobility industry, production and processing of materials through nanotechnology and an open innovation platform for connecting companies, people and startups.
- › **STRUCTURE:** 2 advanced technology units, 1 technological center, 1 sales office, 1 industrial unit, 1 open innovation unit and 1 corporate center.
- › **SECTOR EXPOSURE:** several sectors from different business activities and segments.
- › **CUSTOMER BASE:** Randon Companies, diverse industries and startups.



	2022	2021	
	Revenue	Revenue	Δ%
Holding and Others	74,043	79,408	-6.8%
CTR	25,808	15,187	69.9%
RTS Industry/Auttom	55,674	24,138	130.6%
Performance	2022	2021	Δ%
Net Revenue	155,524	118,734	31.0%
COGS	-74,282	-30,008	147.5%
Gross Profit	81,242	88,725	-8.4%
Gross Margin %	52.2%	74.7%	-2249 bps
Operating Expenses/Revenues	-120,544	-88,330	36.5%
Equity Income	534,028	748,966	-28.7%
EBIT	494,726	749,361	-34.0%
EBITDA	503,198	755,689	-33.4%
EBITDA Margin %	323.5%	636.5%	-31291 bps
Adjusted EBITDA	503,198	754,725	-33.3%
Adjusted EBITDA Margin %	323.5%	635.6%	-31210 bps
EBITDA Without Equity Income	-30,830	6,723	-558.6%
EBITDA Margin % Without Equity Income	-19.8%	5.7%	-2549 bps

Values in R\$ Thousands, except when indicated otherwise

"We are a company in constant transformation, which despite being over 70 years old, manages to design an even more promising future, with a consistent and robust innovation strategy. Aware of global mobility megatrends, we seek new solutions in electrification, on-board electronics and smart materials, ensuring the Company's sustainability and generating a positive impact on society. In 2022, we launched several products based on this concept, such as Randon Solar and auto parts using nanotechnology. Other products are in the testing and validation phase and will soon be on the market".

César Augusto Ferreira
Advanced Technology Director

Economic-Financial Performance

Advanced Technology and Headquarter is a vertical with great potential. In 2022, it reached R\$ 155.5 million in net revenue, 31.0% higher than in 2021 (R\$ 118.7 million). This amount accounted for 1.3% of consolidated net revenue.

Although the results of this vertical are still not representative compared to the other businesses of the Company, the business units that comprise it aim to be exponents of disruptive innovation for Randon Companies, contributing to the development of new solutions and enhancing results, mainly in the medium and long term.

Some of the solutions from this vertical were presented at FENATRAN, such as the use of niobium nanoparticles in castings, supplied by NIONE, the application of e-Sys in semi-trailers and smart composite products, whose product tests and validations are carried out at the Centro Tecnológico Randon (CTR).

Throughout the year, we had operational improvements in the plants through automation, carried out by the companies Auttom and RTS Industry. In addition, we captured synergies, improved our products and operations, differentiating Randon Companies from other companies in the market.

Vertical's Highlights

- > Centro Tecnológico Randon (CTR) growth was driven by the following factors: i) new legislation regarding vehicle stability control. ii) new engines for Euro 6 commercial vehicles. iii) development of heavy-duty vehicles (trucks and buses) aimed at electrification, proving that the CTR is a complete validation hub for this new product segment.
- > NIONE has 61 projects in progress, in 17 sectors, ranging from cast alloys to the cosmetics industry. Developed in partnership with large companies, 32 of these projects have prototypes in testing. Its approval flow, as well as all validation steps, takes an average of 2 years, as these are disruptive and highly complex products. For this reason, they have not yet been converted into revenue, which will occur gradually over the next few years.
- > Conexo remains focused on fostering the innovation ecosystem in the southern region of Brazil, where its headquarters are located.
- > Auttom attracted new customers and developed new projects in different regions of Brazil. It also expanded its operations abroad, with an office and new projects in the USA.
- > RTS Industry delivered several solutions to improve operational efficiency, such as the new robotic line of Ecoplate 3 panels, at Randon Implementos, and the Bus Link automated production line, at JOST Campinas.

Diversification

One of the reasons for creating this vertical is to concentrate the search for innovative and disruptive solutions for the other businesses of Randon Companies, with projects that focus on the megatrends of the automotive industry, such as smart materials, embedded electronics and electrification, contributing with solutions that expand the diversification of our businesses.

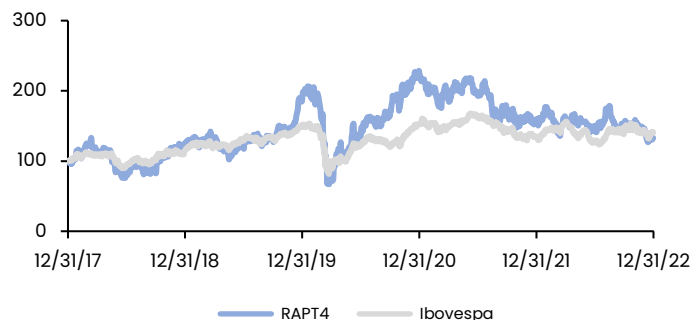
* The Holding is also part of this vertical, but does not generate revenue or results, as its main objective is to support the capture of synergies between operations and optimize the Company's scale, carrying out strategic and administrative activities, which allow the units of business to focus on their core operation.

Capital Market

RAPT4 X IBOV

The Company's preferred shares (RAPT4) showed a devaluation of 16.6% in their price at the end of December 2022 (R\$ 8.21), compared to the end of 2021 (R\$ 9.85). In this same period, the IBOV appreciated by 4.7%.

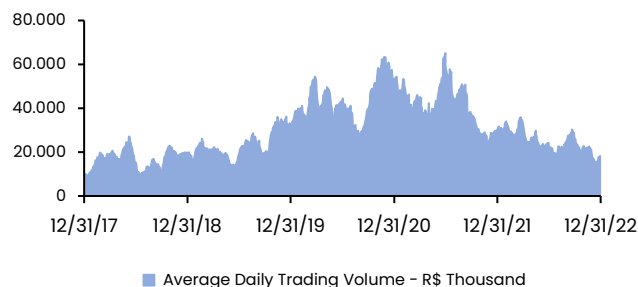
In the last 5 years, starting from the base date of 12/28/2017, the Company's shares appreciated by 40.3%, against 43.6% of the reference index on B3.



Financial Volume

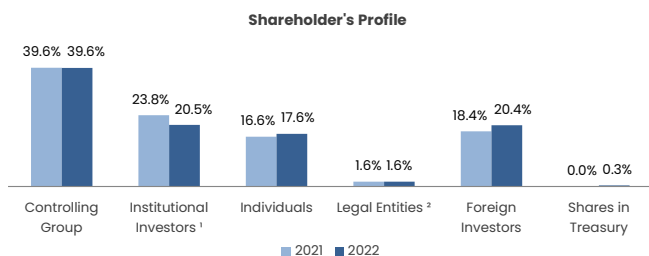
In 2022, we registered an average daily trading volume of R\$ 24.6 million, a decrease of 39.6% when compared to R\$ 40.8 million in 2021.

Most capital goods stocks (a sector in which Randon is listed on the stock exchange), as well as the entire Brazilian capital market, are going through a period of volatility, which leads to a reduction in liquidity and, consequently, a drop in quotations.



Shareholders' Profiles

At the end of 2022, Randon's shareholders base was comprised of 41,541 shareholders (40,869 shareholders in 2021). The breakdown of Randon's total shares is as follows:



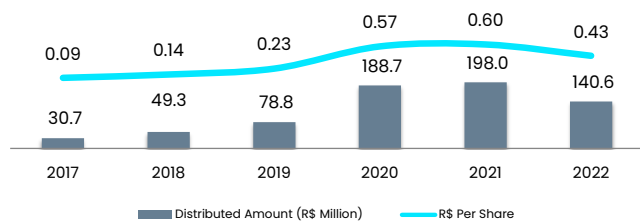
¹ Funds and Investments Clubs
² Companies, Banks, Stockbrokers and Associations

Shareholders' Remuneration

Adjusted net income, the basis for calculating dividends for 2022, was R\$ 446.4 million, and both – our Bylaws and the profit allocation policy – provide for the payment of a minimum dividend, corresponding to 30% of adjusted net income.

During the year, Interest on Equity in the amount of R\$ 165.3 million (R\$ 140.6 million, net of income tax) was credited to dividends for the year, which accounts for 31.5% of adjusted profit, not remaining additional remuneration to shareholders.

History of Distribution of Dividends and Interest on Equity¹



¹ Distribution by period of competence and without income tax.

Subsequent Events

In a Notice to the Market, dated February 16, 2023, the Company informed that its indirect subsidiary, Fras-le Europe B.V., entered into a purchase and sale agreement for all the shares of AML Juratek Limited., headquartered in the United Kingdom. The acquisition price was £ 18.22 million, with the final amount subject to adjustments as contractually provided.

Fras-le will effectively take over the control and management of the acquired company, after compliance with the precedent conditions.

Material Facts and Other disclosures

In 2022, the Company disclosed the following Material Facts:

Notices to the Market

- > Feb 09, 2022: [Suspension of DOE \(State Official Gazette\) Publication](#)
- > Apr 25, 2022: [Change in Disclosure Format](#)
- > Jun 20, 2022: [CVM \(SEC\) Questioning](#)
- > Oct 25, 2022: [S&P Corporate Rating](#)
- > Nov 01, 2022: [Completion of Hercules acquisition](#)
- > Nov 03, 2022: [Partnership – Rental Services](#)
- > Nov 04, 2022: [Acquisition of Fundação Balancins' assets](#)
- > Dec 16, 2022: [Acquisition of DBServer](#)

Material Facts

- > Feb 03, 2022: [9th Issue of Debentures](#)
- > Feb 24, 2022: [2022 Guidance Disclosure](#)
- > Mar 30, 2022: [Fras-le Restricted Offer](#)
- > Apr 04, 2022: [Subscription of Fras-le Shares](#)
- > Jul 07, 2022: [Acquisition of Hercules](#)
- > Sep 01, 2022: [Partnership – Rental Services](#)
- > Oct 21, 2022: [10th Issue of Debentures](#)

Events

In 2022, the Company, represented by its IR team, participated in the following events:

- > Santander Annual Latin America Conference.
- > 2nd Annual Citi Brazil Disruption Conference.
- > Credit Suisse Latin America Conference.
- > BTG Pactual LatAm Opportunities Conference.
- > Bradesco BBI | Brazil Investment Forum.
- > Itau BBA | 15th Latam CEO Conference.
- > Randon Day 2022.
- > Santander 23rd Annual Brazil Conference.
- > Morgan Stanley Latin America Executive Conference.
- > Credit Suisse 16th Annual LatAm Equities Conference.
- > Safra Brazil Conference 2022.
- > BTG Pactual LatAm CEO Conference 2022.
- > Investors at Fenatran.
- > UBS BB Virtual Capital Goods Series.
- > Bradesco BBI 12th CEO Forum.
- > Itau BBA's 15th Annual LatAm Conference.



CVM (SEC) Instruction no. 381/2003 – Independent Auditors

In compliance with Instruction No. 381/2003 of the Securities and Exchange Commission, we inform that, in 2022, the Company paid fees to the company *Ernst Young Auditores Independentes S/S* in the amount of R\$ 5.7 million, which include the services of external audit and other services, whose characteristics are shown below:

(a) Other Services			
Period	Duration	Fees Paid	% over the value of external audit services
January to December	12 months	R\$ 0.3 million	4.6%
During the year ended December 31, 2022, additional fees were paid for tax advisory services.			
(b) Mandatory external audit services			
Period	Duration	Fees Paid	% over the total value of external audit services
January to December	12 months	R\$ 5.4 million	95.4%
The mandatory legal external audit services included the review of the quarterly information for the periods ended in March, June and September 2022 and the audit of the financial statements for 2022.			

The Company has a specific Policy for Contracting Extra-Audit Services. To access it, [click here](#).



Awards and Recognition

In 2022, the Company and its subsidiaries received the following awards and recognition:

Randon Companies:

- > Innovative Brand: 1st place in remembrance and 2nd in preference of Rio Grande do Sul State.
- > Great *Gaucho* Brand of the Year: 5th place in remembrance and 4th place in preference.
- > Best of ESG, in the Capital Goods category.
- > 2nd place in the MERCO ESG Responsibility ranking, in the capital goods category.
- > Finance & Law Summit Awards, as the best in the country in the financial category (automotive area) and finalist in the Legal category.
- > 4th place in the *Campeões da Inovação* (Innovation Champions) ranking, among the 50 most innovative companies in Southern Brazil.
- > Digital Governance Award 2022.
- > Recognized by Institutional Investor in the 2022 Latin America Executive ranking, leading 8 categories among small caps of Capital Goods.
- > *Valor* 1000 Award, in the Vehicles and Parts segment, granted by *Valor Econômico*.
- > *Maiores e Melhores* by *Exame* Magazine (the Largest and the Best), with emphasis on Capital Goods.
- > 24th position among the 500 largest companies in the Southern Brazil, in the *Grupo Amanhã* ranking.
- > TI&CSC recognized in the GPTW® of *Serra Gaúcha*.
- > Ranking 100 Open Startups 2022 award.

Fras-le and its Subsidiaries

- > Products of the Fras-le, Nakata, Fremax and Lonaflex brands appeared in the first places in 19 categories of the national survey carried out by the magazine *O Mecânico*.
- > Best of the Year by *Sindirepa-SP*.
- > Highlight in the RS Export Award.
- > Best Truck 2022 award in its sector.

Randon Implementos (Trailers Division)

- > Top Five Implementos Rodoviários 2022.
- > Top of Mind in Transport, the most remembered brand in the road equipment category.
- > Featured in the RS Export Award.
- > Best Truck 2022 award in its sector.

JOST

- > Great Place to Work® in *Serra Gaúcha* and RS.

Master

- > Great Place to Work® in *Serra Gaúcha* and RS.

Randon Consórcios

- > Great Gaucho Brand of the Year: 1st place in preference and recall.

Suspensys

- > PACCAR 10 PPM Quality Award, granted by DAF.

Sustainability | ESG

In 2021, we disclosed our ESG Ambition, which includes our public commitments to sustainability, and our actions in five strategic pillars, distributed in thirteen material topics, identified through materiality analysis and which will be discussed below. Since then, we have evolved a lot and the ESG agenda, which has always been important to the Company, has gained strength in relations with our stakeholders.

In 2022, we were recognized for our sustainable performance by several important institutions, indicating that we are heading in the right direction. But we know that there is still a lot to do on this journey of continuous improvement so that we can keep moving forward together, towards a better future.

On June 27, 2022, we held the second edition of the ESG Ambition event, in which we released the 2021 sustainability report, the update on the status of our public commitments, and announced investments of R\$ 100 million in renewable energy by 2030.



To watch the event, click on the image or access the QR-Code on the side.

The Sustainability Committee, a non-statutory and operational body that reports to President Director Daniel Randon, is made up of corporate representatives from areas linked to the themes of the ESG Ambition. In 2022, a new coordinator was announced, the Superintendent Director Anderson Pontalti, who is also a member of the Company's Executive Committee.

Among its attributions, the Committee has the role of ensuring that ESG practices are connected with the Company's strategy.

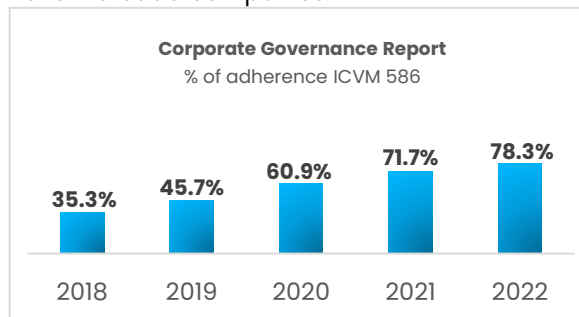


Ethical and Responsible Management

We want to boost the sustainable development of our business by adopting institutional commitments and best practices in sustainability, ethics and corporate governance management, maintaining transparency and accountability to stakeholders.

In 2022, among our initiatives related to corporate governance, we highlight the most relevant ones:

- > Amendment and restatement of our [Bylaws](#), addressing important issues such as conflicts of interest and transactions with related parties.
- > Change in the way we disclose our results, from three divisions to five business verticals.
- > Implementation of the Board of Directors assessment, as a collegiate and members' self-assessment.
- > Formation of the People Committee, a non-statutory body that advises the Board of Directors.
- > Progress in the Brazilian Corporate Governance Code by CVM (Securities and Exchange Commission) Instruction no. 586/2017 (Corporate Governance Report) with greater adherence to the *Novo Mercado* companies.



In addition to the initiatives implemented in 2022 and those already mentioned in this report, we also highlight that the Company has:

- > B3 Corporate Governance Level 1.
- > 60.1% free float.
- > Governance Area and Portal.
- > Risk Management and Compliance Structure.
- > Outsourced and independent Reporting Channel.
- > Corporate Policies.
- > Internal audit.
- > Adherence to the Business Pact for Integrity and Against Corruption, of the Ethos Institute.



Safety and Excellence as a Value

Our goal is to continue to be a benchmark for quality and safety in all spheres of operation, focusing on the safety of our employees, data security and the excellence of products that guarantee safety of our customers.

We have a public commitment to zero serious accidents, and we pursue this by working mainly on accident prevention, through the “An attitude changes a life” initiative, investing in safer equipment and processes, and in the health of our employees.

The main highlights carried out in this pillar in 2022 were:

- > Certification to ISO 45001:2018 by the subsidiary Master and ISO 14001:2015 by Randon Technological Center (CTR).
- > Creation of thematic groups focused on dealing with the most relevant critical risks for the Company, to share best practices, monitor indicators and projects, and promote knowledge forums on new technologies.

Below are other initiatives in this pillar:

- > Safe Connections Program, which disseminates a culture of prevention of cybersecurity risks.
- > Data Privacy Governance with specific committee and policy.
- > HSE Policy (Health, Safety and Environment).
- > Health Plan with self-management and integrated Occupational Health and Safety Management (OHSM).
- > Mapping and treatment for critical risk activities.
- > OHSM training, orientation and recycling program for employees and healthcare providers.
- > Health Center with local assistance to ensure healthcare, one that is close and integrated.



Sustainable Innovation

Ensuring business sustainability through continuous, disruptive and collaborative innovation, seeking advances in sustainable cargo transport and in the value chain is our focus within this pillar.

Building the future now means bringing innovations to the present, enabling the best performance of our products, which will translate into gains for customers and society. Therefore, we have a public commitment to increasing the annual net revenue generated by new products.

We believe in the power of innovation to transform society, and we do this by teaming up with institutions, universities, companies and startups.

The year 2022 was marked by innovation for Randon Companies, with the launch of various solutions, which provide many socio-environmental and financial benefits to customers.

Below are the main highlights of 2022 in product innovation:

- > **E-Sys:** technical delivery and marketing of the Hybrid R, a semi-trailer equipped with the e-Sys, an electric auxiliary traction axle that provides fuel savings of up to 25%, less wear and tear on components, and which contributes to less generation of waste and greenhouse gas emissions.
- > **Randon Smart:** Randon’s platform with telemetry and sensing systems that generate data for the control and management of the trailer, enabling extensive tracking of the use of the product, and bringing more savings and safety in the operation.
- > **Products with niobium nanoparticles (long life):** Castertech hubs and drums and Master’s spider (brake system component) now feature technology that incorporates nanometric niobium into cast iron, promoting improved mechanical properties, weight reduction and increased durability and strength of components.
- > **Randon Solar:** refrigerated trailer, which features solar panels and patented technology, unprecedented in Latin America for energy control and management.

> **New R Modular Line:** reinforcing the pillars of modularity and sustainability, the new configurations of the modular platform promise to transform the concept of cargo transport. The structure is joined by structural rivets, reducing the use of welding by about 70%. Lighter, the platform increases load capacity and reduces fuel consumption and maintenance.

In addition to the development of innovative products, we actively participate in building sustainable innovation in a collaborative way, supporting the following fronts and initiatives:

- > **Hercílio Randon Institute (IHR):** Institute of Science and Technology (ICT), focused on thinking about the future of mobility, developing research on disruptive technologies for products in the cargo transport sector, aligned with the megatrends of the automotive industry.
- > **Transforma RS:** Hub that connects companies, governments, universities and society to support the sustainable development of Rio Grande do Sul, in which Daniel Randon is the chairman of the Board.
- > **Instituto Hélice:** formed by four companies, including Randon, it drives the innovation ecosystem in *Serra Gaúcha*, where the Company's headquarters are located.

Seeking a complete performance in innovation, we have companies focused on technology that are:

- > **Randon Ventures:** Invests in startups with innovative projects in markets that have synergies with our businesses, such as fintechs, insurtechs, autotechs, logtechs, deeptechs and 4.0 industry.
- > **Conexo:** Our own hub that encourages open innovation inside and outside Randon Companies, through programs that connect entrepreneurs, startups, large companies, universities, the community and other institutions.
- > **Auttom:** Focused on industrial automation, offering the market technological solutions to increase productivity and factory efficiency.
- > **NIONE:** First company in the world to produce niobium nanoparticles on a large scale.



Commitment to the Environment

We seek to identify and develop opportunities for eco-efficiency gains in our operation, with a focus on promoting circularity, the efficient use of resources, the fight against climate change and encouraging advances in the environmental management of suppliers and customers.

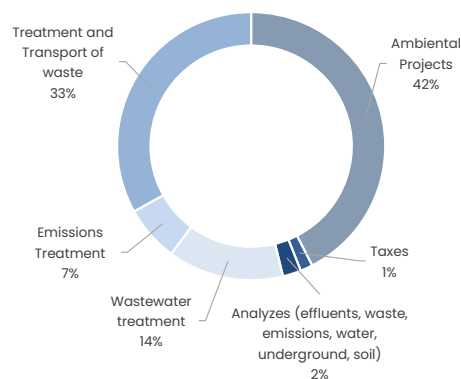
In 2021, we launched the *Rota Verde* program, which is structured around three pillars:

- > Sustainable environmental development, which provides for more responsible economic growth and consumption.
- > Technologies and innovations in the environment that result in operational efficiency, with better use of inputs and raw materials and reduction of waste.
- > Environmental responsibility, a culture of prevention and support for the communities where the company operates.

Within *Rota Verde* and ESG Ambition are the following public commitments:

- > Reduce 40% of greenhouse gas emissions by 2030.
- > Zero waste disposal in industrial landfills by 2025.
- > Reuse 100% of treated effluent by 2025.

To achieve these commitments, we invested R\$ 21.1 million in environmental management in 2022 (R\$ 13.6 million in 2021), detailed in the chart below:



In addition to the investments mentioned above, we announced R\$ 100 million by 2030 in renewable energy projects, which includes the ones already announced, photovoltaic power plants from Fras-le China, delivered in June 2022, and the plant being concluded, in Randon Technological Center.

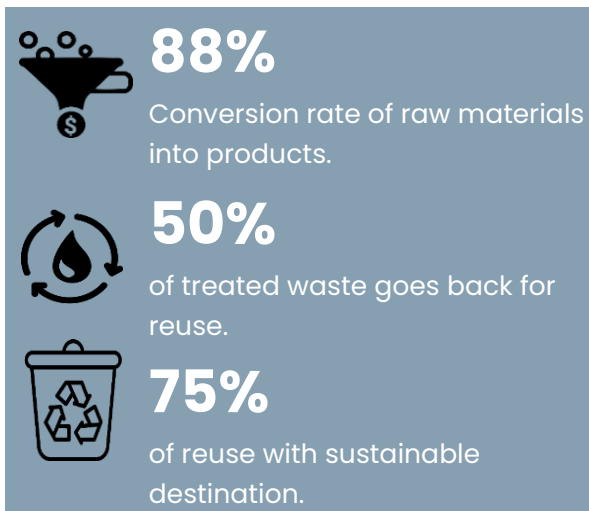
Our companies are certified by ISO 14001 – Environmental Management System, audited every six months by an external certifying entity, which ensures continuous improvement in environmental management. The principle “Profit with Sustainability” guides the actions of Randon Companies focused on the environment.

Below are other highlights of our environmental performance in 2022:

- > SEMEAR (Environmental Week of Randon Companies), with the theme “Commitment to the Environment”, reinforcing the initiatives of the *Rota Verde* Program.
- > Construction of the new Logistics Center of Randon *Implementos*, developed to allow the efficient use of environmental resources. It has a plant for generating its own solar energy, autonomous vehicles for transporting components and machines for internal operation with a lithium battery, which allow for cleaner operation.

In addition to these our environmental strategy includes:

- > **Reverse logistics:** additional service offered by Fras-le and Fremax, for the collection and disposal of friction materials after use.
- > **Circular economy:** reuse of waste (metallic scrap), which is used as raw material in the subsidiary Castertech.
- > **Governance:** Documents that strengthen good governance practices in the environment, the Health, Safety and Environment policy and the Environment Manual.



Prosperity for All

Improving the generation of value for our stakeholders while supporting the development of employees, encouraging the development of sustainable practices at our suppliers and socioeconomic inclusion of communities is what we seek through our operations.

Starting with people, the Company had, at the end of 2022, 15,950 employees, an increase of 3.3% compared to 2021. In this period, net revenue increased by 23.1%, which demonstrates the expansion of our operational efficiency.

We have several regular programs aimed at a better quality of life, which encourage healthy practices. In addition, we offer employees benefits such as a health plan, private pension, profit sharing, transportation, health and food center, which allow them to carry out their activities with health, safety and well-being.

We also provide an online education platform for the development and training of employees, encouraging their protagonism.

Below are some highlights of the Company in 2022 related to people management:

- > Our JOST and Master controlled units, and the Shared Solutions Center (TI&CSC), were recognized as the Best Companies to Work For, through the GPTW® certification.
- > We held the event “Homenagem por Tempo de Empresa”, to recognize the 308 employees who celebrated 25, 35 and 40 years of work at Randon Companies, for their trajectory and commitment.
- > We started the journey of Affinity Groups which are: LGBTQIA+, Race and Ethnicity, Women and People with Disabilities.
- > We reviewed our organizational competences, revitalizing our “Way of Being and Doing”, becoming more aligned with the organization’s challenges, as well as with our vision of the future and our purpose.
- > We launched the “*Jornada Delas*” (Women’s Journey) program, a program designed exclusively for women in the Company, with a focus on accelerating their career development.

The latter one meets the scope of the public commitment announced in the ESG Ambition, to double the number of women in leadership by 2025.

Community Relations

Another important aspect of this pillar is the relationship with the community, which is promoted mainly through the *Elisabetha Randon Institute (IER)*, maintained by the Company.

IER is a Civil Society Organization with Public Interest, which aims to promote citizenship and social development.

In 2022, the Company invested R\$ 3 million in the institute to develop its programs, which are focused on two pillars: traffic education and professional technical training.

The IER maintains the following social programs:

- > **Florescer:** program that completed 20 years of existence in 2022, and which assisted 360 children in situation of social vulnerability. Its mission is to prepare them for the exercise of citizenship, promoting the improvement of the quality of life, through the offer of pedagogical, cultural, and sporting activities, carried out in the complementary period of regular school. In 2022, a new unit of this program was opened in Joinville-SC. It has 4 franchises located in the south of the country.
- > **Florescer Professional Initiation:** carried out through a partnership with the National Service of Industrial Learning (SENAI), the program serves teenagers between 15 and 16 years old, who participate in a technical-professional course in Administrative Assistant. 72 students graduated in 2022.
- > **Life Aways:** promotes education for traffic safety. Information is passed on to employees of Randon Companies, their families and the community in general through printed material, videos, theatre and campaigns, with the aim of provoking reflection on appropriate attitudes in traffic.

The program benefits around 60,000 people/year with these actions, and in 2022, 186 presentations of the Itinerant Theater were performed.

Suppliers

Being sustainable means having a supply chain aligned with ESG practices and guidelines. We have a manual that defines requirements by which suppliers will be audited, and which covers topics such as social and environmental responsibility and occupational health and safety.

Besides, we evaluate the quality and performance of our suppliers, measuring their performance through the GSPI (Global Supplier Performance Index) and identifying trends, which allow us to outline improvement plans for the continuity of the relationship, in case of any identified non-compliance.

For the selection of new suppliers, we carry out an integrity analysis process, which includes topics such as ethics, corruption, labour rights, financial, tax and criminal aspects, in addition to privacy and reputation, which is carried out by a specialized and independent company.

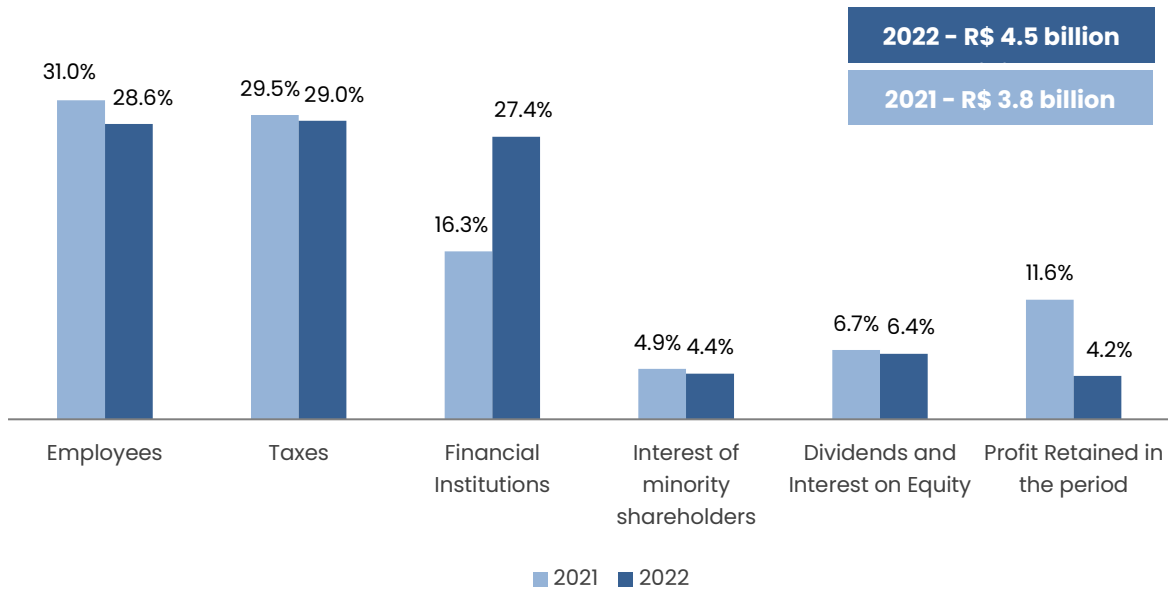
In 2022, we held our traditional Suppliers Meeting, where we presented, to more than 100 guests, our ESG public commitments and the main future strategies in innovation, industrial and product technologies, in addition to talking about market and business prospects and recognizing, through the Supplier Awards, the suppliers that stood out in three categories: ESG, Innovation and Technology, and Competitiveness.



Créditos: Alex Battistini



Statement of Added Value – DVA



Acknowledgements

In 2022, we once more met our financial and strategic goals. This was only possible due to the commitment and dedication of our more than 15 thousand employees, who were with us in another year full of challenges and complexities, doing their best so that we could connect people and riches, to generate prosperity.

Together, we grew and developed, accessed new geographies, launched innovative and disruptive products for our market and moved forward on a more diverse and plural journey, which respects differences and seeks a more prosperous world.

Our customers, suppliers and investors were also instrumental in this journey, helping us to build the future, now.

Thank you very much for being part of this great team at Randon Companies. We invite you to join us in this next cycle, which we already know that it will be full of achievements and opportunities.

Caxias do Sul, February 28, 2023.

Management

Addresses and Contacts

Board of Directors

- > David Abramo Randon – President
- > Alexandre Randon – Vice-President
- > Ana Carolina Ribeiro Strobel – Board member
- > Pedro Ferro Neto – Board member
- > Vicente Furletti Assis – Board member

Audit Committee

- > Ademar Salvador
- > João Carlos Sfreddo
- > Renato Sobral Pires Chaves
- > Gilberto Carlos Monticelli
- > Thiago Wolf Pereira

Statutory Board

- > Daniel Raul Randon – President
- > Alexandre Randon – Director
- > Sérgio L. Carvalho – General Executive Director
- > Paulo Prignolato – Vice-President
- > Daniel M. Ely – Vice-President

Executive Committee

- > Sérgio L. Carvalho – CEO
- > Paulo Prignolato – CFO and IRDI
- > Daniel M. Ely – CTO
- > Anderson Pontalti – Superintendent Director
- > Ricardo Escoboza – Superintendent Director
- > Sandro A. Trentin – Superintendent Director

Governance Secretariat

- > Cláudia Onzi Ide
- > Maria Caroline Begot

Finance and IR Director

- > Esteban Mario Angeletti

Accountant

- > Paula Machado Correa – RS-097654/0-8

Investor Relations

- > Davi Coin Bacichette
- > Caroline Isotton Colleto
- > Gustavo Schwaizer
- > Fabiana Martini

Independent Auditors

- > Ernst Young Auditores Independentes S/S

Bookkeeping Bank

- > Banco Bradesco – Cidade de Deus, s/nº, Vila Yara, Osasco, SP – CEP: 06029-900

Publication Newspaper and Portal

- > Jornal Pioneiro – Caxias do Sul – RS
- > Portal <http://luzdigi.com.br/>

Contact Channels

- > E-mail: ri@randon.com.br
- > Site: ri.randon.com.br
- > Telephone: (54) 3239-2795

Summarized Financial Statements – Dec 31, 2022

BALANCE SHEET	RANDON S/A IMPL. E PARTIC. CONSOLIDATED	RANDON S/A IMPL. E PARTIC. PARENT CO.	RANDON INVESTIMENTOS
Assets	12,882,348	6,531,070	1,823,905
Current Assets	7,829,913	2,573,533	1,172,416
Cash and equivalents	2,504,862	1,119,611	149,211
Financial Investments	624,009	65,140	-
Derivative Financial Instrument	889	889	-
Receivables	1,914,901	466,675	1,015,874
Inventory	2,204,861	580,548	-
Deferred Charges/Recoverable taxes	477,476	208,849	-
Others	102,916	131,821	7,331
Noncurrent Assets	5,052,434	3,957,537	651,489
Long-term Assets	1,751,813	790,696	648,548
Investments of non-immediate liquidity	89,024	-	26,002
Credit controlling company/controlled companies	-	93,883	-
Receivables	612,500	-	612,500
Consortiums for resale	18,570	-	-
Deferred Charges/recoverable taxes	889,484	685,984	9,924
Other non-current assets	104,331	-	123
Taxes under litigation	37,904	9,080	-
Long Term Receivables	-	1,748	-
Investments/Property, Plant, Property/Intangible/Deferred	3,029,824	3,144,952	2,007
Right to use asset	270,797	21,890	934
Liabilities	12,882,348	6,531,070	1,823,905
Current Liabilities	3,900,956	1,134,297	1,027,408
Suppliers	1,443,574	604,639	8,775
Financing institutions Short Term	951,698	228,762	698,218
Accounts payable by business combination Short Term	173,094	-	-
Salaries and benefits	169,300	46,708	1,420
Taxes and Fees	253,470	35,542	14,071
Advances for customers and others	872,872	212,046	304,804
Leases Short Term	36,948	6,601	120
Noncurrent Liabilities	5,160,126	2,652,009	523,709
Financing institutions Long Term	4,470,224	2,566,846	467,414
Accounts payable by business combination Long Term	188,070	817	-
Government Subsidy	3,163	-	-
Debits with controlled companies	6,423	-	3
Diverse payable taxes and contributions	7,898	-	-
Provision for contingencies	86,143	15,773	-
Other non-current liabilities	86,314	22,184	906
Coop-payment plans obligations Long Term	2,729	-	-
Advances for customers and others Long Term	80,406	30,065	54,471
Leases Long Term	228,755	16,324	914
Total Net Equity	3,821,266	2,744,765	272,787
Net Equity	2,744,765	2,744,765	272,787
Minority interest	1,076,501	-	-

Summarized Financial Statements – Dec 31, 2022

	RANDON S/A IMPL. E PARTIC. CONSOLIDATED	RANDON S/A IMPL. E PARTIC. PARENT CO.	RANDON INVESTIMENTOS
Income Statement			
Net revenue	11,152,417	4,095,074	231,027
Cost of goods and services	-8,527,655	-3,513,104	-153,784
Gross income	2,624,762	581,970	77,242
Sales expenses	-717,075	-150,379	-2,818
Administrative expenses	-541,434	-149,296	-36,241
Other expenses / income	-113,717	-21,561	-7,808
Equity equivalence	-280	427,988	-
Financial income	-370,301	-271,473	-89
Income before taxes	881,955	417,249	30,286
Provision for taxes and social contributions	-216,205	54,470	-13,711
Interest of non-controlling shareholders	-194,683	-	-
Discontinued Operation	652	-	-
Net income for the period	471,719	471,719	16,575
EBIT	1,252,256	688,722	30,375
EBITDA	1,504,964	736,643	30,697
EBITDA MARGIN (%)	13.5%	18.0%	13.3%

Cash Flow Statements – Indirect Method

	Parent Company		Consolidated	
	12/31/2022	12/31/2021	12/31/2022	12/31/2021
Cash flow from operations				
Income for the period	471,720	697,876	666,402	884,711
Income tax and social contribution (current and deferred)	-54,470	-25,748	216,205	110,151
Exchange variation and interest on loans and leases	397,598	132,108	613,094	251,848
Depreciation and amortization	47,921	44,798	252,708	225,950
Other Provisions	-17,046	11,551	-5,363	49,063
Provisions (reversal) for litigation	-1,041	1,799	13,109	20,407
Variation in derivatives	-714	3,369	14,262	13,699
Residual cost from sold and written off fixed assets	6,787	25,022	20,760	37,979
Provision (reversal) for doubtful accounts	2,517	-5,596	10,572	2,331
Provision (reversal) for obsolete inventory	9,770	1,509	22,999	-428
Equity Income Result	-427,336	-395,728	280	487
Revenue from active legal proceedings, net of fees	-42,084	-5,840	-79,397	-42,616
Provision (reversal) reduction in impairment	32	2,763	-3,423	-19,964
Fair value of investment properties	-	-	-	714
Monetary Adjustment	-	-	-82,044	-55,473
Compensation of retained values business combination	-	-	5,960	13,240
Consideration payable for customers	-	-	-	30,542
	393,654	487,883	1,666,124	1,522,641
Variations in assets and liabilities				
Financial Investments	285,105	432,781	-307,956	447,926
Accounts receivable from customers	-228,774	-35,387	-525,194	-515,970
Inventory	52,801	-346,253	-88,317	-964,391
Taxes to be recovered	19,166	-135,380	135,054	-121,466
Other assets	55,498	15,232	-12,042	11,112
Suppliers	142,956	42,174	462,748	67,836
Other liabilities	-115,441	104,002	-83,788	240,302
Net variation in discontinued operations	-	-	1,292	35
Cash generated by operation	604,965	565,052	1,247,921	688,025
Income tax and Social Contribution paid	-	-97,882	-118,106	-261,396
Net cash used (generated by) operation	604,965	467,170	1,129,815	426,629
Cash Flow from Investments				
Receipt of profits and dividends of subsidiaries	175,989	149,707	-	-
Paid-in capital in subsidiary	-725,971	-86,632	-	-1,333
Disposal of investment property	-	-24,044	-	-24,421
Loans granted to subsidiaries	84,431	-59,874	-	-
Acquisition of interest in jointly controlled	-	-12,999	-10,000	-12,999
Business combination	-10,947	-5,820	-283,522	-101,282
Permanent assets acquisition	-70,807	-104,030	-356,236	-430,491
Intangible assets acquisition	-750	-2,832	-11,648	-13,830
Net available cash used in investments	-548,055	-146,524	-661,406	-584,356
Cash Flow From Financing				
Dividend and Interest on Equity Paid	-224,570	-202,622	-331,646	-262,139
Loans taken and derivatives	1,739,223	544,502	2,928,808	1,839,761
Payment of loans and derivatives	-1,164,836	-432,324	-2,029,677	-978,763
Acquisition of Treasury Shares	-9,997	-	-9,997	-
Interest paid on loans	-386,382	-100,607	-604,026	-157,735
Loans granted by related parties	-	-	-6,186	5,527
Payment of leasings	-9,205	-7,703	-51,277	-58,529
Capital Increase in Subsidiary	-	-	249,695	-
Net Cash used (resulting from) financing	-55,767	-198,754	145,694	388,122
Statement of increase in cash				
At beginning of period	1,118,468	996,576	1,890,759	1,660,364
At end of period	1,119,611	1,118,468	2,504,862	1,890,759
Increase in cash	1,143	121,892	614,103	230,395