

Mogi Guaçu, São Paulo, August 12, 2021 - MAHLE Metal Leve S.A. (B3: LEVE3), a Brazilian automotive parts company that manufactures and sells components for internal combustion engines and automotive filters, today announced its second quarter 2021 financial results. Unless otherwise noted, financial and operating information is provided on a consolidated basis and in Brazilian reais (BRL) and is prepared in accordance with the Brazilian Corporation Law.

Second Quarter 2021 Earnings Conference Call and Webcast

Date: August 13, 2021

Time

12 noon – Brasília
4:00 p.m. – London
11:00 a.m. – New York

Webcast in Portuguese
(original)

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USA: +1 412 717-9627
Passcode: MAHLE

IR website:

<https://ri.mahle.com.br>

HIGHLIGHTS

Net Sales Revenue: R\$ 889.1 million in 2Q21, which represents an increase of 146.4% compared with 2Q20. In 1H21, net sales revenue was up 84.5% from 1H20;

Domestic Aftermarket: R\$ 243.5 million in 2Q21, which represents an increase of 115.5% compared with 2Q20. In 1H21, net sales revenue was up 86.7% from 1H20; (See details in items 4.1 and 4.3);

Domestic Original Equipment Market: R\$ 244.7 million in 2Q21, which represents an increase of 234.7% compared with 2Q20. In 1H21, net sales revenue was up 99.8% from 1H20 (See details in items 4.1 and 4.2);

Aftermarket Exports: R\$ 70.2 million in 2Q21, which represents a 98.3% growth compared with 2Q20. In 1H21, net sales revenue was up 75.1% from 1H20 (See details in items 4.1 and 4.3);

Original Equipment Exports: R\$ 330.7 million in 2Q21, which represents an increase of 137.2% compared with 2Q20. In 1H21, net sales revenue was up 74.6% from 1H20 (See details in items 4.1 and 4.2);

(R\$ million)	Key indicators					1H21 (d)	1H20 (e)	(d/e)
	2Q21 (a)	1Q21 (b)	2Q20 (c)	(a/b)	(a/c)			
Net revenue	889.1	835.0	360.9	6.5%	146.4%	1,724.1	934.7	84.5%
EBITDA	262.9	199.2	(14.9)	32.0%	-1864.4%	462.1	76.6	503.3%
Adjusted EBITDA ¹	174.1	199.2	14.3	-12.6%	1117.5%	373.3	105.8	252.8%
EBITDA margin	29.6%	23.9%	-4.1%	5,7 p.p.	33,7 p.p.	26.8%	8.2%	18,6 p.p.
Adjusted EBITDA margin ¹	19.6%	23.9%	4.0%	-4,3 p.p.	15,6 p.p.	21.7%	11.3%	10,4 p.p.
Profit for the year	170.0	126.2	(39.5)	34.7%	-530.4%	296.2	(18.0)	-1745.6%
Adjusted net income ²	106.2	126.2	(17.5)	-15.8%	-706.9%	232.4	4.0	5710.0%
Net margin	19.1%	15.1%	-10.9%	4 p.p.	30 p.p.	17.2%	-1.9%	19,1 p.p.
Adjusted net margin ²	11.9%	15.1%	-4.9%	-3,2 p.p.	16,8 p.p.	13.5%	0.4%	13,1 p.p.

¹ Adjusted EBITDA: For details of the adjustments, see items 4.11 and 4.12.

² Adjusted net profit: For details of the adjustments, see item 4.14.

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1. Management Commentary

2021 is being as challenging as 2020. Despite the improvement in the pandemic situation – the advancing vaccination campaigns help create a more favorable environment - now there are new difficulties to deal with.

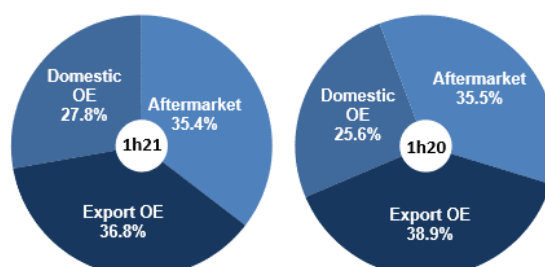
Brazil's new vehicle market was struggling to recover when it was hit principally by a shortage of semiconductors. The new vehicle market grew over the last quarters and is currently facing material shortages.

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With respect to the second-hand and used car market, it is necessary to go back to the first half of 2020 when there was a supply chain disruption caused by the COVID-19 pandemic. As demand increased, the market began recovering in the second half of 2020 and continued through the first quarter of 2021. Nevertheless, in the first quarter of 2021, there was the impact of the second wave of the coronavirus pandemic.

The Company's 2Q21 net revenue grew by 146.4% compared with 2Q20, driven by an increase in Aftermarket sales (+111.4%), domestic OE market (+234.7%) and OE exports (+137.2%). The Company's 1H21 net revenue grew by 84.5% compared with 1H20, driven by an increase in Aftermarket sales (+84.1%), domestic OE market (+99.8%) and OE exports (+74.6%).

The charts below show the Company's revenue by business segment in 1H21 and 1H20:



In 2Q21, the Company reported an adjusted EBITDA margin of 19.6% (4.0% in 2Q20) with adjusted EBITDA of R\$ 174.1 million (R\$ 14.3 million in 2Q20). Adjusted EBITDA margin for 1H21 was 21.7% (R\$ 373.3 million) versus adjusted EBITDA margin of 11.3% in 1H20 (R\$ 105.8 million). The adjustments relate to the following non-recurring events. See items 4.11 and 4.14 for details.

- 2Q20 - Impairment of R\$ 29.2 million of the goodwill of subsidiary MAHLE Argentina S.A.;
- 2Q21 – Tax credits of R\$ 88.8 million arising from exclusion of ICMS from the PIS and COFINS tax base.

It is important to mention that there is still a high degree of uncertainty surrounding the future developments of the pandemic and the global economic recovery, and various industry segments, including the sector in which the Company operates, may be adversely affected in the future.

2. About MAHLE Metal Leve

We are a Brazilian automotive parts company that manufactures and sells components for internal combustion engines and automotive filters. We manufacture the highest quality products using cutting-edge technology, and we are constantly investing in research and development of new products and production processes.

We have been operating in Brazil since the 1950's and have a large portfolio of products and integrated solutions, including customized products developed in close collaboration with our principal customers. In the original equipment industry, MAHLE supplies automotive manufacturers and the Aftermarket business segment supplies large auto parts distributors and engine repair shops.

Our products are manufactured and sold in Brazil and Argentina and exported to more than 60 countries, including USA, Germany, Mexico, Portugal and Spain, for a broad customer portfolio which includes General Motors, Volkswagen, Fiat, Ford, Daimler MBB, Opel, International, Cummins, Volvo, PSA Peugeot, John Deere, Renault, Scania, Caterpillar, Honda, Hyundai, Toyota, among others.

We own five production plants, four of which are located in Brazil, in the cities of Mogi Guaçu (two units) and São Bernardo do Campo, in the State of São Paulo, and in Itajubá, State of Minas Gerais. Our fifth plant is located in the city of Rafaela, Argentina. We have two distribution centers: one in the city of Limeira, State of São Paulo, and one in Buenos Aires, Argentina. We have a technology center in the city of Jundiaí, State of São Paulo, which we believe is one of the largest and most well-equipped technology centers in Latin America for the development of components and solution packages for internal combustion engines. This center allows us to serve and deliver value to our customers in a customized and efficient manner, and develop innovative new product technologies and processes.

As part of the globally active MAHLE Group, we are able to exchange knowledge, provide and have constant access to the latest technologies and develop products in close collaboration with customers, which we believe are key factors to the high level of market penetration and customer loyalty that we have achieved.

3. Development of the Automotive Industry

3.1 Development of the Brazilian market

Brazilian automotive industry												
Segments	Jan-Jun 2021					Jan-Jun 2020					Sales Variation (A/C)	Production Variation (B/D)
	Sales (**) (A)	Export	Import	Inventory (*)	Total Production (B)	Sales (**) (C)	Export	Import	Inventory (*)	Total Production (D)		
Total light vehicles	1,007,900	187,512	-105,339	-26,649	1,063,424	765,248	112,969	-94,087	-98,573	685,557	31.7%	55.1%
Total medium and heavy vehicles	66,273	12,620	-2,898	9,051	85,046	43,576	6,525	-1,707	-4,682	43,712	52.1%	94.6%
Total vehicle sales	1,074,173	200,132	-108,237	-17,598	1,148,470	808,824	119,494	-95,794	-103,255	729,269	32.8%	57.5%
Variation (un) - 1H21 x 1H20	265,349	80,638	-12,443	85,657	419,201							
Variation (%) - 1H21 x 1H20	32.8%	67.5%	13.0%	-83.0%	57.5%							

Source: Anfavea

(*) Vehicle inventory variation = production - (sales + exports - imports)

(**) Sales (Domestic + Imported)

The tables below show Brazil's domestic auto production, sales and inventory for the periods under review:

Monthly production (thousand units)	Jan	Feb	Mar	Apr	May	Jun	Total
2020	194.2	207.8	194.3	3.6	46.7	101.7	748.3
2021	199.7	197.0	200.3	190.9	192.8	166.9	1,147.6
Total monthly sales (thousand units)	Jan	Feb	Mar	Apr	May	Jun	Total
2020	193.5	201.0	163.6	58.1	66.1	146.2	828.5
2021	171.1	167.4	189.4	175.1	188.7	182.5	1,074.2
Brazil's vehicle inventory (days)	Jan	Feb	Mar	Apr	May	Jun	
2020	43	37	48	128	80	36	
2021	18	18	16	17	16	15	

Source: Anfavea

3.2 Development of the Argentine market

Argentine automotive industry			
Sales of vehicles (locally manufactured and imported)	Jan-Jun 2021 (A)	Jan-Jun 2020 (B)	A/B
Total light vehicles	172,426	123,158	40.0%
Total medium- and heavy-duty vehicles	7,536	4,582	64.5%
Total vehicle sales	179,962	127,740	40.9%
Exports	107,877	53,222	102.75
Imports	91,294	88,282	3.4%
Trade balance	16,583	(35,060)	-147.3%
Change in vehicle inventory in the period (*)	5,963	(1,230)	-584.8%
Production of light vehicles	193,580	86,439	123.8%
Production of heavy-duty vehicles	1,392	429	224.5%
Total vehicle production	194,972	86,868	124.4%

(*) Change in vehicle inventory = production - (sales + exports - imports).

Source: Adefa/Acaras Argentina/IHS.

3.3 Brazil's and Argentina's vehicle production and sales

Production and sales: Brazil & Argentina	Vehicle production			Vehicle sales		
	Jan-Jun 2021	Jan-Jun 2020	Change	Jan-Jun 2021	Jan-Jun 2020	Change
Light vehicles	1,257,004	771,996	62.8%	1,180,326	888,406	32.9%
Medium- and heavy-duty vehicles	86,438	44,141	95.8%	73,809	48,158	53.3%
Total	1,343,442	816,137	64.6%	1,254,135	936,564	33.9%

Source: Anfavea and Adefa.

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3.4 Vehicle production in the major export markets

Vehicle production in the leading export markets (thousands)	Jan-Jun 2021 (A)	Jan-Jun 2020 (B)	A/B
Production of light vehicles	6,871	5,156	33.3%
Production of medium- and heavy-duty vehicles	288	203	41.9%
North America	7,159	5,359	33.6%
Production of light vehicles	9,191	6,964	32.0%
Production of medium- and heavy-duty vehicles	298	221	34.8%
Europe	9,488	7,185	32.1%
Total vehicle production	16,648	12,545	32.7%

Source: IHS

4. Company's Financial and Economic Performance

Summary of profit and loss accounts (in millions of R\$)	2Q21 (a)	2Q20 (b)	HA (%) (a/b)	VA (%) (a)	VA (%) (b)	1H21 (c)	1H20 (d)	HA (%) (c/d)	VA (%) (c)	VA (%) (d)
Net sales revenue	889.1	360.9	146.4%	100.0%	100.0%	1,724.1	934.7	84.5%	100.0%	100.0%
Cost of sales	(628.0)	(317.0)	98.1%	-70.6%	-87.8%	(1,206.8)	(729.1)	65.5%	-70.0%	-78.0%
Gross profit	261.1	43.9	494.8%	29.4%	12.2%	517.3	205.6	151.6%	30.0%	22.0%
Selling and distribution expenses	(59.7)	(34.3)	74.1%	-6.7%	-9.5%	(108.3)	(77.5)	39.7%	-6.3%	-8.3%
General and administrative expenses	(24.1)	(19.4)	24.2%	-2.7%	-5.4%	(51.7)	(44.7)	15.7%	-3.0%	-4.8%
Research and development expenses	(10.9)	(11.0)	-0.9%	-1.2%	-3.0%	(26.8)	(30.2)	-11.3%	-1.6%	-3.2%
¹ Other operating income/(expenses)	60.6	(36.9)	-264.2%	6.8%	-10.2%	55.9	(45.6)	222.6%	3.2%	-4.9%
Share of profit/(loss) of equity-accounted investees	(0.0)	(0.1)	-100.0%	0.0%	0.0%	(0.1)	(0.1)	0.0%	0.0%	0.0%
Gains/(losses) on inflation adjustment	11.1	16.7	-33.5%	1.2%	4.6%	25.3	17.7	42.9%	1.5%	1.9%
Operating profit	238.1	(41.1)	-679.3%	26.8%	-11.4%	411.6	25.2	1533.3%	23.9%	2.7%
Net finance costs	(12.0)	(19.8)	-39.4%	-1.3%	-5.5%	(18.0)	(60.4)	-70.2%	-1.0%	-6.6%
² Income tax and social contribution	(56.2)	20.5	-374.1%	-6.3%	5.7%	(97.1)	15.3	-734.6%	-5.6%	1.6%
Profit for the year	169.9	(40.4)	-520.5%	19.1%	-11.2%	296.5	(19.9)	-1589.9%	17.2%	-2.1%
Profit attributable to owners of the Company	170.0	(39.5)	-530.4%	19.1%	-10.9%	296.2	(18.0)	-1745.6%	17.2%	-1.9%
Adjusted profit attributable to owners of the Company	106.2	(17.5)	-706.9%	11.9%	-4.9%	232.4	4.0	5710.0%	13.5%	0.4%
Profit attributable to non-controlling interests	(0.1)	(0.9)	-88.9%	0.0%	-0.2%	0.3	(1.9)	115.8%	0.0%	-0.2%
EBITDA	262.9	(14.9)	-1864.4%	29.6%	-4.1%	462.1	76.6	503.3%	26.8%	8.2%
Adjusted EBITDA	174.1	14.3	1117.5%	19.6%	4.0%	373.3	105.8	252.8%	21.7%	11.3%
Selling, general and administrative expenses as a percentage of revenue	9.4%	14.9%	-5.5 p.p.			9.3%	13.1%	-3.8 p.p.		

¹ Additional information is included in item 4.10.

² Additional information is included in item 4.13.

4.1 Net sales revenue and net revenue by market

The Company considers as Domestic Market the revenue generated from its operations in Brazil and Argentina. For this reason, in this market, with respect to the consolidation of the financial statements, the tables below present negative exchange rate effects of the translation of the financial statements from Argentine peso to Brazilian real.

The Company reported a 146.4% increase in its consolidated net revenue for 2Q21 compared with 2Q20. The table below shows revenue by market and its respective impacts in terms of volume/price and exchange rate changes period over period.

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Net revenue by market (R\$ Million)		1Q21 (a)	Volume/Price (b)	FX-Variation (c)	2Q20 (d)	% volume/price impact (b/d)	% FX-impacts (c/d)	H.A. (%) (a/d)
Original equipment	Domestic ¹	244.7	176.5	(4.9)	73.1	241.4%	-6.7%	234.7%
	Export	330.7	118.5	72.8	139.4	85.0%	52.2%	137.2%
	Subtotal	575.4	295.0	67.9	212.5	138.8%	32.0%	170.8%
Aftermarket	Domestic ¹	243.5	154.4	(23.9)	113.0	136.6%	-21.1%	115.5%
	Export	70.2	31.8	3.0	35.4	89.8%	8.5%	98.3%
	Subtotal	313.7	186.2	(20.9)	148.4	125.5%	-14.1%	111.4%
Total		889.1	481.2	47.0	360.9	133.3%	13.1%	146.4%

¹ Domestic Market comprises Brazil and Argentina.

The Company's 1H21 consolidated net revenue grew by 84.5% compared with the same period of 2020. The table below shows revenue by market and its respective impacts in terms of volume/price and exchange rate changes period over period:

Net revenue by market (R\$ Million)		1S21 (a)	Volume/Price (b)	FX-Variation (c)	1S20 (d)	% volume/price impact (b/d)	% FX-impacts (c/d)	H.A. (%) (a/d)
Original equipment	Domestic ¹	478.7	246.3	(7.2)	239.6	102.8%	-3.0%	99.8%
	Export	634.8	123.8	147.5	363.5	34.1%	40.5%	74.6%
	Subtotal	1,113.5	370.1	140.3	603.1	61.4%	23.2%	84.6%
Aftermarket	Domestic ¹	481.0	259.7	(36.3)	257.6	100.8%	-14.1%	86.7%
	Export	129.6	45.0	10.6	74.0	60.8%	14.3%	75.1%
	Subtotal	610.6	304.7	(25.7)	331.6	91.9%	-7.8%	84.1%
Total		1,724.1	674.8	114.6	934.7	72.2%	12.3%	84.5%

¹ Domestic Market comprises Brazil and Argentina.

4.2 Original Equipment (OE) sales

Domestic market:

In 2Q21, the domestic OE market saw a growth of 234.7% - volume/price increase of 241.4%, partially offset by the effect of movements in exchange rates of -6.7%. In 1H21, this market grew by 99.8% - volume/price increase of 102.8%, partially offset by the effect of movements in exchange rates of -3.0%.

Foreign market:

In 2Q21, the foreign market reported a growth of 137.2% - volume/price increase of 85.0% plus positive effects of movements in exchange rates of 52.2%. In 1H21, this market registered a growth of 74.6% - volume/price increase of 34.1% plus positive effects of movements in exchange rates of 40.5%.

The table below presents exports in hard currency:

Exports by currency (in millions)	Apr-Jun 2021 (a)	Apr-Jun 2020 (b)	HA (%) (a/b)
Original Equipment			
EUR	22.0	12.3	78.9%
USD	38.4	16.2	137.0%

Exports by currency (in millions)	Jan-Jun 2021 (a)	Jan-Jun 2020 (b)	HA (%) (a/b)
Original Equipment			
EUR	41.2	30.9	33.4%
USD	73.9	47.1	56.8%

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4.3 Aftermarket sales

Domestic market:

In 2Q21, the domestic market saw a growth of 115.5% - volume/price increase of 136.6%, partially offset by the effect of movements in exchange rates of -21.1%. In 1H21, this market grew by 86.7% - volume/price increase of 100.8%, partially offset by the effect of movements in exchange rates of -14.1%.

Foreign market:

In 2Q21, the foreign market recorded a growth of 98.3% - volume/price increase of 89.8% plus positive effects of movements in exchange rates of 8.5%. In 1H21, this market grew by 75.1% - volume/price increase of 60.8% plus positive effects of movements in exchange rates of 14.3%.

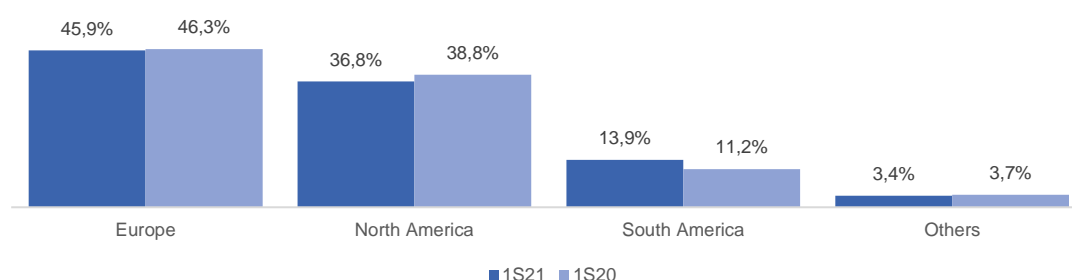
The table below shows Aftermarket segment's exports in hard currency:

Exports by currency (in millions)	Apr-Jun 2021 (a)	Apr-Jun 2020 (b)	HA (%) (a/b)
Aftermarket			
EUR	0.3	0.8	-62.5%
USD	12.8	5.9	116.9%

Exports by currency (in millions)	Jan-Jun 2021 (a)	Jan-Jun 2020 (b)	HA (%) (a/b)
Aftermarket			
EUR	1.1	0.9	25.8%
USD	22.8	14.7	55.4%

4.4 Consolidated export by region

The graph below shows our exports by geographic region for the first half of 2021 and the first half of 2020:



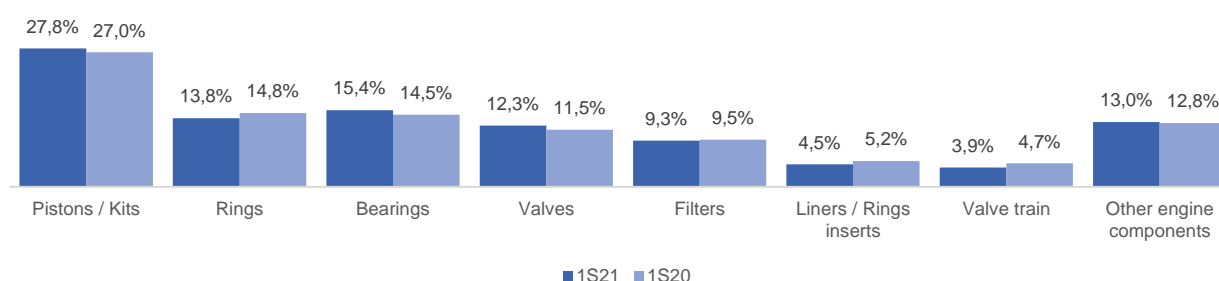
4.5 Net revenue by segment

In 2Q21, the engine component segment reported a 146.7% increase in sales and the filter segment recorded a growth of 142.9% as compared with the same period in 2020. In 1H21, the engine component segment's sales increased 84.9%, while the filter segment's sales was up 80.5% compared with 1H20.

Net sales revenue by segment (in millions of R\$)	2Q21 (a)	2Q20 (b)	HA (%) (a/b)	VA (%) (a)	VA (%) (b)	1H21 (c)	1H20 (d)	HA (%) (c/d)	VA (%) (c)	VA (%) (d)
Engine components	810.9	328.7	146.7%	91.2%	91.1%	1.564.5	846.3	84.9%	90.7%	90.5%
Filters	78.2	32.2	142.9%	8.8%	8.9%	159.6	88.4	80.5%	9.3%	9.5%
Total	889.1	360.9	146.4%	100.0%	100.0%	1.724.1	934.7	84.5%	100.0%	100.0%

4.6 Net revenue by product

The graph below shows the share of each product in total sales in the six-month periods:



4.7 Gross margin

The Company ended 2Q21 with a gross margin of 29.4% (12.2% in 2Q20), while margin in 1H21 was 30.0% (22.0% in 1H20), as shown in the table below.

Summary of profit and loss accounts (in millions of R\$)	2Q21 (a)	2Q20 (b)	HA (%) (a/b)	VA (%) (a)	VA (%) (b)	1H21 (c)	1H20 (d)	HA (%) (c/d)	VA (%) (c)	VA (%) (d)
Net sales revenue	889.1	360.9	146.4%	100.0%	100.0%	1.724.1	934.7	84.5%	100.0%	100.0%
Cost of sales	(628.0)	(317.0)	98.1%	-70.6%	-87.8%	(1.206.8)	(729.1)	65.5%	-70.0%	-78.0%
Gross profit	261.1	43.9	494.8%	29.4%	12.2%	517.3	205.6	151.6%	30.0%	22.0%

The margins presented in the above table reflect the increase in volume that is inherent to the market, coupled with the Company's efforts to improve performance.

4.8 Selling, general and administrative expenses

In both reporting periods, selling and distribution expenses were impacted principally by freight and variable selling expenses, considering that net sales revenue increased 146.4% and 84.5% in 2Q21 and 1H21, respectively, as compared with the same periods in 2020.

General and administrative expenses were impacted principally by the increase in maintenance, materials and utilities expenses.

Summary of profit and loss accounts (in millions of R\$)	2Q21 (a)	2Q20 (b)	HA (%) (a/b)	VA (%) (a)	VA (%) (b)	1H21 (c)	1H20 (d)	HA (%) (c/d)	VA (%) (c)	VA (%) (d)
Net sales revenue	889.1	360.9	146.4%	100.0%	100.0%	1.724.1	934.7	84.5%	100.0%	100.0%
Selling and distribution expenses	(59.7)	(34.3)	74.1%	-6.7%	-9.5%	(108.3)	(77.5)	39.7%	-6.3%	-8.3%
General and administrative expenses	(24.1)	(19.4)	24.2%	-2.7%	-5.4%	(51.7)	(44.7)	15.7%	-3.0%	-4.8%

It is worth mentioning that selling and distribution expenses and general and administrative expenses in 2Q21 and 1H21 decreased in relation to net sales revenue.

4.9 Research and development (R&D) expenses

The Company operates in a highly competitive industry that demands constant technological innovation and has stood out in the industry for developing and deploying new technologies.

The introduction of new technologies enables the Company to create components that help customers achieve greenhouse gas emission targets. In addition to technology and product development, the Company also offers engine development, optimization and testing services to its customers and the general market

Summary of profit and loss accounts (in millions of R\$)	2Q21 (a)	2Q20 (b)	HA (%) (a/b)	VA (%) (a)	VA (%) (b)	1H21 (c)	1H20 (d)	HA (%) (c/d)	VA (%) (c)	VA (%) (d)
Net sales revenue	889.1	360.9	146.4%	100.0%	100.0%	1.724.1	934.7	84.5%	100.0%	100.0%
R&D expenses	(10.9)	(11.0)	-0.9%	-1.2%	-3.0%	(26.8)	(30.2)	-11.3%	-1.6%	-3.2%

As COVID-19 cases continued to surge in 1H21, the Company was conservative with respect to R&D spending and has focused on developing products that sell quickly.

4.10 Other operating income (expenses), net

This account records a net income of R\$ 60.6 million for 2Q21 versus a net expense of R\$ 36.9 million for 2Q20. In 1H21, the Company reported net income of R\$ 55.9 million versus net expense of R\$ 45.6 million in 1H20, as shown in the table below:

Other operating income (expenses), net (in millions of R\$)	2Q21 (a)	2Q20 (b)	Change (a-b)	1H21 (c)	1H20 (d)	Change (c-d)
¹ Tax credits (exclusion of ICMS from the PIS and COFINS tax)	88.8	-	88.8	88.8	-	88.8
² Provision for impairment of intangible assets	-	(29.2)	29.2	-	(29.2)	29.2
Provision for/reversal of labor, civil and tax lawsuits	(6.9)	(7.8)	0.9	(10.1)	(18.3)	8.2
Provision for/reversal of obsolescence	0.5	-	0.5	0.5	-	0.5
Recovered taxes (Reintegra)	0.3	0.1	0.2	0.5	0.3	0.2
Export expenses (Argentina)	(1.9)	(1.1)	(0.8)	(3.8)	(3.6)	(0.2)
Provision for/reversal of environmental liability	(20.0)	-	(20.0)	(20.0)	-	(20.0)
Gain/loss on sale of assets/other	0.1	0.1	-	0.1	0.1	-
Restructuring provision	-	-	-	0.3	-	0.3
Reversal of compulsory loan	-	-	-	-	4.3	(4.3)
Other income (expenses)	(0.3)	1.0	(1.3)	(0.4)	0.8	(1.2)
Total other operating income (expenses), net	60.6	(36.9)	97.5	55.9	(45.6)	101.5

¹ Non-recurring income from tax credits in 2Q21 arising from the exclusion of ICMS from the PIS and COFINS tax base;

² Non-recurring expense from impairment provision in 2Q20 for intangible assets of subsidiary MAHLE Argentina S.A.;

4.11 Operating result measured by EBITDA and adjusted EBITDA

The table below shows changes in the components of EBITDA for the periods under review:

Changes in the three months			Changes in the six months		
	Amount	Margin		Amount	Margin
2Q20 EBITDA	-14.9	-4.1%	1H20 EBITDA	76.6	8.2%
Gross profit	217.2		Gross profit	311.7	
Selling and distribution expenses	-25.4		Selling and distribution expenses	-30.8	
General and administrative expenses	-4.7		General and administrative expenses	-7.0	
R&D expenses	0.1		R&D expenses	3.4	
Other operating income (expenses)	97.5		Other operating income (expenses)	101.5	
Share of profit of equity-accounted investees	0.1		Share of profit of equity-accounted investees	0.0	
Gains (losses) on inflation adjustment	-5.6		Gains (losses) on inflation adjustment	7.6	
Depreciation	-1.4		Depreciation	-0.9	
2Q21 EBITDA	262.9	29.6%	1H21 EBITDA	462.1	26.8%
Tax credits arising from the exclusion of ICMS from the tax base of PIS and COFINS	-88.8		Tax credits arising from the exclusion of ICMS from the tax base of PIS and COFINS	-88.8	
2Q21 Adjusted EBITDA	174.1	19.6%	1H21 Adjusted EBITDA	373.3	21.7%

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4.12 Net finance costs

The Company recorded net finance costs of R\$ 12.0 million in 2Q21, representing a decrease of R\$ 7.8 from R\$ 19.8 million in 2Q20.

Net finance costs were R\$ 18.1 million in 1H21, representing a decrease of R\$ 42.3 million from R\$ 60.4 million in 1H20.

Net finance costs (in millions of R\$)	2Q21 (a)	2Q20 (b)	Change (a-b)	1H21 (c)	1H20 (d)	Change (c-d)
Interest income on financial investments	3.8	2.8	1.0	9.3	4.2	5.1
Interest expense on loans and borrowings	(2.3)	(7.0)	4.7	(9.7)	(10.9)	1.2
Other interest income	8.2	0.5	7.7	7.9	1.8	6.1
Net interest income (expense) (i)	9.7	(3.7)	13.4	7.5	(4.9)	12.4
1. Effect of movements in exchange rates on accounts receivable/accounts payable (1.1. + 1.2.)	(16.3)	(1.2)	(15.1)	(14.4)	24.6	(39.0)
1.1. Effect of movements in exchange rates	(32.5)	5.4	(37.9)	(19.1)	55.5	(74.6)
1.2. Foreign exchange hedge	16.2	(6.6)	22.8	4.7	(30.9)	35.6
2. Effect of movements in exchange rates on advances on foreign exchange contracts (ACC)	10.9	(15.0)	25.9	10.2	(75.8)	86.1
3. Other transactions	(8.7)	7.9	(16.6)	(6.8)	10.4	(17.2)
Net effect of movements in exchange rates and loss on derivatives (ii) - (1+2+3)	(14.1)	(8.3)	(5.8)	(11.0)	(40.8)	29.8
Net monetary variation	(7.3)	(6.2)	(1.1)	(12.6)	(11.9)	(0.7)
Other	(0.3)	(1.6)	1.3	(1.9)	(2.8)	0.9
Net monetary variation + Other (iii)	(7.6)	(7.8)	0.2	(14.5)	(14.7)	0.2
Net finance costs (i + ii + iii)	(12.0)	(19.8)	7.8	(18.0)	(60.4)	42.4

Net interest income (expenses) (i):

The increase of R\$ 1.1 million in “Interest income on financial investments” from 2Q20 to 2Q21 was due to the decrease in the average amount of financial investments to R\$ 190.4 million in 2Q21 from R\$ 403.4 million in 2Q20, coupled with an increase in the average rates of interest to 11.1% p.a. in 2Q21 from 3.2% p.a. in 2Q20. The increase of R\$ 5.1 million in “Interest income on financial investments” from 1H20 to 1H21 was due to the decrease in the average amount of financial investments to R\$ 155.1 million in 1H21 from R\$ 338.0 million in 1H20, coupled with an increase in the average rates of interest to 7.0% p.a. in 1H21 from 3.4% p.a. in 1H20. Please note that these are the consolidated balances of Argentina and Brazil.

The decrease of R\$ 4.7 million in “Interest expense on loans and borrowings” from 2Q20 to 2Q21 was due to the decrease in the weighted average cost to 3.5% p.a. in 2Q21 from 4.2% p.a. in 2Q20, and the decrease in the average levels of borrowings to R\$ 198.6 million in 2Q21 from R\$ 668.4 million in 2Q20. The decrease of R\$ 1.2 million in “Interest expense on loans and borrowings” from 1H20 to 1H21 was due to the decrease in the average levels of borrowings to R\$ 156.2 million in 1H21 from R\$ 594.6 million in 1H20. In 1H21 and 1H20, there was no change in the weighted average cost, which remained at 4.0% p.a.

The increase in “Other interest income” was due to interest on the exclusion of ICMS from the tax base of PIS and COFINS in the amount of R\$ 7.9 million.

The table below shows interest rates and average amounts of debt and investment:

Averages	2Q21 (a)	2Q20 (b)	Change (a-b)	1H21 (c)	1H20 (d)	Change (c-d)
Investment interest rate	11.1%	3.2%	7.9 p.p.	6.9%	3.4%	3.5 p.p.
Cost of debt	3.5%	4.2%	-0.7 p.p.	4.0%	4.0%	0 p.p.
Financial investments (in millions of R\$)	190.4	403.4	-52.8%	155.1	338.0	-54.1%
Debt (in millions of R\$)	(198.6)	(668.4)	-70.3%	(156.2)	(594.6)	-73.7%

Net effect of movements in exchange rates and loss on derivatives (ii): It is worth mentioning that these two line items “Net effect of movements in exchange rates” and “Gain (loss) on derivatives” should always be analyzed together, because the Company monitors and manages its foreign currency exposures and continually assesses whether it needs to use derivatives to hedge its foreign exchange risk.

The objective of the currency hedging program is to minimize foreign exchange risks that could arise from adverse market conditions and negatively impact the Company’s profits. Also, with respect to foreign exchange risks, the hedging policy is to protect the estimated cash flow position (budget) and actual cash flow (balance sheet) denominated in and/or indexed to foreign currency through the use of derivative financial instruments (NDF – Non-Deliverable Forwards). Additional information about financial instruments is presented in Note 31 to the Interim Financial Statements for the period ended June 30, 2021.

Net monetary variation + Other (iii): The decrease from 2Q20 to 2Q21 and from 1H20 to 1H21 was due to the inflation-adjustment to the provisions for labor and tax lawsuits and judicial deposits.

4.13 Income tax and social contribution

The Company recorded an income tax and social contribution expense of R\$ 97.1 million at June 30, 2021 in the consolidated financial statements (income of R\$ 15.3 million at June 30, 2020) as detailed below:

- Current tax: expense of R\$ 71.3 million generated principally by the parent company and its subsidiary MAHLE Argentina S/A;
- Deferred tax: expense of R\$ 25.8 million with no impact on cash, comprising mainly changes in provisions and tax credits arising from the exclusion of ICMS from the tax base of PIS/COFINS in the amount of R\$ 32.9 million.

Additional information is presented in Note 11 to the Interim Financial Statements for the period ended June 30, 2021.

4.14 Net profit and adjusted net profit

The following table shows the profit attributable to owners of the Company and the adjusted profit attributable to owners of the Company, reflecting the impact of tax credits arising from the exclusion of ICMS from the tax base of PIS and COFINS and the impairment of the goodwill of subsidiary MAHLE Argentina S.A. in 2Q20:

Summary of profit and loss accounts (in millions of R\$)	2Q21 (a)	2Q20 (b)	1H21 (c)	1H20 (d)	HA (%) (a/b)	HA (%) (c/d)
Profit attributable to owners of the Company	170.0	(39.5)	296.2	(18.0)	-530.4%	-1745.6%
Impairment of subsidiary MAHLE Argentina S.A.	-	29.2	-	29.2		
Income tax and social contribution (impairment adjustment)	-	(7.2)	-	(7.2)		
Tax credits arising from the exclusion of ICMS from the tax base of PIS and COFINS	(88.8)	-	(88.8)	-		
Interest on exclusion of ICMS from the tax base of PIS and COFINS	(7.9)	-	7.9	-		
Income tax on credit from exclusion of ICMS from the tax base of PIS and COFINS	32.9	-	32.9	-		
Profit attributable to owners of the Company	106.2	(17.5)	232.4	4.0	-706.9%	5710.0%
Net margin attributable to owners of the Company	19.1%	-10.9%	17.2%	-1.9%	30 p.p.	19.1 p.p.
Adjusted net margin attributable to owners of the Company	11.9%	-4.9%	13.5%	0.4%	16.8 p.p.	13.1 p.p.

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Additional information on earnings (loss) per share is presented in Note 23 to the Interim Financial Statements for the period ended June 30, 2021.

4.15 Capital expenditures

The table below shows capital expenditures and total accumulated depreciation for 1H21 and 1H20:

Capex & Depreciation (in millions of R\$)	1H21	1H20
Capex	26.9	8.6
Total depreciation	50.9	51.4
Capex	1H21	1H20
% of net sales revenue	1.6%	0.9%
% of depreciation	52.8%	16.7%
Net sales revenue	1,724.1	934.7

In 1H21, the Company invested in R&D equipment, new machinery and equipment in order to improve productivity and quality, new products, building improvements, information technology, among others.

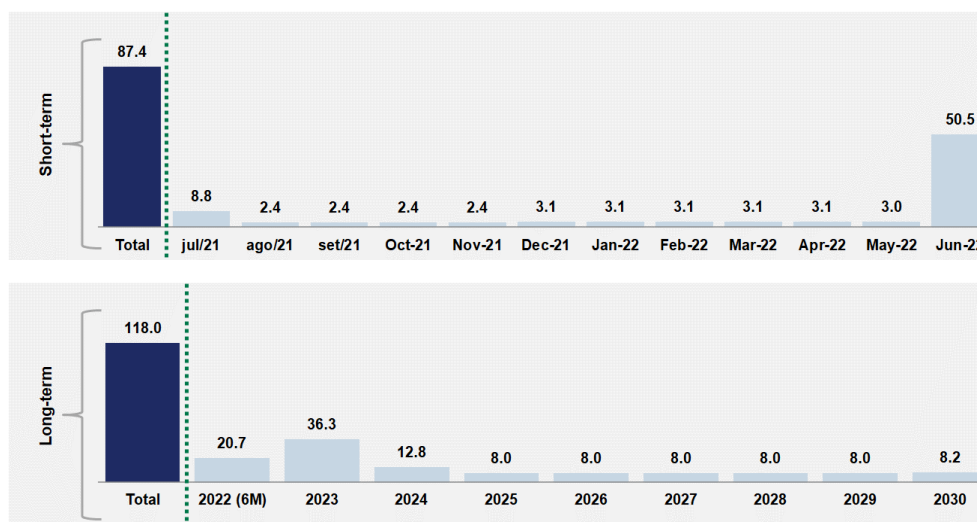
4.16 Net financial position

The Company's net cash was R\$ 89.8 million at the end of the first half of 2021 and R\$ 133.2 million at the end of 2020, as shown in the table below:

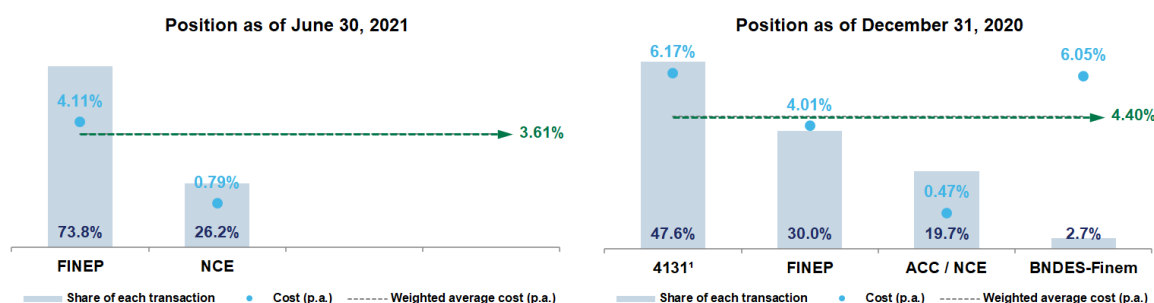
Net financial position (in millions of R\$)	June 30, 2021 (a)	December 31, 2020 (b)	Change (a-b)	Debt % (a)	Debt % (b)
Cash / banks / financial investments / loans (i):	295.2	685.5	(390.3)		
Loans and borrowings (ii):	(205.4)	(552.3)	346.9	-100%	-100%
Short-term	(87.4)	(402.4)	315.0	-43%	-73%
Long-term	(118.0)	(149.9)	31.9	-57%	-27%
Net financial position (i - ii):	89.8	133.2	(43.4)		

The Company continuously monitors liquidity risk by managing cash, financial investments and bank loans. The Company also has pre-approved lines of credits that can be drawn upon as needed.

The charts below show the maturities of the liabilities classified into short-term and long-term at the end of the first half of 2021, which represents 43% and 57%, respectively, of the debt displayed in the table above:



The following charts show our borrowings by type of facility and respective cost and weighted average cost:



¹ Foreign currency loan with currency swap to Brazilian real.

4.17 Distribution of dividends and interest on capital to shareholders

On April 29, 2021, the Annual General Meeting approved a supplementary dividend distribution of R\$ 48.6 million relating to fiscal year 2020. The Company paid out R\$ 119.2 million in dividends and interest on capital for FY 2020, representing 100.0% of its net profit (after legal deductions).

Date of approval	Record date	Ex-dividend/int. interest on capital date	Date of payment	Type of payout	Period	Fiscal year	Total gross amount (in millions of R\$)	Gross value per share (R\$)	Net value per share (R\$)
4/29/2021	4/29/2021	4/30/2021	5/28/2021	Dividends	Supplementary dividends	2020	48.6	0.3786245358	0.3786245358
12/28/2020	12/28/2020	1/5/2021	5/28/2021	Interest on capital	1/1/2020 to 12/31/2020	2020	70.6	0.5504020486	0.4678417413
Total 2020							119.2	0.9290265844	0.8464662771

For more information about payout, please visit our website: <https://ri.mahle.com.br/acoes/historico-de-proventos/>

5. Coronavirus (COVID-19)

Since March 2020, the world has been facing the COVID-19 pandemic and the Company continues to actively monitor and address the evolving COVID-19 situation and the potential risks to its operations and its workers and their families, and society.

The Company established in March 2020 a COVID-19 protocol to protect the health of its workers. The protocol applies to all Company's facilities and subsidiaries and provides guidelines from local health authorities and the World Health Organization (WHO) as well as best practices available.

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Supply chain disruptions had a material impact on prices and shortage of products in 1H21. The shortages of raw materials such as steel, resins, imported products, as well as the lack of ships and containers both for export and import, have disrupted supply chains. As a result, in addition to rising product prices, there has been a significant increase in freight prices and air freight rates. The Company has been hit by the shortage of products as, for example, carmakers have announced that they were not able to deliver vehicles to their customers due to the semiconductor shortage.

Liquidity risk: The Company continuously monitors liquidity risk by managing cash, financial investments and bank loans.

At June 30, 2021, the Group held cash and cash equivalents of R\$ 247.0 million (R\$ 608.0 million at December 31, 2020). To compensate for the decrease in cash, the Company had a significant reduction in loans and borrowings from R\$ 552.4 million at December 31, 2020 to R\$ 205.3 million at June 30, 2021. The Company has identified no potential significant signs of default in 2021.

The Company also has pre-approved lines of credits that can be drawn upon as needed.

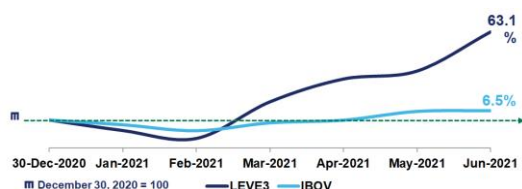
On May 29, 2020, the Annual General Meeting of the Company decided to suspend an R\$ 175.6 million dividend payment tied to the Company's 2019 profits to preserve cash for where it is needed during the coronavirus crisis. The retained profit was set aside as a special reserve and will be distributed as soon as possible. The Company seeks to preserve cash to weather the global crisis and to meet legal and contractual obligations.

6. Investor Relations and Capital Market

During 1H21, our Investor Relations team stayed connected to investors and the general market whilst working remotely from home due to social distancing measures in response to the COVID-19 pandemic. The use of digital tools to help us cope with the pandemic and to continue to work together efficiently have contributed to our interactions with investors and the market. In-person meetings, conferences and site visits were canceled and have not yet been rescheduled.

6.1 Stock performance and free float turnover

The graphs below show the market performance of **LEVE3** stock and **Ibovespa**¹ during 1H21, and Average Daily Trading Volume (ADTV) and the ratio of average turnover to free-float market capitalization:

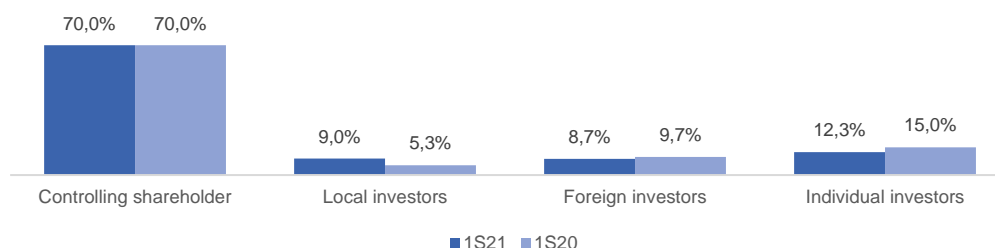


Average Daily Trading Volume and Turnover Rate				
Period	3Q20	4Q20	1Q21	2Q21
Neg. volume (in millions of R\$)	8.8	7.0	7.2	23.5
Turnover (%)	1.27%	0.95%	0.99%	2.14%

¹ IBOVESPA is a major stock market index which tracks the performance of the most liquid stocks traded on Brazil's Stock Exchange B3 - Brasil, Bolsa, Balcão.

6.2 Shareholder structure

At the end of 1H21 and 1H20, the Company's existing shareholder base and free float are as follows:



At the end of 1H21, investors based in six countries accounted for 98.6% of the free float, and the remaining countries from the Company's shareholder base do not represent individually more than 0.5%.

The graph below shows the shareholder structure of the free float at the end of 1H21 and 1H20:

Country	Brazil	USA	United Kingdom	Luxembourg	Germany	Finland
1H21	70.9%	22.4%	1.7%	1.2%	1.2%	1.1%
1H20	67.5%	20.1%	2.1%	3.5%	1.1%	0.0%

7. Independent Auditors

In accordance with CVM Instruction 381/03, the Company and its subsidiaries take appropriate steps to ensure that the provision of non-audit services by the external auditors does not create any conflict of interest or impair the independence and objectivity of the external auditors.

During the second quarter of 2021, the Company did not engage KPMG Auditores Independentes to perform non-audit services and there is, therefore, no situation that could constitute conflict of interest under that Instruction.

8. Executive Board's Declaration

In compliance with the provisions of CVM Instruction 480, the Executive Board hereby declares that it has discussed, reviewed and agrees with the interim financial statements for the period ended June 30, 2021 and the opinions expressed in the independent auditor's report.

9. Acknowledgments

We would like to thank our employees, shareholders, customers and suppliers for their continued support and trust in our Company in the second quarter of 2021.

The Management Board

10. Appendices

10.1 Balance Sheet

BALANCE SHEET (CONSOLIDATED)			06.30.21	12.31.20
ASSETS			2,711.5	2,796.6
Current assets			1,583.5	1,579.0
Cash and cash equivalents			47.2	89.4
Financial investments			199.5	518.4
Trade accounts receivable			579.1	465.1
Inventories			501.1	368.9
Recoverable taxes			153.0	52.1
Income tax and social contribution recoverable			48.9	52.7
Other assets			54.7	32.4
Non-current assets			1,128.0	1,217.6
Deferred taxes			31.7	62.1
Loans to related parties			48.6	77.7
Recoverable taxes			15.8	17.8
Investments in subsidiaries			0.1	0.2
Property, plant and equipment			601.5	621.9
Intangible assets			391.6	392.0
Long-term assets in use			10.0	13.7
Other assets			28.7	32.2
LIABILITIES			2,711.6	2,796.6
Current liabilities			726.3	1,016.8
Salaries, vacation and social charges			112.9	64.4
Trade accounts payable			333.0	290.0
Lease liability			9.0	9.3
Income tax and social contribution payable			31.5	40.9
Borrowings			87.4	402.4
Provisions			58.5	47.8
Other liabilities			94.0	162.0
Non-current liabilities			421.1	437.8
Borrowings			118.0	149.9
Trade accounts payable			3.6	6.3
Deferred taxes			1.9	1.3
Provisions			293.1	274.6
Other liabilities			4.5	5.7
Consolidated shareholder's equity			1,564.2	1,342.0
Capital stock			966.3	966.3
Revenue reserves			314.3	314.3
Special reserve			175.6	175.6
Retained earnings (accumulated deficit)			296.7	-
Proposed dividends			-	48.6
Other comprehensive income			31.5	20.8
Cumulative translation adjustments			(214.5)	(177.6)
Non-controlling interests			(5.7)	(6.0)

10.2 Statement of Income

INCOME STATEMENT (CONSOLIDATED)	06.30.21	06.30.20	Var.
	(a)	(b)	(a/b)
Net sales revenue	1,724.1	934.7	84.5%
Cost of sales	(1,206.8)	(729.1)	65.5%
Gross income	517.3	205.6	151.6%
Operating income (expenses)	(105.7)	(180.4)	-41.4%
Selling expenses	(111.9)	(74.1)	51.0%
Gains/losses on the recoverable value of accounts receivable	3.6	(3.4)	-205.9%
General and administrative expenses	(51.7)	(44.7)	15.7%
Technology and product development expenses	(26.8)	(30.2)	-11.3%
Other operating income (expenses), net	55.9	(45.6)	-222.6%
Gains/losses on net monetary position	25.3	17.7	42.9%
Equity in the results of investees	(0.1)	(0.1)	0.0%
Profit before finance income and costs	411.6	25.2	1533.3%
Finance income	91.4	152.9	-40.2%
Finance costs	(109.4)	(213.3)	-48.7%
Income and social contribution taxes	393.6	(35.2)	-1218.2%
Current Income tax and social contribution	(71.3)	(5.7)	1150.9%
Deferred Income tax and social contribution	(25.8)	21.0	-222.9%
Profit for the period	296.5	(19.9)	-1589.9%
Attributable to: Owners of the parent	296.2	(18.0)	-1745.6%
Attributable to: Non-controlling-interests	0.3	(1.9)	-115.8%
Basic and diluted earnings per share (in reais)	2.30886	(0.14014)	-1747.5%

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10.3 Statement of Cash Flows

STATEMENT OF CASH FLOWS (CONSOLIDATED)	06.30.21	06.30.20
Cash flows from operating activities		
Profit (losses) before tax	393.6	(35.2)
Depreciation and amortization	50.4	51.3
Equity in the results of investees	0.1	0.1
Interest and monetary and exchange variations, net	31.0	108.7
Losses/(gains) on derivative financial instruments	(1.0)	4.0
Provision (reversal) for impairment of trade receivables	(3.6)	5.7
Provision (reversal) for contingencies and legal obligations	26.5	11.7
Provision (reversal) for guarantees	3.0	1.0
Other provisions (reversal)	9.2	(3.0)
Recognition (reversal) of provision for impairment of the property, plant and equipment and i	(0.5)	29.6
Provision (reversal) for losses on inventories	(5.8)	5.6
Interest expense on lease liability	1.3	1.1
Gain / loss on monetary variation, net	(25.3)	(17.7)
Changes in assets and liabilities		
Trade accounts receivable and related parties	(110.4)	38.3
Inventories	(126.0)	(48.4)
Recoverable taxes	(11.7)	(4.7)
Other assets	(14.5)	(11.4)
Trade accounts payable and related parties	47.7	(1.0)
Salaries, accrual for vacation and social charges	48.5	19.2
Taxes and contributions payable	(18.4)	(0.3)
Other liabilities	(16.8)	(16.6)
Cash from operations	277.3	137.9
Income tax and social contribution paid	(49.4)	(14.4)
Net cash used in operating activities	227.9	123.5
Net Cash from Investment Activities	(8.8)	24.2
Loans granted to related subsidiaries	(596.7)	(368.0)
Loan repayments received from related parties	616.7	400.4
Additions to property, plant and equipment	(29.1)	(8.7)
Additions to intangible assets	(0.3)	(0.0)
Proceeds from sales of property, plant and equipment	0.6	0.5
Net Cash from Financing Activities	(471.0)	107.8
Proceeds from borrowings	55.5	352.7
Repayment of principal of loans	(389.7)	(223.7)
Payment of interest on loans	(21.9)	(5.4)
Dividends and interest on capital paid	(108.5)	(10.4)
Repayment of the principal of the lease liability	(6.4)	(5.4)
Effect of foreign exchange variation on cash and cash equivalents	(12.6)	24.9
Net increase in cash and cash equivalents	(264.5)	280.4
Cash and cash equivalents at the beginning of the period	607.8	168.8
Cash and cash equivalents at the end of the period	246.6	449.2
Net increase in cash and cash equivalents	(361.2)	280.4