

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

**Quarterly information (ITR)
at March 31, 2021**

MAHLE REPORTS EBITDA OF R\$ 199.2 million in 1Q21; MARGIN OF 23.9%

Mogi Guaçu, São Paulo, May 13, 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 first 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.

First Quarter 2021 Earnings Conference Call and Webcast

Date: May 14, 2021

Time

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

Webcast in Portuguese
(original)

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Webcast in English
(simultaneous translation)

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Dial-in numbers

Brazil: +55 11 3181-8565
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USA: +1 412 717-9627
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IR website:

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

HIGHLIGHTS

Net Sales Revenue: R\$ 835.0 million in 1Q21, up 45.5% compared with 1Q20;

Domestic Aftermarket: in 1Q21, the Company reported a 64.2% increase in sales compared with 1Q20 (details in items 5.1 and 5.3);

Domestic Original Equipment Market: in 1Q21, the Company reported an increase in sales of 40.5% compared with 1Q20 (details in items 5.1 and 5.2);

Aftermarket Exports: in 1Q21, the Company reported an increase in sales of 53.9% compared with 1Q20 (details in items 5.1 and 5.3);

Original Equipment Exports: in 1Q21, the Company reported an increase in sales of 35.7% compared with 1Q20 (details in items 5.1 and 5.2);

EBITDA margin: 23.9% in 1Q21 versus 15.9% in 1Q20;

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

Key indicators			
(R\$ million)	1Q21 (a)	1Q20 (b)	(a/b)
Net revenue	835.0	573.8	45.5%
EBITDA	199.2	91.5	117.7%
EBITDA margin	23.9%	15.9%	8 p.p.
Profit for the year	126.2	21.5	487.0%
Net margin	15.1%	3.7%	11,4 p.p.

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1. Management Commentary

Our industry is going through a period of changes – one that goes far beyond a technological change and was accelerated even more by the coronavirus crisis. To successfully shape the transformation, we need to make our organization more agile and flexible and make decisions quickly. We need to change the way we lead and deal with different issues so as to work with multidisciplinary teams in a new and dynamic environment. We believe that we must encourage people to take the lead.

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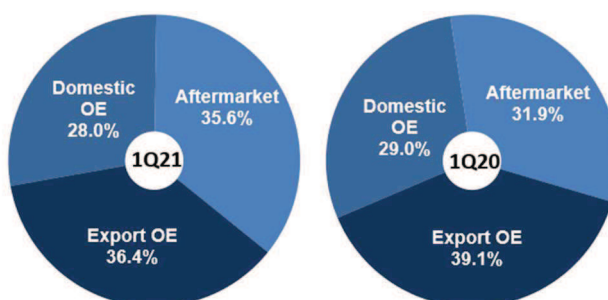
The Company created the COVID-19 Response Committee to address COVID-19 issues with the objective of reducing as much as possible the risk of contamination of employees and service providers at all its plants. The Company has taken a series of measures in line with the recommendations and guidance from the proper health authorities and stringent sanitizing protocols.

To protect the health of its employees in compliance with physical distancing requirements, the Company has shifted a significant number of employees to work from home.

The diversification of business segments by the Company has once again contributed to achieving the results presented.

The Company's net revenue in 1Q21 grew by 45.5% compared with 1Q20, driven by an increase in aftermarket sales (+62.1%), domestic OE market (+40.5%) and OE exports (+35.7%).

The chart below shows the Company's revenue by business segment in 1Q21 and 1Q20:



The Company reported 1Q21 EBITDA margin of 23.9% with EBITDA of R\$ 199.2 million versus an EBITDA margin of 15.9% and EBITDA of R\$ 91.5 million in 1Q20.

It is important to mention that, uncertainty about COVID-19 and global economic recovery remains pervasive and all of this uncertainty may have future impacts on various industry segments, including the sector in which the Company operates.

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. MAHLE Group completed 100 years

MAHLE has been keeping people in motion for 100 years.

It is time to celebrate. On December 1, 2020 we achieved an important milestone in our Company's history: the 100th anniversary of the MAHLE Group.

MAHLE Metal Leve S.A. is part of the MAHLE Group (controlling shareholder), one of the world's most traditional groups in the automotive parts industry and that was founded in Germany. Today, MAHLE Group, which includes the Company, operates around 160 production locations and 16 research and development centers, in 35 countries on 5 continents.

The year is 1920. The start of an exciting decade in which Charles Lindberg flies across the Atlantic, Albert Einstein receives the Nobel Prize, Mahatma Ghandi begins his non-violent protest, Deutsche Luft Hansa AG is founded and the Nürburgring starts operating. In Stuttgart/Germany, two brothers lay the foundation for a global company: Back in those times, Ernst and Hermann Mahle develop products which become best-sellers and which establish the reputation of today's global corporation as an innovator. Since then, MAHLE has become one of the 20 largest automotive suppliers worldwide with around 77,000 employees. Our innovative solutions continue to set new standards in the field of alternative drives and in the optimization of internal combustion engines.

The automotive industry is going through an unprecedented transformation. The MAHLE Group is shaping the mobility of the future, focusing on global automotive megatrends.

The MAHLE Group's vision will drive the transformation process. The motivation to be part of the change is therefore crucial in accomplishing goals and turning vision into reality.

We are very happy we celebrated the 100th anniversary of our Company together with you and invite you to visit our anniversary website <https://www.mahle.com/en/100-years/>

Today and tomorrow. For future generations. And for the next 100 years.

4. Development of the Automotive Industry

4.1 Development of the Brazilian market

Brazilian automotive industry												
Segments	Jan-Mar 2021					Jan-Mar 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	498,518	89,643	-45,886	17,240	559,515	534,285	85,230	-59,648	-4,652	555,215	-6.7%	0.8%
Total medium and heavy vehicles	29,408	6,121	-1,376	4,105	38,258	23,796	3,768	-893	4,009	30,680	23.6%	24.7%
Total vehicle sales	527,926	95,764	-47,262	21,345	597,773	558,081	88,998	-60,541	-643	585,895	-5.4%	2.0%
Variation (un) - 1Q21 x 1Q20	-30,155	6,766	13,279	21,988	11,878							
Variation (%) - 1Q21 x 1Q20	-5.4%	7.6%	-21.9%	-3419.6%	2.0%							

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	Total
2020	194.2	207.8	194.3	596.3
2021	199.7	197.0	200.3	597.0
Total monthly sales (thousand units)	Jan	Feb	Mar	Total
2020	193.5	201.0	163.6	558.1
2021	171.1	167.4	189.4	527.9
Brazil's vehicle inventory (days)	Jan	Feb	Mar	
2020	43	37	48	
2021	18	18	16	

Source: Anfavea

4.2 Development of the Argentine market

Argentine automotive industry			
Vehicle sales (locally manufactured and imported)	Jan-Mar 2021 (A)	Jan-Mar 2020 (B)	A/B
Total light vehicles	86,338	71,840	20.2%
Total medium- and heavy-duty vehicles	3,984	2,443	63.1%
Total sales of vehicles	90,322	74,283	21.6%
Exports	49,373	40,734	21.2%
Imports	49,682	50,059	-0.8%
Trade balance	(309)	(9,325)	-96.7%
Change in vehicle inventory for the period (*)	3,903	3,858	1.2%
Production of light vehicles	89,277	65,980	35.3%
Production of heavy-duty vehicles	655	393	66.7%
Total production of vehicles	89,932	66,373	35.5%

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

(**) Source: Adefa/Acaras Argentina/IHS.

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

Production and sales: Brazil & Argentina	Vehicle production			Vehicle sales		
	Jan-Mar 2021	Jan-Mar 2020	Change	Jan-Mar 2021	Jan-Mar 2020	Change
Light vehicles	648,792	621,195	4.4%	584,856	606,125	-3.5%
Medium- and heavy-duty	38,913	31,073	25.2%	33,392	26,239	27.3%
Total	687,705	652,268	5.4%	618,248	632,364	-2.2%

Source: Anfavea and Adefa

4.4 Vehicle production in the major export markets

Vehicle production in the leading export markets (thousands)	Jan-Mar 2021 (A)	Jan-Mar 2020 (B)	A/B
Production of light vehicles	3,609	3,780	-4.5%
Production of medium- and heavy-duty vehicles	149	127	17.3%
North America	3,758	3,907	-3.8%
Production of light vehicles	4,556	4,710	-3.3%
Production of medium- and heavy-duty vehicles	145	132	9.8%
Europe	4,701	4,842	-2.9%
Total production of vehicles	8,459	8,749	-3.3%

Source: IHS

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5. Company's Financial and Economic Performance

Summary of profit and loss accounts (in millions of R\$)	1Q21 (a)	1Q20 (b)	HA % (a/b)	VA % (a)	VA % (b)
Net sales revenue	835.0	573.8	45.5%	100.0%	100.0%
Cost of sales	(578.8)	(412.1)	40.5%	-69.3%	-71.8%
Gross profit	256.2	161.7	58.4%	30.7%	28.2%
Selling and distribution expenses	(48.6)	(43.2)	12.5%	-5.8%	-7.5%
General and administrative expenses	(27.6)	(25.3)	9.1%	-3.3%	-4.4%
Research and development expenses	(15.9)	(19.2)	-17.2%	-1.9%	-3.3%
Other operating income/(expenses)	(4.7)	(8.7)	-46.0%	-0.6%	-1.5%
Share of profit/(loss) of equity-accounted investees	(0.1)	(0.0)	100.0%	0.0%	0.0%
Gains/(losses) on inflation adjustment	14.2	1.0	1320.0%	1.7%	0.2%
Operating profit	173.5	66.3	161.7%	20.8%	11.6%
Net finance costs	(6.0)	(40.6)	-85.2%	-0.7%	-7.1%
Income tax and social contribution	(40.9)	(5.2)	686.5%	-4.9%	-0.9%
Profit for the year	126.6	20.5	517.6%	15.2%	3.6%
Profit attributable to owners of the Company	126.2	21.5	487.0%	15.1%	3.7%
Profit attributable to non-controlling interests	0.4	(1.0)	140.0%	0.0%	-0.2%
EBITDA	199.2	91.5	117.7%	23.9%	15.9%
Selling, general and administrative expenses as a percentage of revenue	9.1%	11.9%	-2.8 p.p.		

5.1 Net sales revenue and net revenue by market

It is important to note that 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 45.5% increase in its consolidated net revenue for 1Q21 compared with 1Q20.

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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 (in millions of R\$)		1Q21 (a)	Volume/ price (b)	Exchange rate changes (c)	1Q20 (d)	Volume/ price impact % (b/d)	Exchange rate impact % (c/d)	HA % (a/d)
Original Equipment	Domestic ¹	234.0	69.9	(2.4)	166.5	42.0%	-1.5%	40.5%
	Export	304.1	5.2	74.8	224.1	2.3%	33.4%	35.7%
	Subtotal	538.1	75.1	72.4	390.6	19.2%	18.6%	37.8%
Aftermarket	Domestic ¹	237.5	105.3	(12.4)	144.6	72.8%	-8.6%	64.2%
	Export	59.4	13.2	7.6	38.6	34.2%	19.7%	53.9%
	Subtotal	296.9	118.5	(4.8)	183.2	64.7%	-2.6%	62.1%
Total		835.0	193.6	67.6	573.8	33.7%	11.8%	45.5%

¹ Domestic Market comprises Brazil and Argentina.

5.2 Original Equipment (OE) sales

Domestic market:

In 1Q21, Domestic EO grew by 40.5%, due to 42.0% volume/price growth, partially offset by -1.5% exchange rate variation.

Export market:

In 1Q21, the export market grew 35.7% compared with the same period in 2020, with positive effects of exchange rate changes of 33.4% and volume/price increase of 2.3%.

The table below presents exports in hard currency:

Exports by currency (in millions)	Jan-Mar 2021 (a)	Jan-Mar 2020 (b)	HA % (a/b)
Original Equipment			
EUR	19.2	18.5	3.8%
USD	35.6	30.9	15.2%

5.3 Aftermarket sales

Domestic market:

Our positive performance in 1Q21 was driven by surging market demand and stock replenishment by distributors, especially demand for heavy-duty aftermarket components. It is worth mentioning that the sales of our customers (distributors) were affected to a lesser extent by the COVID-19 crisis and, after reducing their purchases during the most critical period of the pandemic, they are now replenishing their inventories.

The Company is a leader in the automotive aftermarket industry due to the recognition of its brand name, the mix and quality of its products, among other.

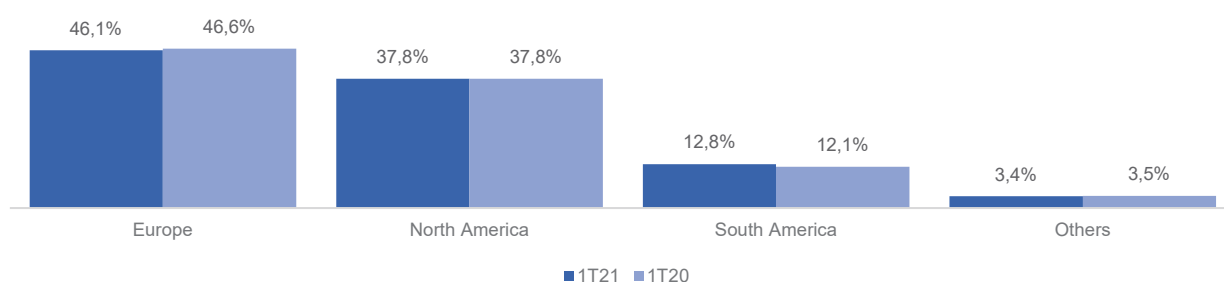
Export market:

In 1Q21, the export market grew 53.9% on account of more favorable conditions for exports, with volume/price increase of +34.2% and positive impact of exchange rate changes of +19.7%. Furthermore, recovery of sales to some countries in Latin America, such as Chile, Paraguay and Peru, has contributed to this positive performance. The table below shows Aftermarket segment's exports in hard currency:

Exports by currency (in millions)	Jan-Mar 2021 (a)	Jan-Mar 2020 (b)	HA % (a/b)
Aftermarket			
EUR	0.8	0.1	700%
USD	10.0	8.8	13.6%

5.4 Consolidated export by region

The graph below shows our exports by geographic region in 1Q21 and 1Q20:



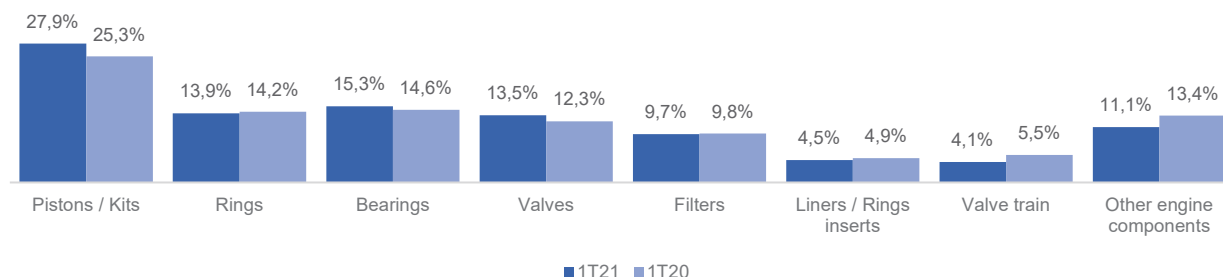
5.5 Net revenue by segment

In 1Q21, the engine component segment reported a 45.6% increase in sales and the filter segment registered a growth of 44.6% compared with the same period in 2020.

Net sales revenue by segment (in millions of R\$)	1Q21 (a)	1Q20 (b)	HA % (a/b)	VA % (a)	VA % (b)
Engine components	753.6	517.5	45.6%	90.3%	90.2%
Filters	81.4	56.3	44.6%	9.7%	9.8%
Total	835.0	573.8	45.5%	100.0%	100.0%

5.6 Net revenue by product

The graph below shows the share of each product in total sales during the periods:



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5.7 Gross margin

The Company ended 1Q21 with a gross margin of 30.7% versus 28.2% in 1Q20, as shown in the table below.

Summary of profit and loss accounts (in millions of R\$)	1Q21 (a)	1Q20 (b)	HA % (a/b)	VA % (a)	VA % (b)
Net sales revenue	835.0	573.8	45.5%	100.0%	100.0%
Cost of sales	(578.8)	(412.1)	40.5%	-69.3%	-71.8%
Gross profit	256.2	161.7	58.4%	30.7%	28.2%
Gross margin	30.7%	28.2%	2.5 p.p.		

The Company saw a recovery in all business segments, which has contributed positively to our gross margin.

Furthermore, in its ongoing efforts to improve performance the Company always maintains focus on cost management to achieve the set goals. Therefore, the gross margin shown in the above table reflects the Company's efforts to enhance productivity in manufacturing.

5.8 Selling, general and administrative expenses

Selling and distribution expenses were impacted principally by freight and variable selling expenses and increased by 12.5% against growth of 45.5% of net sales revenue.

General and administrative expenses in 1Q21 were impacted principally by the increase in maintenance, materials and utilities expenses.

Summary of profit and loss accounts (in millions of R\$)	1Q21 (a)	1Q20 (b)	HA % (a/b)	VA % (a)	VA % (b)
Net sales revenue	835.0	573.8	45.5%	100.0%	100.0%
Selling and distribution expenses	(48.6)	(43.2)	12.5%	-5.8%	-7.5%
General and administrative expenses	(27.6)	(25.3)	9.1%	-3.3%	-4.4%
Selling, general and administrative expenses	(76.2)	(68.5)	11.2%	9.1%	11.9%

5.9 Research and development (R&D) expenses

The Company operates in a highly competitive industry that demands constant technological innovation and stands out in the industry for the development and application of 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.

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Summary of profit and loss accounts (in millions of R\$)	1Q21 (a)	1Q20 (b)	HA % (a/b)	VA % (a)	VA % (b)
Net sales revenue	835.0	573.8	45.5%	100.0%	100.0%
R&D expenses	(15.9)	(19.2)	-17.2%	-1.9%	-3.3%

Due to the COVID-19 pandemic, in 1Q21 the Company was conservative with respect to R&D spending and has focused on developing products that sell quickly.

5.10 Other operating income (expenses), net

This account records a net expense of R\$ 4.7 million for 1Q21 versus a net expense of R\$ 8.7 million in 1Q20, as shown in the table below:

Other operating income (expenses), net (in millions of R\$)	1Q21 (a)	1Q20 (b)	Chan ge (a-b)
Provision for/reversal of labor, civil and tax lawsuits	(3.2)	(10.5)	7.3
Export expenses (Argentina)	(1.9)	(2.5)	0.6
Restructuring provision/reversal	0.3	-	0.3
Recovered taxes (Reintegra)	0.2	0.2	(0.0)
Provision for/reversal of loss on products	-	-	(0.1)
Reversal of compulsory loan	-	4.3	(4.3)
Other expenses	(0.1)	(0.2)	0.1
Total other operating expenses, net	(4.7)	(8.7)	4.0

5.11 Operating result measured by EBITDA

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

Changes for the quarter	Amount	Margin
1Q20 EBITDA	91.5	15.9%
Gross profit	94.5	
Selling and distribution expenses	-5.4	
General and administrative expenses	-2.3	
R&D expenses	3.3	
Other operating income (expenses)	4.0	
Share of profit of equity-accounted investees	-0.1	
Gains (losses) on inflation adjustment	13.2	
Depreciation	0.5	
1Q21 EBITDA	199.2	23.9%

5.12 Net finance costs

The Company recorded net finance costs of R\$ 6.0 million for 1Q21 versus net finance costs of R\$ 40.6 million for 1Q20, representing a positive change of R\$ 34.6 million period over period.

Net finance costs (in millions of R\$)	1Q21 (a)	1Q20 (b)	Change (a - b)
Interest income on financial investments	5.5	1.6	3.9
Interest expense on loans and borrowings	(7.5)	(3.9)	(3.6)
Other interest expenses	(0.3)	1.1	(1.4)
Net interest expense (i)	(2.3)	(1.2)	(1.1)
1. Exchange rate changes: Accounts receivable/accounts payable (1.1. + 1.2.)	1.9	21.8	(19.9)
1.1. Exchange rate changes	13.4	45.4	(32.0)
1.2. Foreign exchange hedge	(11.5)	(23.6)	12.1
2. Effects of exchange rate changes on advances on foreign exchange contracts (ACC)	(0.7)	(41.1)	40.4
3. Other transactions	2.0	(13.4)	15.4
Net exchange rate changes and loss on derivatives (ii) - (1+2+3)	3.2	(32.7)	35.9
Net monetary variation	(5.3)	(5.6)	0.3
Other	(1.6)	(1.1)	(0.6)
Net monetary variation + other (iii)	(6.9)	(6.7)	(0.2)
Net finance costs (i + ii + iii)	(6.0)	(40.6)	34.6

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Net interest expense (i): The positive variance of R\$ 3.9 million in “Interest income on financial investments” from 1Q20 to 1Q21 was due to the increase in the average amount of financial investments to R\$ 430.0 million in 1Q21 from R\$ 216.9 million in 1Q20, coupled with an increase in the average rates of interest to 5.0% p.a. in 1Q21 from 4.3% p.a. in 1Q20. Please note that these figures are the consolidated figures of Argentina and Brazil.

The negative variance of R\$ 3.6 million in “Interest expenses on loans and borrowings” from 1Q20 to 1Q21 was due to the increase in the weighted average cost to 4.3% p.a. in 1Q21 from 3.5% p.a. in 1Q20, offset in part by a decrease in the average levels of borrowings to R\$ 426.2 million in 1Q21 from R\$ 507.2 million in 1Q20.

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

Averages	1Q21 (a)	1Q20 (b)	Change (a - b)
Investment interest rates	5.0%	4.3%	0.7 p.p.
Cost of debt	4.3%	3.5%	0.8 p.p.
Investments (in millions of R\$)	430.0	216.9	98.2%
Debt (in millions of R\$)	(426.2)	(507.2)	-16.0%

Net exchange rate changes and loss on derivatives (ii): It is worth mentioning that these two line items “Net exchange rate changes” 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 March 31, 2021.

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

5.13 Income tax and social contribution

The Company recorded an income tax and social contribution expense of R\$ 40.9 million at March 31, 2021 in the consolidated financial statements (expense of R\$ 5.2 million at March 31, 2020) as detailed below:

- Current tax: expense of R\$ 38.4 million generated principally by the parent company and its subsidiary MAHLE Argentina S/A;
- Deferred tax: expense of R\$ 2.5 million with no impact on cash, comprising mainly changes in provisions.

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Additional information is presented in Note 11 to the Interim Financial Statements for the period ended March 31, 2021.

5.14 Net profit

Net profit in 1Q21 was R\$ 126.2 million, up 487.0% from R\$ 21.5 million in 1Q20. Net margin in 1Q21 was 15.1% versus 3.7% in 1Q20.

Summary of profit and loss accounts (in millions of R\$)	1Q21 (a)	1Q20 (b)	HA % (a/b)	VA % (a)	VA % (b)
Net sales revenue	835.0	573.8	45.5%	100.0%	100.0%
Profit attributable to owners of the Company	126.2	21.5	487.0%	15.1%	3.7%
Net margin attributable to owners of the Company	15.1%	3.7%	11.4 p.p.		

Additional information on earnings (loss) per share is presented in Note 23 to the Interim Financial Statements for the period ended March 31, 2021.

5.15 Capital expenditures

The table below shows capital expenditures and total accumulated depreciation for 1Q21 and 1Q20:

Capex & Depreciation (in millions of R\$)	1Q21	1Q20
Capex	14.1	4.9
Total depreciation	26.0	25.6
Capex	1Q21	1Q20
% net sales revenue	1.7%	0.9%
% of depreciation	54.2%	19.1%
Net sales revenue	835.0	573.8

In 1Q21, 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.

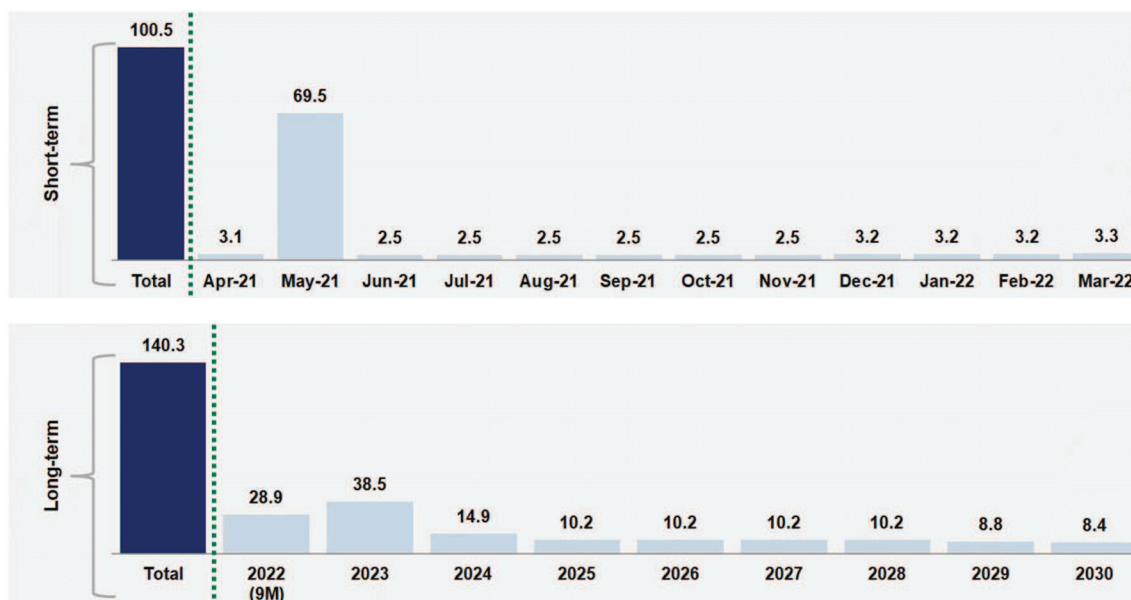
5.16 Net financial position

The Company's net cash was R\$ 209.8 million at the end of the first quarter of 2021 and R\$ 133.2 million at the end of 2020, as shown in the table below:

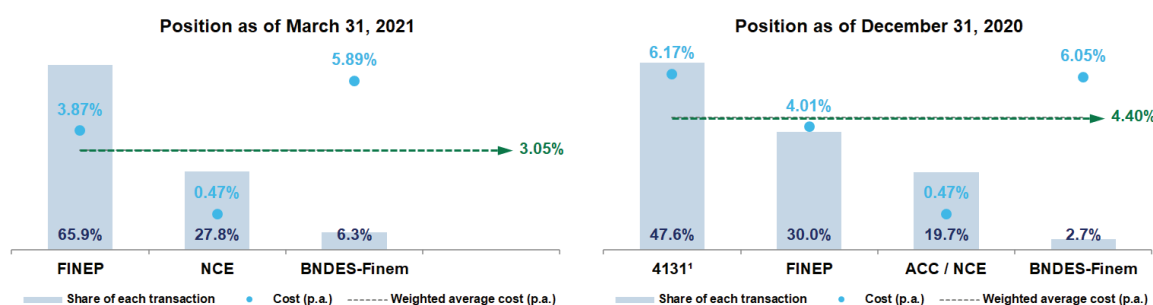
Net financial position (in millions of R\$)	3/31/2021 (a)	12/31/2020 (b)	Change (a-b)	Debt % (a)	Debt % (b)
Cash / banks / financial investments / loans (i):	450.6	685.5	(234.9)		
Loans and borrowings (ii):	(240.8)	(552.3)	311.5	-100%	-100%
Short-term	(100.5)	(402.4)	301.9	-42%	-73%
Long-term	(140.3)	(149.9)	9.6	-58%	-27%
Net financial position (i - ii):	209.8	133.2	76.6		

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 quarter of 2021, which represents 42% and 58%, respectively, of the debt displayed in the table above:



The following chart shows our borrowings by type of facility and respective cost and weighted average cost:



¹ Foreign currency loan with currency swap to Brazilian real.

5.17 Distribution of dividends and interest on capital to shareholders

On April 29, 2021, the Annual General Meeting approved a 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/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/>

6. Coronavirus (COVID-19)

The World Health Organization (WHO) declared the coronavirus (Covid-19) a public health emergency of international concern on January 30, 2020 and a pandemic on March 11, 2020 as the virus has spread to all continents.

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 workers.

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Main impacts of COVID-19:

During 2020, the Company adopted job and income preservation measures enacted by the federal government in response to the state of emergency declared by Decree No. 06 of March 20, 2020, including Provisional Measure 936/20 complementing Provisional Measure 927/20 with a package of measures to safeguard jobs and mitigate the economic and social impacts of the COVID-19 pandemic.

Under Provisional Measure 936/20, the Company entered into collective labor agreements with worker unions to preserve as many jobs as possible through (i) temporary suspension of employment contract for 60 days, which was subsequently extended for 60 days by Federal Law 14020/20, and (ii) temporary reduction of work hours and salary for 90 days, which was extended by the same Law for 30 days. In both cases, the federal government makes up the salaries of employees with an emergency benefit.

Under Provisional Measure 927/20, the Company adopted the following measures: (i) agreed with employees to take vacation in advance; (ii) gave collective vacation; (iii) brought forward holidays; (iv) postponed the payment of contributions to Employees' Mandatory Severance Fund (FGTS).

In addition, Ruling 139/20 has extended the due date for payment of the following taxes and contributions: (i) INSS; (ii) COFINS; and (iii) PIS.

Main measures taken by the Group:

Since July 2020, with the recovery of the vehicle market, the Company is seeing a gradual pickup in production volumes. As a result, the Company was able to end the temporary salary and work hour reductions and bring most furloughed workers back to work.

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. Actions taken by the Company include: physical separation between seats on charter bus; disposable face masks produced by the Company for employees; online self-guided health check; temperature screening at the entrance to Company sites; alcohol-based hand sanitizer stations in all common areas such as restaurant, restrooms and locker rooms; segregated areas in the restaurant; spaced-out waiting queues around food counters; guide on COVID-19 prevention that contains recommendations for health and safety practices for use both inside and outside the Company's facilities; signage displayed throughout facilities outlining COVID-19 safety procedures.

To protect the health of its employees in compliance with physical distancing requirements, the Company has shifted a significant number of employees to work from home. The employees who are part of the higher-risk group and cannot do their jobs from home are kept away from work and continue to be paid.

The Company has donated equipment and supplies to hospitals, universities, non-governmental organizations (NGOs), education centers, and city health departments to support coronavirus relief efforts.

Since April 2020, the Company has donated mechanical ventilators, vital signs monitor, thermometers, gloves, oximeters, acrylic sheets for intubation boxes, alcohol-based hand sanitizers, and funds to expand the ICU bed capacity at hospitals in Mogi Guaçu, Limeira and Jaguariúna in the State of São Paulo and Itajubá in the State of Minas Gerais. The Company is also donating part of the face masks produced.

The Company continues to evaluate other ways to help the community get through this crisis by promoting internal COVID-19 campaigns for donations and using its technological experience.

Liquidity risk:

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 loan agreements contain financial covenants that are being met and are constantly monitored as stated in Note 17.a to the interim financial statements.

Setting aside a reserve:

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 Company will resume dividend payments as soon as possible.

Going concern risk:

The Company's net sales revenue in 1Q21 grew by 45.5% compared with the same period of 2020.

It is important to mention that, despite improved business dynamics in 1Q21, the COVID-19 crisis is not over yet. There is still much uncertainty about global economic recovery and the future impacts on various industry segments may ultimately affect our business in the medium- and long-term.

Based on all actions and scenarios evaluated by the Company, revenue and operating cash flow projections do not indicate any risk to going concern. The Company will continue to monitor the economic situation in Brazil and globally in order to adjust its operations accordingly. At this time, the Company's crisis management is focused on protecting the health and safety of workers and preserving cash.

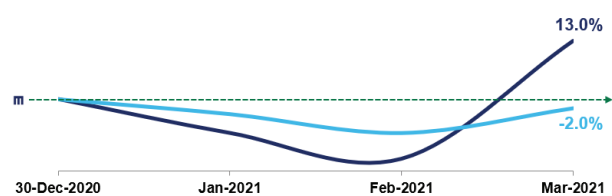
7. Investor Relations and Capital Market

During 1Q21, our Investor Relations team stayed connected to investors and the general market whilst working remotely 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. Unfortunately, in-person meetings, conferences and site visits were canceled and have not yet been rescheduled.

7.1 Stock performance and free float turnover

The graphs below show the market performance of **LEVE3** stock and **Ibovespa**¹ during 1Q21, and Average Daily Trading Volume (ADTV) and the ratio of average turnover to free-float market capitalization:

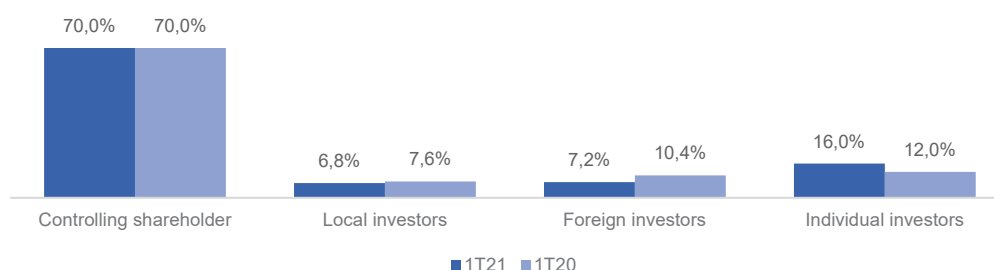


IBOVESPA is a major stock market index which tracks the performance of the most liquid stocks traded on Brazil's Stock Exchange B3 - Brasil, Bolsa, Balcão.

Average Daily Trading Volume and Turnover Rate				
Period	2Q20	3Q20	4Q20	1Q21
Neg. volume (in millions of R\$)	8.7	8.8	7.0	7.2
Turnover (%)	1.27%	1.27%	0.95%	0.96%

7.2 Shareholder structure

At the end of 1Q21 and 1Q20, the Company's existing shareholder base and free float are as follows:



The following table shows the classification of shareholders by number of shares:

Month	Mar 2020	Jun 2020	Sep 2020	Dec 2020	Jan 2021	Feb 2021	Mar 2021
Controlling group	2	2	2	2	2	2	2
1 share	1,691	1,864	2,105	1,976	1,970	1,962	1,970
2-10 shares	9,262	10,813	11,320	10,646	10,462	10,211	9,683
11-50 shares	14,025	16,984	18,515	17,542	17,212	16,923	15,864
51-500 shares	27,404	34,716	39,687	38,510	37,866	37,926	35,458
501-5,000 shares	5,065	6,377	7,639	7,544	7,376	7,518	7,033
5,001-200,000 shares	374	423	487	451	444	437	430
More than 200,001 shares	34	27	20	19	21	20	21
Total shareholders	57,857	71,206	79,775	76,690	75,353	74,999	70,461

At the end of 1Q21, investors based in seven countries accounted for 98.7% of the free float, and the remaining countries from the Company's shareholder base do not represent individually more than 0.4%.

The graph below shows the shareholder structure of the free float at the end of 1Q21 and 1Q20:

Country	Brazil	USA	Luxembourg	United Kingdom	Germany	India	Uruguay
1Q21	75.9%	17.8%	1.5%	1.3%	1.1%	0.5%	0.5%
1Q20	65.2%	16.3%	5.3%	4.2%	1.2%	0.5%	0.1%

8. 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 first 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. Page | 17

9. 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 financial statements for the period ended March 31, 2021 and the opinions expressed in the independent auditor's report.

10. Acknowledgments

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

The Management Board



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Independent Auditors' Report on Review of Interim Financial Information

(A free translation of the original report in Portuguese, as filed with the *Comissão de Valores Mobiliários* (CVM), prepared in accordance with the accounting practices adopted in Brazil, rules of the CVM, and of the International Financial Reporting Standards - IFRS)

**To the Management and Shareholders of the
MAHLE Metal Leve S.A.
Mogi Guaçu - SP**

Introduction

We have reviewed the individual and consolidated interim financial information of MAHLE Metal Leve S.A. ("the Company"), included in the Quarterly Information Form (ITR), for the quarter ended March 31, 2021, which comprises the statement of financial position as of March 31, 2021 and the respective statements of profit or loss, other comprehensive income, changes in equity and cash flows for the three-month period then ended, including notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with CPC 21(R1) *Demonstração Intermediária* and International Standard IAS 34 - Interim Financial Reporting, issued by International Accounting Standards Board - IASB, and for presentation of this interim financial information in accordance with the rules issued by *Comissão de Valores Mobiliários* (CVM) applicable to the preparation of these quarterly information - ITR. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with the Brazilian and international standard on interim review (NBC TR 2410 - *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The scope of a review is substantially less than an audit conducted in accordance with auditing standards and, consequently, it does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information referred above is not prepared, in all material respects, in accordance with CPC 21(R1) and the IAS 34, issued by IASB, applicable to the preparation of the Quarterly Information and presented in accordance with the rules issued by *Comissão de Valores Mobiliários* (CVM).

Other matters - Statements of value added

The individual and consolidated interim financial information, related to statements of value added (DVA) for the three-month period ended March 31, 2021, prepared under the responsibility of the Company's management, and presented as supplementary information for the purposes of IAS 34, were submitted to the same review procedures followed together with the review of the Company's interim financial information. In order to form our conclusion, we evaluated whether these statements are reconciled to the interim financial information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 - *Demonstração do Valor Adicionado*. Based on our review, nothing has come to our attention that causes us to believe that the accompanying statements of value added are not prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

Campinas, May 12, 2021

KPMG Auditores Independentes
CRC 2SP014428/O-6

Original report in Portuguese signed by

Carlos Humberto Rodrigues da Silva
Contador CRC 1SP217733/O-4

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

Quarterly information (ITR)
at March 31, 2021

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

Quarterly information (ITR) at March 31, 2021

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MAHLE Metal Leve S.A.

Balance sheet at March 31, 2021 and December 31, 2020

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Assets	Note	Parent company		Consolidated	
		03.31.2021	12.31.2020	03.31.2021	12.31.2020
Cash and cash equivalents	6	265,217	557,868	335,546	607,835
Trade and related-party receivables	7	445,131	371,835	563,309	465,116
Inventories	8	323,454	267,329	436,507	368,888
Taxes recoverable	9	48,752	44,270	58,252	52,062
Income tax and social contribution recoverable	9	40,738	40,304	56,728	52,687
Dividends and interest on capital receivable	10	96,552	66,134	-	-
Unrealized gains on derivative financial instruments	31	3,776	5,462	7,101	8,430
Other assets		23,612	17,960	38,792	23,980
Total current assets		1,247,232	1,371,162	1,496,235	1,578,998
Taxes recoverable	9	9,863	10,561	16,543	17,798
Loans to related parties	10	32,279	29,029	115,107	77,671
Deferred income tax and social contribution	11.b	61,968	61,573	62,058	62,098
Other assets		25,668	26,310	30,932	32,206
Total long-term assets		129,778	127,473	224,640	189,773
Investments in subsidiaries	12	283,387	233,944	145	208
Property, plant and equipment	13	543,504	555,599	617,390	621,903
Rights-of-use assets	13	10,768	11,737	12,546	13,710
Intangible assets	14	391,634	391,891	391,728	391,991
		1,229,293	1,193,171	1,021,809	1,027,812
Total non-current assets		1,359,071	1,320,644	1,246,449	1,217,585
Total assets		2,606,303	2,691,806	2,742,684	2,796,583

The accompanying notes are an integral part of these interim financial statements.

MAHLE Metal Leve S.A.

Balance sheet at March 31, 2021 and December 31, 2020

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Liabilities		Parent company		Consolidated	
		03.31.2021	12.31.2020	03.31.2021	12.31.2020
Dividends and interest on capital payable	10	61,401	60,754	61,401	60,754
Trade and related-party payables	15	291,937	234,782	364,955	290,003
Taxes and contributions payable	16	29,278	38,136	33,235	40,904
Income tax and social contribution payable	16	2,009	-	36,403	23,932
Borrowings	17.a	100,522	402,439	100,522	402,439
Lease liabilities	17.b	8,236	7,405	10,378	9,298
Salaries, vacation pay and social charges	18	81,186	56,087	91,986	64,390
Sundry provision	19	37,159	34,295	40,734	37,334
Provisions for warranties	20	9,360	8,019	11,903	10,452
Unrealized losses on derivative financial instruments	31	30,883	24,403	30,883	24,403
Other liabilities		66,302	49,817	70,185	52,927
Total current liabilities		718,273	916,137	852,585	1,016,836
Deferred income tax and social contribution	11.b	-	-	2,318	1,282
Borrowings	17.a	140,291	149,930	140,291	149,930
Lease liabilities	17.b	5,354	5,798	5,354	6,303
Provisions for contingencies and judicial deposits linked to judicial proceedings	21	261,592	266,387	266,926	274,590
Other liabilities		5,591	5,598	5,595	5,655
Total non-current liabilities		412,828	427,713	420,484	437,760
Total liabilities		1,131,101	1,343,850	1,273,069	1,454,596
Equity	22				
Share capital		966,255	966,255	966,255	966,255
Revenue reserves		314,251	314,251	314,251	314,251
Special reserves		175,572	175,572	175,572	175,572
Other comprehensive income		(155,808)	(156,703)	(155,808)	(156,703)
Retained earnings		126,351	-	126,351	-
Proposed additional dividends		48,581	48,581	48,581	48,581
Equity attributable to the owners of the parent		1,475,202	1,347,956	1,475,202	1,347,956
Non-controlling interests		-	-	(5,587)	(5,969)
Total equity		1,475,202	1,347,956	1,469,615	1,341,987
Total liabilities and equity		2,606,303	2,691,806	2,742,684	2,796,583

The accompanying notes are an integral part of these interim financial statements.

MAHLE Metal Leve S.A.

Statement of income

Periods ended March 31, 2021 and 2020

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		03.31.2021	03.31.2020	03.31.2021	03.31.2020
Net revenue	24	663,908	455,424	834,974	573,795
Cost of sales and services	25	(490,214)	(346,078)	(578,761)	(412,142)
Gross profit		173,694	109,346	256,213	161,653
Selling expenses and distribution	26	(42,639)	(33,480)	(52,349)	(42,285)
General and administrative expenses	27	(24,611)	(22,644)	(27,554)	(25,283)
Technology and product development costs	28	(14,151)	(17,061)	(15,875)	(19,178)
Impairment of trade receivables	7	3,016	137	3,739	(872)
Other income (expenses)	30	(4,012)	(4,206)	(4,725)	(8,731)
Gain on monetary items, net	34	20,317	9,935	14,102	961
Profit before finance income (costs) and taxation		111,614	42,027	173,551	66,265
Finance income	29	25,023	76,153	43,759	90,791
Finance costs	29	(34,849)	(114,800)	(49,801)	(131,387)
Finance income (costs), net	29	(9,826)	(38,647)	(6,042)	(40,596)
Equity in the results of investees	12	52,403	16,359	(62)	(31)
Profit before taxation		154,191	19,739	167,447	25,638
Current income tax and social contribution	11.a	(26,982)	(10,267)	(38,358)	(13,770)
Deferred income tax and social contribution	11.a	(1,008)	11,918	(2,506)	8,572
Income tax and social contribution		(27,990)	1,651	(40,864)	(5,198)
Profit for the period		126,201	21,390	126,583	20,440
Profit attributable to:	23				
Owners of the parent				126,201	21,390
Non-controlling interests				382	(950)
Profit for the period				126,583	20,440
Basic and diluted earnings per share (in reais)		0.98357	0.16671	0.98357	0.16671

The accompanying notes are an integral part of these interim financial statements

MAHLE Metal Leve S.A.

Statement of comprehensive income Periods ended March 31, 2021 and 2020

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	<u>Parent company</u>		<u>Consolidated</u>	
Note	<u>03.31.2021</u>	<u>03.31.2020</u>	<u>03.31.2021</u>	<u>03.31.2020</u>
Profit for the period	126,201	21,390	126,583	20,440
Comprehensive income				
Items that will be reclassified to profit or loss				
Change in cash flow hedge, net	22.b (4,123)	(40,833)	(4,123)	(40,833)
Income tax and social contribution on cash flow hedge	22.b 1,402	13,882	1,402	13,882
Cumulative translation adjustments	3,750	41,255	3,750	41,255
Subtotal comprehensive income	1,029	14,304	1,029	14,304
Total comprehensive income for the period, net of income tax and social contribution	127,230	35,694	127,612	34,744
Comprehensive income attributable to:				
Owners of the parent			127,230	35,694
Non-controlling interests			382	(950)
Total comprehensive income			127,612	34,744

The accompanying notes are an integral part of these interim financial statements.

MAHLE Metal Leve S.A.

Statement of changes in equity
Periods ended March 31, 2021

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Note	Attributable to owners of the parent											Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Revenue reserves					Total	Other comprehensive income			Retained earnings				
	Share capital	Legal reserve	Reserve for expansion and modernization	Special reserve	Proposed additional dividends		Carrying value adjustments	Cumulative translation adjustments	Total					
At December 31, 2020	966,255	156,490	157,761	175,572	48,581	538,404	20,927	(177,630)	(156,703)	-	1,347,956	(5,969)	1,341,987	
Equity transactions with shareholders														
Prescribed dividends and interest on capital	-	-	-	-	-	-	-	-	-	16	16	-	16	
Profit for the period	-	-	-	-	-	-	-	-	-	126,201	126,201	382	126,583	
Other comprehensive income														
Cumulative translation adjustments	22	-	-	-	-	-	-	3,750	3,750	-	3,750	-	3,750	
Financial instrument adjustments	22	-	-	-	-	-	(4,123)	-	(4,123)	-	(4,123)	-	(4,123)	
Taxes on financial instrument adjustments	22	-	-	-	-	-	1,402	-	1,402	-	1,402	-	1,402	
Realization of deemed cost, net	22	-	-	-	-	-	(134)	-	(134)	134	-	-	-	
At March 31, 2021	966,255	156,490	157,761	175,572	48,581	538,404	18,072	(173,880)	(155,808)	126,351	1,475,202	(5,587)	1,469,615	

The accompanying notes are an integral part of these interim financial statements.

MAHLE Metal Leve S.A.

Statement of changes in equity
Periods ended March 31, 2020

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Note	Attributable to owners of the parent											Equity attributable to owners of the parent	Non-controlling interests	Total equity
	Revenue reserves					Total	Other comprehensive income			Retained earnings				
	Share capital	Legal reserve	Reserve for expansion and modernization	Special reserve	Proposed additional dividends		Carrying value adjustments	Cumulative translation adjustments	Total					
At January 1st, 2020	966,255	150,263	157,761	-	175,572	483,596	36,627	(182,924)	(146,297)	-	1,303,554	(6,600)	1,296,954	
Profit for the period	-	-	-	-	-	-	-	-	-	21,390	21,390	(950)	20,440	
Other comprehensive income														
Cumulative translation adjustments	22	-	-	-	-	-	-	41,255	41,255	-	41,255	-	41,255	
Financial instrument adjustments	22	-	-	-	-	-	(40,833)	-	(40,833)	-	(40,833)	-	(40,833)	
Taxes on financial instrument adjustments	22	-	-	-	-	-	13,882	-	13,882	-	13,882	-	13,882	
Realization of deemed cost, net	22	-	-	-	-	-	(137)	-	(137)	137	-	-	-	
At March 31, 2020	966,255	150,263	157,761	-	175,572	483,596	9,539	(141,669)	(132,130)	21,527	1,339,248	(7,550)	1,331,698	

The accompanying notes are an integral part of these interim financial statements.

MAHLE Metal Leve S.A.

Statement of cash flows

Periods ended March 31, 2021 and 2020

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		03.31.2021	03.31.2020	03.31.2021	03.31.2020
Cash flows from operating activities					
Profit before taxation		154,191	19,739	167,447	25,638
Adjustments for:					
Depreciation and amortization		24,700	23,999	25,692	25,144
Equity in the results of investees		(52,403)	(17,189)	62	31
Recognition (reversal) of provision for impairment of investments	12	-	830	-	-
Interest and foreign exchange and monetary variations, net		5,902	47,611	19,994	94,105
Unrealized (losses) gains on derivative financial instruments		4,042	24,520	3,685	24,223
Results on disposal of property, plant and equipment		13	(34)	13	(34)
Recognition (reversal) of provision for impairment of trade receivables	7	(2,550)	762	(3,087)	2,489
Recognition (reversal) of provision for tax and other contingencies	21	2,317	5,854	837	7,029
Recognition (reversal) of provisions for warranties		1,979	364	2,030	423
Recognition (reversal) of sundry provision		2,864	233	3,400	1,099
Recognition (reversal) of provision for impairment of property, plant and equipment		(24)	(18)	(24)	(18)
Recognition (reversal) of provision for inventory loss	8	(6,830)	267	(4,751)	2,672
Interest expense on lease liability	17.b	935	504	959	556
Gain on net monetary position	34	(20,317)	(9,935)	(14,102)	(961)
(Increase) decrease in assets					
Trade and related-party receivables		(70,746)	(8,740)	(95,106)	(43,982)
Inventories		(49,057)	(28,244)	(62,634)	(42,731)
Taxes recoverable		(5,032)	3,789	(9,789)	(5,557)
Other assets		(5,010)	(10,547)	(13,538)	(17,656)
Increase (decrease) in liabilities					
Trade and related-party payables		63,243	12,157	81,039	27,978
Salaries, vacation pay and social charges		25,099	(2,893)	27,596	(350)
Taxes and contributions payable		(8,858)	(18,447)	(7,492)	(15,857)
Other liabilities		3,332	1,615	2,400	1,220
Cash from operations		67,790	46,197	124,631	85,461
Income tax and social contribution paid		(23,981)	(11,952)	(25,072)	(13,184)
Net cash provided by operating activities		43,809	34,245	99,559	72,277
Cash flows from investing activities					
Loans granted to subsidiaries		(845)	(311)	(360,102)	(212,185)
Loan repayments received from subsidiaries		-	-	326,644	188,623
Additions to property, plant and equipment	13	(15,380)	(3,718)	(17,822)	(4,946)
Additions to intangible assets	14	(96)	(4)	(96)	(7)
Proceeds from sale of property, plant and equipment		17	264	17	264
Net cash used in investing activities		(16,304)	(3,769)	(51,359)	(28,251)
Cash flows from financing activities					
Proceeds from borrowings	17.a	-	343,400	-	344,487
Repayment of principal of borrowings	17.a	(302,624)	(57,118)	(302,624)	(63,998)
Repayment of interest on borrowings	17.a	(20,023)	(2,425)	(20,023)	(2,591)
Repayment of the principal and interest on the lease liability	17.b	(2,784)	(2,346)	(3,208)	(2,792)
Dividends and interest on capital paid	10	663	(80)	663	(80)
Net cash provided by (used in) financing activities		(324,768)	281,431	(325,192)	275,026
Effect of foreign exchange variation on cash and cash equivalents		4,612	(1,042)	4,703	572
Increase (reduction) in cash and cash equivalents, net		(292,651)	310,865	(272,289)	319,624
Represented by:					
Cash and cash equivalents at the beginning of the period		557,868	158,554	607,835	168,781
Cash and cash equivalents at the end of the period	6	265,217	469,419	335,546	488,405
Increase (reduction) in cash and cash equivalents, net		(292,651)	310,865	(272,289)	319,624

The accompanying notes are an integral part of these interim financial statements.

MAHLE Metal Leve S.A.

Statement of value added

Periods ended March 31, 2021 and 2020

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	03.31.2021	03.31.2020	03.31.2021	03.31.2020
Gross revenue	862,016	585,618	1,025,641	693,359
Sales of goods, products and services	838,679	575,108	1,006,897	693,089
Other revenue	20,321	9,970	15,828	(261)
Provision for impairment of trade receivables	3,016	540	2,916	531
Inputs acquired from third parties	(461,948)	(311,966)	(544,578)	(377,639)
(Includes amounts of taxes: ICMS, IPI, PIS and COFINS)				
Cost of sales and services	(265,930)	(167,958)	(334,369)	(203,662)
Materials, energy, outsourced services and other	(201,569)	(143,050)	(217,438)	(171,746)
Impairment/recovery of assets	5,551	(958)	7,229	(2,231)
Gross value added	400,068	273,652	481,063	315,720
Depreciation and amortization	(24,700)	(23,999)	(25,692)	(25,144)
Net value added generated by the company	375,368	249,653	455,371	290,576
Value added received through transfer	77,426	92,512	43,697	90,762
Equity in the results of investees	52,403	16,359	(62)	(31)
Finance income	25,023	76,153	43,759	90,793
Total value added to distribute	452,794	342,165	499,068	381,338
Distribution of value added	452,794	342,165	499,068	381,338
Personnel	140,664	114,094	156,887	130,795
Taxes and contributions	148,245	88,174	161,587	95,364
Capital providers	37,684	118,507	54,011	134,739
Interest	8,045	3,290	8,475	4,428
Rentals	2,886	3,776	3,190	4,026
Foreign exchange, monetary and other variations	26,753	111,441	42,346	126,285
Shareholders	126,201	21,390	126,583	20,440
Retained earnings	126,201	21,390	126,201	21,390
Share of non-controlling interests of retained earnings	-	-	382	(950)

The accompanying notes are an integral part of these interim financial statements.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

1. Operations

a) General information

MAHLE Metal Leve S.A. (the Company) is an entity domiciled in Brazil. The registered address of the Company's head office is Ernst Mahle Avenue, number 2000, Zip Code 13.846.146, Mogi Guaçu, São Paulo. The Company's consolidated (consolidated) and separate (parent company) financial statements for the periods ended March 31, 2021 and 2020 includes the Company and its subsidiaries (referred to collectively as the Group).

The Company's main activities are the research, development, manufacturing and marketing, in Brazil and abroad, of parts and accessories for internal combustion engines, the sale of which is made to entities in various industries and lines of activity, such as manufacturers of automobiles, trucks and tractors, etc., the spare parts market, stationary and other engines industry.

The Company shares are listed on the Novo Mercado listing segment of B3 – Brasil, Bolsa, Balcão, which requires issuers to meet the highest standards of corporate governance.

b) Covid-19

The World Health Organization (WHO) declared COVID-19 a global health emergency on January 31, 2020 and a global pandemic on March 11, 2020 as the coronavirus has rapidly spread throughout the world.

Since March 2020, the global scenario has been marked by the developments of the COVID-19 pandemic and the Company continues to actively monitor the potential risks to its operations and workers.

Major impacts of COVID-19

The Company adopted measures introduced by the federal government to preserve jobs and income and to deal with the state of calamity declared by Legislative Decree No. 06 of March 20, 2020, including Provisional Measure No. 936/20 complementing Provisional Measure No. 927/20, which includes a package of measures to protect jobs and to mitigate the economic and social impacts caused by the COVID-19 pandemic.

In an effort to preserve as many jobs as possible and based on Provisional Measure No. 936/20, the Company engaged in collective bargaining negotiations with the unions representing its employees. The collective bargaining agreements reached by these negotiations established (i) temporary suspension of employment for a maximum period of 60 days, later extended for a further 60 days under Federal Law No. 14.020/2020; and (ii) temporary hours and salary cuts, which was initially established for a period of 90 days and then extended for another 30 days under the same Law. In both cases, the Company covered part of its employee wages through the temporary wage subsidy provided by the federal government.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Based on Provisional Measure No. 927/20, the Company adopted, among others, the following measures: (i) use of advanced vacation period; (ii) collective vacation; (iii) advanced holidays; (v) deferral of FGTS payments.

Furthermore, based on Ruling No. 139/20, the Company deferred the payment of the following contributions and taxes: (i) INSS; (ii) COFINS; and (iii) PIS.

Main measures taken by the Group

Since July 2020, with the recovery of the vehicle market, the Company is seeing a gradual pickup in production volumes. As a result, the Company was able to end the temporary salary and work hour reductions and bring most furloughed workers back to work.

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. Actions taken by the Company include: physical separation between seats on charter bus; disposable face masks produced by the Company and donated for employees; online self-guided health check; temperature screening at the entrance to Company sites; alcohol-based hand sanitizer stations in all common areas such as restaurant, restrooms and locker rooms; segregated areas in the restaurant; spaced-out waiting queues around food counters; guide on COVID-19 prevention that contains recommendations for health and safety practices for use both inside and outside the Company's facilities; signage displayed throughout facilities outlining COVID-19 safety procedures.

To protect the health of its employees in compliance with physical distancing requirements, the Company has shifted a significant number of employees to work from home. The employees who are part of the higher-risk group and cannot do their jobs from home are kept away from work and continue to be paid.

Since April 2020, the Company has donated mechanical ventilators, vital signs monitor, thermometers, gloves, oximeters, acrylic sheets for intubation boxes, alcohol-based hand sanitizers, and funds to expand the ICU bed capacity at hospitals in Mogi Guaçu, Limeira and Jaguariúna in the State of São Paulo and Itajubá in the State of Minas Gerais. The Company is also donating part of the face masks it produces.

Liquidity risk

The Group continuously monitors liquidity risk by managing its liquid asset positions and bank loans.

At March 31, 2021, the Group reported cash and cash equivalents amounting to R\$ 335,546 (R\$ 607,835 as of December 31, 2020). To date the Company has identified no significant signs of default after the closing of the fiscal year 2020 and as expected had an increase in the average collection period to 54 days in March 2021 from 48 days in December 2020.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Negotiations with suppliers are still under way and to date have resulted in an extension of payment terms from 37 days in March 2020 at the beginning of the COVID-19 pandemic to 42 days in March 2021. The Company remains focused on such negotiations.

The Company also has pre-approved lines of credit that can be accessed if needed.

The restrictive covenants included in the loan agreements are continuously monitored and the Company has complied with all covenants for the period under review as per Note 17.a.

The prices of contracts with customers were maintained and there were no negotiations that could indicate negative margins; hence, the Company does not expect to incur future losses for onerous contracts in the next months.

Special cash reserves

In order to preserve cash amid the current pandemic, the shareholders resolved at the Ordinary General Meeting held on May 29, 2020 to defer the payment of the previously proposed additional dividends for fiscal year 2019 of R\$ 175,572. These deferred dividends were set aside for payment later when possible. The Company aims to preserve cash to navigate this global crisis and to meet all its legal and contractual obligations.

Going concern risk

Net sales revenue in 1Q21 grew by 45.5% compared with the same period of 2020 and by 7.5% compared with 4Q20. The demand for aftermarket auto parts at the end of the first quarter of 2021 was higher than pre-pandemic levels. The original equipment market grew by 12.5% compared with 4Q20 and by 37.8% compared with 1Q20.

It is important to say that, despite the improvement in dynamics of businesses this quarter, we do not consider that the crisis caused by COVID-19 is over. There is persistent uncertainty about the world economic recovery and the future impacts on various industry segments could have consequences for our business in the medium and long term.

The projections of revenue and operating cash flows do not show business continuity risks for the Company, based on all actions and scenarios assessed by the Company. We will continue to monitor the economic situation in Brazil and globally in order to adjust our operations accordingly. Therefore, at the present time, the Company's crisis management is focused on the health issue, on protecting our workforce and our cash.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

2. Entities of the Group (subsidiaries)

	Country	Ownership percentage (%)			
		03.31.2021		12.31.2020	
		Direct	Indirect	Direct	Indirect
<u>Subsidiaries</u>					
MAHLE Argentina S.A.	Argentina	99.2	0.8	99.2	0.8
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	Brazil	60	-	60	-
MAHLE Metal Leve GmbH	Austria	100	-	100	-
MAHLE Hirschvogel Forjas S.A.	Brazil	51	-	51	-
<u>Related companies</u>					
Innoferm Tecnologia Ltda.	Brazil	33.33	-	33.33	-

3. Basis of preparation

a. *Statement of compliance with respect to IFRS and CPC standards*

The parent company and consolidated interim financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as well as according to accounting practices adopted in Brazil, and disclose all (and only) the applicable significant information related to the financial statements, which is consistent with the information utilized by management in the performance of its duties.

In addition, the quarterly information does not include all annual financial statement requirements and, therefore, it should be read together with the parent company and consolidated financial statements of MAHLE Metal Leve S.A. at December 31, 2020.

The preparation of quarterly information requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies of MAHLE Metal Leve S.A.. There have been no changes in assumptions and judgments made by management relating to the use of estimates to prepare this quarterly information in relation to those applied in the financial statements at December 31, 2020 as disclosed on March 15, 2021.

The issuance of the parent company and consolidated financial statements was authorized by the Company's Board of Directors on May 12, 2021. Only the shareholders have the power to amend the financial statements after issuance.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

4. Changes in accounting policies and disclosures

These parent company and consolidated interim financial statements have been prepared under the same accounting practices as described and disclosed in Note 8 to the financial statements for the year ended December 31, 2020.

5. Segment reporting

1) Operating segments

The Group determines the operating segments based on the reports used to take strategic operating decisions of the Management, the segments being divided into engine components and filter. The presentation of the reported information is consistent with the statement of profit or loss.

There was no change in the segment structure presented in the financial statements at December 31, 2020.

	Consolidated					
	03.31.2021			03.31.2020		
Statement of income	Engine components	Filters	Consolidated	Engine components	Filters	Consolidated
Gross operating revenue	936,701	115,583	1,052,284	636,736	80,023	716,759
Deductions from sales	(183,103)	(34,207)	(217,310)	(119,249)	(23,715)	(142,964)
Net operating revenue	753,598	81,376	834,974	517,487	56,308	573,795
Cost of sales	(516,519)	(62,242)	(578,761)	(368,134)	(44,008)	(412,142)
Gross profit	237,079	19,134	256,213	149,353	12,300	161,653
Selling and distribution expenses and Impairment losses on accounts receivable	(42,670)	(5,940)	(48,610)	(37,903)	(5,254)	(43,157)
Administrative expenses	(24,298)	(3,256)	(27,554)	(21,419)	(3,864)	(25,283)
Technology research costs	(13,344)	(2,531)	(15,875)	(16,897)	(2,281)	(19,178)
Other operating income (expenses)	(8,343)	3,618	(4,725)	(8,867)	136	(8,731)
Equity in the results of investees	(62)	-	(62)	(31)	-	(31)
Gains on net monetary variation	14,102	-	14,102	869	92	961
Finance income	41,758	2,001	43,759	85,885	4,906	90,791
Finance costs	(46,588)	(3,213)	(49,801)	(125,267)	(6,120)	(131,387)
Profit before income tax and social contribution	157,634	9,813	167,447	25,723	(85)	25,638
Income tax and social contribution	(37,525)	(3,339)	(40,864)	(5,189)	(9)	(5,198)
Profit for the period	120,109	6,474	126,583	20,534	(94)	20,440
Non-controlling interests	(472)	90	(382)	796	154	950
Profit for the period	119,637	6,564	126,201	21,330	60	21,390

Net operating revenue comprises revenue from the sale of products and services, where most of service revenue refers to the engine component segment.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Balance sheet accounts	Consolidated					
	03.31.2021			03.31.2020		
	Engine components	Filters	Consolidated	Engine components	Filters	Consolidated
Total assets	2,592,220	150,464	2,742,684	2,651,558	145,025	2,796,583
Inventories	383,260	53,247	436,507	323,791	45,097	368,888
Property, plant and equipment	2,545,224	149,438	2,694,662	2,508,198	147,230	2,655,428
Depreciation and amortization	(1,965,818)	(98,908)	(2,064,726)	(1,921,934)	(97,881)	(2,019,815)
Intangible assets	11,409	361	11,770	11,753	280	12,033
Goodwill	379,958	-	379,958	379,958	-	379,958
Investment - Innoferm Tecnologia Ltda.	145	-	145	208	-	208
Other	1,238,042	46,326	1,284,368	1,349,584	50,299	1,399,883

2) Distribution by geographic area

No customer accounts for more than 10% of total consolidated.

Net operating revenue is distributed as follows:

Sales per country	Consolidated			
	1Q2021	%	1Q2020	%
Domestic market (Brazil and Argentina)	471,485	56.5%	311,060	54.2%
EUA	65,956	7.9%	44,290	7.7%
Mexico	62,823	7.5%	48,835	8.5%
Italy	47,274	5.7%	48,001	8.4%
Germany	35,628	4.3%	13,362	2.3%
Spain	21,375	2.6%	15,649	2.7%
Sweden	18,987	2.3%	13,405	2.3%
France	16,106	1.9%	11,175	1.9%
Portugal	14,235	1.7%	12,682	2.2%
Canada	12,842	1.5%	9,316	1.6%
Chile	6,797	0.8%	4,753	0.8%
Paraguay	5,603	0.7%	2,407	0.4%
Peru	5,375	0.6%	2,315	0.4%
Bolivia	4,030	0.5%	1,649	0.3%
China	3,037	0.4%	1,822	0.3%
Uruguay	3,036	0.4%	2,026	0.4%
India	2,708	0.3%	3,999	0.7%
United Kingdom	2,708	0.3%	2,550	0.4%
Outros	47,342	5.7%	35,790	6.2%
Total	834,974	100.0%	573,795	100.0%

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

6. Cash and cash equivalents

	Parent company		Consolidated	
	03.31.2021	12.31.2020	03.31.2021	12.31.2020
Cash and demand deposits				
BRL	3,050	1,156	3,096	1,315
ARS (expressed in BRL)	-	-	10,385	5,881
USD (expressed in BRL)	16,359	9,858	16,359	9,858
EUR (expressed in BRL)	9,959	64,054	12,192	65,132
	29,368	75,068	42,032	82,186
BRL	231,113	482,800	280,436	518,424
Financial investments	231,113	482,800	280,436	518,424
BRL	4,736	-	13,078	7,225
Cash in transit	4,736	-	13,078	7,225
	265,217	557,868	335,546	607,835

The Group holds checking accounts at major banks in Brazil and abroad.

Financial investments have made as follows:

- Bank Deposit Certificates (CDBs) and repurchase agreements (100.0 %), which yield an average interest rate of 101.3 % of the Interbank Deposit Certificate (CDI) rate, held exclusively at first-tier banks in Brazil;
- Certificate deposits and time deposits which are short-term, highly liquid investments with original maturities of three months or less and subject to an insignificant risk of change in value.
- Financial investments are recorded at updated value up to the end of the period. Their values reflect the redemption amount that would be realized if the investments were redeemed on that date. Yields on these transactions are recognized as finance income.

Cash in transit is deposits in foreign currency relating to funds received from customers abroad, available for redemption from the banks with which the Group operates, as well as payments received from local customers available on the next day (D+1).

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

7. Trade accounts receivables and other accounts receivables

	Parent company		Consolidated	
	03.31.2021	12.31.2020	03.31.2021	12.31.2020
Market				
Domestic	284,886	259,713	285,335	260,091
Foreign	54,318	31,539	164,969	115,116
	339,204	291,252	450,304	375,207
Other accounts receivable	2,947	3,834	2,947	3,834
Provision for impairment of trade receivables	(3,710)	(6,260)	(7,093)	(10,180)
	338,441	288,826	446,158	368,861
Related parties (Note 10)	106,690	83,009	117,151	96,255
	445,131	371,835	563,309	465,116

The Group's exposure to credit and currency risks relating to trade receivables is disclosed in Note 31.

Other receivables derive from the sale of property, plant and equipment, tooling, scraps and other.

The amounts and aging analysis of trade receivables are as follows:

	Parent company		Consolidated	
	03.31.2021	12.31.2020	03.31.2021	12.31.2020
Not yet due	327,295	278,882	428,418	350,546
Past due:				
Up to 7 days	3,281	2,496	7,210	5,681
From 8 to 30 days	3,815	3,065	6,035	7,907
From 31 to 60 days	2,149	3,009	2,599	3,318
From 61 to 90 days	1,553	901	1,592	1,362
From 91 to 120 days	564	709	722	759
From 121 to 180 days	722	1,750	728	2,285
From 181 to 360 days	588	1,001	1,324	2,017
Over 360 days	2,184	3,273	4,624	5,166
(-) Provision for impairment of trade receivables	(3,710)	(6,260)	(7,093)	(10,180)
Total past due deducted provision	11,146	9,944	17,741	18,315
	338,441	288,826	446,158	368,861

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

At March 31, 2021, trade receivables of the parent company in the amount of R\$ 11,146 (December 31, 2020 - R\$ 9,944) and consolidated trade receivables at March 31, 2021 of R\$ 17,741 (December 31, 2020 - R\$ 18,315) were past due but not impaired. These relate to a number of original equipment and aftermarket customers for whom there is no recent history of default. Other past-due accounts do not pose a risk for the Company because they were settled after the date of these interim financial statements.

The table above which presents the loss provision for accounts receivable past due for more than 120 days does not include amounts of goods returned and advances from customers to reflect the economic essence of the potential loss. No provision for impairment of accounts receivable has been recognized for related parties, but there are no significant accounts.

Changes in the provision for impairment of trade receivables are as follows:

	Parent company	Consolidated
At December 31, 2020	(6,260)	(10,180)
Receivables provided for in the period	(1,604)	(1,868)
Receivables reversed in the period	4,620	5,658
Foreign exchange variation	(466)	(703)
At March 31, 2021	(3,710)	(7,093)

8. Inventories

	Parent company		Consolidated	
	03.31.2021	12.31.2020	03.31.2021	12.31.2020
Finished products	123,969	113,613	192,837	180,823
Work in progress	114,824	95,404	132,415	107,664
Raw materials	58,326	45,294	74,103	56,165
Auxiliary materials	9,225	6,328	14,767	10,201
Imports in transit	17,110	6,690	22,385	14,035
	323,454	267,329	436,507	368,888

In March 31, 2021, inventory was stated net of provision for losses. These losses relate to products with a negative margin, tooling, quality issues, out-of-specification materials, obsolescence and slow-moving items in the amount of R\$ 72,195 (R\$ 79,025 in December 31, 2020) in the parent company and R\$ 92,743 (R\$ 97,494 in December 31, 2020) in the consolidated accounts.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Changes in the provision for inventory loss are as follows:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2020	(79,025)	(97,494)
Reversal of provision	12,594	15,205
Recognition of provision	(5,783)	(10,329)
Inventory written off definitively as loss	19	19
Foreign exchange variation	-	(144)
At March 31, 2021	(72,195)	(92,743)

9. Taxes recoverable and income tax and social contribution recoverable

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>03.31.2021</u>	<u>12.31.2020</u>	<u>03.31.2021</u>	<u>12.31.2020</u>
Income tax and social contribution recoverable	40,738	40,304	56,728	52,687
Value-added Tax on Sales and Services (ICMS) on purchases of fixed assets	29,084	27,250	29,204	27,364
ICMS and Excise Tax (IPI)	6,603	6,844	6,603	6,844
Import Tax	8,007	2,513	8,329	2,640
Social Contribution on Revenues (COFINS)	4,158	6,299	4,158	6,300
Social Integration Program (PIS)	891	1,354	891	1,354
I.V.A. (Argentina)	-	-	3,388	4,637
Other	9	10	5,679	2,923
Taxes recoverable	48,752	44,270	58,252	52,062
Current	89,490	84,574	114,980	104,749
Value-added Tax on Sales and Services (ICMS) on purchases of fixed assets	9,863	10,561	9,863	10,561
Export incentive - Argentina	-	-	6,680	7,237
Non-current	9,863	10,561	16,543	17,798

Notes to the interim financial statements

(in thousand of reais)

10. Related parties

The aggregate amount of transactions and outstanding balances with related parties is presented below:

	Parent company											
	Balances at 03.31.2021						Transactions from 01.01.2021 to 03.31.2021					
	Current assets			Non-current assets		Current liabilities			Sales/revenue		Purchases	
	Receivables (Note 7)	Payment term in days (***)	Dividends and interest on capital receivable	Loan	Suppliers (Note 15)	Payment term in days (***)	Dividends and interest on capital payable	Products	Other	Products	Other	
Companies												
Subsidiaries												
Direct subsidiaries												
MAHLE Metal Leve GmbH	66,083	60	96,552	-	-	-	114,453	12	-	-		
MAHLE Argentina S.A.	11,089	60	-	24,698	-	60	17,040	820	-	-		
MAHLE Filtroil Indústria e Comércio de Filtros Lda	67	60	-	7,335	-	-	-	66	-	-		
MAHLE Hirschvogel Forjas S.A.	23	60	-	246	-	-	-	33	-	-		
Sub-total Controladas Diretas	77,262		96,552	32,279			131,493	931				
Related companies												
MAHLE Componenti Motori Italia S.p.A.	7,358	60	-	-	5,688	60	9,497	-	-	28		
MAHLE Engine Components USA, Inc.	6,780	60	-	-	264	60	6,643	-	556	-		
MAHLE Behr Gerenciamento Técnico Brasil Ltda.	3,566	60	-	-	6,072	60	860	4,330	6,075	257		
MAHLE Compressores do Brasil Ltda.	2,129	60	-	-	9,874	60	584	2,647	9,562	81		
MAHLE Afemmarket GmbH	1,640	60	-	-	1,280	60	1,581	547	911	36		
MAHLE Componentes de Motores S.A.	1,584	60	-	-	53	60	1,637	11	50	-		
MAHLE Afemmarket S. de R.L. de C.V.	1,481	60	-	-	-	-	1,406	-	-	-		
MAHLE Motor Parcalari San. Izmir A.S.	836	60	-	-	-	-	825	-	451	-		
MAHLE Afemmarket Inc.	801	60	-	-	68	60	477	104	-	38		
MAHLE International GmbH	421	60	-	-	12,223	60	-	605	-	9,840		
MAHLE Industriemotoren-Komponenten GmbH	330	60	-	-	-	-	35	-	-	-		
MAHLE Engine Components (Yingkou) Co., Ltd.	326	60	-	-	-	-	702	-	-	-		
MAHLE Filtre Sistemleri A.S.	288	60	-	-	-	-	-	267	-	-		
MAHLE Componentes de Motor de Mexico, S. de	253	60	-	-	10	60	221	-	4,229	-		
MAHLE Holding (China) Co., Ltd.	244	60	-	-	188	60	228	-	-	112		
MAHLE Indústria e Comércio Ltda.	222	60	-	-	1,647	60	36,017	536	171	2,258 (**)		
MAHLE France SAS	206	60	-	-	-	-	201	-	-	-		
MAHLE Engine Systems UK Ltd.	204	60	-	-	2,713	60	-	(29)	2,007	-		
MAHLE Engine Components (Nanjing) Co., Ltd.	184	60	-	-	-	-	367	-	-	-		
MAHLE Engine Components (Chongqing) Co., Lt	176	60	-	-	-	-	240	-	-	-		
MAHLE GmbH	135	60	-	-	10,718	60	68	87	719	4,521 (*)		
MAHLE India Pistons Ltd.	60	60	-	-	-	-	74	-	-	-		
MAHLE Industries, Inc.	41	60	-	-	924	60	-	12	-	66		
MAHLE Electric Drives (Taicang) Co., Ltd.	41	60	-	-	433	60	-	37	695	-		
MAHLE Engine Components Slovakia s.r.o.	40	60	-	-	-	-	37	-	-	-		
MAHLE Electric Drives Slovenija d.o.o.	30	60	-	-	529	60	-	29	841	-		
MAHLE Anand Filter Systems Private Limited	23	60	-	-	-	-	21	-	-	-		
MAHLE Japan Ltd.	14	60	-	-	161	60	-	13	-	161		
MAHLE Motorsports Inc	7	60	-	-	-	-	8	-	-	-		
MAHLE Kleinmotoren-Komponenten GmbH & Co	6	60	-	-	-	-	6	-	-	-		
Shanghai MAHLE Thermal Systems Co. Ltd.	4	60	-	-	-	-	-	-	-	-		
MAHLE Engineering Services India Private Limite	1	60	-	-	-	-	-	-	-	-		
Innoferm Tecnologia Ltda.	-	-	-	-	1,400	60	-	-	-	-		
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	-	877	60	-	-	24	17		
MAHLE Filtersysteme GmbH	-	-	-	-	563	60	-	-	-	18		
MAHLE Filtersysteme Austria GmbH	-	-	-	-	438	60	-	-	433	-		
MAHLE Filter Systems Japan Corporation	-	-	-	-	381	60	-	-	124	-		
MAHLE S.A.U.	-	-	-	-	302	60	-	-	275	-		
MAHLE Trading Japan Co., Ltd.	-	-	-	-	291	60	-	8	289	-		
Mahle Automotive Technologies (China) Co., Lt	-	-	-	-	149	60	-	-	-	149		
MAHLE Filter Systems USA	-	-	-	-	49	60	-	-	-	-		
MAHLE Afemmarket Italy S.p.A.	-	-	-	-	37	60	-	-	5	-		
MAHLE Filter Systems Philippines Corporation	-	-	-	-	36	60	-	-	34	-		
MAHLE Holding (India) Private Limited	-	-	-	-	9	60	-	(7)	-	-		
MAHLE Engine Components USA, Inc.	-	-	-	-	7	60	-	-	-	-		
MAHLE Componente de Motor SRL	-	-	-	-	6	60	-	-	129	-		
MAHLE Engine Components India Priv. Ltd.	-	-	-	-	2	60	-	-	-	-		
MAHLE Composants Moteur France SAS	-	-	-	-	2	60	-	(9)	2	-		
MAHLE Industriebeteiligungen GmbH	-	-	-	-	-	-	6,003	-	-	-		
MAHLE Afemmarket Pte. Ltd.	-	-	-	-	-	-	23	-	1,816	-		
MAHLE Fil. Sys. UK Ltd.	-	-	-	-	-	-	-	-	275	-		
Other	(3)	60	-	-	-	-	31	-	13	-		
Total related companies	29,428				57,394		42,020	25,763	9,197	29,686	17,582	
Total related parties	106,690		96,552	32,279	57,394		42,020	157,256	10,128	29,686	17,582	

* Brand license of RS 3,193

** Rent of RS 2,258

*** Realization of term days refers to current assets and current liabilities

Notes to the interim financial statements

(in thousand of reais)

	Parent company										
	Balances at 12.31.2020					Transactions from 01.01.2020 to 03.31.2020					
	Current assets		Non-current assets		Current liabilities		Sales/revenue		Purchases		
	Receivables (Note 7)	Payment term in days (***)	Dividends and interest on capital receivable	Loan	Suppliers (Note 15)	Payment term in days (***)	Dividends and interest on capital payable	Products	Others	Products	Others
Companies											
Subsidiaries											
Direct subsidiaries											
MAHLE Metal Leve GmbH	49,566	60	66,134	-	-	-	-	85,275	11	-	-
MAHLE Argentina S.A.	10,433	60	-	22,248	486	60	-	13,194	513	-	-
MAHLE Filtroil Indústria e Comércio de Filtros Lt	132	60	-	6,781	-	-	-	-	58	-	-
MAHLE Hirschvogel Forças S.A.	23	60	-	-	-	-	-	-	33	-	-
Sub-total Controladas Diretas	60,154		66,134	29,029	486			98,469	615		
Related companies											
MAHLE Componenti Motori Italia S.p.A.	5,168	60	-	-	5,394	60	-	5,230	1	26	-
MAHLE Engine Components USA, Inc.	4,510	60	-	-	493	60	-	2,298	-	452	11
MAHLE Behr Gerenciamento Técnico Brasil Ltda.	2,463	60	-	-	2,993	60	-	192	3,576	9,635	173
MAHLE Aftemarket S. de R.L. de C.V.	2,286	60	-	-	-	-	-	873	-	-	-
MAHLE Aftemarket GmbH	1,797	60	-	-	2,078	60	-	450	306	722	24
MAHLE Compressores do Brasil Ltda.	1,432	60	-	-	5,033	60	-	264	1,616	6,286	-
MAHLE International GmbH	1,225	60	-	-	14,971	60	-	-	463	-	5,367
MAHLE Engine Components (Yingkou) Co., Ltd.	849	60	-	-	-	-	-	1,480	11	-	-
MAHLE GmbH	729	60	-	-	16,289	60	-	150	4	327	3,099 (*)
MAHLE Aftemarket Inc.	310	60	-	-	41	60	-	111	106	-	41
MAHLE Holding (China) Co., Ltd.	285	60	-	-	219	60	-	5	68	-	46
MAHLE Industriemotoren-Komponenten GmbH	284	60	-	-	-	-	-	31	-	-	-
MAHLE Motor Parcalari San. Izmir A.S.	271	60	-	-	442	60	-	153	-	-	-
MAHLE Engine Components (Nanjing) Co., Ltd.	260	60	-	-	-	-	-	554	(1,309)	18	-
MAHLE Engine Systems UK Ltd.	197	60	-	-	2,432	60	-	-	-	1,558	-
MAHLE Industries, Inc.	180	60	-	-	784	60	-	-	221	-	-
MAHLE Indústria e Comércio Ltda.	139	60	-	-	1,325	60	36,017	-	128	-	1,834 (**)
MAHLE Trading Japan Co., Ltd.	108	60	-	-	-	-	-	-	9	-	-
MAHLE Engine Components (Chongqing) Co., Lt	104	60	-	-	-	-	-	331	-	-	-
MAHLE Componentes de Motores S.A.	88	60	-	-	3	60	-	146	13	10	-
MAHLE France SAS	63	60	-	-	-	-	-	60	-	-	-
MAHLE Componentes de Motor de Mexico, S. de	47	60	-	-	1,222	60	-	31	-	4,141	-
MAHLE Engine Components Slovakia s.r.o.	42	60	-	-	96	60	-	19	-	-	-
MAHLE S.A.U.	20	60	-	-	34	60	-	3	-	-	-
MAHLE Japan Ltd.	14	60	-	-	-	-	-	-	11	-	-
MAHLE India Pistons Ltd.	13	60	-	-	-	-	-	9	-	-	-
MAHLE Shared Services Mexico S. de R.L. de C.V	11	60	-	-	372	60	-	-	-	-	-
MAHLE Kleinmotoren-Komponenten GmbH & Co	6	60	-	-	-	-	-	4	-	-	-
Shanghai MAHLE Thermal Systems Co. Ltd.	4	60	-	-	-	-	-	-	-	-	-
MAHLE Filtersysteme GmbH	2	60	-	-	537	60	-	-	-	-	-
MAHLE Motorsports Inc	1	60	-	-	-	-	-	2	-	-	-
MAHLE Electric Drives Slovenija d.o.o.	1	60	-	-	343	60	-	-	8	212	-
MAHLE Engineering Services India Private Limite	1	60	-	-	-	-	-	-	-	-	-
MAHLE Composants Moteur France SAS	(52)	60	-	-	-	-	-	23	-	-	-
MAHLE Aftemarket Pte. Ltd.	-	-	-	-	2,172	60	-	15	-	-	-
Innoferm Tecnologia Ltda.	-	-	-	-	1,600	60	-	-	-	-	-
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	-	1,039	60	-	-	-	176	-
MAHLE Filter Systems Japan Corporation	-	-	-	-	413	60	-	-	-	112	-
MAHLE Filtersysteme Austria GmbH	-	-	-	-	368	60	-	-	-	762	-
MAHLE Electric Drives (Taicang) Co., Ltd.	-	-	-	-	320	60	-	-	-	227	-
MAHLE Fil. Sys. UK Ltd.	-	-	-	-	283	60	-	-	-	-	-
MAHLE Aftemarket Italy S.p.A.	-	-	-	-	175	60	-	-	-	-	-
MAHLE Componente de Motor SRL	-	-	-	-	127	60	-	-	-	85	-
MAHLE Trading (Shanghai) Co., Ltd.	-	-	-	-	115	60	-	-	-	108	1
MAHLE Engine Components Japan Corporation	-	-	-	-	99	60	-	10	228	-	-
MAHLE Filter Systems USA	-	-	-	-	44	60	-	4	-	187	-
MAHLE Filter Systems Philippines Corporation	-	-	-	-	13	60	-	-	-	-	-
MAHLE Holding (India) Private Limited	-	-	-	-	9	60	-	-	1	-	-
MAHLE Engine Components USA, Inc.	-	-	-	-	6	60	-	-	-	-	-
MAHLE Shanghai Filter Systems Co., Ltd.	-	-	-	-	3	60	-	-	-	-	-
MAHLE Industriebeteiligungen GmbH	-	-	-	-	-	-	6,003	-	-	-	-
MAHLE Behr Service Asia Co., Ltd.	-	-	-	-	-	-	-	-	-	193	-
MAHLE Engine Components India Priv. Ltd.	-	-	-	-	2	60	-	-	-	-	-
Other	(3)	60	-	-	-	60	-	40	37	64	3
Total related companies	22,855				61,889		42,020	12,488	5,498	25,301	10,599
Total related parties	83,009		66,134	29,029	62,375		42,020	110,957	6,113	25,301	10,599

* Brand license of RS 2,220

** Rent of RS 1,834

*** Realization of term days refers to current assets and current liabilities

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

	Consolidated										
	Balances at 03.31.2021					Transactions from 01.01.2021 to 03.31.2021					
	Current assets		Non-current assets		Current liabilities			Sales/revenue		Purchases	
	Receivables (Note 7)	Payment term in days (***)	Loan	Suppliers (Note 15)	Payment term in days (***)	Dividends and interest on capital payable	Products	Other	Products	Other	
Related companies											
MAHLE Componenti Motori Italia S.p.A.	28,261	60	-	8,216	60	-	36,351	-	-	28	
MAHLE Componentes de Motor de Mexico, S. de R.L. de C.V.	21,648	60	-	10	60	-	29,494	-	4,229	-	
MAHLE Aftermarket GmbH	13,898	60	-	2,202	60	-	18,961	547	2,697	36	
MAHLE Componentes de Motores S.A.	9,417	60	-	53	60	-	13,089	11	50	-	
MAHLE Engine Components USA, Inc.	8,329	60	-	5,258	60	-	8,828	-	556	-	
MAHLE France SAS	7,542	60	-	40	60	-	10,523	-	37	-	
MAHLE Vöcklabruck GmbH	4,587	60	-	-	-	-	(21)	-	-	-	
MAHLE Aftermarket S. de R.L. de C.V.	4,430	60	-	-	-	-	6,334	-	-	-	
MAHLE Behr Gerenciamento Técnico Brasil Ltda.	3,566	60	-	6,694	60	-	860	4,330	6,869	257	
MAHLE Compressores do Brasil Ltda.	2,129	60	-	9,874	60	-	584	2,647	9,562	81	
MAHLE Kleinmotoren-Komponenten GmbH & Co. KG	1,908	60	-	123	60	-	2,266	-	-	-	
MAHLE S.A.U.	1,766	60	-	302	60	-	2,719	-	275	-	
MAHLE Industriemotoren-Komponenten GmbH	1,740	60	-	74	60	-	1,934	-	-	-	
MAHLE Aftermarket Inc.	1,219	60	-	68	60	-	1,151	104	-	38	
MAHLE Motor Parcalari San. Izmir A.S.	1,216	60	-	-	-	-	1,205	-	451	-	
MAHLE GmbH	927	60	-	15,820	60	-	978	87	719	4,885 (*)	
MAHLE Engine Components (Thailand) Co., Ltd.	922	60	-	178	60	-	1,281	-	-	-	
MAHLE Engine Components India Priv. Ltd.	589	60	-	2	60	-	994	-	-	-	
MAHLE Polska Sp. z o.o.	554	60	-	-	-	-	847	-	-	-	
MAHLE International GmbH	421	60	-	17,832	60	-	-	605	-	10,684	
MAHLE Engine Components (Yingkou) Co., Ltd.	326	60	-	-	-	-	702	-	-	-	
MAHLE Filtre Sistemleri A.S.	288	60	-	-	-	-	-	267	-	-	
MAHLE Holding (China) Co., Ltd.	244	60	-	188	60	-	228	-	-	112	
MAHLE Indústria e Comércio Ltda.	222	60	-	1,647	60	36,017	-	536	171	2,258 (**)	
MAHLE Engine Components Slovakia s.r.o.	218	60	-	-	-	-	311	-	-	-	
MAHLE Engine Systems UK Ltd.	204	60	-	2,713	60	-	-	(29)	2,007	-	
MAHLE Engine Components (Nanjing) Co., Ltd.	184	60	-	-	-	-	367	-	-	-	
MAHLE Engine Components (Chongqing) Co., Ltd.	176	60	-	-	-	-	240	-	-	-	
MAHLE India Pistons Ltd.	60	60	-	-	-	-	74	-	-	-	
MAHLE Industries, Inc.	41	60	-	1,773	60	-	-	12	-	511	
MAHLE Electric Drives (Taicang) Co., Ltd.	41	60	-	433	60	-	-	37	695	-	
MAHLE Electric Drives Slovenija d.o.o.	30	60	-	529	60	-	-	29	841	-	
MAHLE Anand Filter Systems Private Limited	23	60	-	-	-	-	21	-	-	-	
MAHLE Japan Ltd.	14	60	-	161	60	-	-	13	-	161	
MAHLE Motorsports Inc	7	60	-	-	-	-	8	-	-	-	
Shanghai MAHLE Thermal Systems Co. Ltd.	4	60	-	-	-	-	-	-	-	-	
MAHLE Engineering Services India Private Limited	1	60	-	-	-	-	-	-	-	-	
Innofem Tecnologia Ltda.	-	-	-	1,400	60	-	-	-	-	-	
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	877	60	-	-	-	24	17	
MAHLE Behr Service Asia Co., Ltd.	-	-	-	643	60	-	-	-	421	-	
MAHLE Filtersysteme GmbH	-	-	-	563	60	-	-	-	-	18	
MAHLE Filtersysteme Austria GmbH	-	-	-	525	60	-	-	-	433	85	
MAHLE Engine Components USA, Inc.	-	-	-	507	60	-	-	-	-	61	
MAHLE Filter Systems Japan Corporation	-	-	-	381	60	-	-	-	124	-	
MAHLE Trading Japan Co., Ltd.	-	-	-	291	60	-	-	8	289	-	
Mahle Automotive Technologies (China) Co., Ltd	-	-	-	149	60	-	-	-	-	149	
MAHLE Holding Austria GmbH	-	-	115,107	62	60	-	-	-	-	-	
MAHLE Filter Systems USA	-	-	-	49	60	-	-	-	-	-	
MAHLE Aftermarket Italy S.p.A.	-	-	-	37	60	-	-	-	5	-	
MAHLE Filter Systems Philippines Corporation	-	-	-	36	60	-	-	-	34	-	
MAHLE Holding (India) Private Limited	-	-	-	9	60	-	-	(7)	-	-	
MAHLE Componente de Motor SRL	-	-	-	6	60	-	-	-	129	-	
MAHLE Composants Moteur France SAS	-	-	-	2	60	-	(9)	-	2	-	
MAHLE Industriebeteiligungen GmbH	-	-	-	-	-	6,003	-	-	-	-	
MAHLE Aftermarket Pte. Ltd.	-	-	-	-	-	-	23	-	1,816	-	
Outros	(1)	-	-	-	-	-	31	-	288	-	
Total related companies	117,151		115,107	79,727		42,020	140,374	9,197	32,724	19,382	
Total related parties	117,151		115,107	79,727		42,020	140,374	9,197	32,724	19,382	

* Brand license of R\$ 3,399

** Rent of R\$ 2,258

*** Realization of term days refers to current assets and current liabilities

Notes to the interim financial statements

(in thousand of reais)

	Consolidated										
	Balances at 12.31.2020					Transactions from 01.01.2020 to 03.31.2020					
	Current assets		Non-current assets		Current liabilities			Sales/revenue		Purchases	
	Receivables (Note 7)	Payment term in days (***)	Loan	Suppliers (Note 15)	Payment term in days (***)	Dividends and interest on capital payable	Products	Others	Products	Others	
Related companies											
MAHLE Aftermarket GmbH	20,190	60	-	3,130	60	-	18,276	306	726	24	
MAHLE Componenti Motori Italia S.p.A.	18,210	60	-	7,604	60	-	13,747	1	26	-	
MAHLE Componentes de Motor de Mexico, S. de R.L. de C.V.	17,241	60	-	1,222	60	-	28,727	-	4,141	-	
MAHLE Componentes de Motores S.A.	6,203	60	-	3	60	-	10,217	13	10	-	
MAHLE Engine Components USA, Inc.	5,439	60	-	4,877	60	-	4,210	-	452	11	
MAHLE France SAS	5,376	60	-	122	60	-	8,329	-	-	-	
MAHLE Aftermarket S. de R.L. de C.V.	4,256	60	-	-	-	-	2,671	-	-	-	
MAHLE Vöcklabruck GmbH	2,836	60	-	-	-	-	4,125	-	-	-	
MAHLE Behr Gerenciamento Térmico Brasil Ltda.	2,463	60	-	3,316	60	-	192	3,576	10,542	173	
MAHLE S.A.U.	2,252	60	-	34	60	-	3,789	-	-	-	
MAHLE Kleinmotoren-Komponenten GmbH & Co. KG	1,622	60	-	80	60	-	363	-	-	-	
MAHLE Compressores do Brasil Ltda.	1,432	60	-	5,033	60	-	264	1,616	6,286	-	
MAHLE International GmbH	1,225	60	-	19,735	60	-	-	463	-	5,815	
MAHLE GmbH	1,126	60	-	20,713	60	-	9,800	4	327	3,598 (*)	
MAHLE Industriemotoren-Komponenten GmbH	903	60	-	71	60	-	2,139	-	-	37	
MAHLE Engine Components (Yingkou) Co., Ltd.	849	60	-	-	-	-	1,480	11	-	-	
MAHLE Polska Sp. z o.o.	738	60	-	-	-	-	205	-	-	-	
MAHLE Aftermarket Inc.	675	60	-	41	60	-	614	106	-	41	
MAHLE Engine Components Slovakia s.r.o.	550	60	-	96	60	-	257	-	-	-	
MAHLE Engine Components (Thailand) Co., Ltd.	533	60	-	165	60	-	1,882	-	-	-	
MAHLE Engine Components India Priv. Ltd.	466	60	-	2	60	-	595	-	-	-	
MAHLE Motor Parcalari San. Izmir A.S.	403	60	-	442	60	-	1,108	-	-	-	
MAHLE Holding (China) Co., Ltd.	285	60	-	219	60	-	5	68	-	46	
MAHLE Engine Components (Nanjing) Co., Ltd.	260	60	-	-	-	-	554	(1,309)	18	-	
MAHLE Engine Systems UK Ltd.	197	60	-	2,434	60	-	-	-	1,558	-	
MAHLE Industries, Inc.	180	60	-	1,175	60	-	-	221	-	434	
MAHLE Indústria e Comércio Ltda.	139	60	-	1,325	60	36,017	-	128	-	1,834 (**)	
MAHLE Trading Japan Co., Ltd.	108	60	-	-	-	-	-	9	-	-	
MAHLE Engine Components (Chongqing) Co., Ltd.	104	60	-	-	-	-	331	-	-	-	
MAHLE Japan Ltd.	14	60	-	-	-	-	-	11	-	-	
MAHLE India Pistons Ltd.	13	60	-	-	-	-	9	-	-	-	
MAHLE Shared Services Mexico S. de R.L. de C.V.	11	60	-	372	60	-	-	-	-	-	
Shanghai MAHLE Thermal Systems Co. Ltd.	4	60	-	-	-	-	-	-	-	-	
MAHLE Filtersysteme GmbH	2	60	-	537	60	-	-	-	-	-	
MAHLE Motorsports Inc	1	60	-	-	-	-	2	-	-	-	
MAHLE Electric Drives Slovenija d.o.o.	1	60	-	468	60	-	-	8	212	-	
MAHLE Engineering Services India Private Limited	1	60	-	-	-	-	-	-	-	-	
MAHLE Composants Moteur France SAS	(52)	60	-	-	-	-	23	-	-	-	
MAHLE Aftermarket Pte. Ltd.	-	-	-	2,172	60	-	15	-	-	-	
Innoferm Tecnologia Ltda.	-	-	-	1,600	60	-	-	-	-	-	
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	1,039	60	-	-	-	176	-	
MAHLE Filtersysteme Austria GmbH	-	-	-	440	60	-	-	-	762	82	
MAHLE Filter Systems Japan Corporation	-	-	-	413	60	-	-	-	112	-	
MAHLE Engine Components USA, Inc.	-	-	-	408	60	-	-	-	-	135	
MAHLE Electric Drives (Taicang) Co., Ltd.	-	-	-	320	60	-	-	-	227	-	
MAHLE Fil. Sys. UK Ltd.	-	-	-	283	60	-	-	-	-	-	
MAHLE Aftermarket Italy S.p.A.	-	-	-	269	60	-	-	-	8	-	
MAHLE Componente de Motor SRL	-	-	-	127	60	-	-	-	85	-	
MAHLE Trading (Shanghai) Co., Ltd.	-	-	-	115	60	-	-	-	108	1	
MAHLE Engine Components Japan Corporation	-	-	-	99	60	-	10	228	-	-	
MAHLE Filter Systems USA	-	-	-	44	60	-	-	-	187	-	
MAHLE Holding Austria GmbH	-	-	77,671	31	60	-	-	-	-	-	
MAHLE Filter Systems Philippines Corporation	-	-	-	13	60	-	-	-	-	-	
MAHLE Holding (India) Private Limited	-	-	-	9	60	-	-	1	-	-	
MAHLE Shanghai Filter Systems Co., Ltd.	-	-	-	3	60	-	-	-	-	-	
MAHLE Componentes de Motor Espana, S.L.U.	-	-	-	-	-	-	68	-	-	-	
MAHLE Industriebeteiligungen GmbH	-	-	-	-	-	6,003	-	-	-	-	
MAHLE Behr Service Asia Co., Ltd.	-	-	-	-	-	-	-	-	193	-	
Outros	(1)	60	-	-	-	-	40	37	64	3	
Total related companies	96,255		77,671	80,601		42,020	114,047	5,498	26,220	12,234	
Total related parties	96,255		77,671	80,601		42,020	114,047	5,498	26,220	12,234	

* Brand license of RS 2,437

** Rent of RS 1,834

*** Realization of term days refers to current assets and current liabilities

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

The business transactions with related parties relate mainly to the purchase and sale of products and services directly related to the Group's operating activities.

At March 31, 2021 the subsidiary MAHLE Filtroil Indústria e Comércio de Filtros Ltda. has a balance with the Company of R\$ 7,335 (loan agreement in the amount of R\$ 18,108, with interest rate at 115% of the CDI and provision for losses on investees in the amount of (-) R\$ 10.773). The Company expects to recover this loan via cash flows from the financial asset.

At March 31, 2021, the subsidiary MAHLE Argentina S.A. has a loan agreement with the Company in the amount of USD 4,000, equivalent to R\$ 24,698 (R\$ 22,248 as of December 31, 2020), subject to interest of 5.38% (interest rate on Brazilian government bonds plus spread of 2.5% p.a.). The full repayment of the loan is due by June 30, 2021.

The subsidiary MAHLE Metal Leve GmbH has a daily cash management contract with MAHLE Holding Austria GmbH, subject to interest based on Eonia (Euro OverNight Index Average) + 1.15% p.a., with no definite maturity date. At March 31, 2021, the subsidiary has a balance payable of R\$ 115.107 arising from these transactions (balance receivable of R\$ 77,671 at December 31, 2020).

Since February 15, 2012, the Company has had a brand licensing agreement with its parent company MAHLE GmbH, which is registered with the National Institute of Industrial Property, in which the licensor establishes the payment of royalties of up to 1% of net sales revenue and the Company is authorized to manufacture and distribute products using the brand "MAHLE". At March 31, 2021, the royalty expenses were recorded within "selling expenses - brand license", in the parent company in the amount of R\$ 3,193 (March 31, 2020 - R\$ 2,220) and in the consolidated accounts in the amount of R\$ 3,399 (March 31, 2020 - R\$ 2,437).

Parent company and ultimate parent company

The Company's direct parent company is established as a limited liability company and its corporate name is MAHLE Indústria e Comércio Ltda.

MAHLE Industriebeteiligungen GmbH is the Group's ultimate parent company, established as a limited liability company with its head office in the city of Stuttgart, in the Federal Republic of Germany.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Dividends and interest on capital receivable

The movements in dividends and interest on capital receivable from subsidiary MAHLE Metal Leve GmbH are as follows:

	Parent company			03.31.2021
	12.31.2020	Addition	Exchange variation	
Income on interest	66,134	27,160	3,258	96,552
	66,134	27,160	3,258	96,552

Dividends and interest on capital payable

The breakdown of dividends and interest on capital payable is presented below:

	Parent company and consolidated			Balance 03.31.2021
	Balance 12.31.2020	Payment	Prescribed dividends and interest on capital	
MAHLE Indústria e Comércio Ltda.	36,017	-	-	36,017
MAHLE Industriebeteiligungen GmbH.	6,003	-	-	6,003
Non-controlling	18,734	663	(16)	19,381
Total	60,754	663	(16)	61,401

Management compensation

The compensation of the key management personnel, which comprises the executive officers and the Board of Directors, includes salaries, fees, variable benefits and and termination pay.

	Parent company and consolidated	
	03.31.2021	03.31.2020
Statutory officers	1,869	1,664
Non-statutory officers	695	1,704
	2,564	3,368

The officers receive no share-based compensation.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

11. Income tax and social contribution

Income tax and social contribution are calculated at the statutory rates.

a. Reconciliation of income tax and social contribution expense

The reconciliation of the amount that results from applying the combined statutory tax rates with the income tax and social contribution expense recorded in the statement of profit or loss is as follows:

	Parent company		Consolidated	
	03.31.2021	03.31.2020	03.31.2021	03.31.2020
Profit before income tax and social contribution	154,191	19,739	167,447	25,638
Income tax and social contribution at the statutory rate in Brazil (34%)	(52,425)	(6,711)	(56,932)	(8,717)
Effects of permanent differences:				
Equity in the results of investees	17,817	5,562	(21)	(11)
Gain on monetary items, net	6,907	3,378	5,050	689
Loss for the year for which no deferred tax asset was recognized	-	-	256	(683)
Others, net	(289)	(578)	10,783	3,524
Total income tax and social contribution	(27,990)	1,651	(40,864)	(5,198)
Current income tax and social contribution	(26,982)	(10,267)	(38,358)	(13,770)
Deferred income tax and social contribution (Note 11.b ii)	(1,008)	11,918	(2,506)	8,572
	(27,990)	1,651	(40,864)	(5,198)

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

b. Recognized deferred tax assets and liabilities

Deferred income tax and social contribution were calculated on temporarily non-deductible provision.

i. Breakdown of deferred tax assets and liabilities:

	Parent company			
	Assets		Liabilities	
	Balance in 03.31.2021	Balance in 12.31.2020	Balance in 03.31.2021	Balance in 12.31.2020
Property, plant and equipment	-	-	(28,939)	(29,351)
Intangible assets	-	-	(97,025)	(97,025)
Derivatives	10,221	7,445	-	-
Inventory	24,546	26,868	-	-
Provision labor risks	69,959	71,712	-	-
Other provision	83,206	81,924	-	-
Tax (assets) liabilities	187,932	187,949	(125,964)	(126,376)
Amount eligible for offsetting	(125,964)	(126,376)	125,964	126,376
Net tax (assets) liabilities	61,968	61,573	-	-
	Consolidated			
	Assets		Liabilities	
	Balance in 03.31.2021	Balance in 12.31.2020	Balance in 03.31.2021	Balance in 12.31.2020
Property, plant and equipment	-	-	(34,688)	(33,985)
Intangible assets	-	-	(97,025)	(97,025)
Derivatives	10,221	7,445	-	-
Inventory	24,522	26,844	-	-
Provision labor risks	69,959	71,712	-	-
Other provision	86,751	85,825	-	-
Tax (assets) liabilities	191,453	191,826	(131,713)	(131,010)
Amount eligible for offsetting	(129,395)	(129,728)	129,395	129,728
Net tax (assets) liabilities	62,058	62,098	(2,318)	(1,282)

Deferred income tax and social contribution assets are recognized to the extent that it is probable future taxable profit will be available to utilize temporary differences, considering projections of future results based on internal assumptions.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

In the parent company and consolidated financial statements, the deferred tax asset was offset against the deferred tax liability when they related to the same tax authority and the same taxable entity.

ii. Changes in temporary differences:

	Parent company	Consolidated
At December 31, 2020	61,573	60,816
(+) Recognized in profit or loss (note 11.a)	(1,008)	(2,506)
(+) Recognized in other comprehensive income	1,403	1,430
At March 31, 2021	61,968	59,740

12. Investments in subsidiaries

	03.31.2021				
	Investments accounted for using the equity method	Goodwill	Impairment	Elimination of profit on inventory (Balance at 03/31/2021)	Total
MAHLE Argentina S.A.	204,988	59,549	(59,549)	(2,337)	202,651
MAHLE Metal Leve GmbH	82,125	-	-	(3,197)	78,928
Innoferm Tecnologia Ltda.	3,639	-	-	(3,494)	145
MAHLE Hirschvogel Forjas S.A.	1,663	35,755	(35,755)	-	1,663
Total	292,415	95,304	(95,304)	(9,028)	283,387

	12.31.2020				
	Investments accounted for using the equity method	Goodwill	Impairment	Elimination of profit on inventory (Balance at 12/31/2020)	Total
MAHLE Argentina S.A.	174,684	59,549	(59,549)	(2,702)	171,982
MAHLE Metal Leve GmbH	64,010	-	-	(3,424)	60,586
Innoferm Tecnologia Ltda.	3,701	-	-	(3,493)	208
MAHLE Hirschvogel Forjas S.A.	1,168	35,755	(35,755)	-	1,168
Total	243,563	95,304	(95,304)	(9,619)	233,944

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

	Interest (%)	Ativos Circulantes	Ativos Não Circulantes	Total assets	Passivos Circulantes	Passivos Não Circulantes	Total liabilities	Equity	Net revenue	Profit (loss) for the period	Interest in equity						
											Investments	Equity in the results of subsidiaries	Elimination of profit on inventory /other assets (equity)	Provision for impairment of investments			
March 31, 2021											(3M 2021)						
Subsidiaries																	
MAHLE Argentina S.A.	99.20	270,138	82,418	352,556	117,303	28,612	145,915	206,641	142,127	9,925	204,988	9,846	364	-	-	-	-
MAHLE Metal Leve GmbH	100.00	153,167	116,849	270,016	187,891	-	187,891	82,125	160,688	41,670	82,125	41,670	226	-	-	-	-
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	60.00	1,601	20	1,621	794	8,010	8,804	(7,183)	651	(226)	-	(136)	-	-	-	-	-
MAHLE Hirschvogel Forjas S.A.	51.00	3,448	5,264	8,712	2,139	3,312	5,451	3,261	-	971	1,663	495	-	-	-	-	-
Subtotal subsidiaries		428,354	204,551	632,905	308,127	39,934	348,061	284,844	303,466	52,340	288,776	51,875	590	-	-	-	-
Related companies																	
Innofem Tecnologia Ltda.	33.33	1,450	9,628	11,078	16	146	162	10,916	-	(187)	3,639	(62)	-	-	-	-	-
Subtotal related companies		1,450	9,628	11,078	16	146	162	10,916	-	(187)	3,639	(62)	-	-	-	-	-
Total		429,804	214,179	643,983	308,143	40,080	348,223	295,760	303,466	52,153	292,415	51,813	590	-	-	-	-
December 31, 2020											(FY 2020)						
Subsidiaries																	
MAHLE Argentina S.A.	99.20	215,799	75,593	291,392	89,740	25,558	115,298	176,094	410,936	13,640	174,684	13,531	(960)	-	-	-	-
MAHLE Metal Leve GmbH	100.00	120,360	79,605	199,965	135,955	-	135,955	64,010	521,079	82,447	64,010	82,447	(303)	-	-	-	-
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	60.00	1,218	21	1,239	905	7,426	8,331	(7,092)	2,499	(1,438)	-	(863)	-	-	-	-	-
MAHLE Hirschvogel Forjas S.A.	51.00	3,359	5,896	9,255	873	6,092	6,965	2,290	-	(3,544)	1,168	(1,807)	-	-	-	-	-
Subtotal subsidiaries		340,736	161,115	501,851	227,473	39,076	266,549	235,302	934,514	91,105	239,862	93,308	(1,263)	-	-	-	-
Related companies																	
Innofem Tecnologia Ltda.	33.33	1,657	9,634	11,291	168	168	336	11,103	-	(410)	3,701	(137)	-	-	-	-	-
Subtotal related companies		1,657	9,634	11,291	168	168	336	11,103	-	(410)	3,701	(137)	-	-	-	-	-
Total		342,393	170,749	513,142	227,641	39,244	266,885	246,405	934,514	90,695	243,563	93,171	(1,263)	-	-	-	-
March 31, 2020											(3M 2020)						
Subsidiaries																	
MAHLE Argentina S.A.	99.20	204,122	82,070	286,192	89,811	32,423	122,234	163,958	88,519	(1,885)	162,646	(1,870)	(547)	-	-	-	-
MAHLE Metal Leve GmbH	100.00	145,602	80,218	225,820	151,763	-	151,763	74,057	128,335	20,524	74,057	20,524	(656)	-	-	-	-
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	60.00	1,335	18	1,353	747	7,277	8,024	(6,671)	586	(385)	-	(231)	-	-	-	-	-
MAHLE Hirschvogel Forjas S.A.	51.00	2,949	8,636	11,585	1,539	11,840	13,379	(1,794)	-	(1,628)	-	(830)	-	-	-	-	(916)
Subtotal subsidiaries		354,008	170,942	524,950	243,860	51,540	295,400	229,550	217,440	16,626	236,703	17,593	(1,203)	-	-	-	(916)
Related companies																	
Innofem Tecnologia Ltda.	33.33	1,981	9,658	11,639	19	201	220	11,419	-	(94)	3,806	(31)	-	-	-	-	-
Subtotal related companies		1,981	9,658	11,639	19	201	220	11,419	-	(94)	3,806	(31)	-	-	-	-	-
Total		355,989	180,600	536,589	243,879	51,741	295,620	240,969	217,440	16,532	240,509	17,562	(1,203)	-	-	-	(916)

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

The subsidiaries belong to the engine component segment, except the subsidiary MAHLE Filtroil Indústria e Comércio de Filtros Ltda.

MAHLE Argentina S.A.

As mentioned in Note 14, the Company has an impairment loss of R\$ 59,549 on the goodwill arising from the acquisition of the subsidiary.

At March 31, 2021 and December 31, 2020, the subsidiary has a loan agreement with the Company as stated in Note 10 – Related parties.

MAHLE Filtroil Indústria e Comércio de Filtros Ltda.

At March 31, 2021 and December 31, 2020, the subsidiary has a loan agreement with the Company as stated in Note 10 – Related parties.

The subsidiary has suffered recurring operating losses and experienced a working capital deficiency and a consequent increase in indebtedness. Since June 2009, several lawsuits have been filed involving the subsidiary's quotaholders with respect to its commercial, financial and administrative management, in addition to an action for dissolution of the subsidiary that was initiated because of a capital increase proposed by the Company but not accepted by the non-controlling quotaholder to resolve the working capital deficit of the subsidiary.

Although the action for dissolution of the subsidiary has been judged in favor of the Company by the lower court, management has concluded, based on its judgment about the possibility of the non-controlling quotaholder filing an appeal to the Superior Court, that the subsidiary has the ability to continue in operational existence for the foreseeable period of more than 12 months from the date of the approval of these financial statements, and, therefore, it is not anticipated that any material losses will arise, other than those already recognized in the financial statements of the parent company. For this reason, the going-concern basis was adopted in preparing the financial statements.

MAHLE Hirschvogel Forjas S.A.

As at March 31, 2021, the equity interest in subsidiary MAHLE Hirschvogel Forjas S.A. is R\$ 1,663 (R\$ 1,168 at December 31, 2020) and are recorded in non-current liabilities as “Investments in subsidiaries”.

The financial statements of the subsidiary MAHLE Hirschvogel Forjas S.A. have been prepared assuming that the subsidiary will not continue as a going concern and its assets and liabilities are stated at liquidation value. Because the balances of this subsidiary are immaterial for the Group, NBC TG 31 (CPC 31) – Discontinued Operations / IFRS 5 – Presentation and disclosure of discontinued operations does not apply.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

13. Property, plant and equipment

	Parent company									
	Land	Buildings and construction	Machinery, equipment and facilities	Furniture and fittings	Vehicles	Construction in progress	Advances to suppliers	Impairment	Rights-of-use assets	Total
At December 31, 2020	52,454	82,918	410,326	3,584	4,157	1,337	5,788	(4,965)	11,737	567,336
Total cost	52,454	231,326	2,081,746	24,927	23,537	1,337	5,788	(4,965)	26,923	2,443,073
Accumulated depreciation	-	(148,408)	(1,671,420)	(21,343)	(19,380)	-	-	-	(15,186)	(1,875,737)
Net book value	52,454	82,918	410,326	3,584	4,157	1,337	5,788	(4,965)	11,737	567,336
Additions	-	87	3,751	27	5	2,504	2,918	-	2,236	11,528
Write-offs	-	-	(19)	-	(10)	-	-	24	-	(5)
Transfer	-	-	2,953	-	(28)	(835)	(2,090)	-	-	-
Depreciation	-	(1,232)	(18,992)	(181)	(296)	-	-	-	(3,205)	(23,906)
Depreciation/write-off (deemed cost)	-	(642)	(39)	-	-	-	-	-	-	(681)
At March 31, 2021	52,454	81,131	397,980	3,430	3,828	3,006	6,616	(4,941)	10,768	554,272
Total cost	52,454	231,413	2,087,660	24,954	23,427	3,006	6,616	(4,941)	29,161	2,453,750
Accumulated depreciation	-	(150,282)	(1,689,680)	(21,524)	(19,599)	-	-	-	(18,393)	(1,899,478)
Net book value	52,454	81,131	397,980	3,430	3,828	3,006	6,616	(4,941)	10,768	554,272

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

	Consolidated									
	Land	Buildings and construction	Machinery, equipment and facilities	Furniture and fittings	Vehicles	Construction in progress	Advances to suppliers	Impairment	Rights-of-use assets	Total
At December 31, 2020	52,518	93,427	461,044	3,718	5,399	1,337	9,568	(5,108)	13,710	635,613
Total cost	52,518	245,759	2,265,420	25,240	31,038	1,337	9,568	(5,108)	29,656	2,655,428
Accumulated depreciation	-	(152,332)	(1,804,376)	(21,522)	(25,639)	-	-	-	(15,946)	(2,019,815)
Net book value	52,518	93,427	461,044	3,718	5,399	1,337	9,568	(5,108)	13,710	635,613
Additions	-	87	4,135	27	5	2,504	4,976	-	2,236	13,970
Write-offs	-	-	(21)	-	(10)	-	-	24	-	(7)
Transfer	-	-	5,702	-	(28)	(835)	(4,839)	-	-	-
Depreciation	-	(1,244)	(19,720)	(187)	(311)	-	-	-	(3,425)	(24,887)
Depreciation/write-off (deemed cost)	-	(642)	(39)	-	-	-	-	-	-	(681)
Gain on monetary items, net	-	1,145	4,448	-	146	-	104	-	23	5,866
Translation effects	-	9	50	-	-	-	1	-	2	62
At March 31, 2021	52,518	92,782	455,599	3,558	5,201	3,006	9,810	(5,084)	12,546	629,936
Total cost	52,518	247,554	2,297,645	25,268	32,050	3,006	9,810	(5,084)	31,895	2,694,662
Accumulated depreciation	-	(154,772)	(1,842,046)	(21,710)	(26,849)	-	-	-	(19,349)	(2,064,726)
Net book value	52,518	92,782	455,599	3,558	5,201	3,006	9,810	(5,084)	12,546	629,936

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(in thousand of reais)

Deemed cost

Changes in deemed cost

	Parent Company and Consolidated		
	12.31.2020	Depreciation/ write-off (deemed cost)	03.31.2021
Land	46,905	-	46,905
Buildings and construction	35,369	(642)	34,727
Machinery, equipment and facilities	1,105	(39)	1,066
Furniture and fittings	17	-	17
Vehicles	(147)	-	(147)
	83,249	(681)	82,568

The annual depreciation rates of the property, plant and equipment items at March 31, 2021 are equal to the rates presented at December 31, 2020.

Impairment

The Group has recorded provision at an amount sufficient to cover any impairment losses on property, plant and equipment, which relates substantially to the group of machinery and equipment and is recorded in the parent company and consolidated accounts of property, plant and equipment in accordance with the requirements set out in NBC TG 01 (CPC 01) - (R1)/IAS 36 “Impairment of assets”. The parent company and consolidated balance of the provision for losses at March 31, 2021 is R\$ 4,941 (R\$ 4,965 at December 31, 2020) and R\$ 5,084 (R\$ 5,108 at December 31, 2020), respectively.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

14. Intangible assets

	Annual amortization rates (%)	Parent company		Consolidated	
		03.31.2021	12.31.2020	03.31.2021	12.31.2020
Goodwill on merger with subsidiary:					
MAHLE Participações Ltda. (a)	-	568,612	568,612	568,612	568,612
Goodwill on acquisition of subsidiaries:					
MAHLE Argentina S.A. (a)	-	-	-	59,549	59,549
MAHLE Hirschvogel Forjas S.A. (a)	-	-	-	35,755	35,755
Cost of acquisition and installation of software (b)	20	51,389	51,294	54,213	53,806
Other (a and b)	-	334	334	1,119	1,118
Usage right and concessions (a)	-	5,666	5,665	5,666	5,665
Usage right and concessions (b)	20	9,324	9,325	9,324	9,325
Impairment (<i>Rings businnes</i>)	-	(188,654)	(188,654)	(188,654)	(188,654)
Impairment (<i>MAHLE Argentina S.A.</i>)	-	-	-	(59,549)	(59,549)
Impairment (<i>MAHLE Hirschvogel Forjas S.A.</i>)	-	-	-	(35,755)	(35,755)
Provision for impairment of intangible assets (other)	-	(334)	(334)	(343)	(343)
		446,337	446,242	449,937	449,529
Accumulated amortization		(54,703)	(54,351)	(58,209)	(57,538)
		391,634	391,891	391,728	391,991

(a) Indefinite useful life

(b) finite useful life

MAHLE Metal Leve S.A.

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(in thousand of reais)

Statement of changes in intangible assets

	Parent company				
	Goodwill on acquisition of subsidiaries (merged or not)	Cost of acquisition and installation of software	Usage right and concessions	Other	Total
At December 31, 2020	379,958	3,025	8,908	-	391,891
Additions	-	96	-	-	96
Amortization	-	(347)	(6)	-	(353)
At March 31, 2021	379,958	2,774	8,902	-	391,634

	Consolidated				
	Goodwill on acquisition of subsidiaries (merged or not)	Cost of acquisition and installation of software	Usage right and concessions	Other	Total
At December 31, 2020	379,958	3,097	8,908	28	391,991
Additions	-	96	-	-	96
Amortization	-	(353)	(6)	-	(359)
At March 31, 2021	379,958	2,840	8,902	28	391,728

Impairment

The Company's management continuously monitors the activities and did not detect substantial changes in their operational performance in the first quarter of 2021 of the subsidiaries which could justify a change in the previously recorded impairment amounts.

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Notes to the interim financial statements

(in thousand of reais)

15. Trade and related-party payables

	Parent company		Consolidated	
	03.31.2021	12.31.2020	03.31.2021	12.31.2020
Suppliers - Third Party				
Raw material	197,104	141,360	247,242	178,316
Services	37,439	31,047	37,986	31,086
	234,543	172,407	285,228	209,402
Related parties (Note 10)	57,394	62,375	79,727	80,601
	291,937	234,782	364,955	290,003

The Group's exposure to currency and liquidity risks in connection with accounts payable to suppliers is disclosed in Note 31.

16. Taxes and contributions payable

	Parent company		Consolidated	
	03.31.2021	12.31.2020	03.31.2021	12.31.2020
State taxes	11,436	13,410	11,880	13,725
ICMS payable	11,436	13,393	11,450	13,409
Other	-	17	430	316
Federal taxes	17,842	24,726	21,199	27,065
Import tax	5,776	8,683	7,178	9,004
COFINS payable	4,372	5,735	4,383	5,745
IRRF	2,006	4,242	2,010	4,254
PIS payable	917	1,213	919	1,216
IPI payable	4,758	4,853	5,589	5,328
Other	13	-	1,120	1,518
Municipal taxes	-	-	156	114
Taxes and contributions payable	29,278	38,136	33,235	40,904
Income tax and social contribution	2,009	-	36,403	23,932
Income tax and social contribution payable	2,009	-	36,403	23,932
Current liabilities	31,287	38,136	69,638	64,836

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(in thousand of reais)

17. Borrowings and lease liabilities

a) Borrowings

Description	Average cost	Parent company		Consolidated	
		03.31.2021	12.31.2020	03.31.2021	12.31.2020
Borrowings in local currency (BRL)					
FINEP (Long-Term Interest Rate (TJLP) + 5.00% p.y. - 6.00% p.y.)	3.39%	82,791	89,894	82,791	89,894
BNDES (TJLP+ 1,5% p.y.)	5.89%	15,158	15,167	15,158	15,167
FINEP II (Long-Term Interest Rate (TJLP) + 5.00% p.y. - 5.00% p.y.)	4.39%	75,904	75,909	75,904	75,909
4131 SANTANDER (CDI + 4,25% p.y.)	6.15%	-	157,635	-	157,635
4131 ITAÚ (CDI + 4,30% p.y.)	6.20%	-	105,119	-	105,119
	4.04%	173,853	443,724	173,853	443,724
Borrowings in foreign currency					
		Currency EUR (expressed in BRL)			
ACC (average interest 0,47% p.y)	0.47%	66,960	108,645	66,960	108,645
	0.94%	66,960	108,645	66,960	108,645
	3.05%	240,813	552,369	240,813	552,369
Current - borrowings in local currency		33,562	293,795	33,562	293,795
Current - borrowings in foreign currency		66,960	108,644	66,960	108,644
Total current		100,522	402,439	100,522	402,439
Non-current - borrowings in local currency		140,291	149,930	140,291	149,930
Total non-current		140,291	149,930	140,291	149,930

The Company and its subsidiaries did not take new bank borrowings during the first quarter of 2021.

At March 31, 2021, long-term borrowings mature as follows:

	Parent company and Consolidated
	03.31.2021
From april 2022	28,640
2023	38,557
2024	14,937
2025	10,213
2026	10,213
2027	10,213
2028	10,213
2029	8,965
2030	8,340
	140,291

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(in thousand of reais)

Reconciliation of movements in profit or loss with cash flows from financing activities during the first quarter of 2021:

Parent company and consolidated						
Cash Flow						
12.31.2020	Addition	Principal Amortization	Amortization Interest	Exchange Variation	Appropriation of interest	03.31.2021
552,369	-	(302,624)	(20,023)	3,764	7,327	240,813

Parent company						
Cash flow						
01.01.2020	Addition	Principal Amortization	Amortization Interest	Exchange Variation	Appropriation of interest	03.31.2020
381,882	343,400	(57,118)	(2,425)	58,655	3,444	727,838

Consolidated						
Cash flow						
01.01.2020	Addition	Principal Amortization	Amortization Interest	Exchange Variation	Appropriation of interest	03.31.2020
394,160	344,487	(63,998)	(2,591)	66,122	4,086	742,266

Restrictive covenants

FINEP I: This financing was obtained from the Financing Agency for Studies and Projects (FINEP) to partially fund (at an average of 64%) the expenses incurred in several projects of the program "Innovation in MAHLE Components and Systems", and is collateralized by a bank guarantee with maturity on August 30, 2021. This financing is based on the TJLP interest rate (4.39 % p.a. as at March 31, 2021) plus a bank spread of 5% p.a. less an equalization rate of 6% p.a. There are various accelerated maturity clauses (respecting ample defense for the Company) with loss of the equalization value: use of funds for a purpose other than that established in the contract; change in effective control of the Company; existence of FINEP amounts in arrears; inaccurate information provided to FINEP by the Company; and suspension of the projects.

BNDES: The loan was obtained from BNDES to finance the construction of a first-generation ethanol plant to demonstrate the economic viability of the MBE2 technology that increases ethanol production. The loan is secured by a bank guarantee with a maturity on October 15, 2029 and is subject to Long-term Interest Rate (TJLP) (4.39% p.a. at March 31, 2021) plus a bank spread of 1.5% p.a. The agreement contains the following covenants, a breach of which accelerates payment of all amounts owed under the agreement: put the borrowed funds to a different use from that set in the agreement, change of control of the Company, any late payment to BNDES, inaccurate information provided to BNDES by the Company, and project put on hold.

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FINEP II: This financing was obtained from the Financing Agency for Studies and Projects (FINEP) to partially fund (at an average of 90%) the expenses incurred in several projects of the program "Strategic plan for innovation", and is collateralized by a bank guarantee with maturity on January 21, 2021. This financing is based on the TJLP interest rate (4.39 % p.a. as at March 31, 2021) plus a bank spread of 5% p.a. less an equalization rate of 4.5% p.a. and an additional interest equalization reduction of 0.5% p.a. for provision of bank guarantee. There are various accelerated maturity clauses (respecting ample defense for the Company) with loss of the equalization value: use of funds for a purpose other than that established in the contract; change in effective control of the Company; existence of FINEP amounts in arrears; inaccurate information provided to FINEP by the Company; and suspension of the projects.

At March 31, 2021, there was no delinquency in principal or interest payments and no breach of the terms of the contracts with FINEP and BNDES.

b) Lease obligations

The incremental borrowing rates determined by the Group for lease liabilities are as follows:

Contracts by term and discount rate	Terms of the lease	Discount rate
Lease of buildings (Argentina)	3 years	8.73%
Lease of buildings (Brazil)	3 years and 10 months	12.33%
Lease of vehicles (Brazil)	2 years	12.33%

The movement in lease liabilities is shown below:

	Parent company	Consolidated
Balance at December 31, 2020	13,203	15,601
Adição	2,236	2,236
Lease payments	(2,784)	(3,208)
Interest	935	959
Exchange rate variation	-	144
Balance at March 31, 2021	13,590	15,732

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As required by CPC 06 (R2)/IFRS 16- Leases, the Company presents in the table below an aging analysis of its contracts, reconciled to the balance appearing in the balance sheet:

	<u>Parent company</u>	<u>Consolidated</u>
	<u>03.31.2021</u>	<u>03.31.2021</u>
30 days	810	982
From 31 to 90 days	1,621	1,968
From 91 to 365 days	5,804	6,875
2022	5,355	5,907
Total	<u>13,590</u>	<u>15,732</u>
Current	8,236	10,378
Non current	5,354	5,354
	<u>13,590</u>	<u>15,732</u>

18. Salaries, vacation pay and social charges

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>03.31.2021</u>	<u>12.31.2020</u>	<u>03.31.2021</u>	<u>12.31.2020</u>
Employee profit sharing	22,251	12,211	24,054	13,533
Accrued vacation pay / 13th month	45,941	30,141	52,507	34,397
INSS /FGTS	11,973	12,307	11,994	12,330
Other social security obligations	1,021	1,428	3,431	4,130
	<u>81,186</u>	<u>56,087</u>	<u>91,986</u>	<u>64,390</u>

19. Sundry provision

	<u>Parent company</u>					
	<u>Losses on contracts</u>	<u>Commercial bonuses</u>	<u>Electric power</u>	<u>Employee benefits</u>	<u>Other</u>	<u>Total</u>
At December 31, 2020	<u>8,427</u>	<u>12,705</u>	<u>8,103</u>	<u>1,221</u>	<u>3,839</u>	<u>34,295</u>
Reversal	-	(70)	(8,103)	-	(329)	(8,502)
Payment	-	(608)	-	(1,066)	(1,109)	(2,783)
Complement	-	5,256	8,493	400	-	14,149
At March 31, 2020	<u>8,427</u>	<u>17,283</u>	<u>8,493</u>	<u>555</u>	<u>2,401</u>	<u>37,159</u>

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	Consolidated						
	Losses on contracts	Commercial bonuses	Restructuring	Electric power	Employee benefits	Other	Total
At December 31, 2020	9,362	12,703	684	8,525	1,222	4,838	37,334
Reversal	-	(70)	-	(8,525)	-	(329)	(8,924)
Payment	-	(608)	-	-	(1,066)	(1,257)	(2,931)
Complement	-	5,256	-	8,913	401	682	15,252
Foreign exchange variation	1	-	-	-	-	2	3
At March 31, 2021	9,363	17,281	684	8,913	557	3,936	40,734

20. Provision for warranties

The Group guarantees the quality of its products, assuming responsibility for providing replacements and repairs for customers for defective products.

	Parent company	Consolidated
At December 31, 2020	8,019	10,452
Reversal	(55)	(56)
Payment	(638)	(638)
Complement	2,034	2,086
Foreign exchange variation	-	59
At March 31, 2021	9,360	11,903

21. Provision for contingencies and judicial deposits linked to judicial proceedings

The Group is a party to civil, labor and tax proceedings in progress both at the administrative and judicial level, which, when applicable, are supported by judicial deposits. The respective provision for contingencies was recorded considering the estimates made by the legal advisors for proceedings in which the likelihood of loss on the respective outcomes was assessed as probable and other unrelated legal obligations.

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(in thousand of reais)

According to management's assessment, contingencies are as follows:

	Parent company				
	Civil and labor	Tax	Environmental liability	Judicial deposits	Total
At December 31, 2020	210,919	71,810	10,586	(26,928)	266,387
Additions	10,597	320	-	(272)	10,645
Monetary restatements	4,862	521	-	11	5,394
Write-off for use	(12,017)	-	(1,101)	317	(12,801)
Write-off for reversal	(8,600)	-	-	287	(8,313)
Transfer	-	-	-	280	280
At March 31, 2021	205,761	72,651	9,485	(26,305)	261,592

	Consolidated				
	Civil and labor	Tax	Environmental liability	Judicial deposits	Total
At December 31, 2020	220,452	71,811	10,586	(28,259)	274,590
Additions	10,685	320	-	(273)	10,732
Monetary restatements	5,140	521	-	(3)	5,658
Write-off for use	(14,049)	-	(1,101)	411	(14,739)
Write-off for reversal	(10,168)	-	-	344	(9,824)
Transfer	-	-	-	508	508
Foreign exchange variation	1	-	-	-	1
At March 31, 2021	212,061	72,652	9,485	(27,272)	266,926

The civil provision is related to consumer relations, compensation claims for commercial representation and distribution, service providers, work accidents and professional fees.

Provisions for labor lawsuits relate principally to former employees' compensation claims. Reversals arise when the Company prevails on a lawsuit, i.e. claims are found to be groundless and/or are decided against the Company and then the decision is subsequently overturned by a higher court, a settlement is reached or final payments are made.

Transfers relate to judicial deposits not related to the balance of provision for contingencies, and therefore, they are reclassified to other asset accounts.

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The tax provision with respect to PIS, COFINS, FINSOCIAL, ICMS, IPI, social security, royalties and drawbacks relates mainly to state and federal procedural assessments that are already being heard in court or not. They refer mainly to litigation with respect to the appropriate interpretation of the tax legislation.

The environmental provision relates mainly to the projection of expenditure required to preserve environmental areas used by the Group.

The main indexes for monetarily restating the contingencies are the basic interest rate (SELIC) and the monetary restatement indexes provided by the Superior Labor Court and law courts, when applicable.

Proceedings involving the risk of possible loss

At March 31, 2021, the Group had civil and tax proceedings brought before the proper authorities in the amount of R\$ 59,384 (December 31, 2020 - R\$ 58,825), which were assessed by the Group's management as having a risk of possible loss, and, therefore, were not provided for in the financial statements.

Contingent assets

a) Municipal incentive

The Company has a contingent asset related to a favorable court decision received in September 2019 on a lawsuit concerning a municipal financial incentive but at this time it is not possible to determine with reasonable accuracy the amount to be received.

The above-mentioned final favorable court decision allows us to conclude that future economic benefits may flow to the Company.

However, there is substantial uncertainty around the period of time it will take to reach a definitive solution in terms of both the payment method and the actual amount to be paid, so it is not yet possible to determine with certainty that the inflow of benefits arising from the favorable court decision obtained is virtually certain and the Company has control over such asset, meaning no gain will be recorded from the contingent asset until the gain actually occurs.

This contingent asset will be assessed periodically to ensure that the developments are appropriately reflected in the financial statements in accordance with CPC 25/IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

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b) Compulsory loan - Eletrobrás

The Eletrobrás compulsory loan was created by Law 4156/62, with the aim of increasing the funds from the federal government for investments in the expansion of the national electricity sector. Said Law was regulated by Decree Law 1512/76, charging companies with a monthly consumption equal to or above 2,000 kw/h according to the electricity bills issued by the electricity distribution companies. The annual amount of the contributions between 1977 and 1993 constitutes credit in favor of the contribution payers.

The legislation set a maximum term of 20 years for returning the compulsory loan to the contribution payers, giving Eletrobras the option to advance this return through the conversion of the credits into shares of its stock. Before converting the credits into shares, the credits were adjusted based on an index and quantifier called Standard Unit (UP).

The compulsory loan was charged to companies monthly through their electricity bills and consolidated during the year but only adjusted by UP in January of the following year, causing lack of monthly monetary adjustment during the years of payment as well as interest. This procedure resulted in significant financial loss to the contribution payers, especially during periods in which the monthly inflation rates were very high. In order to recover the adequate monetary adjustment and interest lost by applying the methodology of Eletrobrás, the Company filed a lawsuit seeking credits arising from the monetary adjustment of the principal, interest, interest in arrears and other amounts owed by Eletrobras on compulsory loans.

There was a judgment on the merits and Eletrobras filed an appeal, which was denied, and the judgment became final and unappealable in 2019 in favor of the Company, however there is yet the phase where the judgment will be enforced and the actual amounts to be settled will be determined. The final favorable court decision obtained allows us to conclude that future economic benefits may flow to the Company. However, there is substantial uncertainty about the timing, method and amount of the economic benefit and it is not yet possible to determine with certainty that the inflow of benefits arising from the favorable court decision obtained is virtually certain and the Company has control over such asset, meaning no gain will be recorded from the contingent asset until the gain actually occurs.

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Administrative Council for Economic Defense (“CADE”)

On February 3, 2021, CADE rendered a decision on administrative proceeding No. 08700.006065/2017-30, which was filed to investigate suspected anti-competitive conduct in the Brazilian market for automotive pistons and related products involving three companies and several individuals.

CADE’s decision has confirmed the full cooperation of the Company under a leniency agreement signed and has closed the investigation without imposing any administrative and/or pecuniary penalties.

Lastly, the Company emphasizes that the anti-competitive conduct was discontinued even before the investigation by CADE was ordered in the case on account of the Company’s Compliance Program, which has been continuously improved.

22. Equity

a. Share capital

At March 31, 2021 and December 31, 2020, subscribed and paid-up capital was represented by the following number of shares with no par value:

	<u>Number of shares</u>	
Mahle Indústria e Comércio Ltda.	76,985,132	60.0%
Mahle Industriebeteiligungen GmbH	12,830,850	10.0%
Non-controlling shareholders	<u>38,492,518</u>	<u>30.0%</u>
	<u>128,308,500</u>	<u>100.0%</u>

The Company is authorized to increase its capital up to the limit of R\$ 50,000,000 (fifty million) common shares, regardless of statutory reform, by resolution of the Board of Directors, which will determine the number of shares issued, the period of issuance and payment conditions.

On March 31, 2021, the market value of the Company's common shares corresponded the price of R\$ 23.08 per share (R\$ 20.43 on December 31, 2020).

There were no changes in the policies regarding dividends, interest on capital and revenue reserves in relation to those applied in the financial statements for the year ended December 31, 2020.

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b. Appropriation of profit for the year

At the General Shareholders' Meeting on April 29, 2021, the shareholders approved proposed additional dividends of R\$ 48,581 for the financial year ended December 31, 2020, for payment on May 28, 2021 at R\$ 0.378627 per common share, without withholding income tax, pursuant to Law 9.249/95, article 10.b.

On December 28, 2020, the Board of Directors approved the payment of interest on capital in the gross amount of R\$ 70,621 for the period from January 1, 2020 to December 31, 2020, which will be paid on May 28, 2021, corresponding to R\$ 0.5504020486 per common share with withholding income tax at the rate of 15%, with the result that the net value of interest on capital was R\$ 0.4678417413 per common share.

c. Special cash reserve

To protect cash in the current scenario, the shareholders resolved at the Ordinary General Meeting held on May 29, 2020 to defer the payment of the previously proposed additional dividends for fiscal year 2019 of R\$ 175,572. These deferred dividends were set aside for payment later when possible.

d. Other comprehensive income

Cumulative translation adjustments

The Company recognizes under this heading the cumulative effect of the currency translation of the financial statements of its subsidiaries that keep accounting records in a functional currency different from the parent company's functional currency. At March 31, 2021, the Company recorded cumulative translation adjustments of R\$ (+) R\$ 3,750 ((+) R\$ 41,255 at March 31, 2020). This cumulative effect will be reversed in the statement of income as a gain or loss only in the event of the sale or write-off of the investment.

Cumulative translation adjustments

- The effects of carrying value adjustments relating to the effective portion of gains or losses on cash flow hedges, which are recognized in March 31, 2021, net of taxes, at (-) R\$ 2,721 (At March 31, 2020 (-) R\$ 26,951) in the parent company and in the consolidated accounts.
- The adjustments for the adoption of the deemed cost of property, plant and equipment, net at R\$ 134 at March 31, 2021 (At March 31, 2020 - R\$ 137). The deemed cost is accrued to property, plant and equipment recorded in carrying value adjustments, according to the depreciation, disposal or write-off of the respective item of property, plant and equipment, against retained earnings.

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23. Earnings per share

In compliance with CVM Resolution 636/2010 which approved Technical Pronouncement NBC TG 41 (CPC 41)-/-“IAS 33 - Earnings per share”, the Company presents the following information on earnings per share:

	<u>03.31.2021</u>	<u>03.31.2020</u>
Profit attributable to owners of the parent	<u>126,201</u>	<u>21,390</u>
Shares outstanding	128,308,500	128,308,500
Basic earnings per share (R\$ per share)	<u>0.9836</u>	<u>0.1667</u>

There are no diluted earnings per share for the Company.

24. Net operating revenue

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>03.31.2021</u>	<u>03.31.2020</u>	<u>03.31.2021</u>	<u>03.31.2020</u>
Gross revenue				
Products	836,260	571,129	1,043,168	708,686
Services	13,088	8,673	9,116	8,073
Total revenue with products + services	<u>849,348</u>	<u>579,802</u>	<u>1,052,284</u>	<u>716,759</u>
Deductions from sales:				
Taxes on sales	(174,772)	(119,684)	(174,948)	(119,829)
Discounts , returns and sales incentives	(10,668)	(4,694)	(42,362)	(23,135)
Net operating revenue	<u>663,908</u>	<u>455,424</u>	<u>834,974</u>	<u>573,795</u>

Revenue is derived from two markets: OEM, where customers are car makers, and Aftermarket, where customers are large auto parts distributors and engine overhaul companies.

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The following table shows sales by geographic market and by segment:

	Parent company		Consolidated	
	03.31.2021	03.31.2020	03.31.2021	03.31.2020
Revenue by market				
Original equipment	401,282	290,286	538,090	390,608
Aftermarket	262,626	165,138	296,884	183,187
	663,908	455,424	834,974	573,795

25. Cost of sales and services

Cost of sales and services by nature are as follows:

	Parent company		Consolidated	
	03.31.2021	03.31.2020	03.31.2021	03.31.2020
Personnel and benefits	(134,400)	(104,971)	(146,388)	(117,922)
Raw material and others materials	(260,657)	(158,629)	(323,424)	(201,910)
Depreciation and amortization	(22,536)	(21,838)	(23,470)	(22,898)
Utilities and services	(44,079)	(33,774)	(46,069)	(37,445)
Other	(28,542)	(26,866)	(39,410)	(31,967)
Total	(490,214)	(346,078)	(578,761)	(412,142)

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26. Selling expenses and distribution

Selling expenses by nature are as follows:

	Parent company		Consolidated	
	03.31.2021	03.31.2020	03.31.2021	03.31.2020
Personnel and benefits	(11,511)	(11,163)	(13,434)	(12,815)
Freight	(19,308)	(9,156)	(21,318)	(11,946)
Brand license	(3,193)	(2,220)	(3,399)	(2,437)
Variable selling expenses	(3,444)	(2,076)	(6,806)	(4,335)
General expenses	(1,182)	(1,485)	(2,176)	(2,351)
Advertising	(182)	(465)	(378)	(662)
Travel and entertainment allowance	(34)	(566)	(50)	(626)
Depreciation	(139)	(126)	(159)	(153)
Professional services/service orders	(2,125)	(3,680)	(2,502)	(4,022)
Other expenses	(1,521)	(2,543)	(2,127)	(2,938)
	(42,639)	(33,480)	(52,349)	(42,285)

27. General and administrative expenses

General and administrative expenses by nature are as follows:

	Parent company		Consolidated	
	03.31.2021	03.31.2020	03.31.2021	03.31.2020
Personnel and benefits	(7,990)	(7,829)	(10,073)	(9,679)
Management	(2,564)	(3,368)	(2,564)	(3,368)
Professional services/service orders	(6,025)	(5,488)	(6,560)	(5,898)
Materials and utilities	(1,089)	(824)	(1,144)	(923)
Depreciation	(720)	(757)	(743)	(792)
Maintenance	(1,601)	(772)	(1,645)	(826)
PIS/COFINS	(555)	(1,209)	(565)	(1,214)
Travel and entertainment allowance	(22)	(315)	(32)	(346)
Other expenses	(4,045)	(2,082)	(4,228)	(2,237)
	(24,611)	(22,644)	(27,554)	(25,283)

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28. Technology and product development costs

The costs of technology and product development by nature are as follows:

	Parent company		Consolidated	
	03.31.2021	03.31.2020	03.31.2021	03.31.2020
Personnel and benefits	(8,248)	(8,311)	(8,509)	(8,589)
Materials/utilities	(1,704)	(981)	(1,715)	(1,122)
Professional services/service orders	(709)	(947)	(865)	(1,096)
General expenses	(1,521)	(3,732)	(2,758)	(5,166)
Depreciation	(1,304)	(1,279)	(1,321)	(1,300)
Maintenance	(342)	(700)	(343)	(701)
Other expenses	(323)	(1,111)	(364)	(1,204)
	<u>(14,151)</u>	<u>(17,061)</u>	<u>(15,875)</u>	<u>(19,178)</u>

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29. Finance income and costs, net

	Parent company		Consolidated	
	03.31.2021	03.31.2020	03.31.2021	03.31.2020
Finance income				
Interest	2,630	2,399	6,209	3,214
Exchange variation (a)	22,365	74,186	37,198	87,035
Monetary variation gains	144	28	468	(30)
Derivative financial instruments (c)	(515)	(599)	(515)	(599)
Other	399	139	399	1,171
	25,023	76,153	43,759	90,791
Finance costs				
Interest	(8,046)	(3,299)	(8,477)	(4,438)
Exchange variations (b)	(8,271)	(69,637)	(20,869)	(82,745)
Monetary variation losses	(5,383)	(5,009)	(5,788)	(5,588)
Derivative financial instruments (d)	(12,612)	(36,414)	(12,634)	(36,414)
Other	(537)	(441)	(2,033)	(2,202)
	(34,849)	(114,800)	(49,801)	(131,387)
Finance income (costs), net	(9,826)	(38,647)	(6,042)	(40,596)
Summary of foreign exchange variations (a+b)	14,094	4,549	16,329	4,290
Trade receivables	10,389	30,575	18,277	39,040
Cash and cash equivalents	5,151	21,090	1,692	20,312
Interest on capital receivable	3,259	15,094	3,259	15,094
Loan receivable	2,155	4,767	2,155	4,767
Trade payables	(2,925)	(7,664)	(2,895)	(13,311)
Borrowings	(4,017)	(59,340)	(6,097)	(60,879)
Lease obligations (IFRS 16)	-	-	(144)	(760)
Other	82	27	82	27
Summary of derivative instruments (c+d)	(13,127)	(37,013)	(13,149)	(37,013)
Income	(515)	(599)	(515)	(599)
Expenses	(12,612)	(36,414)	(12,634)	(36,414)
Net result of foreign exchange variations and derivative financial instruments	967	(32,464)	3,180	(32,723)

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30. Other operating income and expenses, net

	Parent company		Consolidated	
	03.31.2021	03.31.2020	03.31.2021	03.31.2020
Other income				
Reversal of provision for labor, civil and tax contingencies	8,600	14,083	10,168	14,192
Provision for restructuring	329	-	329	-
Taxes recovered (Reintegra)	237	169	237	169
Gains on disposal of assets /other	56	27	56	27
Reversal of provision for obsolescence	23	18	23	18
Gain on monetary items	-	-	559	220
Reversal of provision for compulsory loan (Eletrobrás)	-	4,315	-	4,315
Other income	1,196	891	1,198	966
	10,441	19,503	12,570	19,907
Other expenses				
Provision for labor, civil and tax contingencies	(12,857)	(22,973)	(13,401)	(24,737)
Losses on disposal of assets /other	(20)	7	(20)	7
Provision for obsolescence	-	-	-	-
Export expenses - Argentina	-	-	(1,928)	(2,468)
Losses on monetary items	-	-	(360)	(214)
Other expenses	(1,576)	(740)	(1,586)	(1,226)
	(14,453)	(23,709)	(17,295)	(28,638)
Other operating income (expenses), net	(4,012)	(4,206)	(4,725)	(8,731)

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31. Financial instruments

I. Financial instruments and risk management

Financial instruments are used to assure the Group's continuity, liquidity and profitability, and there is no speculative purpose. The financial instruments are recorded in the financial statements and classified in conformity with NBC TG CPC 40/48 (IFRS 7/9), allowing the reader to assess the Group's financial position. The table below shows the classification of the financial instruments.

		Parent Company							
		03.31.2021				12.31.2020			
Assets	Note	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total
Cash, demand deposits and cash in transit	6	-	34,104	-	34,104	-	75,068	-	75,068
Financial investments	6	-	231,113	-	231,113	-	482,800	-	482,800
Trade receivables	7	445,131	-	-	445,131	371,835	-	-	371,835
Receivables from and loans to related parties	10	32,279	-	-	32,279	29,029	-	-	29,029
Unrealized gains on derivatives	31	-	-	3,776	3,776	-	-	5,462	5,462
Total		477,410	265,217	3,776	746,403	400,864	557,868	5,462	964,194

		Parent Company							
		03.31.2021				12.31.2020			
Liabilities	Note	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total
Payables to related parties	15	(57,394)	-	-	(57,394)	(62,375)	-	-	(62,375)
Trade payables	15	(234,543)	-	-	(234,543)	(172,407)	-	-	(172,407)
Lease liabilities	17.b	(13,590)	-	-	(13,590)	(13,203)	-	-	(13,203)
Borrowings	17.a	(240,813)	-	-	(240,813)	(552,369)	-	-	(552,369)
Unrealized losses on derivatives	31	-	-	(30,883)	(30,883)	-	-	(24,403)	(24,403)
Total		(546,340)	-	(30,883)	(577,223)	(800,354)	-	(24,403)	(824,757)

		Consolidated							
		03.31.2021				12.31.2020			
Assets	Note	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total
Cash, demand deposits and cash in transit	6	-	55,110	-	55,110	-	89,411	-	89,411
Financial investments	6	-	280,436	-	280,436	-	518,424	-	518,424
Trade receivables	7	563,309	-	-	563,309	465,116	-	-	465,116
Receivables from and loans to related parties	10	115,107	-	-	115,107	77,671	-	-	77,671
Unrealized gains on derivatives	31	-	-	7,101	7,101	-	-	8,430	8,430
Total		678,416	335,546	7,101	1,021,063	542,787	607,835	8,430	1,159,052

		Consolidated							
		03.31.2021				12.31.2020			
Liabilities	Note	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total
Payables to related parties	15	(79,727)	-	-	(79,727)	(80,601)	-	-	(80,601)
Trade payables	15	(285,228)	-	-	(285,228)	(209,402)	-	-	(209,402)
Lease liabilities	17.b	(15,732)	-	-	(15,732)	(15,601)	-	-	(15,601)
Borrowings	17.a	(240,813)	-	-	(240,813)	(552,369)	-	-	(552,369)
Unrealized losses on derivatives	31	-	-	(30,883)	(30,883)	-	-	(24,403)	(24,403)
Total		(621,500)	-	(30,883)	(652,383)	(857,973)	-	(24,403)	(882,376)

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- Evaluation of the business model to determine the classification of financial instruments

- Cash and cash equivalents and financial investments: The Company manages these transactions based on fair value through profit or loss so that they are measured and recorded at fair value through profit or loss.
- Trade receivables and loans to related parties: for these assets the Company has as business model the maintenance of receivables according to the contractual cash flows, and it is not Company's practice to have these cash flows advanced through discounting or assignment of receivables. Additionally, the payment feature of these receivables was also evaluated and the conclusion was that they meet the payment criteria of "principal and interest" only, with no leverage feature, and are therefore classified as amortized cost.
- Unrealized gains on derivatives: the Company uses derivatives for hedging purposes only and adopts the hedge accounting procedure for these transactions. Accordingly, they are classified as derivatives designated for cash flow hedge and recorded at fair value.

- Fair value hierarchy and measurement

The financial instruments that are measured at fair value after initial recognition must be grouped in Levels 1 to 3 based on the observable level of the fair value.

Level 1 – prices quoted (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

- Fair value calculation

Level 2 - Derivative financial instruments were included in this level. The value of these instruments was determined as follows:

- The values of derivative financial instruments (NDFs) were calculated using the discounted cash flow method, which consists of:

- a) The difference between the future exchange rate contracted for the settlement of each contract, and the future exchange rate of "B3" a valid for the mark-to-market (MTM) date of the US dollar, euro and yen is determined. In the absence of a future rate for the maturity date disclosed by "B3", an interpolation is made of the rate for that date;

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- b) The result of the above difference is multiplied by the notional value of each operation;
- c) The amounts obtained in item "b" are brought to present value at the Interbank Deposit (DI) curve of "B3" valid for the MTM date.

- The values of commodity derivative financial instruments are calculated using the "market fair value", i.e.:

- a) The difference between the future price of the metal (USD/tons) contracted for the settlement of each contract, and the future price of the metal (USD/tons) published by Bloomberg for the maturity date of each contract, valid on the MTM date. In the absence of a future price for the maturity date of a given contract, an interpolation is made of the price of the metal for that date;
- b) The result of the above difference is multiplied by the contracted volume in tons and the US dollar rate (Ptax sale) valid for the MTM date.

- *Fair value versus carrying amount*

The carrying amounts of financial investments, trade receivables, trade payables and borrowings, less impairment loss for trade receivables, are supposed to approximate fair values.

The table below presents an analysis of financial instruments that are measured at fair value compared to the carrying amount after initial recognition and their respective fair value hierarchies.

		Consolidado				
		03.31.2021		12.31.2020		Level
Assets	Note	Carrying amount	Fair value	Carrying amount	Fair value	
Cash, demand deposits and cash in transit	6	55,110	55,110	89,411	89,411	2
Financial investments	6	280,436	280,436	518,424	518,424	2
Trade receivables	7	563,309	563,309	465,116	465,116	2
Receivables from and loans to related parties	10	115,107	115,107	77,671	77,671	2
Unrealized gains on derivatives	31	7,101	7,101	8,430	8,430	2
Total		1,021,063	1,021,063	1,159,052	1,159,052	
Liabilities						
Payables to related parties	15	(79,727)	(79,727)	(80,601)	(80,601)	2
Trade payables	15	(285,228)	(285,228)	(209,402)	(209,402)	2
Lease liabilities	17.b	(15,732)	(15,732)	(15,601)	(15,601)	2
Borrowings	17.a	(240,813)	(240,813)	(552,369)	(552,369)	2
Unrealized losses on derivatives	31	(30,883)	(30,883)	(24,403)	(24,403)	2
Total		(652,383)	(652,383)	(882,376)	(882,376)	

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- Hedge accounting

The Group adopts hedge accounting to minimize its exposure to volatility in currency and commodity price. The hedge accounting policy is properly formalized and sets out the hedged items; the authorized hedging instruments; and the method of assessing the effectiveness of the hedging relationship.

Hedging objective and strategy:

Currency hedge

The purpose of the currency hedge program is to minimize foreign exchange risks that may arise in adverse times in the market and that may adversely affect the Group's profitability.

The foreign exchange hedging policy is to hedge the entire position of budgeted cash flow (budget) as well as the actual cash flow (balance sheet) denominated and/or indexed in a foreign currency using derivative financial instruments (NDF - Non-deliverable Forwards).

For the budgeted cash flow, this policy covers different levels and time horizons, so as to reach the following levels of hedge at the end of the current month (base date):

- i) 75% of the net foreign exchange risk exposure – 1st to 6th month following the base date;
- ii) 50% of the net foreign exchange risk exposure – 7th to 9th month following the base date; and
- iii) 25% of the net foreign exchange risk exposure – 10th to 24th month following the base date.

The net foreign exchange risk exposure for the months following the time horizon of the budget will be based on the budget itself or its latest version (reviewed by the business areas on a quarterly basis).

For the actual cash flow, the policy is to hedge 100% of the net foreign exchange risk exposure (denominated and/or indexed in a foreign currency).

Commodity hedging (metal raw materials)

The purpose of the commodity hedging program is to minimize the risks of fluctuations in metal raw material prices (aluminum, nickel and copper) quoted on the London Metal Exchange (LME), which may arise during adverse times in the market and which would adversely affect the Group's profitability.

The commodity hedging policy is to hedge the planned volumes of budgeted cash flows (budget) using swaps.

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The risks inherent in metal commodities are calculated for each of the metals most used by the Company: aluminum, copper, tin and nickel. The calculation is based on the consumption of each metal according to the list of products to which the metal is applied, multiplied by the average price of the metal as disclosed by the London Market Exchange (LME) for the month preceding the check. The quantity considered in the risk calculation is the total quantity of metal applied in the production, by subtracting the quantity whose price increase is passed on to customers under the agreement. During 2020 and in the first quarter of 2021, only copper had a risk of over USD 1 million, which is the maximum amount of risk the Company assumes. The hedge program is executed for risk above USD 1 million.

Based on the net annual operational risk calculated for metals, a hedge was needed only for copper.

The execution of this policy covers different levels and time horizons so as to reach the following levels of hedge at the end of each quarter of the calendar year (base date):

Year 1:

- i) 75% of the net exposure – 1st and 2nd quarter subsequent to the base date;
- ii) 50% of the net exposure – 3rd quarter subsequent to the base date; and
- iii) 25% of the net exposure – 4th quarter subsequent to the base date.

Year 2/Year 3:

- i) up to 25% of the net exposure

The percentage of the commodity hedging operations for the Year 2 and Year 3 subsequent to the base date shall be defined by the Global Committee together with the Regional Procurement Department. This decision shall be based on a study of historical average prices of metals for the last 5 and 10 years versus the prices quoted on the LME at the time of the hedging operations.

The net exposure for the quarters following the time horizon of the budget will be based on the budget itself or its latest version (reviewed by the business areas on a quarterly basis).

II. Risk management

Overview

The Company's risk management objectives are to preserve the value of the financial assets; preserve the liquidity of the financial assets; ensure that the Company has financial resources to conduct its business, including expansion.

Basically, risks are classified into two categories - strategic/operational and economic/financial

- a) Strategic/operational risks (including, but not limited to, demand behavior, competition and significant changes in industry structure) are addressed by the Group's management model. These are classified as operational risk and business risk.

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a.1) Operational risk

Operational risks arise from all the Group's operations. Operational risk is the risk of direct or indirect losses arising from a variety of causes related to the Group's processes, personnel, technology and infrastructure and external factors, other than credit, market and liquidity risks, such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

The Group has a Technological Center for the purpose of prospecting the need for process restructuring and the adaptation of production engineering, minimizing the operational risks and consequently reducing the potential impacts on the financial flow and damage to its reputation, and seeking cost effectiveness in order to avoid any operating restrictions. Also, the Group's processes are reviewed by administrative areas on an ongoing basis.

a.2) Business risk

Potential political restrictions, the emergence of new competitors and significant changes in the macroeconomic environment are the main components of this risk. To minimize any impacts from this risk, the Group seeks to manage its expectations for billing and results in the most conservative manner possible in relation to the global scenarios.

The Group's management has a policy of preparing a budget for the following year, as well as a strategic plan for another four years after the budget. These are coordinated and consolidated worldwide by the parent company jointly with local senior management. In the course of the year, the budget is reassessed on two different occasions.

- b) Economic/financial risks mainly reflect the behavior of macroeconomic variables, such as the prices of metals used by the Group (aluminum, copper and nickel), exchange and interest rates, which have direct impacts on operations, as well as the characteristics of the financial instruments used by the Group. These risks are monitored by senior management, which is actively involved in the Group's operational management, by reference to the Group's global policies. At December 31, 2019, the Company did not enter into hedge transactions for tin and nickel because the level of risk was acceptable according to global policies.

The main economic/financial risks considered by the Group include:

- Liquidity risk;
- Credit risk;
- Risk of fluctuation in interest rates;
- Risk of fluctuation in exchange rates;
- Market risk - fluctuations in the prices of inputs (commodities).

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b.1) Liquidity risk

The Group's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to pay its obligations as they fall due under all market conditions, to avoid incurring significant losses or adversely affecting the Group's reputation.

The table below shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of currency negotiation agreements at the net position, as well as financial assets that are used to manage this risk.

03.31.2021							
Assets	Note	Carrying amount	Cash Flow	Up to 1 year	1 - 2 years	2 - 5 years	More than 5 years
Liabilities							
Payables to related parties	15	(79,727)	(79,727)	(79,727)	-	-	-
Trade payables	15	(285,228)	(285,228)	(285,228)	-	-	-
Lease liabilities	17.b	(15,732)	(15,732)	(10,378)	(5,354)	-	-
Borrowings	17.a	(240,813)	(285,718)	(107,465)	(44,772)	(70,118)	(63,363)
Unrealized losses on derivatives	31	(30,883)	(30,883)	(30,883)	-	-	-
Total		(652,383)	(697,288)	(513,681)	(50,126)	(70,118)	(63,363)
12.31.2020							
Assets	Note	Carrying amount	Cash Flow	Up to 1 year	1 - 2 years	2 - 5 years	More than 5 years
Liabilities							
Payables to related parties	15	(80,601)	(80,601)	(80,601)	-	-	-
Trade payables	15	(209,402)	(209,402)	(209,402)	-	-	-
Lease liabilities	17.b	(15,601)	(15,601)	(9,305)	(6,296)	-	-
Borrowings	17.a	(552,369)	(598,983)	(409,211)	(45,080)	(77,567)	(67,125)
Unrealized losses on derivatives	31	(24,403)	(24,403)	(24,403)	-	-	-
Total		(882,376)	(928,990)	(732,922)	(51,376)	(77,567)	(67,125)

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

b.2) Credit risk

Credit risk is the risk of the Group incurring financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises mainly from receivables, mostly from recurring customers, demand deposits, cash in transit and financial investments.

The carrying amount of financial assets that represent the maximum exposure to credit risk on the date of these financial statements was as follows:

Assets	Note	Parent company		Consolidated	
		03.31.2021	12.31.2020	03.31.2021	12.31.2020
Cash, demand deposits and cash in transit	6	34,104	75,068	55,110	89,411
Financial investments	6	231,113	482,800	280,436	518,424
Trade receivables	7	445,131	371,835	563,309	465,116
Receivables from and loans to related parties	10	32,279	29,029	115,107	77,671
Unrealized gains on derivatives	31	3,776	5,462	7,101	8,430
Total		746,403	964,194	1,021,063	1,159,052

The Group also has policies for granting credit to its customers, where credit limits and monitoring criteria are pre-established and consist of systematic checking and pre-billing to verify items such as late payments and the available balance of the invoicing limit. Market information on customers is also important in the context of the granting and management of credit.

The Group considers that there is no significant risk of concentration of credit in relation to customers:

Trade receivables
Counterparties with external credit rating (Standard & Poor's)

Counterparties unrated external de crédito	Parent Company		Consolidated	
	03.31.2021	12.31.2020	03.31.2021	12.31.2020
<i>Top 20</i>	172,842	141,620	246,590	194,541
<i>Third Parties</i>	169,309	153,466	206,661	184,500
<i>Intercompanies</i>	106,690	83,009	117,151	96,255
Total Trade Receivables and Others	448,841	378,095	570,402	475,296

The table above of trade accounts receivable does not consider impairment losses on accounts receivable.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

The table below presents the risk rating of financial investments, cash and cash in transit.

Cash, demand deposits and financial investments	Nota	Controladora		Consolidado	
		03.31.2021	12.31.2020	03.31.2021	12.31.2020
AAA	6	198,357	494,234	198,779	494,517
AA		50,857	50,641	50,857	50,641
Others		16,003	12,993	85,910	62,677
		<u>265,217</u>	<u>557,868</u>	<u>335,546</u>	<u>607,835</u>

S&P National Long Term

With respect to financial institutions, the Group operates only with banks with a minimum risk rating of AA (Fitch National Long-Term or equivalent from Moody's or & Poor's).

b.3) Risk of fluctuation in interest rates

This risk arises from the possibility of the Group incurring losses as a result of fluctuations in interest rates on its financial assets and liabilities.

Aiming at mitigating this risk, the Group seeks to diversify the raising of funds in terms of fixed or floating rates with papers pegged to the CDI rate and TJLP, so that any results originating from the volatility of these indexes do not drive material impacts.

The carrying value of financial instruments that represent the maximum exposure to the interest rate risk on the balance sheet date was:

	Note	Parent company		Consolidated	
		03.31.2021	12.31.2020	03.31.2021	12.31.2020
Cash, demand deposits and cash in transit	6	34,104	75,068	55,110	89,411
Financial investments	6	231,113	482,800	280,436	518,424
Borrowings	17.a	(240,813)	(552,369)	(240,813)	(552,369)
Total		<u>24,404</u>	<u>5,499</u>	<u>94,733</u>	<u>55,466</u>

At March 31, 2021, the balance of borrowings of R\$ 240,813 (Parent company and Consolidated) comprises the following: 34.38% of FINEP I with simplified interest rate TJLP - 1% p.a. and average cost of 3.39%; 31.52% of FINEP II with simplified interest rate TJLP p.a. and average cost of 4.39%; 27.81% of ACC with average cost of 0.47%; 6.29% of BNDES loan with simplified interest rate TJLP +1.5% and average cost of 5.89%.

This rate condition being considered, the Group believes that fluctuations in interest rates will not result in any material impact on its results. Accordingly, the Group maintains financial assets or liabilities bearing fixed interest rates at amortized cost and does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model, or carries out sensitivity analyses for the interest rate variation.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

b.4) Risk of fluctuation in exchange rates

This arises from the possibility of fluctuations in the exchange rates of the foreign currencies used by the Group for the sale of products and the contracting of financial instruments.

The Group follows the Group's global policy for managing the risk of fluctuation in exchange rates. The main instrument to mitigate this risk is to use derivatives. The Group has a short position (USD and euro) since there is a significant currency volume due to the export market and, consequently, there is a risk of Brazilian currency appreciation relative to these currencies. In the case of JPY transactions, the Group has a long position.

The Group contracts hedge instruments both for the exchange exposure originating from the operations incurred and already reflected in the balance sheet (effective cash flow) and exposure arising from the expectations outlined in the budget (budgeted cash flow).

At March 31, 2021, the Group's exposure in USD (EUR and JPY equivalents in USD) was USD 3,686 thousand in the parent company in the consolidated accounts, as shown below:

Foreign exchange exposure arising from accounts receivable and payable in foreign currency at March 31, 2021

Item	USD thousand	EUR thousand (*)	JPY thousand (**)
	Parent company and Consolidated	Parent company and Consolidated	Parent company and Consolidated
(+) Trade receivables	19,572	21,396	-
(+) Demand deposits (in foreign currency)	3,962	1,488	-
(-) Advances on export exchange contract	-	(10,007)	-
(-) Imports	(5,365)	(5,686)	(143,856)
(-) Currency forwards - sale	(13,756)	(7,378)	87,658
(=) Net balance of foreign exchange exposure	4,413	(187)	(56,198)

Net balance of foreign exchange exposure in USD (EUR and JPY equivalents in USD) - in thousands

Currency	Consolidated	
USD	4,413	
EUR	(219)	(*) Parity EUR / USD 1,1745
JPY	(508)	(**) Parity JPY / USD 110,58424
Total	3,686	

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Additionally, we present the notional value of NDFs for hedging the Group's budget:

Parent company and consolidated (USD)				
Year	Net Exposure (thousands)	Notional Value - Hedge (thousands)	Average Rate (Portfolio NDF)	% Hedged
2021 (Apr-Dec)	(15,320)	10,422	4.6454	68.0%
2022 (Jan-Dec)	(18,202)	4,964	5.4471	27.3%
2023 (Jan-Mar)	(3,648)	912	6.0119	25.0%
Total	(37,170)	16,298	4.9661	43.8%

Parent company and consolidated (EUR)				
Year	Net Exposure (thousands)	Notional Value - Hedge (thousands)	Average Rate (Portfolio NDF)	% Hedged
2021 (Apr-Dec)	(9,838)	6,629	5.3058	67.4%
2022 (Jan-Dec)	(12,907)	4,282	6.2437	33.2%
2023 (Jan-Mar)	(3,561)	890	7.2040	25.0%
Total	(26,306)	11,801	5.7893	44.9%

Parent company and consolidated (JPY)				
Year	Net Exposure (thousands)	Notional Value - Hedge (thousands)	Average Rate (Portfolio NDF)	% Hedged
2021 (Apr-Dec)	289,349	(195,862)	0.0467	67.7%
2022 (Jan-Dec)	359,992	(116,611)	0.0533	32.4%
2023 (Jan-Mar)	85,110	(21,278)	0.0584	25.0%
Total	734,451	(333,751)	0.0498	45.4%

- Sensitivity analysis

For the purposes of carrying out sensitivity analysis of market risks, the Group analyzes together asset and liability positions indexed to a foreign currency.

For the sensitivity analysis of transactions indexed in foreign currency, management adopted as a probable scenario the amounts accounted for and determined at the exchange rates disclosed by the Brazilian Central Bank. For other scenarios, the depreciation and appreciation of the exchange rates were considered as references for calculating the amounts recorded in the books under those scenarios. The other scenarios were estimated with appreciation and depreciation of the real of 25% and 50%, compared to the probable scenario.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

The methodology adopted for the calculation of the balances in the table below consisted of replacing the closing foreign exchange rate used for the purposes of accounting records with the stressed rates, in accordance with the scenarios below:

Sensitivity analysis table

The selling rates published on March 31, 2020 by the Brazilian Central Bank for USD, EUR and JPY were used in this sensitivity analysis.

	Parent company and Consolidated			
	USD/BRL exchange rate for settlement of bills of exchange	* Net balance of foreign exchange exposure - USD	** Average rate of bills of exchange	Total BRL
50% better	8.5460		5.4543	13,644
25% better	7.1216		5.4543	7,358
Balance sheet date	5.6973	4,413	5.4543	1,072
25% worse	4.2730		5.4543	(5,213)
50% worse	2.8487		5.4543	(11,499)

(*) Amounts in thousands

(**) Average rate of remittance of the bills of exchange that comprise the net balance of foreign exchange exposure

	Parent company and Consolidated			
	EUR/BRL exchange rate for settlement of bills of exchange	* Net balance of foreign exchange exposure - EUR	** Average rate of bills of exchange	Total BRL
50% better	3.3458		6.5706	602
25% better	5.0186		6.5706	290
Balance sheet date	6.6915	(187)	6.5706	(23)
25% worse	8.3644		6.5706	(335)
50% worse	10.0373		6.5706	(648)

(*) Amounts in thousands

(**) Average rate of remittance of the bills of exchange that comprise the net balance of foreign exchange exposure

	Parent company and Consolidated			
	JPY/BRL exchange rate for settlement of bills of exchange	* Net balance of foreign exchange exposure - JPY	** Average rate of bills of exchange	Total BRL
50% better	0.0258		0.0518	1,461
25% better	0.0386		0.0518	742
Balance sheet date	0.0515	(56,198)	0.0518	16
25% worse	0.0644		0.0518	(708)
50% worse	0.0773		0.0518	(1,433)

(*) Amounts in thousands

(**) Average rate of remittance of the bills of exchange that comprise the net balance of foreign exchange exposure

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Budgeted cash flow - exposure in foreign currency

The Group projects and conducts its transactions based on its current cash flows, which means that subsequent changes in the exchange rates can result in expenditure for the Group. To hedge its future cash flow against currency fluctuations, the Group uses forward contracts for USD, EUR and JPY (NDF).

Under NBC TG 40 (CPC-40) Sensitivity Analysis, management performed an exchange rate volatility study and identified the percentage change between the lowest and highest rate, so management believes that the percentages of 25% and 50% applied to sensitivity analyses reflect and cover the most likely scenarios.

Sensitivity analysis table

Parent company and consolidated sensitivity analysis table – cash flow derivatives portfolio for the period ended March 31, 2021

Scenario	USD/BRL exchange rate for settlement of operations	Notional value - USD (thousand)	Weighted average rate at maturity (*)	Adjustment in R\$ thousand	EUR/BRL exchange rate for settlement of operations	Notional value - EUR (thousand)	Weighted average rate at maturity (*)	Adjustment in R\$ thousand	JPY/BRL exchange rate for settlement of operations	Notional value - JPY (thousand)	Weighted average rate at maturity (*)	Adjustment in R\$ thousand	Total adjustment in R\$ thousand
50% better	2.8487	16,298	4.9661	34,510	3.3458	11,801	5.7893	28,837	0.0773	(333,751)	0.0498	9,188	72,535
25% better	4.2730	16,298	4.9661	11,296	5.0186	11,801	5.7893	9,095	0.0644	(333,751)	0.0498	4,889	25,280
Balance sheet date	5.6973	16,298	4.9661	(11,918)	6.6915	11,801	5.7893	(10,647)	0.0515	(333,751)	0.0498	590	(21,975)
25% worse	7.1216	16,298	4.9661	(35,132)	8.3644	11,801	5.7893	(30,389)	0.0386	(333,751)	0.0498	(3,709)	(69,230)
50% worse	8.5460	16,298	4.9661	(58,346)	10.0373	11,801	5.7893	(50,131)	0.0258	(333,751)	0.0498	(8,007)	(116,484)

The selling rates published on March 31, 2020 by the Brazilian Central Bank for USD, EUR and JPY were used.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

All the instruments are traded with top-tier banks on an organized over-the-counter market, duly registered with the Clearing House for the Custody and Financial Settlement of Securities, as presented below:

Weighted average forward rate - value for settlement			Notional value - thousand			
			Parent company		Consolidated	
Foreign currency			03.31.2021	03.31.2020	03.31.2021	03.31.2020
Short position	EUR	5.98114	19,179	18,719	19,179	18,719
Short position	USD	5.23021	30,054	34,451	30,054	34,451
Long position	JPY	0.05014	(421,409)	(519,017)	(421,409)	(519,017)

Weighted average forward rate - value for settlement			Fair market value - thousand			
			Parent company		Consolidated	
Foreign currency			03.31.2021	03.31.2020	03.31.2021	03.31.2020
Short position	EUR	5.98114	(15,295)	(17,179)	(15,295)	(17,179)
Short position	USD	5.23021	(15,346)	(29,843)	(15,346)	(29,843)
Long position	JPY	0.05014	903	4,239	903	4,239

b.5) Market risk, fluctuations in prices of inputs (commodities).

This risk arises from possible fluctuations in prices of the main raw materials used in the Group's production process, which are: copper.

To minimize and manage this risk, the Group contracts derivative transactions to hedge against fluctuations in the prices of these raw materials, in compliance with the Group's hedging policy.

The table below presents the outstanding position at March 31, 2021 and 2020:

Long position Commodities	Weighted average price on maturity	Notional value - metric tons			
		Parent company		Consolidated	
		03.31.2021	03.31.2020	03.31.2021	03.31.2020
Copper	9,005	233	306	233	306
Aluminum	2,192	-	205	-	205
TOTAL		233	511	233	511

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

<u>Long position</u>	Weighted average price on maturity	Notional value (fair market value)			
		Parent company		Consolidated	
		<u>03.31.2021</u>	<u>03.31.2020</u>	<u>03.31.2021</u>	<u>03.31.2020</u>
<u>Commodities</u>					
Copper	9,005	1,862	(1,807)	1,862	(1,807)
Aluminum	2,192	-	(294)	-	(294)
TOTAL		1,862	(2,101)	1,862	(2,101)

Additionally, we present the notional value of the commodities to protect the economic plan of the Company.

Consolidated (COPPER)				
Year	Net Exposure (Tons)	Notional Value - Hedge (Tons)	Average Price - Portfolio Swap	% Hedged
2021 (Apr-Dez)	(307)	208	7,158	67.8%
2022 (Jan-Jan)	(31)	25	9,082	80.6%
Total	(338)	233	7,365	68.9%

- Sensitivity analysis table

For the purposes of carrying out the sensitivity analysis of market risks, the Group analyzes together long and short positions of the prices of commodities (copper and aluminum).

For the sensitivity analysis of commodity transactions, management adopted as a probable scenario the amounts recognized in its books, determined by projected prices disclosed by the LME and exchange rates published by the Brazilian Central Bank at September 30, 2020. As a reference, the depreciation and appreciation of the prices used for accounting records were considered for the other scenarios. The scenarios were estimated with appreciation and depreciation of 25% and 50%, respectively, of prices in the probable scenario.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

The methodology adopted for calculating the balances presented in the table below consisted of replacing the closing exchange rate and commodity prices at September 30, 2020 used for the purposes of accounting records with the stressed rates and prices calculated in accordance with the following scenarios.

Sensitivity analysis on results of operations of purchase of commodity swap contracts - Parent company and Consolidated

Commodity	Volume in metric tons	Settlement price on maturity (USD/metric ton)	Weighted average price on maturity (USD/metric ton)	Total adjustment BRL	Total effect on purchases of commodities BRL
Copper					
50% better		13,276		5,669	(5,669)
25% better		11,063		2,732	(2,732)
Balance sheet date	233	8,851	9,005	(205)	205
25% worse		6,638		(3,142)	3,142
50% worse		4,425		(6,079)	6,079

The selling rates of the USD published on March 31, 2021 by the Brazilian Central Bank and the metal prices published on the same date by the LME were used.

MAHLE Metal Leve S.A.

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(in thousand of reais)

The results from foreign exchange and commodity derivative financial instruments affected the Group's and its subsidiaries' information as presented below:

	03.31.2021		03.31.2020	
	Parent company	Consolidated	Parent company	Consolidated
Results of derivatives (exports/imports/loan)				
Provisions				
- Operations on accounts receivable and payable	(6,215)	(6,237)	(24,520)	(24,520)
Cash effect				
- Operations on accounts receivable and payable	(6,912)	(6,912)	(12,493)	(12,493)
Note 29	(13,127)	(13,149)	(37,013)	(37,013)
Total derivative operations- net finance result	(13,127)	(13,149)	(37,013)	(37,013)
Exchange variations (gains and losses)	14,094	16,329	4,549	4,290
Results of derivatives (exports/imports/loan)	(13,127)	(13,149)	(37,013)	(37,013)
Gross sales	8,829	8,829	5,709	5,709
Cost of sales	(3,057)	(3,057)	(1,408)	(1,408)
Effects of foreign exchange variations and financial instruments on profit and loss	6,739	8,952	(28,163)	(28,422)
Gross result				
Gross sales				
- Settlements with cash effect	8,829	8,829	5,709	5,709
	8,829	8,829	5,709	5,709
Cost of sales				
- Settlements with cash effect	(3,057)	(3,057)	(1,408)	(1,408)
	(3,057)	(3,057)	(1,408)	(1,408)
Total derivative operations - gross result	5,772	5,772	4,301	4,301
Equity				
Provisions				
- Operations on sales to be made	(BS) (25,082)	(25,082)	35,315	35,315
- Operations on commodities	(BS) (1,862)	(1,862)	2,102	2,102
Deferred income tax and social contribution	(9,161)	(9,161)	12,722	12,722
Total derivative operations - Equity	(36,105)	(36,105)	50,139	50,139
Provision for unrealized losses and gains on derivatives				
(BS) - Sum of the net balance sheet				
Balance sheet assets	3,776	7,101	4,197	4,623
Balance sheet liabilities	(30,883)	(30,883)	(64,536)	(64,536)
Balance sheet, net	(27,107)	(23,782)	(60,339)	(59,913)

Guarantees

The Group had no guarantee deposits relating to these derivative instruments for the periods presented above (March 31, 2021 and 2020).

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

32. Employee benefits

The employee benefits offered by the Group are mainly granted on a monthly basis and recognized in the accounting records accordingly. There are no post-employment benefits, pension funds or other benefits that require specific accounting treatment.

For the period ended March 31, 2021, the Company paid to its employees profit sharing of R\$ 12,328 (R\$ 12,475 in the first quarter of 2020), Parent company, and R\$ 12,356 (R\$ 12,498 in the first quarter of 2020), Consolidated, based on an agreement made with the workers' union. The employee profit sharing payment followed the rules set forth in the collective labor agreement. That agreement establishes conditions to be met, as summarized herein: i) production goals for a predetermined number of workers; ii) maintenance of the absenteeism level up to previously defined annual average absence rate in relation to standard hours worked; and iii) maintenance of the scrap level up to the previously defined annual average scrap rate in relation to the number of parts produced.

Supplementary pension plan - defined contribution

In September 2006, the Group joined a free benefit-generating private pension plan, managed by Bradesco Vida e Previdência S.A. (the Manager), offering all its employees the option to participate. The contributions are defined according to salary bracket. Annually, the Manager conducts an actuarial valuation of the plan in order to determine possible adjustments to the contribution levels.

The Group contributed to the private pension plan an amount of R\$ 511 at March 31, 2021 (R\$ 843 at March 31, 2020).

33. Insurance

The Group has a policy of taking out insurance coverage for assets subject to risks at amounts considered sufficient to cover losses, including property insurance, domestic and international transportation insurance, vehicle insurance and other coverages considering the nature of the risks. The insurance is contracted with leading insurance companies with the advice of specialist insurance brokers.

For 2021 the insurance coverage for operational risks (combined property damages and lost profits) is R\$ 5,740,440 (2020 - R\$ 5,811,644).

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

34. Application of CPC 42 / IAS 29 - Financial Reporting in Hyperinflationary Economies

Since July 2018 Argentina is considered a hyperinflationary economy and the Group applies CPC 42/IAS 29 - Financial Reporting in Hyperinflationary Economies to its subsidiary MAHLE Argentina S.A., whose functional currency is the Argentine peso.

The income statement items are restated at the end of each fiscal quarter based on the change in the general price index and then translated into Brazilian real at the closing rates for each period (not at accumulated average rate for the year).

The impacts of the application of NBC TG 42 (CPC 42) / IAS 29 Financial Reporting in Hyperinflationary Economies on the parent company and consolidated financial statements as at March 31, 2021 are shown below:

	<u>03.31.2021</u>	<u>03.31.2020</u>
Reconciliation of result adjustments		
Gain on monetary position of investments from parent company - reflex recomposition	20,317	9,935
Gain on monetary position of investments from subsidiary - reflex recomposition	165	75
Loss on monetary position of subsidiary MAHLE Argentina S.A.	<u>(6,380)</u>	<u>(9,049)</u>
Gain on monetary item, result (consolidated)	14,102	961

The statement of income for the first quarter of 2021 was adjusted for inflation and subsequently translated using the exchange rate at the end of each quarter.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Board of Directors

Principal members

Peter Paul Wilhelm Grunow
Heinz Konrad Junker
Wolfgang Werner Ernst Fritz Fritzemeyer
Eduardo Augusto Rocha Pocetti
Reginaldo Ferreira Alexandre

Alternate members

Liliana Faccio Novaretti
Márcio de Oliveira Santos
Flávio Venturelli Helú
José Gomes Rodrigues da Silva
Walter Luis Bernardes Albertoni

Executive Board

Sergio Pancini de Sá - Diretor Presidente e de Relações com Investidores
João Vitor Zanesco - Diretor

Fiscal Conciul

Principal members

Axel Erhard Brod
Hélio Carlos de Lamare Cox
Mario Probst

Alternate members

Camila Pagliato Figueiredo
Dimas Lazarini Silveira Costa
Massao Fábio Oya

Technical specialist

Daniel de Oliveira Camargo
Accounting and direct tax manager
Accountant - CRC 1SP 248941/O-2

* * *

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

Representation by officers on the parent company and consolidated financial statements

MAHLE Metal Leve S.A.
CNPJ No. 60.476.884/0001-87
Publicly-held company

REPRESENTATION

Messrs. Sergio Pancini de Sá and Nathan John Quye, executive officers of MAHLE Metal Leve S.A., with its head office at Avenida Ernst MAHLE, 2000, Mombaça, in the city of Mogi Guaçu, State of São Paulo, in conformity with item VI of Article 25 of CVM Instruction 480, of December 7, 2009, do hereby declare that:

They have reviewed and discussed, and agree with, the parent company and consolidated financial statements of MAHLE Metal Leve S.A. for the year ended March 31, 2021, and thus authorize their completion.

Mogi Guaçu, May 12, 2021.

Sergio Pancini de Sá
CEO

Nathan John Quye
Finance director

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

Representation by officers on the independent auditor's report on the financial statements

MAHLE Metal Leve S.A.
CNPJ No. 60.476.884/0001-87
Publicly-held company

REPRESENTATION

Messrs. Sergio Pancini de Sá and Nathan John Quye, executive officers of MAHLE Metal Leve S.A., with its head office at Avenida Ernst MAHLE, 2000, Mombaça, in the city of Mogi Guaçu, State of São Paulo, in conformity with item V of Article 25 of CVM Instruction 480, of December 7, 2009, do hereby declare that:

They have reviewed and discussed, and agree with, the opinion expressed by KPMG Auditores Independentes, on the parent company and consolidated financial statements of MAHLE Metal Leve S.A. for the year ended March 31, 2021.

Mogi Guaçu, May 12, 2021.

Sergio Pancini de Sá
CEO

Nathan John Quye
Finance director