

(A free translation of the original in Portuguese)

**MAHLE Metal Leve S.A.**

Quarterly information (ITR)  
at September 30, 2020

## MAHLE REPORTS ADJUSTED EBITDA<sup>1</sup> OF R\$ 169.5 million in 3Q20; ADJUSTED EBITDA MARGIN OF 24.5%

Mogi Guaçu, São Paulo, November 11, 2020 - 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 financial results for the third quarter of 2020. 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.

### Earnings conference call and webcast:

Date: 11/12/2020

Time:

12 noon - Brasilia

3:00 p.m. - London

10:00 a.m. - New York

### Webcast

(in Portuguese):

<https://webcastlite.mziq.com/cover.html?webcastId=1c11041f-e84d-464c-8d71-e36b6c719ef8>

### Webcast

(simultaneous translation to English):

<https://webcastlite.mziq.com/cover.html?webcastId=d79150ff-2448-4ee9-8f2a-2e07c8c2df68>

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## HIGHLIGHTS

- **Net Sales Revenue:** R\$ 691.2 million in 3Q20, up 7.1% compared with 3Q19. Net sales revenue in 9M20 was 15.8% lower than in 9M19;
- **Domestic Aftermarket:** Sales were up 35.3% in 3Q20 compared to sales for 3Q19, while in 9M20 we saw almost same levels as in 9M19 (sales fell by 0.5%);
- **Export Aftermarket:** Sales grew 21.2% in 3Q20 compared with 3Q19; sales dropped by 8.1% in 9M20 compared to the same period of the prior year;
- **Domestic Original Equipment Market:** Sales fell by 21.8% compared to 3Q19 and by 32.1% in 9M20 versus 9M19. Consolidated vehicle production dropped 39.8%, the Brazilian market has seen a decline of 40.7% and the Argentine market of 31.5%;
- **Gross Margin:** was 27.7% in 3Q20 (27.6% in 3Q19) and 24.4% in 9M20 (26.5% in 9M19);
- **MBE2 Technology:** Impairment of R\$ 45.1 million related to technology development costs and exclusive production and sales rights and R\$ 36.2 million related to provision for inventory loss. At November 10, 2020, according to the material fact statement issued on the same date, the Board of Directors approved the cessation of the technology development activities;

(R\$ million)	Key indicators							
	3Q20	2Q20	3Q19			9M20	9M19	(d/e)
	(a)	(b)	(c)	(a/b)	(a/c)	(d)	(e)	
Net revenue	691.2	360.9	645.5	91.5%	7.1%	1,625.9	1,930.5	-15.8%
EBITDA	88.2	(14.9)	129.1	-691.9%	-31.7%	164.8	364.3	-54.8%
Adjusted EBITDA <sup>1</sup>	169.5	14.3	129.1	1085.3%	31.3%	275.3	364.3	-24.4%
EBITDA margin	12.8%	-4.1%	20.0%	16.9 p.p.	-7.2 p.p.	10.1%	18.9%	-8.8 p.p.
Adjusted EBITDA margin <sup>1</sup>	24.5%	4.0%	20.0%	20.5 p.p.	4.5 p.p.	16.9%	18.9%	-2 p.p.
Profit for the year	41.7	(39.5)	69.2	-205.6%	-39.7%	23.7	192.8	-87.7%
Adjusted net income <sup>2</sup>	95.4	(17.5)	69.2	-645.1%	37.9%	99.4	192.8	-48.4%
Net margin	6.0%	-10.9%	10.7%	16.9 p.p.	-4.7 p.p.	1.5%	10.0%	-8.5 p.p.
Adjusted net margin <sup>2</sup>	13.8%	-4.9%	10.7%	18.7 p.p.	3.1 p.p.	6.1%	10.0%	-3.9 p.p.

<sup>1</sup> Adjustment to EBITDA for impairment of R\$ 29.2 million (9M20) of goodwill of subsidiary MAHLE Argentina S.A.; impairment of R\$ 81.3 million (3Q20 and 9M20) of Project MBE2 – further details are provided in items 5.10 and 5.11 in this document.

<sup>2</sup> Adjustment to net profit (loss) for the aforementioned impairment and the effects of the reversal of income tax and social contribution (R\$ 7.2 million and R\$ 27.6 million) related to the impairment – further details are provided in items 5.13 and 5.14 in this document.

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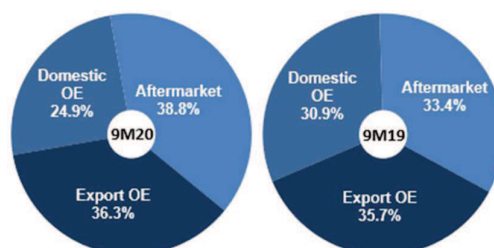
## 1 Management Commentary

After the most turbulent times of the COVID-19 crisis, the market is seeing a more favorable business environment. However, the Company will continue to monitor developments globally as a second wave of coronavirus cases is emerging in some countries.

In the face of the COVID-19 pandemic, the Company's business model has once again contributed to the Company's resilience, i.e. we have adapted our business to have a balanced mix of segments (Original Equipment and Aftermarket) in both domestic and foreign markets, in order to offset oscillations in different markets and segments and stabilize our profit margin over time.

The Company's revenue grew 7.1% in 3Q20 compared with the same period of 2019, driven by increases in aftermarket sales (+32.2%), OE exports (+9.2%), offset in part by the domestic OE market (-21.8%). The Company's 9M20 revenue fell by 15.8% compared to the same period of 2019, due to a decline in the domestic OE market (-32.1%), OE exports (-14.4%), and aftermarket sales (-2.2%).

The chart below shows the Company's revenue by business segment in 9M20 and 9M19:



The Company reported an adjusted EBITDA margin of 24.5% and adjusted EBITDA of R\$ 169.5 million for 3Q20. In 9M20, adjusted EBITDA margin was 16.9% (R\$ 275.3 million). Adjustments relate to non-recurring events such as impairment of R\$ 29.2 million (with impact in 9M20) of the goodwill of subsidiary MAHLE Argentina S.A., and impairment of R\$ 81.3 million of Project MBE2 with impact in 3Q20 and 9M20.

In the light of the COVID-19 pandemic, the Company formed a crisis committee to closely monitor the evolving situation at all its plants with the objective of reducing as much as possible the risk of contamination of employees and service providers. The Company has taken a series of measures in line with the recommendations and guidance from the proper health authorities and stringent sanitizing protocols.

The Company formed a task force to develop a production line for face masks at its Mogi Guaçu filter factory using available resources. Initially, the masks were given to the Company's employees and, after the expansion of the Company's product portfolio, masks produced are for commercial sale.

We have adopted preventive measures in line with the guidance from the World Health Organization (WHO) and local authorities for a gradual and safe return of our employees to work. We will continue to actively monitor the economic situation in Brazil and globally in order to adjust our operations accordingly.

## 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, 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 The MAHLE Group celebrates its 100-year anniversary

MAHLE has been keeping people in motion for 100 years.

It is time to celebrate. On December 1, 2020 we will achieve 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, the MAHLE Group, including 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 79,000 employees. Our innovative solutions continue to set new standards in the field of alternative drives and in the optimization of internal combustion engines.

"We will continue to grow and work on being an innovative and attractive company for our employees and partners. We want to shape the next 100 years of mobility", says Dr. Jörg Stratmann, CEO of the MAHLE Group.

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



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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 looking forward to celebrating our 100th anniversary together with you and for this reason we would like to invite you to visit us at <http://www.br.mahle.com/pt/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-Sep 2020					Jan-Sep 2019					Sales Variation (A/C)	Production Variation (B/D)
	Sales (**) (A)	Export	Import	Inventory (*)	Total Production (B)	Sales (**) (C)	Export	Import	Inventory (*)	Total Production (D)		
Total light vehicles	1,301,659	195,604	-148,894	-89,982	1,268,387	1,940,170	322,442	-217,239	103,902	2,149,275	-32.9%	-41.5%
Total medium and heavy vehicles	106,040	18,196	-3,942	-14,564	105,730	122,446	24,733	-2,403	5,722	150,498	-13.4%	-29.7%
<b>Total vehicle sales</b>	<b>1,407,699</b>	<b>213,800</b>	<b>-152,836</b>	<b>-104,546</b>	<b>1,364,117</b>	<b>2,062,616</b>	<b>347,175</b>	<b>-219,642</b>	<b>109,624</b>	<b>2,299,773</b>	<b>-31.8%</b>	<b>-40.7%</b>
Variation (un) - 9M20 x 9M19	-654,917	-133,375	66,806	-214,170	-935,656							
Variation (%) - 9M20 x 9M19	-31.8%	-38.4%	-30.4%	-195.4%	-40.7%							

Source: Anfavea

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

(\*\*) Sales (Domestic + Imported)

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

Vehicle Production - monthly (thousand units)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
2019	202.0	261.3	245.3	272.0	281.0	237.5	273.2	275.4	252.1	2,299.8
2020	194.2	207.8	194.3	3.6	46.7	101.7	175.8	215.3	224.8	1,364.2
Total vehicle sales - monthly (thousand units)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
2019	202.5	201.5	213.0	235.0	248.5	227.6	247.5	247.2	239.5	2,062.3
2020	193.5	201.0	163.6	58.1	66.1	146.2	179.0	187.8	212.5	1,407.8
Brazilian Vehicles Inventory (days)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
2019	37	43	41	40	39	42	39	42	45	
2020	43	37	48	128	80	36	23	20	20	

### 4.2 Development of the Argentine market

Argentina's automotive industry			
Vehicle Sales (Locally-manufactured and imported)	Jan-Sep 2020 (A)	Jan-Sep 2019 (B)	A/B
Total of Light vehicle	209,044	291,219	-28.2%
Total of medium and heavy vehicle	10,893	14,312	-23.9%
<b>Total vehicle sales</b>	<b>219,937</b>	<b>305,531</b>	<b>-28.0%</b>
Exports	94,343	168,023	-43.9%
Imports	137,584	210,331	-34.6%
<b>Automotive trade balance</b>	<b>(43,241)</b>	<b>(42,308)</b>	<b>2.2%</b>
Vehicle inventory variation in the period (*)	3,674	(1,355)	-371.1%
Production of Light vehicle	165,739	241,330	-31.3%
Medium and heavy vehicle production	3,738	6,226	-40.0%
<b>Total vehicle production</b>	<b>169,477</b>	<b>247,556</b>	<b>-31.5%</b>

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

(\*\*) Source: Adefa/Arcaras Argentina/IHS.

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

The table below shows consolidated vehicle production and sales figures for Brazil and Argentina. The Company's domestic market comprises Brazil and Argentina.

Production and sales: Brazil & Argentina	Vehicle production			Vehicle sales		
	Jan-Sep 2020	Jan-Sep 2019	variation	Jan-Sep 2020	Jan-Sep 2019	variation
Light vehicle	1,424,126	2,390,605	-40.4%	1,510,703	2,231,389	-32.3%
Medium and heavy vehicle	109,468	156,724	-30.2%	116,933	136,758	-14.5%
<b>Total</b>	<b>1,533,594</b>	<b>2,547,329</b>	<b>-39.8%</b>	<b>1,627,636</b>	<b>2,368,147</b>	<b>-31.3%</b>

Source: Anfavea and Adefa

## 4.4 Vehicle production in the major export markets

Vehicle Production in the main export market (in thousands)			
Segment	Jan-Sep 2020 (A)	Jan-Sep 2019 (B)	A/B
Production of Light vehicle	9,143	12,478	-26.7%
Production of medium and heavy vehicle	282	515	-45.2%
<b>North America</b>	<b>9,424</b>	<b>12,993</b>	<b>-27.5%</b>
Production of Light vehicle	11,212	16,093	-30.3%
Production of medium and heavy vehicle	319	483	-34.0%
<b>Europe</b>	<b>11,531</b>	<b>16,576</b>	<b>-30.4%</b>
<b>Total Vehicle Production</b>	<b>20,955</b>	<b>29,570</b>	<b>-29.1%</b>

Source: IHS

## 5 Company's Financial and Economic Performance

Summary P&L (R\$ million)	3Q20 (a)	3Q19 (b)	V.A. (%) (a)	V.A. (%) (b)	H.A. (%) (a/b)	9M20 (c)	9M19 (d)	V.A. (%) (c)	V.A. (%) (d)	H.A. (%) (c/d)
<b>Net sales revenue</b>	<b>691.2</b>	<b>645.5</b>	<b>100.0%</b>	<b>100.0%</b>	<b>7.1%</b>	<b>1,625.9</b>	<b>1,930.5</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-15.8%</b>
Cost of sales	(499.6)	(467.2)	-72.3%	-72.4%	6.9%	(1,228.7)	(1,418.2)	-75.6%	-73.5%	-13.4%
<b>Gross profit</b>	<b>191.6</b>	<b>178.3</b>	<b>27.7%</b>	<b>27.6%</b>	<b>7.5%</b>	<b>397.2</b>	<b>512.3</b>	<b>24.4%</b>	<b>26.5%</b>	<b>-22.5%</b>
Selling and distribution expenses	(41.4)	(42.0)	-6.0%	-6.5%	-1.4%	(118.9)	(122.3)	-7.3%	-6.3%	-2.8%
General and administrative expenses	(24.2)	(18.9)	-3.5%	-2.9%	28.0%	(68.9)	(61.3)	-4.2%	-3.2%	12.4%
Technology and product development expenses	(13.1)	(19.1)	-1.9%	-3.0%	-31.4%	(43.3)	(63.0)	-2.7%	-3.3%	-31.3%
<sup>1</sup> Other operating income (expenses)	(61.2)	(2.1)	-8.9%	-0.3%	2814.3%	(106.8)	(4.6)	-6.6%	-0.2%	-2221.7%
Equity in the results of investees	(0.0)	(0.1)	0.0%	0.0%	-100.0%	(0.1)	(0.1)	0.0%	0.0%	0.0%
Gains/losses on net monetary position	10.4	9.1	1.5%	1.4%	14.3%	28.1	33.7	1.7%	1.7%	-16.6%
<b>Operating profit</b>	<b>62.1</b>	<b>105.2</b>	<b>9.0%</b>	<b>16.3%</b>	<b>-41.0%</b>	<b>87.3</b>	<b>294.7</b>	<b>5.4%</b>	<b>15.3%</b>	<b>-70.4%</b>
Finance income (costs), net	(13.2)	(10.5)	-1.9%	-1.6%	25.7%	(73.6)	(28.8)	-4.5%	-1.5%	155.6%
<sup>2</sup> Income tax and social contribution	(8.4)	(25.7)	-1.2%	-4.0%	-67.3%	6.9	(75.5)	0.4%	-3.9%	-109.1%
<b>Profit for the period</b>	<b>40.5</b>	<b>69.0</b>	<b>5.9%</b>	<b>10.7%</b>	<b>-41.3%</b>	<b>20.6</b>	<b>190.4</b>	<b>1.3%</b>	<b>9.9%</b>	<b>-89.2%</b>
<b>Profit for the period attributable to: Owners of the parent</b>	<b>41.7</b>	<b>69.2</b>	<b>6.0%</b>	<b>10.7%</b>	<b>-39.7%</b>	<b>23.7</b>	<b>192.8</b>	<b>1.5%</b>	<b>10.0%</b>	<b>-87.7%</b>
<b>Adjusted profit attributable to owners of the parent</b>	<b>95.4</b>	<b>69.2</b>	<b>13.8%</b>	<b>10.7%</b>	<b>37.9%</b>	<b>99.4</b>	<b>192.8</b>	<b>6.1%</b>	<b>10.0%</b>	<b>-48.4%</b>
Attributable to: Non-controlling-interests	(1.2)	(0.2)	-0.2%	0.0%	500.0%	(3.1)	(2.4)	-0.2%	-0.1%	-29.2%
<b>EBITDA</b>	<b>88.2</b>	<b>129.1</b>	<b>12.8%</b>	<b>20.0%</b>	<b>-31.7%</b>	<b>164.8</b>	<b>364.3</b>	<b>10.1%</b>	<b>18.9%</b>	<b>-54.8%</b>
<b>Adjusted EBITDA</b>	<b>169.5</b>	<b>129.1</b>	<b>24.5%</b>	<b>20.0%</b>	<b>31.3%</b>	<b>275.3</b>	<b>364.3</b>	<b>16.9%</b>	<b>18.9%</b>	<b>-24.4%</b>
<b>Margins:</b>										
Gross margin	27.7%	27.6%			0,1 p.p.	24.4%	26.5%			-2,1 p.p.
Operating margin	9.0%	16.3%			-7,3 p.p.	5.4%	15.3%			-9,9 p.p.
Net margin	5.9%	10.7%			-4,8 p.p.	1.3%	9.9%			-8,6 p.p.
Net margin attributable to owners of the parent	6.0%	10.7%			-4,7 p.p.	1.5%	10.0%			-8,5 p.p.
Adjusted net margin attributable to owners of the parent	13.8%	10.7%			3,1 p.p.	6.1%	10.0%			-3,9 p.p.
EBITDA margin	12.8%	20.0%			-7,2 p.p.	10.1%	18.9%			-8,8 p.p.
Adjusted EBITDA margin	24.5%	20.0%			4,5 p.p.	16.9%	18.9%			-2 p.p.
SG&A expenses to net sales revenue	9.5%	9.4%			0,1 p.p.	11.6%	9.5%			2,1 p.p.

<sup>1</sup> Additional information is presented in item 5.10 below.

<sup>2</sup> Additional information is presented in item 5.13 below.

### 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 7.1% increase in its consolidated net revenue for 3Q20 compared with the same period of 2019. The table below shows revenue by market and its respective impacts in terms of volume/price and exchange rate variation period over period:

Net revenue by market		3Q20	Volume/Price	FX-Variation	3Q19	% volume/price impact	% FX-impacts	H.A. (%)
(R\$ Million)		(a)	(b)	(c)	(d)	(b/d)	(c/d)	(a/d)
Original equipment	Domestic <sup>1</sup>	165.7	(45.8)	(0.4)	211.9	-21.6%	-0.2%	-21.8%
	Export	226.8	(26.9)	46.1	207.6	-13.0%	22.2%	9.2%
	<b>Subtotal</b>	<b>392.5</b>	<b>(72.7)</b>	<b>45.7</b>	<b>419.5</b>	<b>-17.3%</b>	<b>10.9%</b>	<b>-6.4%</b>
Aftermarket	Domestic <sup>1</sup>	238.2	64.8	(2.7)	176.1	36.8%	-1.5%	35.3%
	Export	60.5	(7.3)	17.9	49.9	-14.7%	35.9%	21.2%
	<b>Subtotal</b>	<b>298.7</b>	<b>57.5</b>	<b>15.2</b>	<b>226.0</b>	<b>25.5%</b>	<b>6.7%</b>	<b>32.2%</b>
<b>Total</b>		<b>691.2</b>	<b>(15.2)</b>	<b>60.9</b>	<b>645.5</b>	<b>-2.3%</b>	<b>9.4%</b>	<b>7.1%</b>

<sup>1</sup> Domestic market includes Brazil and Argentina.

In 9M20, the Company's consolidated net revenue decreased 15.8% compared with the same period of 2019. The table below shows revenue by market and its respective impacts in terms of volume/price and exchange rate variation period over period:

Net revenue by market		9M20	Volume/Price	FX-Variation	9M19	% volume/price impact	% FX-impacts	H.A. (%)
(R\$ Million)		(a)	(b)	(c)	(d)	(b/d)	(c/d)	(a/d)
Original equipment	Domestic <sup>1</sup>	405.3	(190.5)	(0.8)	596.6	-32.0%	-0.1%	-32.1%
	Export	590.3	(161.0)	62.0	689.3	-23.4%	9.0%	-14.4%
	<b>Subtotal</b>	<b>995.6</b>	<b>(351.5)</b>	<b>61.2</b>	<b>1,285.9</b>	<b>-27.3%</b>	<b>4.7%</b>	<b>-22.6%</b>
Aftermarket	Domestic <sup>1</sup>	495.8	6.3	(8.8)	498.3	1.3%	-1.8%	-0.5%
	Export	134.5	(41.2)	29.4	146.3	-28.2%	20.1%	-8.1%
	<b>Subtotal</b>	<b>630.3</b>	<b>(34.9)</b>	<b>20.6</b>	<b>644.6</b>	<b>-5.4%</b>	<b>3.2%</b>	<b>-2.2%</b>
<b>Total</b>		<b>1,625.9</b>	<b>(386.4)</b>	<b>81.8</b>	<b>1,930.5</b>	<b>-20.0%</b>	<b>4.2%</b>	<b>-15.8%</b>

<sup>1</sup> Domestic market includes Brazil and Argentina.

## 5.2 Original Equipment (OE) sales

### Domestic market:

Sales in the domestic market were primarily impacted by the effects of COVID-19 pandemic on the Brazilian society and economy, principally after quarantine was imposed and plants throughout the supply chain, including our customers' plants, have temporarily shut down.

However, the negative impact of the pandemic has lessened in 3Q20 and we are seeing a reduction in negative results in the last quarter after a more challenging period between April-June 2020. The OE domestic sales fell 21.8% in 3Q20 and 32.1% compared to the same periods of 2019.

It should be noted that consolidated vehicle production (vehicle production in Brazil – Anfavea and in Argentina – Adefa) dropped 39.8% in the first nine months of 2020; hence, the Company has had a better performance than the market.



## Export market:

In 3Q20, the export market grew 9.2%, consisting of exchange rate changes of +22.2% and fall in volume/price of 13.0% (compared to 3Q19). In 9M20, the fall was 14.4% compared to 9M19, with the impact of the 23.4% fall in volume/price, offset in part by exchange rate changes of 9.0%.

Exports were impacted mainly by the global pandemic of COVID-19 that initially hit our major export markets. The Company continues to track economic developments around the world as some countries are facing a second wave of COVID-19.

The table below presents exports in hard currency:

Export Sales by currency (million)	Jul-Sep 2020 (a)	Jul-Sep 2019 (b)	H.A. (%) (a/b)
<b>Original equipment</b>			
EUR	16.7	17.4	-4.0%
USD	25.4	35.5	-28.5%

Export Sales by currency (million)	Jan-Sep 2020 (a)	Jan-Sep 2019 (b)	H.A. (%) (a/b)
<b>Original equipment</b>			
EUR	47.6	57.0	-16.5%
USD	72.5	118.1	-38.6%

## 5.3 Aftermarket sales

### Domestic market:

When comparing 3Q20 with 3Q19, the domestic Aftermarket sales grew 35.3%, with positive impacts of volume/price of 36.8% and exchange rate changes of -1.5%. In 9M20, we saw a slight fall of 0.5%, with a positive impact of volume/price increase of 1.3% plus exchange rate changes of -1.8%, almost reaching the levels seen last year.

It should be considered that, in both periods, the effects of exchange rate changes arise from the operations in Argentina (which were consolidated in our Domestic Aftermarket), and as a result, excluding the effects of exchange rate changes, the Company would have reported a positive variation in this market also in 9M20.

Our positive performance in 3Q20 was driven by surging market demand and stock replenishment by distributors. 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 due to the recognition of its brand name, the mix and quality of its products, among other.

In 9M20, domestic market sales were hit hard by the COVID-19 impacts on society and the economy as governments ordered the closure of businesses to slow the spread of coronavirus, causing supply chain disruptions. As a consequence, as from mid-March the market began to feel the effects of the pandemic and sales plummeted by a record amount in April and picked up slightly in May. In that period, the domestic market was also impacted by the fall in consumer confidence and, as a consequence, retailers saw a fall in purchases.

Despite the difficulties mentioned above and the decline in demand, the Company has not experienced any late payment problems.

## Export market:

In 3Q20, the export market grew 21.2% compared with the same period of 2019, with the positive impact of the exchange rate changes of 35.9% and the fall in volume/price of 14.7%. In 9M20, there was a negative variance of 8.1%, with a 28.2% fall in volume/price, which was offset in part by exchange rate changes of 20.1%.

The table below shows Aftermarket exports in hard currency:

Export Sales by currency (million)	Jul-Sep 2020 (a)	Jul-Sep 2019 (b)	H.A. (%) (a/b)
<b>Aftermarket</b>			
EUR	0.6	0.4	50.0%
USD	10.7	12.4	-13.7%

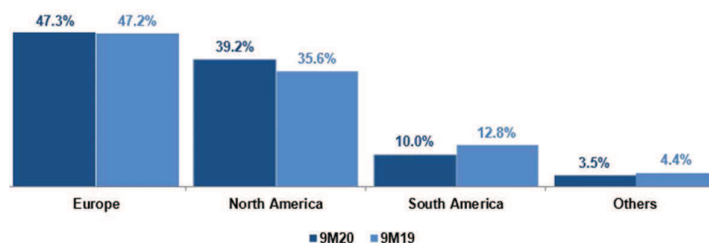
Export Sales by currency (million)	Jan-Sep 2020 (a)	Jan-Sep 2019 (b)	H.A. (%) (a/b)
<b>Aftermarket</b>			
EUR	1.5	0.8	87.5%
USD	25.4	37.0	-31.4%

In 9M20, the scenario was challenging for this segment on account of several economic and political crises in South American countries since the end of 2019. Added to this is the COVID-19 pandemic, which led some countries to establish stricter customs controls. In addition, we have strengthened control over receivables from our customers to mitigate the risk of bad debt and have restructured commercial and marketing actions.

The recovery of our export destination countries is slower than in Brazil, but even so countries such as Uruguay, Paraguay, Chile, Bolivia and Peru are showing signs of improvement.

## 5.4 Consolidated export by region

The graph below shows our exports by geographic region in 9M20 and 9M19:



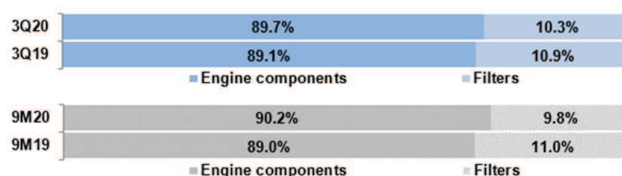
## 5.5 Net revenue by segment

In 3Q20, the engine component segment reported a 7.8% increase in sales and the filter segment registered a growth of 1.1% compared with the same period of 2019.

In 9M20, the engine component segment sales fell 14.7% and the filter segment dropped 24.7% compared with the same period of 2019.

The fall in sales of both segments for the first nine months of 2020, as shown below, can be attributed principally to the COVID-19 pandemic:

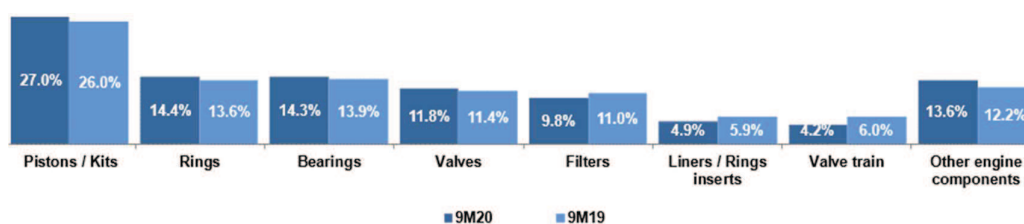
Net sales revenue by segment (R\$ million)	3Q20 (a)	3Q19 (b)	H.A. (%) (a/b)	9M20 (c)	9M19 (d)	H.A. (%) (c/d)
Engine components	619.9	575.0	7.8%	1,466.1	1,718.5	-14.7%
Filters	71.3	70.5	1.1%	159.8	212.1	-24.7%
<b>Total</b>	<b>691.2</b>	<b>645.5</b>	<b>7.1%</b>	<b>1,625.9</b>	<b>1,930.5</b>	<b>-15.8%</b>



The filter segment sales were impacted by large quantities of inventory at our customers that have adjusted their inventory levels to lower volumes in 9M20.

## 5.6 Net revenue by product

The graph below shows the share of each product in the Company's total sales in terms of percentage for 9M20 and 9M19:



## 5.7 Gross margin

The Company ended 3Q20 with a gross margin of 27.7% versus 27.6% in 3Q19. In 9M20, gross margin was 24.4% versus 26.5% in 9M19, as shown in the table below:

Summary P&L (R\$ million)	3Q20 (a)	3Q19 (b)	V.A. (%) (a)	V.A. (%) (b)	H.A. (%) (a/b)	9M20 (c)	9M19 (d)	V.A. (%) (c)	V.A. (%) (d)	H.A. (%) (c/d)
Net sales revenue	691.2	645.5	100.0%	100.0%	7.1%	1,625.9	1,930.5	100.0%	100.0%	-15.8%
Cost of sales	(499.6)	(467.2)	-72.3%	-72.4%	6.9%	(1,228.7)	(1,418.2)	-75.6%	-73.5%	-13.4%
Gross profit	191.6	178.3	27.7%	27.6%	7.5%	397.2	512.3	24.4%	26.5%	-22.5%
Gross margin	27.7%	27.6%			0.1 p.p.	24.4%	26.5%			-2.1 p.p.

Please note that the fall in sales volume in the first nine months of the year was due to the COVID-19 pandemic that caused tighter quarantine measures and the closure of our customers' plants. In the light of the severity of the pandemic and unpredictable factors beyond our control, the Company has implemented stringent sanitizing protocols and adopted collective and/or selective vacation at all units in Brazil, from the week of March 23 to the week of April 13-18, 2020, varying according to the business unit and the COVID-19 situation at each location.

However, in 3Q20 our segments, especially Aftermarket, have reported positive results, contributing positively to our gross margin to reaching pre-pandemic levels.

## 5.8 Selling, general and administrative expenses

Selling expenses in 3Q20 were impacted principally by freight expenses due to work resumption of companies and other small impacts such as foreign currency exposure of some expenses. In 9M20, in addition to the impacts noted for 3Q20, selling expenses were also impacted by the restructuring costs from prior quarters (1Q20).

General and administrative expenses in 3Q20 were impacted principally by changes in maintenance, materials and utilities expenses, while in 9M20, added to said impacts are the effects of restructuring and inflation (Argentina) of prior quarters (1Q20).

Summary P&L (R\$ million)	3Q20	3Q19	V.A. (%)	V.A. (%)	H.A. (%)	9M20	9M19	V.A. (%)	V.A. (%)	H.A. (%)
	(a)	(b)	(a)	(b)	(a/b)	(c)	(d)	(c)	(d)	(c/d)
<b>Net sales revenue</b>	691.2	645.5	100.0%	100.0%	7.1%	1,625.9	1,930.5	100.0%	100.0%	-15.8%
Selling and distribution expenses	(41.4)	(42.0)	-6.0%	-6.5%	-1.4%	(118.9)	(122.3)	-7.3%	-6.3%	-2.8%
General and administrative expenses	(24.2)	(18.9)	-3.5%	-2.9%	28.0%	(68.9)	(61.3)	-4.2%	-3.2%	12.4%
<b>SG&amp;A expenses</b>	<b>(65.6)</b>	<b>(60.9)</b>	<b>9.5%</b>	<b>9.4%</b>	<b>7.7%</b>	<b>(187.8)</b>	<b>(183.6)</b>	<b>11.6%</b>	<b>9.5%</b>	<b>2.3%</b>
SG&A expenses to net sales revenue	9.5%	9.4%			0.1 p.p.	11.6%	9.5%			2.1 p.p.

## 5.9 Technology and new product development expenses

The decrease in technology and new product development expenses, as shown in the table below, was due to the COVID-19 pandemic as during the quarantine the R&D activities have been temporarily suspended or delayed. It is worth mentioning that the Company believes that it is of utmost importance to continue to invest in R&D and that the focus on technology innovations involving developments in partnership with customers and patent registration and launch of new products in the market are among our key competitive advantages.

Summary P&L (R\$ million)	3Q20	3Q19	V.A. (%)	V.A. (%)	H.A. (%)	9M20	9M19	V.A. (%)	V.A. (%)	H.A. (%)
	(a)	(b)	(a)	(b)	(a/b)	(c)	(d)	(c)	(d)	(c/d)
<b>Net sales revenue</b>	691.2	645.5	100.0%	100.0%	7.1%	1,625.9	1,930.5	100.0%	100.0%	-15.8%
Technology and product development expenses	(13.1)	(19.1)	-1.9%	-3.0%	-31.4%	(43.3)	(63.0)	-2.7%	-3.3%	-31.3%

## 5.10 Other operating income (expenses), net

This account records a net expense of R\$ 61.2 million in 3Q20 versus a net expense of R\$ 2.1 million in the same period of 2019. In 9M20, the Company recorded a net expense of R\$ 106.8 million versus R\$ 4.6 million in 9M19, as shown in the table below:

Other income and expenses, net (R\$ million)	3Q20 (a)	3Q19 (b)	Var. (a-b)	9M20 (c)	9M19 (d)	Var. (c-d)
Provision for environmental liability	-	(4.2)	4.2	-	(4.2)	4.2
Gains/losses on disposal of assets/other	1.6	(0.1)	1.7	1.7	-	1.7
Export Expenses (Argentina)	(2.8)	(3.2)	0.4	(6.4)	(10.7)	4.3
Electric power	0.3	0.2	0.1	1.2	0.8	0.4
Provision/Reversal for obsolescence	0.1	-	0.1	0.1	(0.2)	0.3
Compulsory loan reversal	-	-	-	4.3	-	4.3
Recovered taxes (Reintegra)	0.2	0.2	-	0.5	0.6	(0.1)
Provision/Reversal for losses on products	-	0.3	(0.3)	-	0.3	(0.3)
Provision/Reversal for labor, civil and tax contingencies	(14.5)	4.0	(18.5)	(32.8)	8.1	(40.9)
Provision for intangible losses (impairment)	(45.2)	-	(45.2)	(74.4)	-	(74.4)
Other income/expenses	(0.9)	0.7	(1.6)	(1.0)	0.7	(1.7)
<b>Total other income and expenses</b>	<b>(61.2)</b>	<b>(2.1)</b>	<b>(59.1)</b>	<b>(106.8)</b>	<b>(4.6)</b>	<b>(102.2)</b>

The major variances in the periods were as follows:

- Non-recurring expense from impairment losses on intangible assets of subsidiary MAHLE Argentina S.A. – with impact of R\$ 29.2 million in 9M20;
- Non-recurring expense from impairment losses on intangible assets of Project MBE2; – with impact of R\$ 45.2 million in 3Q20 and 9M20;
- Negative variance in "Provision/reversal for labor, civil and tax contingencies" related principally to labor contingencies, was mainly due to the following: (i) decrease in reversals because courts reduced their activities at the beginning of March 2020 during the pandemic; (ii) reversals for the prior period used for comparison were above the Company's historical average;
- Export expenses (Argentina) relate to the new export tax imposed by the Argentine government (3 pesos per dollar on exports).

## 5.11 Operating result measured by EBITDA

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

	Amount	Margin		Amount	Margin
<b>EBITDA 3Q19</b>	<b>129.1</b>	<b>20.0%</b>	<b>EBITDA 9M19</b>	<b>364.3</b>	<b>18.9%</b>
Gross profit	13.3		Gross profit	-115.1	
Selling and distribution expenses	0.6		Selling and distribution expenses	3.4	
General and administrative expenses	-5.3		General and administrative expenses	-7.6	
Technology and product development expenses	6.0		Technology and product development expenses	19.7	
<sup>1</sup> Other operating income (expenses)	-59.1		<sup>1</sup> Other operating income (expenses)	-102.2	
Equity in the results of investees	0.1		Equity in the results of investees	0.0	
Gains/losses on net monetary position	1.3		Gains/losses on net monetary position	-5.6	
Depreciation	2.2		Depreciation	7.9	
<b>EBITDA 3Q20</b>	<b>88.2</b>	<b>12.8%</b>	<b>EBITDA 9M20</b>	<b>164.8</b>	<b>10.1%</b>
Impairment (subsidiary MAHLE Argentina S.A.)	0.0		Impairment (subsidiary MAHLE Argentina S.A.)	29.2	
Impairment (MBE2) Intangible	45.1		Impairment (MBE2) Intangible	45.1	
<sup>2</sup> Impairment (MBE2) Inventories	36.2		<sup>2</sup> Impairment (MBE2) Inventories	36.2	
<b>Adjusted EBITDA 3Q20</b>	<b>169.5</b>	<b>24.5%</b>	<b>Adjusted EBITDA 9M20</b>	<b>275.3</b>	<b>16.9%</b>

<sup>1</sup> Additional information is presented in the preceding item 5.10.

<sup>2</sup> Additional information is presented in Notes 8 and 14 to the Interim Financial Statements at September 30, 2020.

## 5.12 Net finance costs

The Company recorded net finance costs of R\$ 13.2 million for 3Q20 and of R\$ 10.5 million for the same period of 2019, a change of R\$ 2.7 million between the periods. In 9M20, the Company recorded net finance costs of R\$ 73.6 million and of R\$ 28.8 million for 9M19, a change of R\$ 44.8 million period over period.

Finance income and costs (R\$ million)	3Q20 (a)	3Q19 (b)	Var. (a - b)	9M20 (c)	9M19 (d)	Var. (c - d)
Interest income on financial investments	2.0	1.3	0.7	6.2	3.4	2.8
Interest on loans	(7.0)	(3.7)	(3.3)	(17.9)	(10.7)	(7.2)
Other income	0.0	0.5	(0.5)	1.8	1.7	0.1
<b>Finance costs, net</b>	<b>(5.0)</b>	<b>(1.9)</b>	<b>(3.1)</b>	<b>(9.9)</b>	<b>(5.6)</b>	<b>(4.3)</b>
1. Accounts receivable / Accounts payable Exchange Variation (1.1. + 1.2.)	7.1	5.2	1.9	31.8	10.6	21.2
1.1. Exchange Variation	11.0	12.8	(1.8)	66.6	14.8	51.8
1.2. FX-Hedging	(3.9)	(7.6)	3.7	(34.8)	(4.2)	(30.6)
2. ACC Exchange Variation	(12.1)	(6.7)	(5.4)	(88.0)	(7.2)	(80.8)
3. Other transactios	4.5	(0.4)	4.9	14.8	(1.9)	16.7
<b>Exchange variation and Gain (loss) on derivatives (ii) - (1+2+3)</b>	<b>(0.5)</b>	<b>(1.9)</b>	<b>1.4</b>	<b>(41.4)</b>	<b>1.5</b>	<b>(42.9)</b>
Monetary variation, net	(8.7)	(6.5)	(2.2)	(19.3)	(22.1)	2.8
Other	0.9	(0.2)	1.1	(3.1)	(2.6)	(0.5)
<b>Monetary variation, net + Others (iii)</b>	<b>(7.8)</b>	<b>(6.7)</b>	<b>(1.1)</b>	<b>(22.4)</b>	<b>(24.7)</b>	<b>2.3</b>
<b>Finance income (costs) (i + ii + iii)</b>	<b>(13.2)</b>	<b>(10.5)</b>	<b>(2.7)</b>	<b>(73.6)</b>	<b>(28.8)</b>	<b>(44.8)</b>

**Net interest (i):**

The positive variance of R\$ 0.7 million in “Interest income on financial investments” from 3Q19 to 3Q20 was due to the increase in the average amount of financial investments to R\$ 425.1 million in 3Q20 from R\$ 106,5 million in 3Q19, while there was a reduction in the average rates of interest to 2.9% p.a. in 3Q20 from 5.5% p.a. in 3Q19. When this same analysis is made for the first nine months of the year, the positive variance of R\$ 2.8 million in “Interest income on financial investments” is the result of the increase in the average amount of financial investments to R\$ 348.5 million in 9M20 from R\$ 97.7 million in 9M19, offset in part by a reduction in the interest rates to 3.3% p.a. in 9M20 from 5.9% p.a. in 9M19. In both periods, the reduction in interest rates followed the cut in Brazil’s basic interest rate (SELIC).

The negative variation of R\$ 3.3 million in “Interest expenses on loans” from 3Q19 to 3Q20 was due to the increase in the average levels of borrowings to R\$ 617.1 million in 3Q20 from R\$ 382.2 million in 3Q19, coupled with an increase in the weighted average cost to 4.2% p.a. in 3Q20 from 4.1% p.a. in 3Q19. When this analysis is made for the first nine months of the year, the negative variance of R\$ 7.2 million was due to the increase in the average levels of borrowings to R\$ 597.5 million in 9M20 from R\$ 376.7 million in 9M19, offset by a reduction in the weighted average cost to 4.0% p.a. in 9M20 from 4.1% p.a. in 9M19.

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

Interest rates and volumes (average)	3Q20 (a)	3Q19 (b)	Var. (a - b)	9M20 (c)	9M19 (d)	Var. (c - d)
Investment Yield	2.9%	5.5%	-2.6 p.p.	3.3%	5.9%	-2.6 p.p.
Cost of debt	4.2%	4.1%	0.1 p.p.	4.0%	4.1%	-0.1 p.p.
Investments - average (R\$ million)	425.1	106.5	299.2%	348.5	97.7	256.7%
Average debt (R\$ million)	(617.1)	(382.2)	61.5%	(597.5)	(376.7)	58.6%

The Company’s average debt increased 61.5% from 3Q19 to 3Q20 due to new borrowing agreements such as 4131/Bank Credit Note (working capital loan with floating rates of CDI + annual fixed cost). The increase in average debt levels is primarily attributable to cash conservation measures to respond to the challenges of COVID-19.

**Net exchange rate variation and Gain (loss) on derivatives (ii):**

It is worth mentioning that these two line items “Exchange rate variation, net” 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 profitability. 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 is presented in Note 31 to the Interim Financial Statements at September 30, 2020.

**Net monetary variation + Other (iii):**

The positive variance period over period was due to the inflation-adjustment to the provisions for labor and tax contingencies and judicial deposits.

## 5.13 Income tax and social contribution

The Company recorded a credit of R\$ 6.9 million for income tax and social contribution on profit at September 30, 2020 in the consolidated financial statements (expense of R\$ 75.5 million at September 30, 2019) as detailed below:

- Current tax: expense of R\$ 38.9 million generated principally by the parent company and subsidiary MAHLE Argentina S.A.;
- Deferred tax: credit of R\$ 45.8 million with no impact on cash, comprising mainly changes in provisions, impairment of goodwill from investment in subsidiary MAHLE Argentina S.A. and impairment of Project MBE2.

Additional information is presented in Note 11 to the Interim Financial Statements at September 30, 2020.

## 5.14 Net profit (loss)

The following table shows the movement in profit attributable to owners of the Company and adjusted profit attributable to owners of the Company, reflecting the impact of the impairment of the goodwill of subsidiary MAHLE Argentina S.A. (9M20) and of the impairment of Project MBE2 (3Q20 and 9M20):

Summary P&L (R\$ million)	3Q20 (a)	3Q19 (b)	9M20 (c)	9M19 (d)	H.A. (%) (a/b)	H.A. (%) (c/d)
<b>Profit for the year attributable to: Owners of the parent</b>	<b>41.7</b>	<b>69.2</b>	<b>23.7</b>	<b>192.8</b>	<b>-39.7%</b>	<b>-87.7%</b>
Impairment (subsidiary MAHLE Argentina S.A.)	-	-	29.2	-		
Impairment (MBE2) Intangible	45.1	-	45.1	-		
Impairment (MBE2) Inventories	36.2	-	36.2	-		
Income tax and social contribution (reversal related to impairment of subsidiary MAHLE Argentina S.A.)	-	-	(7.2)	-		
Income tax and social contribution (reversal related to impairment of Project MBE2)	(27.6)	-	(27.6)	-		
<b>Adjusted profit attributable to owners of the parent</b>	<b>95.4</b>	<b>69.2</b>	<b>99.4</b>	<b>192.8</b>	<b>37.9%</b>	<b>-48.4%</b>
<b>Margins:</b>						
Net margin attributable to owners of the parent	6.0%	10.7%	1.5%	10.0%	-4.7 p.p.	-8.5 p.p.
Adjusted net margin attributable to owners of the parent	13.8%	10.7%	6.1%	10.0%	3.1 p.p.	-3.9 p.p.

Additional information on earnings (loss) per share is presented in Note 23 to the Interim Financial Statements at September 30, 2020.

## 5.15 Capital expenditures

The table below shows capital expenditures and total accumulated depreciation for 9M20 and 9M19:

CAPEX & Depreciation (R\$ million)	3Q20	3Q19	9M20	9M19
Capex	8.9	21.6	17.5	56.8
Total depreciation	26.8	24.4	78.2	70.5

Capex	3Q20	3Q19	9M20	9M19
% of Net sales revenue	1.3%	3.3%	1.1%	2.9%
% of Depreciation	33.2%	88.6%	22.4%	80.6%

In 9M20, the Company invested in R&D equipment, energy efficiency programs, new machinery and equipment in order to improve productivity and quality, new products, new buildings, information technology, among others.

It is worth noting that the Company has decreased its capital investments in the period due to the COVID-19 pandemic.

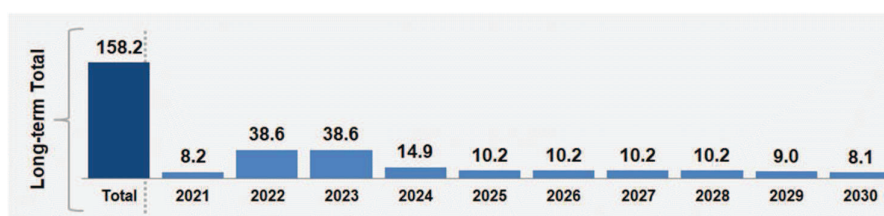
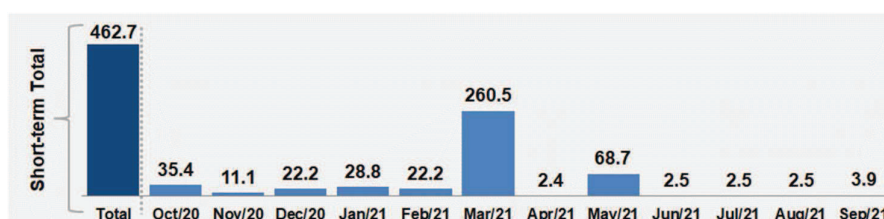
## 5.16 Net position of financial assets and liabilities

The Company's net debt was R\$ 33.0 million at the end of 9M20, down 82.5% from R\$ 188.3 million at the end of 2019.

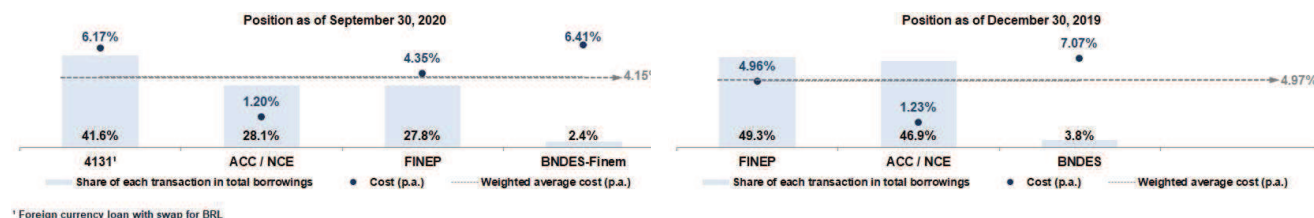
Net debt (R\$ million)	09.30.2020 (a)	12.31.2019 (b)	Variation (a-b)	% Debt (a)	% Debt (b)
Cash / banks / cash investments/ Loans to related parties (i):	587.9	205.8	382.1		
Liabilities (ii)	(620.9)	(394.1)	(226.8)	100%	100%
Short-term	(462.7)	(213.9)	(248.8)	75%	54%
Long-term	(158.2)	(180.2)	22.0	25%	46%
Net position (i - ii)	(33.0)	(188.3)	155.3		

The Company continuously monitors liquidity risk by managing cash, financial investments and bank loans, and has deferred payment of dividends initially scheduled for May 2020 to create a special reserve in order to protect liquidity and strengthen cash position. 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 9M20, which represents 75% and 25%, 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:





## 5.17 Distribution of interest on capital to shareholders

In fiscal year 2019, the Board of Directors approved the distribution of R\$ 81.9 million in Interest on Capital (gross), which was submitted to the Ordinary General Meeting for approval on May 29, 2020, as shown below:

Date	Record Date	Ex-interest on capital date	Payment Date	Type of payout	Period	Reference Year	Total Gross Amount (in R\$ million)	Gross Amount per Share (in R\$)	Net Amount per Share (in R\$)
December 26, 2019	December 26, 2019	January 3, 2020	May 25, 2020	Interest on capital	November 2019 - December 2019	2019	11.9	0.0929136226	0.0789765792
November 11, 2019	November 11, 2019	November 22, 2019	December 20, 2019	Interest on capital	January 2019 - October 2019	2019	70.0	0.5455655350	0.4637307048

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

In the fulfillment of the duty of diligence set forth in article 153 of the Brazilian Corporate Law and sensitive to the potential impacts of COVID-19 on the Brazilian and global economies, which are unprecedented in world history, Management emphasized the need to preserve the Company's cash resources in order to have a cushion to ride out the effects of the COVID-19 pandemic, the extent of which was and still is not possible to estimate, and to keep our business operating smoothly and to meet legal and contractual obligations previously assumed by the Company.

The balance of retained earnings at December 31, 2019 was recorded as a proposal for distribution of additional dividends according to the terms of paragraph 6 of article 202 of the Brazilian Corporation Law. On May 29, 2020, the Ordinary General Meeting of the Company discussed and approved the retention of its previously proposed additional dividends of R\$ 175.6 million. The portion of retained earnings was transferred to a special reserve and will be distributed at an opportune time. The Company aims to preserve cash to weather the world crisis and to meet all its legal and contractual obligations.

## 6 Investor Relations and Capital Market

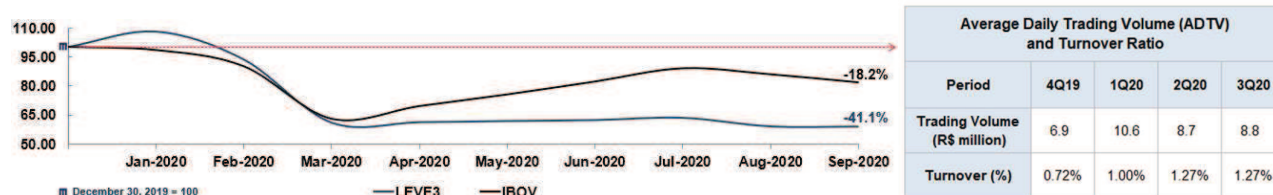
During the first nine months of 2020, our Investor Relations team stayed connected to investors and the general market whilst working remotely due to social distancing measures in response to the COVID-19 pandemic.

Unfortunately, in-person meetings, conferences and site visits were canceled and have not yet been rescheduled.

Ongoing communication with our shareholders and the general market is maintained via traditional conference calls, phone, e-mail, and digital tools.

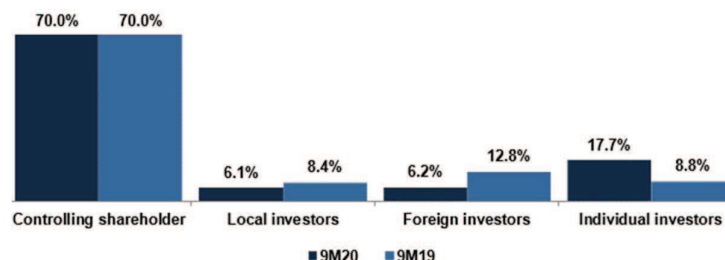
### 6.1 Stock performance and free float turnover

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



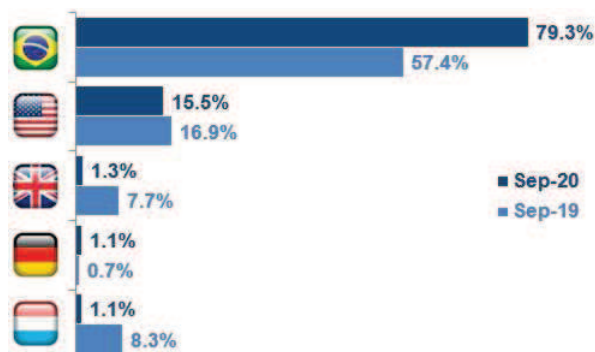
## 6.2 Shareholder structure

At the end of 9M20 and 9M19, the Company's existing shareholder base and free float are as follows:



At the end of 9M20, investors based in five countries accounted for 98.3% of the free float, and the remaining countries from the Company's shareholder base do not account for individually for more than 1.0%.

The graph on the right side shows the free-float structure by country at the end of 9M20 and 9M19:



## 7 Coronavirus

Our concern is the health of our employees and society and hence MAHLE Metal Leve has joined the fight against COVID-19.

Initially, the Company formed a task force to develop a production line for face masks at its filter factory in Mogi Guaçu using available resources. The masks produced were sent to the cities of Mogi Guaçu, Itajubá and Limeira for supply to health care workers and wider community.

The Company's facilities in Mogi Guaçu, Itajubá and Limeira donated medical supplies to the local hospitals to help combat coronavirus pandemic. The medical supplies include mechanical ventilators, vital signs monitors, disposable face masks and masks with filter, gloves, oximeters, etc. according to the needs of the hospitals. At a later stage, the Company donated disposable face masks to the local hospitals in Itajubá, Limeira and São João da Boa Vista and to the Social Promotion Department of the city of Mogi Guaçu.

As a consequence of this initiative, at the Extraordinary General Meeting held on September 25, 2020, the shareholders approved an amendment to article 2 of the Bylaws of the Company to broaden the scope of the Company's operations to manufacturing and marketing of face masks.

The Company expanded its health service offerings during this unsettling time to include online health care services to support employees and their families.

The Company has taken preventive measures in line with the guidance from the World Health Organization (WHO) and local authorities to ensure a safe and gradual return of employees to work. In an effort to help understand such measures, the Company has created a complete handbook containing all preventive measures and instructions and advice about how to handle issues concerning the health and safety of employees and those involved in the Company's internal processes, and has implemented controlling access to its buildings to contain and mitigate the spread of COVID-19 in the workplace.

The Company will continue to evaluate other ways to support communities, using existing available resources and its technology experience to help fight COVID-19 pandemic.

## **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 third quarter of 2020, 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.

## **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 quarter ended September 30, 2020 and the opinions expressed in the independent auditor's report.

## **10** *Acknowledgements*

The Management Board would like to thank all employees, shareholders, customers and suppliers of the Company for their support and confidence in the Company during the third quarter of 2020.

## ***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 September 30, 2020, which comprises the statement of financial position as of September 30, 2020 and the respective statements of profit or loss, other comprehensive income for the three and nine-month period then ended and the changes in equity and cash flows for the nine-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 nine-month period ended September 30, 2020, 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, November 10, 2020

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 September 30, 2020

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

Quarterly information (ITR) at September 30, 2020

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## MAHLE Metal Leve S.A.

### Balance sheet at September 30, 2020 and December 31, 2019

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Assets	Note	Parent company		Consolidated	
		09.30.2020	12.31.2019	09.30.2020	12.31.2019
Cash and cash equivalents	6	510,265	158,554	546,699	168,781
Trade and related-party receivables	7	397,177	323,262	505,789	394,305
Inventories	8	260,073	288,796	376,012	396,109
Taxes recoverable	9	39,867	36,243	41,711	45,894
Income tax and social contribution recoverable	9	37,767	48,498	47,404	60,206
Dividends and interest on capital receivable	10	50,608	50,521	-	-
Unrealized gains on derivative financial instruments	31	4,014	7,801	6,795	7,930
Other assets		20,326	18,429	30,063	23,568
<b>Total current assets</b>		<b>1,320,097</b>	<b>932,104</b>	<b>1,554,473</b>	<b>1,096,793</b>
Taxes recoverable	9	8,993	11,696	16,323	17,160
Loans to related parties	10	30,910	25,812	41,170	37,030
Deferred income tax and social contribution	11.b	64,895	1,377	66,012	1,840
Other assets		27,037	31,427	32,801	40,816
<b>Total long-term assets</b>		<b>131,835</b>	<b>70,312</b>	<b>156,306</b>	<b>96,846</b>
Investments in subsidiaries	12	220,696	197,923	243	345
Property, plant and equipment	13	533,774	585,429	603,525	641,112
Rights-of-use assets	13	13,622	20,080	16,180	22,956
Intangible assets	14	392,214	442,058	392,335	469,599
		<b>1,160,306</b>	<b>1,245,490</b>	<b>1,012,283</b>	<b>1,134,012</b>
<b>Total non-current assets</b>		<b>1,292,141</b>	<b>1,315,802</b>	<b>1,168,589</b>	<b>1,230,858</b>
<b>Total assets</b>		<b>2,612,238</b>	<b>2,247,906</b>	<b>2,723,062</b>	<b>2,327,651</b>

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

## MAHLE Metal Leve S.A.

### Balance sheet at September 30, 2020 and December 31, 2019

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Parent company		Consolidated	
		09.30.2020	12.31.2019	09.30.2020	12.31.2019
<b>Liabilities</b>					
Dividends and interest on capital payable	10	762	11,139	762	11,139
Trade and related-party payables	15	149,269	121,911	197,598	149,508
Taxes and contributions payable	16	25,033	34,286	28,181	37,730
Income tax and social contribution payable	16	10,550	-	27,009	14,926
Borrowings	17.a	454,048	201,665	462,746	213,943
Lease liabilities	17.b	7,683	7,471	8,149	8,757
Salaries, vacation pay and social charges	18	79,923	62,321	88,706	67,592
Sundry provision	19	32,714	32,591	35,805	34,892
Provisions for warranties	20	8,142	8,599	11,163	10,698
Unrealized losses on derivative financial instruments	31	40,089	2,787	40,089	2,787
Other liabilities		51,125	33,280	53,577	35,130
<b>Total current liabilities</b>		<b>859,338</b>	<b>516,050</b>	<b>953,785</b>	<b>587,102</b>
Deferred income tax and social contribution	11.b	-	-	8,454	3,106
Provision for subsidiary's net capital deficiency	12	-	85	-	-
Borrowings	17.a	158,179	180,217	158,179	180,217
Lease liabilities	17.b	7,361	14,305	9,951	16,161
Provisions for contingencies and judicial deposits linked to judicial proceedings	21	243,341	224,892	255,403	235,303
Other liabilities		6,284	8,803	6,282	8,808
<b>Total non-current liabilities</b>		<b>415,165</b>	<b>428,302</b>	<b>438,269</b>	<b>443,595</b>
<b>Total liabilities</b>		<b>1,274,503</b>	<b>944,352</b>	<b>1,392,054</b>	<b>1,030,697</b>
<b>Equity</b>	22				
Share capital		966,255	966,255	966,255	966,255
Revenue reserves		308,024	308,024	308,024	308,024
Special reserve		175,572	-	175,572	-
Other comprehensive income		(136,209)	(146,297)	(136,209)	(146,297)
Retained earnings		24,093	-	24,093	-
Proposed additional dividends		-	175,572	-	175,572
<b>Equity attributable to the owners of the parent</b>		<b>1,337,735</b>	<b>1,303,554</b>	<b>1,337,735</b>	<b>1,303,554</b>
<b>Non-controlling interests</b>		-	-	(6,727)	(6,600)
<b>Total equity</b>		<b>1,337,735</b>	<b>1,303,554</b>	<b>1,331,008</b>	<b>1,296,954</b>
<b>Total liabilities and equity</b>		<b>2,612,238</b>	<b>2,247,906</b>	<b>2,723,062</b>	<b>2,327,651</b>

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

## MAHLE Metal Leve S.A.

### Statement of income

#### Quarter and periods ended September 30, 2020 and 2019

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Parent company			
		2020		2019	
	Note	3Q2020	9M2020	3Q2019	9M2019
Net revenue	24	553,604	1,293,942	538,748	1,597,870
Cost of sales	25	(428,273)	(1,032,660)	(406,604)	(1,214,905)
<b>Gross profit</b>		<b>125,331</b>	<b>261,282</b>	<b>132,144</b>	<b>382,965</b>
Selling expenses	26	(33,366)	(91,733)	(31,771)	(90,514)
Impairment of trade receivables	7	2,678	1,717	216	(642)
General and administrative expenses	27	(21,561)	(61,780)	(17,150)	(54,342)
Technology and product development costs	28	(11,527)	(38,382)	(17,514)	(57,811)
Other income (expenses), net	30	(56,974)	(87,657)	358	8,002
Gain on monetary items, net	34	13,120	32,396	11,994	42,769
<b>Profit before finance income (costs) and taxation</b>		<b>17,701</b>	<b>15,843</b>	<b>78,277</b>	<b>230,427</b>
Finance income	29	12,798	137,147	22,153	54,286
Finance costs	29	(25,052)	(205,284)	(29,958)	(74,410)
<b>Finance income (costs), net</b>		<b>(12,254)</b>	<b>(68,137)</b>	<b>(7,805)</b>	<b>(20,124)</b>
<b>Equity in the results of investees</b>	<b>12</b>	<b>31,229</b>	<b>47,054</b>	<b>17,579</b>	<b>39,965</b>
<b>Profit before taxation</b>		<b>36,676</b>	<b>(5,240)</b>	<b>88,051</b>	<b>250,268</b>
Current income tax and social contribution	11.a	(21,693)	(21,857)	(21,185)	(56,785)
Deferred income tax and social contribution	11.a	26,658	50,755	2,409	(618)
<b>Income tax and social contribution</b>		<b>4,965</b>	<b>28,898</b>	<b>(18,776)</b>	<b>(57,403)</b>
<b>Profit for the period</b>		<b>41,641</b>	<b>23,658</b>	<b>69,275</b>	<b>192,865</b>

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

## MAHLE Metal Leve S.A.

### Statement of income

#### Quarters and periods ended September 30, 2020 and 2019

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		<b>Consolidated</b>			
		<b>2020</b>		<b>2019</b>	
	Note	<b>3Q2020</b>	<b>9M2020</b>	<b>3Q2019</b>	<b>9M2019</b>
Net revenue	24	691,192	1,625,891	645,533	1,930,534
Cost of sales	25	<u>(499,659)</u>	<u>(1,228,721)</u>	<u>(467,162)</u>	<u>(1,418,161)</u>
<b>Gross profit</b>		<b><u>191,533</u></b>	<b><u>397,170</u></b>	<b><u>178,371</u></b>	<b><u>512,373</u></b>
Selling expenses	26	(43,969)	(118,114)	(41,726)	(120,436)
Impairment of trade receivables	7	2,615	(743)	(221)	(1,849)
General and administrative expenses	27	(24,240)	(68,940)	(18,890)	(61,286)
Technology and product development costs	28	(13,090)	(43,336)	(19,198)	(63,043)
Other income (expenses), net	30	(61,193)	(106,779)	(2,054)	(4,561)
Gain on monetary items, net	34	10,410	28,124	9,112	33,723
<b>Operating profit</b>		<b><u>62,066</u></b>	<b><u>87,382</u></b>	<b><u>105,394</u></b>	<b><u>294,921</u></b>
Finance income	29	26,901	179,787	41,505	92,836
Finance costs	29	<u>(40,056)</u>	<u>(253,369)</u>	<u>(51,988)</u>	<u>(121,644)</u>
<b>Finance income (costs), net</b>		<b><u>(13,155)</u></b>	<b><u>(73,582)</u></b>	<b><u>(10,483)</u></b>	<b><u>(28,808)</u></b>
<b>Equity in the results of investees</b>	<b>12</b>	<b><u>(36)</u></b>	<b><u>(101)</u></b>	<b><u>(31)</u></b>	<b><u>(76)</u></b>
<b>Profit before taxation</b>		<b><u>48,875</u></b>	<b><u>13,699</u></b>	<b><u>94,880</u></b>	<b><u>266,037</u></b>
Current income tax and social contribution	11.a	(33,248)	(38,932)	(26,694)	(68,217)
Deferred income tax and social contribution	11.a	<u>24,844</u>	<u>45,824</u>	<u>949</u>	<u>(7,306)</u>
<b>Income tax and social contribution</b>		<b><u>(8,404)</u></b>	<b><u>6,892</u></b>	<b><u>(25,745)</u></b>	<b><u>(75,523)</u></b>
<b>Profit for the period</b>		<b><u>40,471</u></b>	<b><u>20,591</u></b>	<b><u>69,135</u></b>	<b><u>190,514</u></b>
<b>Profit attributable to</b>					
Owners of the parent		41,641	23,658	69,275	192,865
Non-controlling interests		<u>(1,170)</u>	<u>(3,067)</u>	<u>(140)</u>	<u>(2,351)</u>
<b>Profit for the period</b>		<b><u>40,471</u></b>	<b><u>20,591</u></b>	<b><u>69,135</u></b>	<b><u>190,514</u></b>
<b>Basic earnings per share (in reais)</b>	<b>23</b>	<b><u>0.32454</u></b>	<b><u>0.18439</u></b>	<b><u>0.53991</u></b>	<b><u>1.50314</u></b>

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

## MAHLE Metal Leve S.A.

### Statement of comprehensive income Quarters and periods ended September 30, 2020 and 2019

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company			
	2020		2019	
	3Q2020	9M2020	3Q2019	9M2019
<b>Profit for the period</b>	41,641	23,658	69,275	192,865
<b>Comprehensive income</b>				
Items that will be reclassified to profit or loss				
Change in cash flow hedge, net	(723)	(37,541)	(7,415)	256
Change in subsidiaries' cash flow hedge, net	-	-	-	8,873
Income tax and social contribution on cash flow hedge	246	12,763	2,521	(87)
Cumulative translation adjustments	(3,646)	35,279	(25,148)	(45,755)
Other comprehensive income	<b>(4,123)</b>	<b>10,501</b>	<b>(30,042)</b>	<b>(36,713)</b>
<b>Total comprehensive income for the period, net of income tax and social contribution</b>	<b>37,518</b>	<b>34,159</b>	<b>39,233</b>	<b>156,152</b>
<b>Total comprehensive income</b>	<b>37,518</b>	<b>34,159</b>	<b>39,233</b>	<b>156,152</b>

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

## MAHLE Metal Leve S.A.

### Statement of comprehensive income Quarters and periods ended September 30, 2020 and 2019

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Consolidated			
		2020		2019	
		3Q2020	9M2020	3Q2019	9M2019
<b>Profit for the period</b>		40,471	20,591	69,135	190,514
<b>Comprehensive income</b>					
Items that will be reclassified to profit or loss					
Change in cash flow hedge, net		(723)	(37,541)	(7,415)	9,129
Income tax and social contribution on cash flow hedge	11.b ii	246	12,763	2,521	(87)
Cumulative translation adjustments		(3,646)	35,279	(25,148)	(45,755)
Other comprehensive income		<b>(4,123)</b>	<b>10,501</b>	<b>(30,042)</b>	<b>(36,713)</b>
<b>Total comprehensive income for the period, net of income tax and social contribution</b>		<b>36,348</b>	<b>31,092</b>	<b>39,093</b>	<b>153,801</b>
<b>Comprehensive income attributable to:</b>					
Owners of the parent		37,518	34,159	39,233	156,152
Non-controlling interests		(1,170)	(3,067)	(140)	(2,351)
<b>Total comprehensive income</b>		<b>36,348</b>	<b>31,092</b>	<b>39,093</b>	<b>153,801</b>

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

**MAHLE Metal Leve S.A.**

**Statement of changes in equity**  
**Periods ended September 30, 2020**

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Attributable to owners of the parent												
		Revenue reserves					Other comprehensive income				Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Note	Share capital	Legal reserve	Reserve for expansion and modernization	Special reserve	Proposed additional dividends	Total	Carrying value adjustments	Cumulative translation adjustments	Total					
	<b>At December 31, 2019</b>	<b>966,255</b>	<b>150,263</b>	<b>157,761</b>	-	<b>175,572</b>	<b>483,596</b>	<b>36,627</b>	<b>(182,924)</b>	<b>(146,297)</b>	-	<b>1,303,554</b>	<b>(6,600)</b>	<b>1,296,954</b>
	<b>Equity transactions with shareholders</b>													
	Prescribed dividends and interest on capital	-	-	-	-	-	-	-	-	-	22	22	-	22
	Capital increase of MAHLE Hirschvogel Forjas S.A.	-	-	-	-	-	-	-	-	-	-	-	2,940	2,940
	<b>Profit for the period</b>	-	-	-	-	-	-	-	-	-	<b>23,658</b>	<b>23,658</b>	<b>(3,067)</b>	<b>20,591</b>
	<b>Other comprehensive income</b>													
	Cumulative translation adjustments	22	-	-	-	-	-	-	35,279	35,279	-	35,279	-	35,279
	Financial instrument adjustments	22	-	-	-	-	-	(37,541)	-	(37,541)	-	(37,541)	-	(37,541)
	Taxes on financial instrument adjustments	22	-	-	-	-	-	12,763	-	12,763	-	12,763	-	12,763
	Realization of deemed cost, net	22	-	-	-	-	-	(413)	-	(413)	413	-	-	-
	<b>Internal changes in equity</b>													
	Payment of proposed additional dividends	-	-	-	175,572	(175,572)	-	-	-	-	-	-	-	-
	<b>At September 30, 2020</b>	<b>966,255</b>	<b>150,263</b>	<b>157,761</b>	<b>175,572</b>	-	<b>483,596</b>	<b>11,436</b>	<b>(147,645)</b>	<b>(136,209)</b>	<b>24,093</b>	<b>1,337,735</b>	<b>(6,727)</b>	<b>1,331,008</b>

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

**MAHLE Metal Leve S.A.**

**Statement of changes in equity**  
**Periods ended September 30, 2019**

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Attributable to owners of the parent												
		Revenue reserves					Other comprehensive income				Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Note	Share capital	Legal reserve	Reserve for expansion and modernization	Special reserve	Proposed additional dividends	Total	Carrying value adjustments	Cumulative translation adjustments	Total					
	<b>At January 1st, 2019</b>	<b>966,255</b>	<b>137,311</b>	<b>157,761</b>	-	<b>192,228</b>	<b>487,300</b>	<b>21,584</b>	<b>(129,466)</b>	<b>(107,882)</b>	<b>10,687</b>	<b>1,356,360</b>	<b>(3,419)</b>	<b>1,352,941</b>
	<b>Equity transactions with shareholders</b>													
	Prescribed dividends and interest on capital	-	-	-	-	-	-	-	-	-	155	155	-	155
	<b>Profit for the period</b>	-	-	-	-	-	-	-	-	-	<b>192,865</b>	<b>192,865</b>	<b>(2,351)</b>	<b>190,514</b>
	<b>Other comprehensive income</b>													
	Cumulative translation adjustments	22	-	-	-	-	-	-	(45,755)	(45,755)	-	(45,755)	-	(45,755)
	Financial instrument adjustments	22	-	-	-	-	-	9,129	-	9,129	-	9,129	-	9,129
	Taxes on financial instrument adjustments	22	-	-	-	-	-	(87)	-	(87)	-	(87)	-	(87)
	Realization of deemed cost, net	22	-	-	-	-	-	(434)	-	(434)	434	-	-	-
	<b>Internal changes in equity</b>													
	Payment of proposed additional dividends	-	-	-	-	(192,228)	(192,228)	-	-	-	-	(192,228)	-	(192,228)
	<b>At September 30, 2019</b>	<b>966,255</b>	<b>137,311</b>	<b>157,761</b>	-	<b>295,072</b>	<b>30,192</b>	<b>(175,221)</b>	<b>(145,029)</b>	<b>204,141</b>	<b>1,320,439</b>	<b>(5,770)</b>	<b>1,314,669</b>	

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

## MAHLE Metal Leve S.A.

### Statement of cash flows

Periods ended September 30, 2020 and 2019

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		9M2020	9M2019	9M2020	9M2019
<b>Cash flows from operating activities</b>					
Profit before taxation		(5,240)	250,268	13,699	266,037
Adjustments for:					
Depreciation and amortization		74,122	67,370	77,463	69,557
Equity in the results of investees	12	(46,969)	(39,965)	101	76
Recognition (reversal) of provision for impairment of investments	12	(85)	-	-	-
Interest and foreign exchange and monetary variations, net		61,678	21,236	132,812	25,874
Unrealized (losses) gains on derivative financial instruments		3,548	2,970	896	2,538
Results on disposal of property, plant and equipment		(1,621)	(49)	(1,664)	(46)
Recognition (reversal) of provision for impairment of trade receivables	7	(688)	125	3,205	1,396
Recognition (reversal) of provision for tax and other contingencies	21	15,024	(17,765)	17,664	(16,776)
Recognition (reversal) of provision for warranties		2,692	(818)	3,008	(270)
Recognition (reversal) of sundry provision		123	3,777	913	3,632
Recognition (reversal) of provision for impairment of property, plant and equipment		66,216	157	74,738	157
Recognition (reversal) of provision for inventory loss	8	40,627	(2,725)	48,170	(3,705)
Interest expense on lease liability	17.b	1,513	775	1,642	775
Gain on net monetary position	34	(32,396)	(42,769)	(28,124)	(33,723)
(Increase) decrease in assets					
Trade and related-party receivables		(73,227)	(33,033)	(114,689)	(30,521)
Inventories		(11,121)	(26,147)	(27,362)	(21,308)
Taxes recoverable		12,241	55,704	6,154	57,219
Other assets		2,494	(1,237)	1,521	(4,962)
Increase (decrease) in liabilities					
Trade and related-party payables		27,358	15,865	48,090	21,785
Salaries, vacation pay and social charges		17,602	26,662	21,114	26,288
Taxes and contributions payable		(9,253)	(469)	(7,410)	(13,375)
Other liabilities		1,624	(28,824)	(20)	(31,553)
<b>Cash from operations</b>		<b>146,262</b>	<b>251,108</b>	<b>271,921</b>	<b>319,095</b>
Income tax and social contribution paid		(12,581)	(48,587)	(16,159)	(52,051)
<b>Net cash provided by operating activities</b>		<b>133,681</b>	<b>202,521</b>	<b>255,762</b>	<b>267,044</b>
<b>Cash flows from investing activities</b>					
Dividends and interest on capital received from subsidiary	10	93,422	82,099	-	-
Loans granted to subsidiaries		(20,411)	(3,022)	(467,086)	(427,567)
Loan repayments received from subsidiaries		22,839	-	479,651	441,760
Additions to property, plant and equipment	13	(13,516)	(43,030)	(17,260)	(51,055)
Additions to intangible assets	14	(224)	(5,733)	(232)	(5,790)
Capital increase of subsidiary- MAHLE Hirschvogel Forjas S.A.		(3,060)	-	-	-
Proceeds from sale of property, plant and equipment		2,260	385	2,303	453
<b>Net cash used in investing activities</b>		<b>81,310</b>	<b>30,699</b>	<b>(2,624)</b>	<b>(42,199)</b>
<b>Cash flows from financing activities</b>					
Proceeds from borrowings	17.a	343,400	220,752	352,705	287,039
Repayment of principal of borrowings	17.a	(208,959)	(129,939)	(230,741)	(189,875)
Repayment of interest on borrowings	17.a	(6,849)	(8,615)	(7,565)	(9,549)
Repayment of the principal and interest on the lease liability	17.b	(7,038)	(4,936)	(8,030)	(4,936)
Repayment of related party loans		-	-	2,940	-
Dividends and interest on capital paid	10	(10,355)	(204,621)	(10,355)	(204,621)
<b>Net cash provided by (used in) financing activities</b>		<b>110,199</b>	<b>(127,359)</b>	<b>98,954</b>	<b>(121,942)</b>
<b>Effect of foreign exchange variation on cash and cash equivalents</b>		<b>26,521</b>	<b>5,843</b>	<b>25,826</b>	<b>4,093</b>
<b>Increase (reduction) in cash and cash equivalents, net</b>		<b>351,711</b>	<b>111,704</b>	<b>377,918</b>	<b>106,996</b>
<b>Represented by:</b>					
Cash and cash equivalents at the beginning of the period		158,554	89,008	168,781	97,591
Cash and cash equivalents at the end of the period	6	510,265	200,712	546,699	204,587
<b>Increase (reduction) in cash and cash equivalents, net</b>		<b>351,711</b>	<b>111,704</b>	<b>377,918</b>	<b>106,996</b>

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



## MAHLE Metal Leve S.A.

### Statement of value added Periods ended September 30, 2020 and 2019

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	9M2020	9M2019	9M2020	9M2019
<b>Gross revenue</b>	<b>1,674,277</b>	<b>2,072,471</b>	<b>1,999,797</b>	<b>2,388,764</b>
Sales of goods, products and services	1,638,509	2,030,271	1,966,123	2,356,797
Other revenue	33,229	41,956	31,923	32,118
Provision for impairment of trade receivables	2,539	244	1,751	(151)
<b>Inputs acquired from third parties</b>	<b>(987,944)</b>	<b>(1,054,938)</b>	<b>(1,191,479)</b>	<b>(1,251,723)</b>
(Includes amounts of taxes: ICMS, IPI, PIS and COFINS)				
Cost of sales and services	(473,525)	(718,689)	(613,324)	(872,104)
Materials, energy, outsourced services and other	(396,353)	(358,156)	(449,221)	(403,813)
Impairment/recovery of assets	(118,066)	21,907	(128,934)	24,194
<b>Gross value added</b>	<b>686,333</b>	<b>1,017,533</b>	<b>808,318</b>	<b>1,137,041</b>
<b>Depreciation and amortization</b>	<b>(74,122)</b>	<b>(67,370)</b>	<b>(77,463)</b>	<b>(69,557)</b>
<b>Net value added generated by the company</b>	<b>612,211</b>	<b>950,163</b>	<b>730,855</b>	<b>1,067,484</b>
<b>Value added received through transfer</b>	<b>184,201</b>	<b>94,251</b>	<b>179,686</b>	<b>92,757</b>
Equity in the results of investees	47,054	39,965	(101)	(76)
Finance income	137,147	54,286	179,787	92,833
<b>Total value added to distribute</b>	<b>796,412</b>	<b>1,044,414</b>	<b>910,541</b>	<b>1,160,241</b>
<b>Distribution of value added</b>	<b>796,412</b>	<b>1,044,414</b>	<b>910,541</b>	<b>1,160,241</b>
<b>Personnel</b>	<b>331,538</b>	<b>402,411</b>	<b>370,915</b>	<b>446,496</b>
<b>Taxes and contributions</b>	<b>226,815</b>	<b>365,821</b>	<b>249,835</b>	<b>386,638</b>
<b>Capital providers</b>	<b>214,401</b>	<b>83,317</b>	<b>269,200</b>	<b>136,593</b>
Interest	17,226	9,983	20,125	12,608
Rentals	9,675	9,957	10,478	11,857
Foreign exchange, monetary and other variations	187,500	63,377	238,597	112,128
<b>Shareholders</b>	<b>23,658</b>	<b>192,865</b>	<b>20,591</b>	<b>190,514</b>
Retained earnings	23,658	192,865	23,658	192,865
Share of non-controlling interests of retained earnings	-	-	(3,067)	(2,351)

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 September 30, 2020 and 2019 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.

During the first nine months of 2020, global scenario was marked by the COVID-19 pandemic developments and the Company continues to monitor the potential impacts on its operations.

#### 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 in response to COVID-19**

As from July 2020, the Company sees a gradual pickup in output as a result of a modest recovery of the automotive industry, which allowed it to restore the hours and salaries of its employees that were temporarily cut and to bring back most of its furloughed employees.

The Company has established in March 2020 a COVID-19 protocol to protect the health of its workers. The protocol applies to all its units and subsidiaries and contains sanitary regulations of local authorities and the World Health Organization (WHO) as well as best practices available. Measures taken by the Company include: seats rearranged in business vehicles to maximize separation; delivery of face masks and ensure that face masks are worn; employee daily COVID-19 health screening questionnaire; temperature checks prior to entering the Company's facilities; use of alcohol-based hand sanitizer in all common areas such as canteens, toilets and changing rooms; creation of segregated individual spaces in canteens; safe distances have been set for employees waiting in queue for meals.

In addition, the Company let much of its staff work from home to maintain physical distancing. The Company put on furlough those employees who are in a vulnerable group and for whom it is not possible to work from home.

### **Liquidity risk**

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

The Company has R\$ 546,699 of free cash at September 30, 2020. To date the Company has not identified significant signs of default after the closing of the third quarter of 2020 and as expected had a reduction in the average collection period to 56 days in the third quarter from 74 days in the second quarter of 2020.

Negotiations with suppliers are still under way and to date has resulted in an extension of payment terms from 35 days in September 2019 to 41 days in September 2020. Compared with June 2020, the average period of payment to suppliers increased from 38 days to 41 days. The Company remains focused on such negotiations.

To protect its liquidity, the Company strengthened its cash reserves by postponing the payment of dividends that was initially set for May 2020 to create a special reserve. The Company also has pre-approved lines of credit that can be accessed if needed.

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

*(in thousand of reais)*

The restrictive covenants included in the loan agreements are being met and continuously monitored as per Note 17.

The prices of contracts with customers were maintained and there were no negotiations that could indicate negative margins; hence, future losses on onerous contracts are not expected for the next months.

### **Provision for impairment of inventory**

As at September 30, 2020, the Company recorded an impairment loss on the inventory of Project MBE2 of R\$ 36,159 as per Note 14.

### **Risk of impairment of intangible assets**

In September 2020, the Company revised the key assumptions for the impairment test of intangible assets, including goodwill, in the light of the impacts of COVID-19 on its operations. The revenue projections and the assumptions were adjusted to the new reality of the industry based on management's best expectations at this time. The recoverable amount is estimated using the discounted cash flow method based on the market information available for each business. The impairment tests of the assets of the CGU of MAHLE Metal Leve S.A. (rings business) did not reveal the need to recognize an additional impairment loss. In the subsidiary MAHLE Argentina S.A. the tests resulted in the recognition of an impairment loss for goodwill in the interim financial statements as of June 30, 2020 in the amount of R\$ 29,663. In the CGU MBE2, the tests resulted in the recognition of an impairment loss on assets of R\$ 45,129. Further information is provided in Note 14.

### **Proposal for retention of proposed additional profit distribution**

To preserve cash amid the current period of crisis, at the Ordinary General Meeting held on May 29, 2020, the shareholders approved the retention of the previously proposed additional dividends of R\$ 175,572. The portion of retained earnings was transferred to a special reserve and will be distributed at an opportune time. The Company aims to preserve cash to weather the world crisis and to meet all its legal and contractual obligations.

### **Going concern risk**

The improvement in the aftermarket demand, principally in the domestic market, has lead sales at the end of the quarter back to near pre-pandemic levels. The original equipment market saw an increase compared to the prior quarter.

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.

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

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.

### 2. Entities of the Group (subsidiaries)

	Country	Ownership percentage (%)			
		09.30.2020		12.31.2019	
		Direct	Indirect	Direct	Indirect
<b><u>Subsidiaries</u></b>					
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	-
<b><u>Related companies</u></b>					
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, 2019.

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, 2019 as disclosed on March 27, 2020.

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

The issuance of the parent company and consolidated financial statements was authorized by the Company's Board of Directors on November 10, 2020. Only the shareholders have the power to amend the financial statements after issuance.

### 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, 2019.

### 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, 2019.

	Consolidated					
	YTD 092020			YTD 092019		
	Engine components	Filters	Consolidated	Engine components	Filters	Consolidated
Statement of income						
<b>Gross operating revenue</b>	<b>1,830,982</b>	<b>231,483</b>	<b>2,062,465</b>	<b>2,137,719</b>	<b>307,082</b>	<b>2,444,801</b>
Deductions from sales	(364,853)	(71,721)	(436,574)	(419,238)	(95,029)	(514,267)
<b>Net operating revenue</b>	<b>1,466,129</b>	<b>159,762</b>	<b>1,625,891</b>	<b>1,718,481</b>	<b>212,053</b>	<b>1,930,534</b>
Cost of sales	(1,102,118)	(126,603)	(1,228,721)	(1,253,471)	(164,690)	(1,418,161)
<b>Gross profit</b>	<b>364,011</b>	<b>33,159</b>	<b>397,170</b>	<b>465,010</b>	<b>47,363</b>	<b>512,373</b>
Selling expenses and distribution and Impairment of trade receivables	(104,442)	(14,415)	(118,857)	(104,238)	(18,047)	(122,285)
Administrative expenses	(58,959)	(9,981)	(68,940)	(50,859)	(10,427)	(61,286)
Technology research costs	(36,437)	(6,899)	(43,336)	(55,861)	(7,182)	(63,043)
Other operating income (expenses)	(106,702)	(77)	(106,779)	(4,632)	71	(4,561)
Equit	(101)	-	(101)	(76)	-	(76)
Gains (loss) on net monetary variation	26,397	1,727	28,124	32,077	1,646	33,723
Finance income	169,579	10,208	179,787	88,649	4,187	92,836
Finance costs	(241,181)	(12,188)	(253,369)	(115,023)	(6,621)	(121,644)
<b>Profit before income tax and social contribution</b>	<b>12,165</b>	<b>1,534</b>	<b>13,699</b>	<b>255,047</b>	<b>10,990</b>	<b>266,037</b>
Income tax and social contribution	7,436	(544)	6,892	(71,778)	(3,745)	(75,523)
<b>Profit for the year</b>	<b>19,601</b>	<b>990</b>	<b>20,591</b>	<b>183,269</b>	<b>7,245</b>	<b>190,514</b>
Non-controlling interests	2,734	333	3,067	1,859	492	2,351
<b>Profit for the year</b>	<b>22,335</b>	<b>1,323</b>	<b>23,658</b>	<b>185,128</b>	<b>7,737</b>	<b>192,865</b>

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

	Consolidated					
	3rd quarter 2020			3rd quarter 2019		
	Engine components	Filters	Consolidated	Engine components	Filters	Consolidated
Statement of income						
<b>Gross operating revenue</b>	<b>784,010</b>	<b>105,530</b>	<b>889,540</b>	<b>724,265</b>	<b>102,051</b>	<b>826,316</b>
Deductions from sales	(164,133)	(34,215)	(198,348)	(149,226)	(31,557)	(180,783)
<b>Net operating revenue</b>	<b>619,877</b>	<b>71,315</b>	<b>691,192</b>	<b>575,039</b>	<b>70,494</b>	<b>645,533</b>
Cost of sales	(445,694)	(53,965)	(499,659)	(413,554)	(53,608)	(467,162)
<b>Gross profit</b>	<b>174,183</b>	<b>17,350</b>	<b>191,533</b>	<b>161,485</b>	<b>16,886</b>	<b>178,371</b>
Selling expenses and distribution and Impairment of trade receivables	(36,978)	(4,376)	(41,354)	(36,972)	(4,975)	(41,947)
Administrative expenses	(20,495)	(3,745)	(24,240)	(15,328)	(3,562)	(18,890)
Technology research costs	(10,581)	(2,509)	(13,090)	(17,112)	(2,086)	(19,198)
Other operating income (expenses)	(60,999)	(194)	(61,193)	(1,934)	(120)	(2,054)
Equit	(36)	-	(36)	(31)	-	(31)
Gains (loss) on net monetary variation	9,863	547	10,410	9,112	-	9,112
Finance income	25,381	1,520	26,901	40,203	1,302	41,505
Finance costs	(37,524)	(2,532)	(40,056)	(49,384)	(2,604)	(51,988)
<b>Profit before income tax and social contribution</b>	<b>42,814</b>	<b>6,061</b>	<b>48,875</b>	<b>90,039</b>	<b>4,841</b>	<b>94,880</b>
Income tax and social contribution	(7,870)	(534)	(8,404)	(24,091)	(1,654)	(25,745)
<b>Profit for the year</b>	<b>34,944</b>	<b>5,527</b>	<b>40,471</b>	<b>65,948</b>	<b>3,187</b>	<b>69,135</b>
Non-controlling interests	1,063	107	1,170	-	140	140
<b>Profit for the year</b>	<b>36,007</b>	<b>5,634</b>	<b>41,641</b>	<b>65,948</b>	<b>3,327</b>	<b>69,275</b>

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

	Consolidated					
	09.30.2020			12.31.2019		
	Engine components	Filters	Consolidated	Engine components	Filters	Consolidated
<b>Balance sheet accounts</b>						
<b>Total assets</b>	<b>2,604,554</b>	<b>118,508</b>	<b>2,723,062</b>	<b>2,209,803</b>	<b>117,848</b>	<b>2,327,651</b>
Inventories	334,926	41,086	376,012	354,071	42,038	396,109
Property, plant and equipment	2,515,161	143,633	2,658,794	2,451,230	145,621	2,596,851
Depreciation and amortization	(1,942,917)	(96,172)	(2,039,089)	(1,837,268)	(95,515)	(1,932,783)
Intangible assets	12,093	284	12,377	61,932	294	62,226
Goodwill	379,958	-	379,958	407,373	-	407,373
Investment - Innoferm Tecnologia Ltda.	243	-	243	345	-	345
Other	1,305,090	29,677	1,334,767	772,120	25,410	797,530

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

### 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							
	3Q2020	%	YTD 09 2020	%	3Q2019	%	YTD 09 2019	%
<b>Domestic market (Brazil and Argentina)</b>	<b>403,846</b>	<b>58.4%</b>	<b>901,075</b>	<b>55.4%</b>	<b>387,929</b>	<b>60.1%</b>	<b>1,094,856</b>	<b>56.7%</b>
Europe	140,078	20.3%	342,430	21.1%	117,388	18.2%	394,595	20.4%
Central and North America	114,621	16.6%	284,253	17.5%	93,345	14.5%	297,896	15.4%
South America	24,030	3.5%	72,823	4.5%	36,015	5.6%	107,275	5.6%
Africa, Asia, Oceania and Middle East	8,617	1.2%	25,310	1.6%	10,856	1.7%	35,912	1.9%
<b>Foreign countries</b>	<b>287,346</b>	<b>41.6%</b>	<b>724,816</b>	<b>44.6%</b>	<b>257,604</b>	<b>39.9%</b>	<b>835,678</b>	<b>43.3%</b>
<b>Total Geral</b>	<b>691,192</b>	<b>100%</b>	<b>1,625,891</b>	<b>100%</b>	<b>645,533</b>	<b>100.0%</b>	<b>1,930,534</b>	<b>100.0%</b>

### 6. Cash and cash equivalents

	Parent company		Consolidated	
	09.30.2020	12.31.2019	09.30.2020	12.31.2019
<b>Cash and demand deposits</b>				
BRL	3,281	1,906	3,627	2,514
ARS (expressed in BRL)	-	-	4,931	4,621
USD (expressed in BRL)	13,441	14,859	13,441	14,859
EUR (expressed in BRL)	80,048	51,060	82,102	51,060
	<b>96,770</b>	<b>67,825</b>	<b>104,101</b>	<b>73,054</b>
BRL	408,939	87,808	432,042	88,093
<b>Financial investments</b>	<b>408,939</b>	<b>87,808</b>	<b>432,042</b>	<b>88,093</b>
BRL	4,556	2,921	10,556	7,634
<b>Cash in transit</b>	<b>4,556</b>	<b>2,921</b>	<b>10,556</b>	<b>7,634</b>
	<b>510,265</b>	<b>158,554</b>	<b>546,699</b>	<b>168,781</b>

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



# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

Financial investments have made as follows:

- Bank Deposit Certificates (CDBs) and repurchase agreements (100.0 %), which yield an average interest rate of 101.9 % 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).

### 7. Trade accounts receivables and other accounts receivables

	Parent company		Consolidated	
	09.30.2020	12.31.2019	09.30.2020	12.31.2019
Market				
Domestic	259,076	206,587	259,386	206,879
Foreign	44,576	60,504	143,631	127,786
	<b>303,652</b>	<b>267,091</b>	<b>403,017</b>	<b>334,665</b>
Other accounts receivable	3,362	1,208	3,362	1,208
Provision for impairment of trade receivables	(6,469)	(7,157)	(12,587)	(9,382)
	<b>300,545</b>	<b>261,142</b>	<b>393,792</b>	<b>326,491</b>
Related parties (Note 10)	96,632	62,120	111,997	67,814
	<b>397,177</b>	<b>323,262</b>	<b>505,789</b>	<b>394,305</b>

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.

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

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

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09.30.2020</u>	<u>12.31.2019</u>	<u>09.30.2020</u>	<u>12.31.2019</u>
Not yet due	287,510	239,119	368,389	295,209
Past due:				
Up to 7 days	3,071	5,253	9,434	8,215
From 8 to 30 days	4,630	7,151	9,193	10,958
From 31 to 60 days	3,005	4,247	5,290	6,338
From 61 to 90 days	460	4,062	684	4,496
From 91 to 120 days	2,128	1,483	2,384	1,693
From 121 to 180 days	376	1,420	905	1,643
From 181 to 360 days	1,898	2,942	4,780	3,649
Over 360 days	3,936	2,622	5,319	3,672
(-) Provision for impairment of trade receivables	<u>(6,469)</u>	<u>(7,157)</u>	<u>(12,587)</u>	<u>(9,382)</u>
Total past due deducted provision	13,035	22,024	25,403	31,284
	<u><b>300,545</b></u>	<u><b>261,142</b></u>	<u><b>393,792</b></u>	<u><b>326,491</b></u>

At September 30, 2020, trade receivables of the parent company in the amount of R\$ 13,035 (December 31, 2019 - R\$ 22,023) and consolidated trade receivables at September 30, 2020 of R\$ 25,403 (December 31, 2019 - R\$ 31,282) 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:

	<u>Parent company</u>	<u>Consolidated</u>
<b>At December 31, 2019</b>	<u><b>(7,157)</b></u>	<u><b>(9,382)</b></u>
Receivables provided for in the period	(8,465)	(12,505)
Receivables reversed in the period	10,182	11,385
Receivables written off definitively	822	822
Foreign exchange variation	<u>(1,851)</u>	<u>(2,907)</u>
<b>At September 30th, 2020</b>	<u><b>(6,469)</b></u>	<u><b>(12,587)</b></u>

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

### 8. Inventories

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09.30.2020</u>	<u>12.31.2019</u>	<u>09.30.2020</u>	<u>12.31.2019</u>
Finished products	110,245	131,865	185,781	213,858
Work in progress	87,571	85,428	100,250	91,799
Raw materials	47,165	58,015	62,324	72,013
Auxiliary materials	6,153	6,914	10,235	9,464
Imports in transit	8,939	6,574	17,422	8,975
	<u><b>260,073</b></u>	<u><b>288,796</b></u>	<u><b>376,012</b></u>	<u><b>396,109</b></u>

In September 30, 2020, 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\$ 74,053 (R\$ 33,426 in December 31, 2019) in the parent company and R\$ 96,265 (R\$ 48,095 in December 31, 2019) in the consolidated accounts.

Changes in the provision for inventory loss are as follows:

	<u>Parent company</u>	<u>Consolidated</u>
<b>At December 31, 2019</b>	<u><b>(33,426)</b></u>	<u><b>(48,095)</b></u>
Reversal of provision	5,875	11,645
Recognition of provision	(49,418)	(60,598)
Inventory written off definitively as loss	2,916	2,916
Foreign exchange variation	-	(2,133)
<b>At September 30, 2020</b>	<u><b>(74,053)</b></u>	<u><b>(96,265)</b></u>

As at September 30, 2020, the Company recognized an impairment loss on inventory of the Project MBE2 in the amount of R\$ 36,159 as per Note 14.

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

### 9. Taxes recoverable and income tax and social contribution recoverable

	<u>Parent Company</u>		<u>Consolidated</u>	
	<u>09.30.2020</u>	<u>12.31.2019</u>	<u>09.30.2020</u>	<u>12.31.2019</u>
<b>Income tax and social contribution recoverable</b>	<b>37,767</b>	<b>48,498</b>	<b>47,404</b>	<b>60,206</b>
Value-added Tax on Sales and Services (ICMS) on purchases of fixed assets	26,076	22,902	26,180	23,073
ICMS and Excise Tax (IPI)	6,241	7,091	6,241	7,091
Import Tax	3,111	2,679	4,106	3,717
Social Contribution on Revenues (COFINS)	3,647	2,930	3,647	2,932
Social Integration Program (PIS)	783	632	783	632
I.V.A. (Argentina)	-	-	(244)	6,747
Other	9	9	998	1,702
<b>Taxes recoverable</b>	<b>39,867</b>	<b>36,243</b>	<b>41,711</b>	<b>45,894</b>
<b>Current</b>	<b>77,634</b>	<b>84,741</b>	<b>89,115</b>	<b>106,100</b>
Value-added Tax on Sales and Services (ICMS) on purchases of fixed assets	8,993	11,696	8,993	11,696
Export incentive - Argentina	-	-	7,330	5,464
<b>Non-current</b>	<b>8,993</b>	<b>11,696</b>	<b>16,323</b>	<b>17,160</b>

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 09.30.2020							Transactions from 01.01.2019 to 09.30.2020					
	Current assets			Non-current assets	Current liabilities			Non-current liabilities		Sales/revenue		Purchases	
	Receivables (Note 7)	Payment term in days (***)	Dividends and interest on capital payable	Loan	Suppliers (Note 15)	Payment term in days (***)	Lease Liabilities	Lease Liabilities	Products	Other	Products	Other	
<b>Companies</b>													
<b>Subsidiaries</b>													
<b>Direct subsidiaries</b>													
MAHLE Metal Leve GmbH	65,046	60	50,608	-	-	-	-	267,527	983	-	-		
MAHLE Argentina S.A.	9,645	60	-	23,839	-	-	-	36,526	1,774	22	-		
MAHLE Filtróil Indústria e Comércio de Filtros Ltda.	64	60	-	7,071	-	-	-	-	124	-	-		
MAHLE Hirschvogel Forjas S.A.	23	60	-	-	-	-	-	-	98	-	-		
<b>Sub-total Controladas Diretas</b>	<b>74,778</b>		<b>50,608</b>	<b>30,910</b>	-	-	-	<b>304,053</b>	<b>2,979</b>	<b>22</b>	-		
<b>Related companies</b>													
MAHLE Componenti Motori Italia S.p.A.	4,875	60	-	-	1	60	-	14,670	1	27	-		
MAHLE Behr Gerenciamento Térmico Brasil Ltda.	2,982	60	-	-	3,548	60	-	717	10,816	14,628	551		
MAHLE Engine Components USA, Inc.	2,835	60	-	-	381	60	-	10,436	-	932	2		
MAHLE Aftermarket GmbH	1,758	60	-	-	1,319	60	-	5,041	930	3,189	3,524		
MAHLE Holding (China) Co., Ltd.	1,701	60	-	-	127	60	-	5	98	-	142		
MAHLE Compressores do Brasil Ltda.	1,555	60	-	-	3,059	60	-	747	4,726	15,886	94		
MAHLE Aftermarket S. de R.L. de C.V.	1,451	60	-	-	-	-	-	4,378	-	-	-		
MAHLE International GmbH	1,249	60	-	-	9,641	60	-	-	1,863	-	21,325		
MAHLE Componentes de Motor de Mexico, S. de R.	998	60	-	-	5	60	-	566	15	5,093	5		
MAHLE Aftermarket Inc.	487	60	-	-	240	60	-	519	322	-	289		
MAHLE Engine Systems UK Ltd.	365	60	-	-	1,080	60	-	8	287	2,176	11		
MAHLE Industriemotoren-Komponenten GmbH	343	60	-	-	-	-	-	493	-	-	-		
MAHLE Motor Parcalari San. Izmir A.S.	173	60	-	-	139	60	-	2,292	-	225	-		
MAHLE Filter Systems USA	166	60	-	-	48	60	-	4	151	-	48		
MAHLE Industries, Inc.	162	60	-	-	930	60	-	-	410	-	1		
MAHLE Engine Components (Yingkou) Co., Ltd.	136	60	-	-	-	-	-	2,453	11	-	-		
MAHLE GmbH	133	60	-	-	16,287	60	-	233	47	1,538	13,689 *		
MAHLE Indústria e Comércio Ltda.	128	60	-	-	1,310	60	7,647	99	748	1,402	5,501 **		
MAHLE Componentes de Motores S.A.	94	60	-	-	10	60	-	487	43	61	3		
MAHLE Engine Components (Chongqing) Co., Ltd.	94	60	-	-	-	-	-	825	-	-	-		
MAHLE France SAS	84	60	-	-	-	-	-	146	-	-	-		
MAHLE Electric Drives (Taicang) Co., Ltd.	35	60	-	-	99	60	-	-	59	1,325	-		
MAHLE Anand Filter Systems Private Limited	23	60	-	-	-	-	-	62	-	-	-		
MAHLE India Pistons Ltd.	22	60	-	-	-	-	-	19	-	-	-		
MAHLE Electric Drives Slovenija d.o.o.	14	60	-	-	89	60	-	-	35	1,679	-		
MAHLE Japan Ltd.	14	60	-	-	-	-	-	-	35	-	-		
MAHLE Engine Components Japan Corporation	11	60	-	-	105	60	-	81	228	-	-		
MAHLE Holding (India) Private Limited	11	60	-	-	9	60	-	-	1	-	-		
MAHLE Kleinmotoren-Komponenten GmbH & Co. F	6	60	-	-	-	-	-	40	-	-	-		
Shanghai MAHLE Thermal Systems Co. Ltd.	4	60	-	-	-	-	-	-	-	-	-		
MAHLE Filtersysteme GmbH	1	60	-	-	962	60	-	-	3	-	1,490		
MAHLE Motorsports Inc	1	60	-	-	-	-	-	5	-	-	-		
Innoferm Tecnologia Ltda.	-	-	-	-	1,700	60	-	-	-	-	-		
MAHLE Behr Service Asia Co., Ltd.	-	-	-	-	621	60	-	-	-	2,351	-		
MAHLE Polska Sp. z o.o.	-	-	-	-	341	60	-	-	-	-	-		
MAHLE Filtersysteme Austria GmbH	-	-	-	-	322	60	-	-	-	1,593	-		
MAHLE S.A.U.	-	-	-	-	210	60	-	1	-	151	-		
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	-	106	60	-	-	-	536	64		
MAHLE Filter Systems Japan Corporation	-	-	-	-	26	60	-	-	-	321	24		
MAHLE Aftermarket Italy S.p.A.	-	-	-	-	7	60	-	-	-	319	-		
MAHLE Engine Components USA, Inc.	-	-	-	-	7	60	-	-	-	-	7		
MAHLE Componente de Motor SRL	-	-	-	-	6	60	-	-	-	140	-		
MAHLE Shanghai Filter Systems Co., Ltd.	-	-	-	-	3	60	-	-	-	3	-		
MAHLE Engine Components (Nanjing) Co., Ltd.	-	-	-	-	-	-	-	1,167	-	18	-		
MAHLE Engine Components Slovakia s.r.o.	-	-	-	-	-	-	-	45	-	-	-		
MAHLE Aftermarket Pte. Ltd.	-	-	-	-	-	-	-	15	-	2,969	-		
MAHLE Trading (Shanghai) Co., Ltd.	-	-	-	-	-	-	-	-	-	290	1		
MAHLE Fil. Sys. UK Ltd.	-	-	-	-	-	-	-	-	-	187	-		
MAHLE Trading Japan Co., Ltd.	-	-	-	-	-	-	-	-	9	147	-		
Behr Hella Service GmbH	-	-	-	-	-	-	-	-	-	64	-		
Other	(57)	-	-	-	-	-	-	22	37	43	31		
<b>Total related companies</b>	<b>21,854</b>		-	-	<b>42,738</b>		<b>7,647</b>	<b>5,798</b>	<b>45,576</b>	<b>20,875</b>	<b>57,293</b>	<b>46,802</b>	
<b>Total related parties</b>	<b>96,632</b>		<b>50,608</b>	<b>30,910</b>	<b>42,738</b>		<b>7,647</b>	<b>5,798</b>	<b>349,629</b>	<b>23,854</b>	<b>57,315</b>	<b>46,802</b>	

\* Brand license of R\$ 5,731

\*\* Rent of R\$ 5,501

\*\*\* 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)

	Parent company												
	Balances at 12.31.2019						Transactions from 01.01.2019 to 09.30.2019						
	Current assets			Non-current assets	Current liabilities			Non-current liabilities	Sales/revenue		Purchases		
	Receivables (Note 7)	Payment term in days (**)	Dividends and interest on capital payable	Loan	Suppliers (Note 15)	Payment term in days (**)	Lease Liabilities	Dividends and interest on capital payable	Lease Liabilities	Products	Other	Products	Other
<b>Companies</b>													
<b>Subsidiaries</b>													
<b>Direct subsidiaries</b>													
MAHLE Metal Leve GmbH	38,355	60	50,521	-	-	60	-	-	-	281,766	808	-	-
MAHLE Argentina S.A.	4,647	60	-	16,273	-	60	-	-	-	34,751	1,636	580	-
MAHLE Filtróil Indústria e Comércio de Filtros Ltd.	63	60	-	6,748	-	60	-	-	-	-	120	-	-
MAHLE Hirschvogel Forjas S.A.	23	60	-	2,791	-	60	-	-	-	-	94	-	-
<b>Sub-total Controladas Diretas</b>	<b>43,088</b>		<b>50,521</b>	<b>25,812</b>	<b>-</b>					<b>316,517</b>	<b>2,658</b>	<b>580</b>	<b>-</b>
<b>Related companies</b>													
MAHLE Behr Gerenciamento Térmico Brasil Ltda.	3,343	60	-	-	1,483	60	-	-	-	726	13,565	26,246	1,445
MAHLE Engine Components Slovakia s.r.o.	2,316	60	-	-	3	60	-	-	-	829	-	-	-
MAHLE Holding (China) Co., Ltd.	1,686	60	-	-	92	60	-	-	-	-	1,040	-	63
MAHLE Componenti Motori Italia S.p.A.	1,510	60	-	-	129	60	-	-	-	9,538	-	178	4
MAHLE Aftermarket S. de R.L. de C.V.	1,396	60	-	-	-	-	-	-	-	3,852	-	-	-
MAHLE Aftermarket GmbH	1,349	60	-	-	5,321	60	-	-	-	2,068	768	3,987	117
MAHLE Engine Components USA, Inc.	1,183	60	-	-	424	60	-	-	-	10,636	(19)	921	112
MAHLE Engine Components (Yingkou) Co., Ltd.	1,074	60	-	-	-	-	-	-	-	4,837	393	-	-
MAHLE Engine Components (Nanjing) Co., Ltd.	863	60	-	-	18	60	-	-	-	3,152	-	-	-
MAHLE International GmbH	740	60	-	-	14,411	60	-	-	-	-	1,675	-	11,136
MAHLE Compressores do Brasil Ltda.	637	60	-	-	2,942	60	-	-	-	989	5,391	10,261	118
MAHLE Industries, Inc.	409	60	-	-	664	60	-	-	-	-	338	-	37
MAHLE Filtre Sistemleri A.S.	360	60	-	-	-	-	-	-	-	-	-	-	-
MAHLE Componentes de Motores S.A.	353	60	-	-	32	60	-	-	-	1,146	164	104	-
MAHLE Indústria e Comércio Ltda.	350	60	-	-	1,209	60	5,647	6,081	13,109	-	-	-	5,439
MAHLE Motor Parcalari San. Izmir A.S.	345	60	-	-	98	60	-	-	-	162	-	52	-
MAHLE Filter Systems USA	256	60	-	-	-	-	-	-	-	-	576	1	-
MAHLE Engine Systems UK Ltd.	244	60	-	-	1,579	60	-	-	-	-	456	1,665	8
MAHLE Aftermarket Inc.	197	60	-	-	86	60	-	-	-	657	386	-	130
MAHLE GmbH	91	60	-	-	9,587	60	-	-	-	534	441	9,673	13,658 *
MAHLE Componentes de Motor de Mexico, S. de R.	84	60	-	-	1,542	60	-	-	-	388	129	3,440	(88)
MAHLE Industriemotoren-Komponenten GmbH	60	60	-	-	-	-	-	-	-	484	-	-	-
MAHLE Engine Components Japan Corporation	59	60	-	-	73	60	-	-	-	76	-	-	(22)
MAHLE Trading Japan Co., Ltd.	41	60	-	-	104	60	-	-	-	62	55	177	-
MAHLE Engine Components (Chongqing) Co., Ltd.	25	60	-	-	-	-	-	-	-	495	-	-	-
MAHLE India Pistons Ltd.	18	60	-	-	-	-	-	-	-	15	-	-	-
MAHLE France SAS	15	60	-	-	-	-	-	-	-	163	-	-	-
MAHLE Japan Ltd.	8	60	-	-	-	-	-	-	-	-	7	-	-
MAHLE Holding (India) Private Limited	7	60	-	-	6	60	-	-	-	-	4	-	53
MAHLE Kleinmotoren-Komponenten GmbH & Co. I	6	60	-	-	-	-	-	-	-	32	-	-	-
MAHLE Motorsports Inc	4	60	-	-	-	-	-	-	-	2	-	-	-
Shanghai MAHLE Thermal Systems Co. Ltd.	3	60	-	-	-	-	-	-	-	-	-	-	-
MAHLE Filtersysteme GmbH	2	60	-	-	870	60	-	-	-	-	1	12	1,134
MAHLE Vöcklabruck GmbH	(2)	60	-	-	-	-	-	-	-	27	-	-	-
Innoferm Tecnologia Ltda.	-	-	-	-	2,000	60	-	-	-	-	-	-	-
MAHLE Filter Systems Japan Corporation	-	-	-	-	335	60	-	-	-	-	-	753	-
MAHLE Electric Drives (Taicang) Co., Ltd.	-	-	-	-	286	60	-	-	-	-	71	1,817	-
MAHLE Polska Sp. z o.o.	-	-	-	-	234	60	-	-	-	32	-	-	-
MAHLE Behr Service Asia Co., Ltd.	-	-	-	-	177	60	-	-	-	-	-	-	-
MAHLE Aftermarket Italy S.p.A.	-	-	-	-	172	60	-	-	-	-	-	298	2
MAHLE Electric Drives Slovenija d.o.o.	-	-	-	-	125	60	-	-	-	-	29	2,035	-
MAHLE S.A.U.	-	-	-	-	121	60	-	-	-	84	-	-	-
MAHLE Filtersysteme Austria GmbH	-	-	-	-	114	60	-	-	-	-	-	1,921	-
MAHLE Componente de Motor SRL	-	-	-	-	85	60	-	-	-	-	-	248	-
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	-	76	60	-	-	-	-	-	238	-
MAHLE Filter Systems Philippines Corporation	-	-	-	-	74	60	-	-	-	-	-	141	-
Behr Hella Service GmbH	-	-	-	-	64	60	-	-	-	-	-	-	-
MAHLE Trading (Shanghai) Co., Ltd.	-	-	-	-	36	60	-	-	-	-	-	785	-
MAHLE Engine Components (Thailand) Co., Ltd.	-	-	-	-	18	60	-	-	-	-	-	-	18
MAHLE Aftermarket Ltd.	-	-	-	-	1	60	-	-	-	-	-	-	8
MAHLE Industriebeteiligungen GmbH	-	-	-	-	-	-	-	1,013	-	-	-	-	-
MAHLE RUS O.O.O.	-	-	-	-	-	-	-	-	-	238	-	-	-
MAHLE Ventiltrieb GmbH	-	-	-	-	-	-	-	-	-	248	-	-	-
MAHLE Powertrain, LLC	-	-	-	-	-	-	-	-	-	-	310	-	-
MAHLE Aftermarket Pte. Ltd.	-	-	-	-	-	-	-	-	-	-	-	2,284	-
Other	-	-	-	-	-	-	-	-	-	60	1	62	53
<b>Total related companies</b>	<b>19,032</b>		<b>-</b>	<b>-</b>	<b>44,591</b>		<b>5,647</b>	<b>7,094</b>	<b>13,109</b>	<b>41,532</b>	<b>25,781</b>	<b>67,299</b>	<b>33,425</b>
<b>Total related parties</b>	<b>62,120</b>		<b>50,521</b>	<b>25,812</b>	<b>44,591</b>		<b>5,647</b>	<b>7,094</b>	<b>13,109</b>	<b>358,049</b>	<b>28,439</b>	<b>67,879</b>	<b>33,425</b>

\* This includes brand license of R\$ 8,052

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

Notes to the interim financial statements

(in thousand of reais)

	Consolidated										
	Balances at 09.30.2020					Transactions from 01.01.2020 to 09.30.2020					
	Current assets		Non-current assets	Current liabilities		Non-current liabilities		Sales/revenue		Purchases	
	Receivables (Note 7)	Payment term in days (***)	Loan	Suppliers (Note 15)	Payment term in days (***)	Lease Liabilities	Lease Liabilities	Products	Other	Products	Other
<b>Companies</b>											
<b>Related companies</b>											
MAHLE Componenti Motori Italia S.p.A.	27.237	60	-	1	60	-	-	69.693	1	27	-
MAHLE Aftermarket GmbH	22.732	60	-	2.205	60	-	-	67.377	930	9.527	3.528
MAHLE Componentes de Motor de Mexico, S. de R.L. de C.V.	17.241	60	-	5	60	-	-	78.324	15	5.093	5
MAHLE France SAS	7.512	60	-	-	-	-	-	26.197	-	-	-
MAHLE Componentes de Motores S.A.	6.490	60	-	10	60	-	-	26.998	43	61	3
MAHLE Aftermarket S. de R.L. de C.V.	5.823	60	-	-	-	-	-	13.514	-	-	-
MAHLE Engine Components USA, Inc.	4.760	60	-	3.178	60	-	-	17.812	-	932	2.124
MAHLE Vöcklabruck GmbH	3.868	60	-	-	-	-	-	7.609	-	-	24
MAHLE Behr Gerenciamento Térmico Brasil Ltda.	2.982	60	-	4.240	60	-	-	717	10.816	16.604	551
MAHLE S.A.U.	1.945	60	-	210	60	-	-	8.436	-	151	-
MAHLE Holding (China) Co., Ltd.	1.701	60	-	127	60	-	-	5	98	-	142
MAHLE Compressores do Brasil Ltda.	1.555	60	-	3.059	60	-	-	747	4.726	15.886	94
MAHLE Industriemotoren-Komponenten GmbH	1.452	60	-	73	60	-	-	5.695	-	-	57
MAHLE International GmbH	1.249	60	-	13.880	60	-	-	-	1.863	-	22.866
MAHLE Aftermarket Inc.	852	60	-	240	60	-	-	2.297	322	-	289
MAHLE Kleinmotoren-Komponenten GmbH & Co. KG	779	60	-	59	60	-	-	3.171	-	-	86
MAHLE Motor Parcalari San. Izmir A.S.	633	60	-	139	60	-	-	5.317	-	225	-
MAHLE GmbH	584	60	-	22.272	60	-	-	14.253	47	1.538	15.658 *
MAHLE Engine Components Slovakia s.r.o.	429	60	-	-	-	-	-	1.295	-	-	-
MAHLE Engine Components (Thailand) Co., Ltd.	367	60	-	-	-	-	-	4.412	-	-	-
MAHLE Engine Systems UK Ltd.	365	60	-	1.082	60	-	-	8	287	2.176	11
MAHLE Engine Components India Priv. Ltd.	345	60	-	-	-	-	-	1.448	-	-	-
MAHLE Polska Sp. z o.o.	328	60	-	341	60	-	-	980	-	-	-
MAHLE Filter Systems USA	166	60	-	48	60	-	-	4	151	-	48
MAHLE Industries, Inc.	162	60	-	1.578	60	-	-	-	410	-	1.921
MAHLE Engine Components (Yingkou) Co., Ltd.	136	60	-	-	-	-	-	2.453	11	-	-
MAHLE Indústria e Comércio Ltda.	128	60	-	1.310	60	7.647	5.798	99	748	1.402	5.501 **
MAHLE Engine Components (Chongqing) Co., Ltd.	94	60	-	-	-	-	-	825	-	-	-
MAHLE Electric Drives (Taicang) Co., Ltd.	35	60	-	99	60	-	-	-	59	1.324	-
MAHLE Anand Filter Systems Private Limited	23	60	-	-	-	-	-	62	-	-	-
MAHLE India Pistons Ltd.	22	60	-	-	-	-	-	19	-	-	-
MAHLE Electric Drives Slovenija d.o.o.	14	60	-	89	60	-	-	-	35	1.770	-
MAHLE Japan Ltd.	14	60	-	-	-	-	-	-	35	-	-
MAHLE Engine Components Japan Corporation	11	60	-	105	60	-	-	81	228	-	-
MAHLE Holding (India) Private Limited	11	60	-	9	60	-	-	-	1	-	-
Shanghai MAHLE Thermal Systems Co. Ltd.	4	60	-	-	-	-	-	-	-	-	-
MAHLE Filtersysteme GmbH	1	60	-	962	60	-	-	-	3	-	1.490
MAHLE Motorsports Inc	1	60	-	-	-	-	-	5	-	-	-
Innoferm Tecnologia Ltda.	-	-	-	1.700	60	-	-	-	-	-	-
MAHLE Behr Service Asia Co., Ltd.	-	-	-	896	60	-	-	-	-	2.626	-
MAHLE Filtersysteme Austria GmbH	-	-	-	404	60	-	-	-	-	1.593	295
MAHLE Engine Components USA, Inc.	-	-	-	347	60	-	-	-	-	-	7
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	106	60	-	-	-	-	536	64
MAHLE Holding Austria GmbH	-	-	41.170	46	60	-	-	-	-	-	-
MAHLE Aftermarket Italy S.p.A.	-	-	-	32	60	-	-	-	-	536	-
MAHLE Filter Systems Japan Corporation	-	-	-	26	60	-	-	-	-	321	24
MAHLE Componente de Motor SRL	-	-	-	6	60	-	-	-	-	140	-
MAHLE Shanghai Filter Systems Co., Ltd.	-	-	-	3	-	-	-	-	-	3	-
MAHLE Engine Components (Nanjing) Co., Ltd.	-	-	-	-	-	-	-	1.167	-	18	-
MAHLE Aftermarket Pte. Ltd.	-	-	-	-	-	-	-	15	-	2.969	-
MAHLE Fil. Sys. UK Ltd.	-	-	-	-	-	-	-	-	-	187	-
MAHLE Trading (Shanghai) Co., Ltd.	-	-	-	-	-	-	-	-	-	290	1
MAHLE Trading Japan Co., Ltd.	-	-	-	-	-	-	-	-	9	147	-
Behr Hella Service GmbH	-	-	-	-	-	-	-	-	-	64	-
Others	(54)	60	-	-	-	-	-	22	37	43	7
<b>Total related companies</b>	<b>111.997</b>		<b>41.170</b>	<b>58.887</b>		<b>7.647</b>	<b>5.798</b>	<b>361.057</b>	<b>20.875</b>	<b>66.189</b>	<b>54.796</b>
<b>Total related parties</b>	<b>111.997</b>		<b>41.170</b>	<b>58.887</b>		<b>7.647</b>	<b>5.798</b>	<b>361.057</b>	<b>20.875</b>	<b>66.189</b>	<b>54.796</b>

\* Brand license of R\$ 6,462

\*\* Rent of R\$ 5,501

\*\*\* 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 12.31.2019							Transactions from 01.01.2019 to 09.30.2019				
	Current assets		Non-current assets	Current liabilities			Non-current liabilities	Sales/revenue		Purchases		
	Receivables (Note 7)	Payment term in days (**)	Loan	Suppliers (Note 15)	Payment term in days (**)	Lease Liabilities	Dividends and interest on capital payable	Lease Liabilities	Products	Other	Products	Other
<b>Related companies</b>												
MAHLE Componentes de Motor de Mexico, S. de R.L. de C.V.	11,159	60	-	1,548	60	-	-	-	70,447	129	3,440	(88)
MAHLE GmbH	9,368	60	-	11,850	60	-	-	-	3,891	441	9,673	15,332 *
MAHLE Aftermarket GmbH	7,200	60	-	6,360	60	-	-	-	50,073	768	9,716	126
MAHLE Vöcklabruck GmbH	5,949	60	-	-	-	-	-	-	26,214	-	-	-
MAHLE France SAS	4,738	60	-	10	60	-	-	-	21,747	-	-	-
MAHLE Aftermarket S. de R.L. de C.V.	3,579	60	-	-	-	-	-	-	14,092	-	-	-
MAHLE Behr Gerenciamento Térmico Brasil Ltda.	3,343	60	-	1,483	60	-	-	-	726	13,565	26,246	1,445
MAHLE Componentes de Motores S.A.	2,799	60	-	32	60	-	-	-	23,535	164	104	-
MAHLE Componenti Motori Italia S.p.A.	2,506	60	-	137	60	-	-	-	26,806	-	178	4
MAHLE Engine Components Slovakia s.r.o.	2,335	60	-	3	60	-	-	-	1,365	-	-	-
MAHLE Holding (China) Co., Ltd.	1,686	60	-	92	60	-	-	-	-	1,040	-	63
MAHLE Engine Components USA, Inc.	1,613	60	-	2,424	60	-	-	-	14,465	(19)	921	1,251
MAHLE S.A.U.	1,451	60	-	121	60	-	-	-	2,481	-	-	-
MAHLE Polska Sp. z o.o.	1,320	60	-	234	60	-	-	-	190	-	-	-
MAHLE Engine Components (Yingkou) Co., Ltd.	1,074	60	-	-	-	-	-	-	4,837	393	67	-
MAHLE Industriemotoren-Komponenten GmbH	932	60	-	-	-	-	-	-	3,961	-	-	84
MAHLE Engine Components (Thailand) Co., Ltd.	874	60	-	18	60	-	-	-	5,698	-	-	18
MAHLE Engine Components (Nanjing) Co., Ltd.	863	60	-	18	60	-	-	-	3,152	-	-	-
MAHLE Motor Parcalari San. Izmir A.S.	852	60	-	98	60	-	-	-	1,562	-	52	-
MAHLE International GmbH	740	60	-	16,255	60	-	-	-	-	1,675	-	11,921
MAHLE Compressores do Brasil Ltda.	637	60	-	2,942	60	-	-	-	989	5,391	10,261	118
MAHLE Kleinmotoren-Komponenten GmbH & Co. KG	563	60	-	24	60	-	-	-	3,672	-	1	72
MAHLE Aftermarket Inc.	443	60	-	86	60	-	-	-	2,199	386	-	130
MAHLE Industries, Inc.	409	60	-	1,029	60	-	-	-	-	338	-	1,706
MAHLE Filtre Sistemleri A.S.	360	60	-	-	-	-	-	-	-	-	-	-
MAHLE Indústria e Comércio Ltda.	350	60	-	1,209	60	5,647	6,081	13,109	-	-	-	5,439
MAHLE Filter Systems USA	256	60	-	-	-	-	-	-	-	576	1	-
MAHLE Engine Systems UK Ltd.	244	60	-	1,579	60	-	-	-	-	456	1,665	8
MAHLE Engine Components Japan Corporation	59	60	-	73	60	-	-	-	76	-	-	(22)
MAHLE Trading Japan Co., Ltd.	41	60	-	104	60	-	-	-	62	55	177	-
MAHLE Engine Components (Chongqing) Co., Ltd.	25	60	-	-	-	-	-	-	495	-	-	-
MAHLE India Pistons Ltd.	18	60	-	-	-	-	-	-	15	-	-	-
MAHLE Japan Ltd.	8	60	-	-	-	-	-	-	-	7	-	-
MAHLE Holding (India) Private Limited	7	60	-	6	60	-	-	-	-	4	-	53
MAHLE Motorsports Inc	4	60	-	-	-	-	-	-	2	-	-	-
MAHLE Engine Components India Priv. Ltd.	4	60	-	-	-	-	-	-	3,165	-	-	-
Shanghai MAHLE Thermal Systems Co. Ltd.	3	60	-	-	-	-	-	-	-	-	-	-
MAHLE Filtersysteme GmbH	2	60	-	870	60	-	-	-	-	1	12	1,134
Innoferm Tecnologia Ltda.	-	-	-	2,000	60	-	-	-	-	-	-	-
MAHLE Filter Systems Japan Corporation	-	-	-	335	60	-	-	-	-	-	753	-
MAHLE Electric Drives (Taicang) Co., Ltd.	-	-	-	286	60	-	-	-	-	71	1,817	-
MAHLE Behr Service Asia Co., Ltd.	-	-	-	177	60	-	-	-	-	-	-	-
MAHLE Aftermarket Italy S.p.A.	-	-	-	172	60	-	-	-	-	-	298	2
MAHLE Electric Drives Slovenija d.o.o.	-	-	-	162	60	-	-	-	-	29	2,088	-
MAHLE Filtersysteme Austria GmbH	-	-	-	156	60	-	-	-	-	-	1,921	161
MAHLE Engine Components USA, Inc.	-	-	-	114	60	-	-	-	-	-	-	20
MAHLE Componente de Motor SRL	-	-	-	85	60	-	-	-	-	-	248	-
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	76	60	-	-	-	-	-	238	-
MAHLE Filter Systems Philippines Corporation	-	-	-	74	60	-	-	-	-	-	141	-
Behr Hella Service GmbH	-	-	-	64	60	-	-	-	-	-	-	-
MAHLE Trading (Shanghai) Co., Ltd.	-	-	-	36	60	-	-	-	-	-	785	-
MAHLE Holding Austria GmbH	-	-	37,030	21	60	-	-	-	-	-	-	-
MAHLE Industriebeteiligungen GmbH	-	-	-	-	-	-	1,013	-	-	-	-	-
MAHLE COMPONENTES DE MOTOR ESPANA S.L.	-	-	-	-	-	-	-	-	3,644	-	62	10
MAHLE RUS O.O.O.	-	-	-	-	-	-	-	-	238	-	-	-
MAHLE Aftermarket Pte. Ltd.	-	-	-	-	-	-	-	-	-	-	2,284	-
MAHLE Powertrain, LLC	-	-	-	-	-	-	-	-	-	310	-	-
MAHLE Ventiltrieb GmbH	-	-	-	-	-	-	-	-	248	-	-	-
Other	-	-	-	1	-	-	-	-	31	1	-	51
<b>Total related companies</b>	<b>67,814</b>		<b>37,030</b>	<b>52,364</b>		<b>5,647</b>	<b>7,094</b>	<b>13,109</b>	<b>290,078</b>	<b>25,781</b>	<b>73,149</b>	<b>39,038</b>
<b>Total related parties</b>	<b>67,814</b>		<b>37,030</b>	<b>52,364</b>		<b>5,647</b>	<b>7,094</b>	<b>13,109</b>	<b>290,078</b>	<b>25,781</b>	<b>73,149</b>	<b>39,038</b>

\* This includes brand license of RS 8,787

\*\* 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 September 30, 2020 the subsidiary MAHLE Filtroil Indústria e Comércio de Filtros Ltda. has a balance with the Company of R\$ 7,071 (loan agreement in the amount of R\$ 17,347, with interest rate at 115% of the CDI and provision for losses on investees in the amount of (-) R\$ 10.276). The Company expects to recover this loan via cash flows from the financial asset.

On August 31, 2020, the subsidiary MAHLE Hirschvogel Forjas repaid the loan owed to its parent company MAHLE Metal Leve S.A. (R\$ 2,791 as at December 31, 2020).

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 September 30, 2020, the subsidiary has a balance payable of R\$ 41,170 arising from these transactions (balance receivable of R\$ 37,030 at December 31, 2019).

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 September 30, 2020, the royalty expenses were recorded within "selling expenses - brand license", in the parent company in the amount of R\$ 5,731 (September 30, 2019 - R\$ 8,052) and in the consolidated accounts in the amount of R\$ 6,462 (September 30, 2019 - R\$ 8,787).

### ***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.

### ***Dividends and interest on capital receivable***

The breakdown of dividends and interest on capital receivable from subsidiaries is presented below:

	<b>Parent company</b>				
	<b>12.31.2019</b>	<b>Provision</b>	<b>Receipt</b>	<b>Exchange variation</b>	<b>09.30.2020</b>
Dividends	-	28,629	(28,629)	-	-
Interest on capital	50,521	44,923	(64,793)	19,957	50,608
	<b>50,521</b>	<b>73,552</b>	<b>(93,422)</b>	<b>19,957</b>	<b>50,608</b>

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

### ***Dividends and interest on capital payable***

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

	Parent company and consolidated			
	Balance 12.31.2019	Addition	Payment	Balance 09.30.2020
MAHLE Indústria e Comércio Ltda.	6,081	-	(6,081)	-
MAHLE Industriebeteiligungen GmbH.	1,013	-	(1,013)	-
Non-controlling	4,045	-	(3,261)	762
<b>Total</b>	<b>11,139</b>	<b>-</b>	<b>(10,355)</b>	<b>762</b>

### ***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 termination pay.

	Parent company and consolidated			
	2020		2019	
	3Q2020	9M2020	3Q2019	9M2019
Statutory officers	1,205	3,404	1,328	4,524
Non-statutory officers	97	761	1,565	4,228
	<b>1,302</b>	<b>4,165</b>	<b>2,893</b>	<b>8,752</b>

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			
	2020		2019	
	3Q2020	9M2020	3Q2019	9M2019
<b>Profit before income tax and social contribution after interest on capital</b>	<b>36,676</b>	<b>(5,240)</b>	<b>88,051</b>	<b>250,268</b>
Income tax and social contribution at the statutory rate in Brazil	(12,470)	1,782	(29,937)	(85,091)
Effects of permanent differences:				
Equity in the results of investees	10,618	15,998	5,977	13,588
Gain on monetary items, net	4,461	11,015	4,078	14,541
Other, net	2,356	103	1,106	(441)
<b>Total income tax and social contribution</b>	<b>4,965</b>	<b>28,898</b>	<b>(18,776)</b>	<b>(57,403)</b>
Current income tax and social contribution	(21,693)	(21,857)	(21,185)	(56,785)
Deferred income tax and social contribution	26,658	50,755	2,409	(618)
	<b>4,965</b>	<b>28,898</b>	<b>(18,776)</b>	<b>(57,403)</b>
<b>Effective rate</b>	<b>-13.5%</b>	<b>551.4%</b>	<b>21.3%</b>	<b>22.9%</b>

	Consolidated			
	2020		2019	
	3Q2020	9M2020	3Q2019	9M2019
<b>Profit before income tax and social contribution after interest on capital</b>	<b>48,875</b>	<b>13,699</b>	<b>94,880</b>	<b>266,037</b>
Income tax and social contribution at the statutory rate in Brazil (34%)	(16,617)	(4,658)	(32,259)	(90,453)
Effects of permanent differences:				
Equity in the results of investees	(79)	(101)	(11)	(26)
Gain on monetary items, net	3,652	9,743	3,217	11,841
Loss for the year for which no deferred tax asset was recognized	(829)	(2,181)	(139)	(1,706)
Other, net	5,469	4,089	3,447	4,821
<b>Total income tax and social contribution</b>	<b>(8,404)</b>	<b>6,892</b>	<b>(25,745)</b>	<b>(75,523)</b>
Current income tax and social contribution	(33,248)	(38,932)	(26,694)	(68,217)
Deferred income tax and social contribution	24,844	45,824	949	(7,306)
	<b>(8,404)</b>	<b>6,892</b>	<b>(25,745)</b>	<b>(75,523)</b>
<b>Effective rate</b>	<b>17.2%</b>	<b>-50.3%</b>	<b>27.1%</b>	<b>28.4%</b>

# 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 09.30.2020	Balance in 12.31.2019	Balance in 09.30.2020	Balance in 12.31.2019
Property, plant and equipment	-	-	(29,932)	(31,454)
Intangible assets	-	-	(97,025)	(104,213)
Derivatives	12,265	-	-	(1,705)
Inventory	25,178	11,365	-	-
Provision labor risks	72,747	67,398	-	-
Other provision	81,662	59,986	-	-
Tax (assets) liabilities	191,852	138,749	(126,957)	(137,372)
Amount eligible for offsetting	(126,957)	(137,372)	126,957	137,372
Net tax (assets) liabilities	<b>64,895</b>	<b>1,377</b>	-	-
	Consolidated			
	Assets		Liabilities	
	Balance in 09.30.2020	Balance in 12.31.2019	Balance in 09.30.2020	Balance in 12.31.2019
Property, plant and equipment	-	-	(35,287)	(34,073)
Intangible assets	-	-	(97,025)	(104,213)
Derivatives	12,265	-	-	(1,705)
Inventory	23,026	7,951	-	-
Provision labor risks	72,747	67,398	-	-
Other provision	81,832	63,376	-	-
Tax (assets) liabilities	189,870	138,725	(132,312)	(139,991)
Amount eligible for offsetting	(123,858)	(136,885)	123,858	136,885
Net tax (assets) liabilities	<b>66,012</b>	<b>1,840</b>	<b>(8,454)</b>	<b>(3,106)</b>

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:

	<u>Parent company</u>	<u>Consolidated</u>
<b>At December 31, 2019</b>	<b>1,377</b>	<b>(1,266)</b>
(+) Recognized in profit or loss (note 11.a)	50,755	45,824
(+) Recognized in other comprehensive income	12,763	13,000
<b>At September 30, 2020</b>	<b>64,895</b>	<b>57,558</b>

## 12. Investments in subsidiaries

	<b>09.30.2020</b>				
	<b>Investments accounted for using the equity method</b>	<b>Goodwill</b>	<b>Impairment</b>	<b>Elimination of profit on inventory (Balance at 09/30/2020)</b>	<b>Total</b>
MAHLE Argentina S.A.	169,443	59,549	(59,549)	(2,692)	166,751
MAHLE Metal Leve GmbH	57,173	-	-	(3,596)	53,577
Innoferm Tecnologia Ltda.	3,736	-	-	(3,493)	243
MAHLE Hirschvogel Forjas S.A.	125	35,755	(35,755)	-	125
<b>Total</b>	<b>230,477</b>	<b>95,304</b>	<b>(95,304)</b>	<b>(9,781)</b>	<b>220,696</b>
	<b>12.31.2019</b>				
	<b>Investments accounted for using the equity method</b>	<b>Goodwill</b>	<b>Impairment</b>	<b>Elimination of profit on inventory (Balance at 12/31/2019)</b>	<b>Total</b>
MAHLE Argentina S.A.	128,888	59,549	(38,408)	(1,742)	148,286
MAHLE Metal Leve GmbH	52,412	-	-	(3,121)	49,292
Innoferm Tecnologia Ltda.	3,838	-	-	(3,493)	345
MAHLE Hirschvogel Forjas S.A.	-	35,755	(35,755)	-	-
<b>Total</b>	<b>185,138</b>	<b>95,304</b>	<b>(74,163)</b>	<b>(8,356)</b>	<b>197,923</b>

# 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
<b>September 30, 2020</b>						<b>(9M 2020)</b>				
<b>Subsidiaries</b>										
MAHLE Argentina S.A.	99.20	212,130	79,738	291,868	84,350	36,709	121,059	170,809	264,307	(3,887)
MAHLE Metal Leve GmbH	100.00	147,333	43,653	190,986	133,813	-	133,813	57,173	372,943	55,785
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	60.00	1,236	22	1,258	766	7,342	8,108	(6,850)	1,753	(833)
MAHLE Hirschvogel Forjas S.A.	51.00	5,351	5,764	11,115	905	9,963	10,868	247	-	(5,587)
<b>Subtotal subsidiaries</b>		<b>366,050</b>	<b>129,177</b>	<b>495,227</b>	<b>219,834</b>	<b>54,014</b>	<b>273,848</b>	<b>221,379</b>	<b>639,003</b>	<b>45,478</b>
<b>Related companies</b>										
Innoferm Tecnologia Ltda.	33.33	1,763	9,645	11,408	19	179	198	11,209	-	(304)
<b>Subtotal related companies</b>		<b>1,763</b>	<b>9,645</b>	<b>11,408</b>	<b>19</b>	<b>179</b>	<b>198</b>	<b>11,209</b>	<b>-</b>	<b>(304)</b>
<b>Total</b>		<b>367,813</b>	<b>138,822</b>	<b>506,635</b>	<b>219,853</b>	<b>54,193</b>	<b>274,046</b>	<b>232,588</b>	<b>639,003</b>	<b>45,174</b>
<b>December 31, 2019</b>						<b>(FY 2019)</b>				
<b>Subsidiaries</b>										
MAHLE Argentina S.A.	99.20	149,840	64,130	213,970	61,652	22,392	84,044	129,926	395,869	(8,629)
MAHLE Metal Leve GmbH	100.00	109,064	44,806	153,870	101,458	-	101,458	52,412	467,734	71,296
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	60.00	1,146	19	1,165	674	7,009	7,683	(6,518)	2,740	(1,565)
MAHLE Hirschvogel Forjas S.A.	51.00	3,111	9,389	12,500	877	11,789	12,666	(166)	-	(5,212)
<b>Subtotal subsidiaries</b>		<b>263,161</b>	<b>118,344</b>	<b>381,505</b>	<b>164,661</b>	<b>41,190</b>	<b>205,851</b>	<b>175,654</b>	<b>866,343</b>	<b>55,890</b>
<b>Related companies</b>										
Innoferm Tecnologia Ltda.	33.33	2,069	9,667	11,736	11	212	223	11,513	-	(502)
<b>Subtotal related companies</b>		<b>2,069</b>	<b>9,667</b>	<b>11,736</b>	<b>11</b>	<b>212</b>	<b>223</b>	<b>11,513</b>	<b>-</b>	<b>(502)</b>
<b>Total</b>		<b>265,230</b>	<b>128,011</b>	<b>393,241</b>	<b>164,672</b>	<b>41,402</b>	<b>206,074</b>	<b>187,167</b>	<b>866,343</b>	<b>55,388</b>
<b>September 30, 2019</b>						<b>(9M 2019)</b>				
<b>Subsidiaries</b>										
MAHLE Argentina S.A.	99.20	154,011	55,764	209,775	81,792	9,203	90,995	118,780	288,610	(11,452)
MAHLE Metal Leve GmbH	100.00	127,687	34,244	161,931	114,039	-	114,039	47,892	361,570	54,520
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	60.00	1,445	5	1,450	906	6,928	7,834	(6,384)	2,239	(1,231)
MAHLE Hirschvogel Forjas S.A.	51.00	2,574	6,206	8,780	1,155	6,373	7,528	1,252	-	(3,794)
<b>Subtotal subsidiaries</b>		<b>285,717</b>	<b>96,219</b>	<b>381,936</b>	<b>197,892</b>	<b>22,504</b>	<b>220,396</b>	<b>161,540</b>	<b>652,419</b>	<b>38,043</b>
<b>Related companies</b>										
Innoferm Tecnologia Ltda.	33.33	2,334	9,675	12,009	11	212	223	11,787	-	(229)
<b>Subtotal related companies</b>		<b>2,334</b>	<b>9,675</b>	<b>12,009</b>	<b>11</b>	<b>212</b>	<b>223</b>	<b>11,787</b>	<b>-</b>	<b>(229)</b>
<b>Total</b>		<b>288,051</b>	<b>105,894</b>	<b>393,945</b>	<b>197,903</b>	<b>22,716</b>	<b>220,619</b>	<b>173,327</b>	<b>652,419</b>	<b>37,814</b>

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

	Interest in equity				Provision for impairment of investments
	Interest (%)	Investments	Equity in the results of subsidiaries	Elimination of profit on inventory /other assets (equity)	
<b>September 30, 2020</b>					
(9M 2020)					
<b>Subsidiaries</b>					
MAHLE Argentina S.A.	99.20	169,443	(3,856)	(950)	-
MAHLE Metal Leve GmbH	100.00	57,173	55,785	(475)	-
MAHLE Filtróil Ind. e Com. de Filtros Ltda.	60.00	-	(500)	-	-
MAHLE Hirschvogel Forjas S.A.	51.00	125	(2,849)	-	-
<b>Subtotal subsidiaries</b>		<b>226,741</b>	<b>48,580</b>	<b>(1,425)</b>	<b>-</b>
<b>Related companies</b>					
Innoferm Tecnologia Ltda.	33.33	3,736	(101)	-	-
<b>Subtotal related companies</b>		<b>3,736</b>	<b>(101)</b>	<b>-</b>	<b>-</b>
<b>Total</b>		<b>230,477</b>	<b>48,479</b>	<b>(1,425)</b>	<b>-</b>
<b>December 31, 2019</b>					
(FY 2019)					
<b>Subsidiaries</b>					
MAHLE Argentina S.A.	99.20	128,888	(8,560)	247	-
MAHLE Metal Leve GmbH	100.00	52,412	71,296	(548)	-
MAHLE Filtróil Ind. e Com. de Filtros Ltda.	60.00	-	(939)	-	-
MAHLE Hirschvogel Forjas S.A.	51.00	-	(2,658)	-	(85)
<b>Subtotal subsidiaries</b>		<b>181,300</b>	<b>59,139</b>	<b>(301)</b>	<b>(85)</b>
<b>Related companies</b>					
Innoferm Tecnologia Ltda.	33.33	3,838	(167)	-	-
<b>Subtotal related companies</b>		<b>3,838</b>	<b>(167)</b>	<b>-</b>	<b>-</b>
<b>Total</b>		<b>185,138</b>	<b>58,972</b>	<b>(301)</b>	<b>(85)</b>
<b>September 30, 2019</b>					
(9M 2019)					
<b>Subsidiaries</b>					
MAHLE Argentina S.A.	99.20	117,829	(11,360)	65	-
MAHLE Metal Leve GmbH	100.00	47,892	54,520	(510)	-
MAHLE Filtróil Ind. e Com. de Filtros Ltda.	60.00	-	(739)	-	-
MAHLE Hirschvogel Forjas S.A.	51.00	639	(1,935)	-	-
<b>Subtotal subsidiaries</b>		<b>166,360</b>	<b>40,486</b>	<b>(445)</b>	<b>-</b>
<b>Related companies</b>					
Innoferm Tecnologia Ltda.	33.33	3,928	(76)	-	-
<b>Subtotal related companies</b>		<b>3,928</b>	<b>(76)</b>	<b>-</b>	<b>-</b>
<b>Total</b>		<b>170,288</b>	<b>40,410</b>	<b>(445)</b>	<b>-</b>

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

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

*(in thousand of reais)*

### ***MAHLE Argentina S.A.***

As mentioned in Note 14, the Company has made provision for the impairment of the goodwill on the acquisition of this subsidiary in the amount of R\$ 59,549 (R\$ 38,408 at December 31, 2019).

### ***MAHLE Filtróil Indústria e Comércio de Filtros Ltda.***

At September 30, 2020 and December 31, 2019, 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 September 30, 2020, the equity interest in subsidiary MAHLE Hirschvogel Forjas S.A. is R\$ 125 and is recorded in non-current liabilities as “Investments in subsidiaries”. At December 31, 2019, the equity interest in subsidiary MAHLE Hirschvogel Forjas S.A. is R\$ 85 and is recorded in non-current liabilities as “Provision for losses on investees”.

At the Extraordinary General Meeting held on November 29, 2019, the shareholders approved an increase in the share capital of subsidiary MAHLE Hirschvogel S.A. of R\$ 6,000, without issue of new shares, with R\$ 3,060 being contributed by MAHLE Metal Leve S.A. and R\$ 2,940 by the non-controlling shareholder on August 31, 2020. The capital contribution was intended to proceed with the process of liquidation of the subsidiary.

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)*

### ***Innoferm Tecnologia Ltda.***

On August 25, 2015, the company Innoferm Tecnologia Ltda. was founded, in the share capital of which MAHLE Metal Leve S.A. has a stake of 33.3%, totaling 1,000,000 (one million) shares with a face value of R\$ 0.01 (one cent real), totaling R\$ 10.

On September 28, 2015, the Company increased its capital from R\$ 30 to R\$ 9,384, through the capital contribution of credits by each partner. These credits relate to the acquisition of rights under patent registration requests. At the same date, MAHLE Metal Leve S.A. acquired from Innoferm the exclusive rights to the exploration of such technology in relation to the production of ethanol for R\$ 12,000.

With the approval of  $\frac{3}{4}$  of the share capital, the company may open branches, agencies and offices anywhere in the country, fulfilling the applicable legislation, with unlimited duration. It is based in the city of Mogi Guaçu, State of São Paulo.

Innoferm is engaged in the development and commercialization of technologies related to the production of ethanol and the assignment of exploration rights in general and related applications in the ethanol production cycle via biomass and other underlying technologies.

This investment is recorded and evaluated by the equity method and recognized in the income statement.

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

### 13. Property, plant and equipment

	<b>Parent company</b>									
	<b>Land</b>	<b>Buildings and construction</b>	<b>Machinery, equipment and facilities</b>	<b>Furniture and fittings</b>	<b>Vehicles</b>	<b>Construction in progress</b>	<b>Advances to suppliers</b>	<b>Impairment</b>	<b>Rights-of-use assets</b>	<b>Total</b>
<b>At December 31, 2019</b>	<b>52,454</b>	<b>90,253</b>	<b>433,599</b>	<b>3,875</b>	<b>3,778</b>	<b>2,467</b>	<b>2,549</b>	<b>(3,546)</b>	<b>20,080</b>	<b>605,509</b>
Total cost	52,454	231,205	2,069,706	24,726	23,270	2,467	2,549	(3,546)	26,925	2,429,756
Accumulated depreciation	-	(140,952)	(1,636,107)	(20,851)	(19,492)	-	-	-	(6,845)	(1,824,247)
<b>Net book value</b>	<b>52,454</b>	<b>90,253</b>	<b>433,599</b>	<b>3,875</b>	<b>3,778</b>	<b>2,467</b>	<b>2,549</b>	<b>(3,546)</b>	<b>20,080</b>	<b>605,509</b>
Additions	-	36	9,718	48	862	1,980	872	-	-	13,516
Write-offs	-	-	(272)	(17)	(348)	-	-	54	(1,079)	(1,662)
Transfer	-	-	4,236	(19)	-	(3,120)	(1,097)	-	-	-
Depreciation	-	(3,649)	(57,438)	(544)	(891)	(1)	-	-	(5,379)	(67,902)
Depreciation/write-off (deemed cost)	-	(1,926)	(139)	-	-	-	-	-	-	(2,065)
<b>At September 30, 2020</b>	<b>52,454</b>	<b>84,714</b>	<b>389,704</b>	<b>3,343</b>	<b>3,401</b>	<b>1,326</b>	<b>2,324</b>	<b>(3,492)</b>	<b>13,622</b>	<b>547,396</b>
Total cost	52,454	231,241	2,075,583	24,527	22,630	1,326	2,324	(3,492)	26,925	2,433,518
Accumulated depreciation	-	(146,527)	(1,685,879)	(21,184)	(19,229)	-	-	-	(13,303)	(1,886,122)
<b>Net book value</b>	<b>52,454</b>	<b>84,714</b>	<b>389,704</b>	<b>3,343</b>	<b>3,401</b>	<b>1,326</b>	<b>2,324</b>	<b>(3,492)</b>	<b>13,622</b>	<b>547,396</b>

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

	<b>Consolidated</b>									
	<b>Land</b>	<b>Buildings and construction</b>	<b>Machinery, equipment and facilities</b>	<b>Furniture and fittings</b>	<b>Vehicles</b>	<b>Construction in progress</b>	<b>Advances to suppliers</b>	<b>Impairment</b>	<b>Rights-of-use assets</b>	<b>Total</b>
<b>At December 31, 2019</b>	<b>52,524</b>	<b>98,706</b>	<b>477,596</b>	<b>4,034</b>	<b>4,875</b>	<b>2,467</b>	<b>4,599</b>	<b>(3,689)</b>	<b>22,956</b>	<b>664,068</b>
Total cost	52,524	242,639	2,214,344	25,059	29,116	2,467	4,599	(3,689)	29,791	2,596,850
Accumulated depreciation	-	(143,933)	(1,736,748)	(21,025)	(24,241)	-	-	-	(6,835)	(1,932,782)
<b>Net book value</b>	<b>52,524</b>	<b>98,706</b>	<b>477,596</b>	<b>4,034</b>	<b>4,875</b>	<b>2,467</b>	<b>4,599</b>	<b>(3,689)</b>	<b>22,956</b>	<b>664,068</b>
Additions	-	257	8,784	48	862	1,980	5,329	-	-	17,260
Write-offs	-	-	(272)	(17)	(349)	-	-	54	(1,079)	(1,663)
Transfer	-	-	8,280	(10)	-	(3,120)	(5,150)	-	-	-
Depreciation	-	(3,685)	(59,742)	(562)	(955)	-	-	-	(6,200)	(71,144)
Depreciation/write-off (deemed cost)	-	(1,926)	(139)	-	-	-	-	-	-	(2,065)
Gain on monetary items, net	-	1,922	5,273	-	247	-	(13)	-	176	7,605
Translation effects	6	776	4,258	17	104	-	170	(14)	327	5,644
<b>At September 30, 2020</b>	<b>52,530</b>	<b>96,050</b>	<b>444,038</b>	<b>3,510</b>	<b>4,784</b>	<b>1,327</b>	<b>4,935</b>	<b>(3,649)</b>	<b>16,180</b>	<b>619,705</b>
Total cost	52,530	246,751	2,271,176	24,901	30,744	1,327	4,935	(3,649)	30,079	2,658,794
Accumulated depreciation	-	(150,701)	(1,827,138)	(21,391)	(25,960)	-	-	-	(13,899)	(2,039,089)
<b>Net book value</b>	<b>52,530</b>	<b>96,050</b>	<b>444,038</b>	<b>3,510</b>	<b>4,784</b>	<b>1,327</b>	<b>4,935</b>	<b>(3,649)</b>	<b>16,180</b>	<b>619,705</b>

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

### **Deemed cost**

#### **Changes in deemed cost**

	Parent Company and Consolidated		
	12.31.2019	Depreciation/ write-off (deemed cost)	09.30.2020
Land	46,905	-	46,905
Buildings and construction	37,937	(1,926)	36,011
Machinery, equipment and facilities	1,730	(139)	1,591
Furniture and fittings	17	-	17
Vehicles	(147)	-	(147)
	<b>86,442</b>	<b>(2,065)</b>	<b>84,377</b>

The annual depreciation rates of the property, plant and equipment items at September 30, 2020 are equal to the rates presented at December 31, 2019.

### **Guarantees**

The Group offered items of its property, plant and equipment as collateral for borrowings and tax and labor lawsuits, in the amount of R\$ 5,312 in the consolidated accounts at September 30, 2020 (R\$ 6,673 at December 31, 2019). These items comprise machinery and equipment.

### **Provision for 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 September 30, 2020 is R\$ 3,492 (R\$ 3,546 at December 31, 2019) and R\$ 3,649 (R\$ 3,689 at December 31, 2019), 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	
		09.30.2020	12.31.2019	09.30.2020	12.31.2019
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)	-	-	-	68,071	65,823
MAHLE Hirschvogel Forjas S.A. (a)	-	-	-	35,755	35,755
Cost of acquisition and installation of software (b)	20	51,227	51,002	53,940	53,034
Other (a and b)	-	334	334	1,270	1,186
Usage right and concessions (a)	-	5,666	5,665	5,666	5,665
Usage right and concessions (b) (*)	20	9,324	60,430	9,324	60,430
Impairment ( <i>Rings business</i> )	-	(188,654)	(188,654)	(188,654)	(188,654)
Impairment ( <i>MAHLE Argentina S.A.</i> )	-	-	-	(68,071)	(38,408)
Impairment ( <i>MAHLE Hirschvogel Forjas S.A.</i> )	-	-	-	(35,755)	(35,755)
Provision for impairment of intangible assets (other)	-	(334)	(334)	(343)	(343)
		<b>446,175</b>	<b>497,055</b>	<b>449,815</b>	<b>527,345</b>
Accumulated amortization		(53,961)	(54,997)	(57,480)	(57,746)
		<b>392,214</b>	<b>442,058</b>	<b>392,335</b>	<b>469,599</b>

(a) Indefinite useful life

(b) finite useful life

(\*) Within the amount to usage right and concessions, there is an impairment of MBE2's assets of R\$ 45,129 related to costs of development of technology for Project MBE2 and exclusive rights to production and marketing of the Project.

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

### Statement of changes in intangible assets

	Parent company				Total
	Goodwill on acquisition of subsidiaries (merged or not)	Cost of acquisition and installation of software	Usage right and concessions	Other	
At December 31, 2019	379,958	4,395	57,705	-	442,058
Additions	-	224	-	-	224
Amortization	-	(1,277)	(3,662)	-	(4,939)
Provision for impairment	-	-	(45,129)	-	(45,129)
At September 30, 2020	379,958	3,342	8,914	-	392,214

	Consolidated				Total
	Goodwill on acquisition of subsidiaries (merged or not)	Cost of acquisition and installation of software	Usage right and concessions	Other	
At December 31, 2019	407,372	4,491	57,705	31	469,599
Additions	-	232	-	-	232
Amortization	-	(1,301)	(3,662)	-	(4,963)
Foreign exchange variation	2,248	7	-	3	2,258
Transfer	-	1	-	-	1
Provision for impairment	(29,663)	-	(45,129)	-	(74,792)
At September 30, 2020	379,957	3,430	8,914	34	392,335

### Impairment

At September 30, 2020, the Company monitored the projections previously made for its cash generating units against actual results and did not identify the need for recognizing additional impairment losses. Hence, the amounts of impairment of assets recognized in prior periods/quarters remain R\$ 68,071 for the total impairment of the goodwill of subsidiary MAHLE Argentina S.A. and R\$ 188,654 for the goodwill of the rings business.

The recoverable amount of the assets is determined based on value-in-use calculations using the discounted cash flow method and, when applicable, compared to the market values.

The impairment losses are recorded in the statement of income within “other operating expenses” as per Note 30.

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

Based on the expectation of recovery of intangible assets related to the projects MBE2, which are recorded to usage right and concessions, management recognized impairment losses of R\$ 45,129 for the quarter ended September 30, 2020, against the entry to other operating expenses in the statement of income. The losses arise from the non-fulfillment of performance obligations at the fermentation stage of the process of ethanol production with respect to the percentages agreed upon in the contract with customers. Based on this scenario, it is not possible to provide an assurance that the recovery of the projects is probable.

### 15. Trade and related-party payables

	Parent company		Consolidated	
	09.30.2020	12.31.2019	09.30.2020	12.31.2019
Suppliers - Third Party				
Raw material	88,485	53,359	120,622	73,140
Services	18,046	23,961	18,089	24,004
	<b>106,531</b>	<b>77,320</b>	<b>138,711</b>	<b>97,144</b>
Related parties (Note 10)	42,738	44,591	58,887	52,364
	<b>149,269</b>	<b>121,911</b>	<b>197,598</b>	<b>149,508</b>

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	
	09.30.2020	12.31.2019	09.30.2020	12.31.2019
<b>State taxes</b>	<b>14,717</b>	<b>12,236</b>	<b>15,142</b>	<b>12,453</b>
ICMS payable	14,717	12,236	14,741	12,242
Other	-	-	401	211
<b>Federal taxes</b>	<b>10,316</b>	<b>22,050</b>	<b>12,902</b>	<b>25,196</b>
COFINS payable	2,690	5,397	2,707	5,398
Import tax	5,229	7,185	5,687	7,964
IPI payable	-	3,878	1,106	5,055
PIS payable	545	1,152	548	1,152
IRRF	1,852	4,412	1,857	4,421
Other	-	26	997	1,206
<b>Municipal taxes</b>	<b>-</b>	<b>-</b>	<b>137</b>	<b>81</b>
<b>Taxes and contributions payable</b>	<b>25,033</b>	<b>34,286</b>	<b>28,181</b>	<b>37,730</b>
Income tax and social contribution	10,550	-	27,009	14,926
<b>Income tax and social contribution payable</b>	<b>10,550</b>	<b>-</b>	<b>27,009</b>	<b>14,926</b>
<b>Current liabilities</b>	<b>35,583</b>	<b>34,286</b>	<b>55,190</b>	<b>52,656</b>

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

### 17. Borrowings and lease liabilities

#### a) Borrowings

Description	Average cost	Parent company		Consolidated	
		09.30.2020	12.31.2019	09.30.2020	12.31.2019
<b>Borrowings in local currency (BRL)</b>					
FINEP (Long-Term Interest Rate (TJLP) + 5.00% p.y. - 6.00% p.y.)	3.91%	96,995	118,333	96,995	118,333
BNDES ( TJLP+ 1,5% p.y.)	6.41%	15,178	15,198	15,178	15,198
FINEP II (Long-Term Interest Rate (TJLP) + 5.00% p.y. - 5.00% p.y.)	4.91%	75,911	75,942	75,911	75,942
4131 SANTANDER (CDI + 4,25% p.y.)	6.15%	154,828	-	154,828	-
4131 ITAÚ (CDI + 4,30% p.y.)	6.20%	103,295	-	103,295	-
	<b>5.47%</b>	<b>446,207</b>	<b>209,473</b>	<b>446,207</b>	<b>209,473</b>
<b>Borrowings in foreign currency</b>					
		Currency			
ACC (average interest 7,57% p.y)		USD (expressed in BRL)	7.57%	-	-
ACC (average interest 0,43% p.y)		EUR (expressed in BRL)	0.43%	166,020	172,409
				8,698	12,278
				166,020	172,409
				<b>174,718</b>	<b>184,687</b>
				<b>612,227</b>	<b>381,882</b>
				<b>620,925</b>	<b>394,160</b>
Current - borrowings in local currency				288,028	29,256
Current - borrowings in foreign currency				166,020	172,409
<b>Total current</b>				<b>454,048</b>	<b>201,665</b>
Non-current - borrowings in local currency				158,179	180,217
<b>Total non-current</b>				<b>158,179</b>	<b>180,217</b>

In the first nine months of 2020, the parent company took bank loans totaling approximately BRL 343,400, as follows:

- February 2020 EUR 20,000 - NCE with average cost of 0.47% p.a. and maturities between December 2020 and May 2021.
- March 2020 R\$ 150,000 – 4131 with average cost of CDI + 4.25% p.a. (at 6/30 CDI 2.15% + 4.25%) and maturity in March 2021.
- March 2020 R\$ 100,000 – 4131 with average cost of CDI + 4.30% p.a. (at 3/31 CDI 2.15% + 4.30%) and maturity in March 2021.

The Argentine subsidiary took bank loans of approximately BRL 116,640, as follows:

- March 2020 USD 1,200 - ACC with average cost 8.50% p.a. and maturity between July and September 2020.



# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

- May 2020 USD 1,500 - ACC with average cost 7.40% p.a. and maturity in November 2020.

Reconciliation of changes in equity with proceeds from borrowings:

Changes in borrowings in first nine months of 2020 were as follows:

Parent company						
12.31.2019	Cash Flow			Exchange Variation	Appropriation of interest	09.30.2020
	Addition	Principal Amortization	Amortization Interest			
381,882	343,400	(208,959)	(6,849)	84,764	17,989	612,227

Parent company							
01.01.2019	Cash Flow			Monetary Variation	Exchange Variation	Appropriation of interest	09.30.2019
	Addition	Principal Amortization	Amortization Interest				
271,262	220,752	(129,939)	(8,615)	619	2,376	10,223	366,678

Consolidated						
12.31.2019	Cash Flow			Exchange Variation	Appropriation of interest	09.30.2020
	Addition	Principal Amortization	Amortization Interest			
394,160	352,705	(230,741)	(7,565)	93,304	19,062	620,925

Consolidated							
01.01.2019	Cash Flow			Monetary Variation	Exchange Variation	Appropriation of interest	09.30.2019
	Addition	Principal Amortization	Amortization Interest				
291,621	287,039	(189,875)	(9,549)	619	4,431	11,191	395,477

At September 30, 2020, long-term borrowings mature as follows:

Parent company and Consolidated	
09.30.2020	
From October 2021	36,889
2022	38,557
2023	22,179
2024	10,057
2025	10,213
2026	10,213
2027	10,213
2028	9,433
2029	8,340
2030	2,085
	<b>158,179</b>

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

*(in thousand of reais)*

### **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 (4.91 % p.a. as at September 30, 2020) 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 project.

**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, in addition to a validation plant in the National Center of Bioethanol Science and Technology. The loan is secured by a bank guarantee with a maturity on October 15, 2029 and is subject to Long-term Interest Rate (TJLP) (4.91% p.a. at September 30, 2020) 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.

**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 (4.91 % p.a. as at September 30, 2020) 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 project.

At September 30, 2020, there was no delinquency in principal or interest payments and no breach of the terms of the contracts with FINEP and BNDES.

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

### b) Lease obligations

The Company assessed the changes to CPC 06 (R2) / IFRS 16- Leases due to COVID-19 in the third quarter of 2020 and there are no lease modifications.

#### Contracts by term and discount rate

	<u>Terms of the lease</u>	<u>Discount rate</u>
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:

	<u>Parent company</u>	<u>Consolidated</u>
<b>Balance at December 31, 2019</b>	<b>21,776</b>	<b>24,918</b>
Write-off	(1,207)	(1,207)
Lease payments	(7,038)	(8,030)
Interest	1,513	1,642
Exchange rate variation	-	777
<b>Balance at September 30, 2020</b>	<b>15,044</b>	<b>18,100</b>

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>09.30.2020</u>	<u>09.30.2020</u>
30 days	614	768
From 31 to 90 days	1,228	1,539
From 91 to 365 days	5,841	7,352
2021	1,564	2,099
2022	5,797	6,342
<b>Total</b>	<b>15,044</b>	<b>18,100</b>
Current	7,683	8,149
Non current	7,361	9,951
	<b>15,044</b>	<b>18,100</b>

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

### 18. Salaries, vacation pay and social charges

	Parent company		Consolidated	
	09.30.2020	12.31.2019	09.30.2020	12.31.2019
Accrued vacation pay / 13th month salary	46,427	28,353	52,094	30,016
INSS /FGTS	19,625	12,427	19,642	12,446
Employee profit sharing	13,294	21,154	14,519	22,187
Other social security obligations	577	387	2,451	2,943
	<b>79,923</b>	<b>62,321</b>	<b>88,706</b>	<b>67,592</b>

### 19. Sundry provision

	Parent company					
	Losses on contracts	Commercial bonuses	Electric power	Employee benefits	Other	Total
At December 31, 2019	10,658	12,194	5,843	3,273	623	32,591
Reversal	-	(5,529)	(5,843)	-	-	(11,372)
Payment	-	(5,317)	-	(3,023)	(41)	(8,381)
Complement	-	11,382	7,275	1,219	-	19,876
At September 30, 2020	10,658	12,730	7,275	1,469	582	32,714

	Consolidated						
	Losses on contracts	Commercial bonuses	Restructuring	Electric power	Employee benefits	Other	Total
At December 31, 2019	11,205	12,192	684	6,278	3,273	1,260	34,892
Reversal	-	(5,529)	-	(6,278)	-	-	(11,807)
Payment	-	(5,317)	-	-	(3,023)	(706)	(9,046)
Complement	-	11,384	-	7,719	1,221	1,376	21,700
Foreign exchange variation	55	-	-	-	-	11	66
At September 30, 2020	11,260	12,730	684	7,719	1,471	1,941	35,805

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

### 20. Provision for warranties

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

	<u>Parent company</u>	<u>Consolidated</u>
<b>At December 31, 2019</b>	<b>8,599</b>	<b>10,698</b>
Reversal	(227)	(236)
Payment	(3,149)	(3,158)
Complement	2,919	3,244
Foreign exchange variation	-	615
<b>At September 30, 2020</b>	<b>8,142</b>	<b>11,163</b>

### 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.

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

	<u>Parent company</u>				
	<u>Civil and labor</u>	<u>Tax</u>	<u>Environmental liability</u>	<u>Judicial deposits</u>	<u>Total</u>
<b>At December 31, 2019</b>	<b>198,230</b>	<b>47,370</b>	<b>9,760</b>	<b>(30,468)</b>	<b>224,892</b>
Additions	48,662	-	-	(2,563)	46,099
Monetary restatements	12,865	1,148	-	(34)	13,979
Write-off for use	(14,346)	-	(649)	4,338	(10,657)
Write-off for reversal	(31,447)	-	-	372	(31,075)
Transfer	-	-	-	103	103
<b>At September 30, 2020</b>	<b>213,964</b>	<b>48,518</b>	<b>9,111</b>	<b>(28,252)</b>	<b>243,341</b>

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

	Consolidated				
	Civil and labor	Tax	Environmental liability	Judicial deposits	Total
<b>At December 31, 2019</b>	<b>211,023</b>	<b>47,370</b>	<b>9,760</b>	<b>(32,850)</b>	<b>235,303</b>
Additions	52,123	-	-	(2,715)	49,408
Monetary restatements	14,099	1,148	-	(119)	15,128
Write-off for use	(17,476)	-	(649)	5,147	(12,978)
Write-off for reversal	(32,130)	-	-	386	(31,744)
Transfer	-	-	-	195	195
Foreign exchange variation	91	-	-	-	91
<b>At September 30, 2020</b>	<b>227,730</b>	<b>48,518</b>	<b>9,111</b>	<b>(29,956)</b>	<b>255,403</b>

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

The labor provision relates mainly of claims filed by former employees for sums of money resulting from employment relationships and various suits for damages. The reversals are due to settlement agreements made with claimants.

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

The tax provision with respect to PIS, COFINS, 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 September 30, 2020, the Group had civil and tax proceedings brought before the proper authorities in the amount of R\$ 53,977 (December 31, 2019 - R\$ 48,790), 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.

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

*(in thousand of reais)*

### **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.

#### **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.

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

*(in thousand of reais)*

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.

### 22. Equity

#### *a. Share capital*

At September 30, 2020 and December 31, 2019, 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><b>128,308,500</b></u>	<u><b>100.0%</b></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 September 30, 2020, the market value of the Company's common shares corresponded the price of R\$ 16.95 per share (R\$ 28.80 on December 31, 2019).

#### *b. Allocation of profit for the years*

In the annual financial statements as at December 31, 2019, the remaining profits for 2019 were recorded as proposal for distribution of additional dividends to shareholders. At the Ordinary General Meeting held on May 29, 2020, the shareholders approved the transfer of the previously proposed additional dividends of R\$ 175,572 to a special reserve. The portion of retained earnings was transferred to a special reserve and will be distributed at an opportune time. The Company aims to preserve cash to weather the world crisis and to meet all its legal and contractual obligations.



# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

*(in thousand of reais)*

To fulfill the duty of diligence pursuant to article 153 of the Brazilian corporate law and in response to the potential impacts of the coronavirus pandemic (Covid-19) on the Brazilian and global economies with unprecedented force, management emphasizes the need to preserve the Company's cash to face the impacts of the crisis caused by Covid-19, which it is now too early to estimate, and to continue operations efficiently and in compliance with legal and contractual obligations assumed by the Company.

### ***c. 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 September 30, 2020, the Company recorded cumulative translation adjustments of R\$ (+) R\$ 35,279 ((-) R\$ 45,755 at September 30, 2019).

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 September 30, 2020, net of taxes, at (-) R\$ 24,778 (At September 30, 2019 (+) R\$ 169) in the parent company and at (-) R\$ 24,778 (At September 30, 2019 (+) R\$ 9,042) in the consolidated accounts.
- The adjustments for the adoption of the deemed cost of property, plant and equipment, net at R\$ 413 at September 30, 2020 (At September 30, 2019 - R\$ 434). 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.

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

### 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>3Q2020</u>	<u>9M2020</u>	<u>3Q2019</u>	<u>9M2019</u>
<b>Profit attributable to owners of the parent</b>	<b>41,641</b>	<b>23,658</b>	<b>69,275</b>	<b>192,865</b>
Shares outstanding	128,308,500	128,308,500	128,308,500	128,308,500
<b>Basic earnings per share (R\$ per share)</b>	<b>0.32454</b>	<b>0.18439</b>	<b>0.53991</b>	<b>1.50314</b>

There are no diluted earnings per share for the Company.

### 24. Net operating revenue

	<u>Parent company</u>			
	<u>2020</u>		<u>2019</u>	
	<u>3Q2020</u>	<u>9M2020</u>	<u>3Q2019</u>	<u>9M2019</u>
Gross revenue				
Products	706,327	1,634,413	686,372	2,023,079
Services	12,648	31,141	13,317	34,936
Total revenue with products + services	<b>718,975</b>	<b>1,665,554</b>	<b>699,689</b>	<b>2,058,015</b>
Deductions from sales:				
Taxes on sales	(150,776)	(344,567)	(150,158)	(432,402)
Discounts , returns and sales incentives	(14,595)	(27,045)	(10,783)	(27,743)
Net revenue	<b>553,604</b>	<b>1,293,942</b>	<b>538,748</b>	<b>1,597,870</b>
	<u>Consolidated</u>			
	<u>2020</u>		<u>2019</u>	
	<u>3Q2020</u>	<u>9M2020</u>	<u>3Q2019</u>	<u>9M2019</u>
Gross revenue				
Products	878,293	2,034,303	814,402	2,412,523
Services	11,247	28,162	11,914	32,278
Total revenue with products + services	<b>889,540</b>	<b>2,062,465</b>	<b>826,316</b>	<b>2,444,801</b>
Deductions from sales:				
Taxes on sales	(150,936)	(345,009)	(150,374)	(432,986)
Discounts , returns and sales incentives	(47,412)	(91,565)	(30,409)	(81,281)
Net revenue	<b>691,192</b>	<b>1,625,891</b>	<b>645,533</b>	<b>1,930,534</b>

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.

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

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

	Parent company			
	2020		2019	
	3Q2020	9M2020	3Q2019	9M2019
<b>Geographic market</b>				
South America *included domestic market	387,380	898,408	397,323	1,122,401
Europe	131,697	303,495	112,892	373,335
Central and North America	31,098	81,366	23,026	82,572
Africa, Asia, Oceania and Middle East	3,429	10,673	5,507	19,562
	<b>553,604</b>	<b>1,293,942</b>	<b>538,748</b>	<b>1,597,870</b>
<b>Revenue by market</b>				
Original equipment	302,148	747,090	339,509	1,024,789
Aftermarket	251,456	546,852	199,239	573,081
	<b>553,604</b>	<b>1,293,942</b>	<b>538,748</b>	<b>1,597,870</b>
	Consolidated			
	2020		2019	
	3Q2020	9M2020	3Q2019	9M2019
<b>Geographic market</b>				
South America *included domestic market	427,876	973,898	423,944	1,202,131
Europe	140,078	342,430	117,388	394,595
Central and North America	114,621	284,253	93,345	297,896
Africa, Asia, Oceania and Middle East	8,617	25,310	10,856	35,912
	<b>691,192</b>	<b>1,625,891</b>	<b>645,533</b>	<b>1,930,534</b>
<b>Revenue by market</b>				
Original equipment	392,523	995,631	419,489	1,285,921
Aftermarket	298,669	630,260	226,044	644,613
	<b>691,192</b>	<b>1,625,891</b>	<b>645,533</b>	<b>1,930,534</b>

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

### 25. Cost of sales and services

Cost of sales and services by nature are as follows:

	<b>Parent company</b>			
	<b>2020</b>		<b>2019</b>	
	<b>3Q2020</b>	<b>9M2020</b>	<b>3Q2019</b>	<b>9M2019</b>
Personnel and benefits	(104,997)	(307,937)	(124,900)	(374,811)
Raw material and others materials	(204,216)	(463,444)	(191,375)	(576,598)
Depreciation and amortization	(22,750)	(67,555)	(21,190)	(61,380)
Utilities and services	(38,327)	(101,058)	(41,977)	(124,774)
Other	(57,983)	(92,666)	(27,162)	(77,342)
<b>Total</b>	<b>(428,273)</b>	<b>(1,032,660)</b>	<b>(406,604)</b>	<b>(1,214,905)</b>

	<b>Consolidated</b>			
	<b>2020</b>		<b>2019</b>	
	<b>3Q2020</b>	<b>9M2020</b>	<b>3Q2019</b>	<b>9M2019</b>
Personnel and benefits	(114,888)	(337,233)	(135,359)	(409,053)
Raw material and others materials	(257,600)	(585,623)	(231,966)	(709,287)
Depreciation and amortization	(23,720)	(70,648)	(21,820)	(63,342)
Utilities and services	(40,901)	(109,476)	(44,929)	(135,145)
Other	(62,550)	(125,741)	(33,088)	(101,334)
<b>Total</b>	<b>(499,659)</b>	<b>(1,228,721)</b>	<b>(467,162)</b>	<b>(1,418,161)</b>

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

### 26. Selling expenses and distribution

Selling expenses by nature are as follows:

	<b>Parent company</b>			
	<b>2020</b>		<b>2019</b>	
	<b>3Q2020</b>	<b>9M2020</b>	<b>3Q2019</b>	<b>9M2019</b>
Personnel and benefits	(10,368)	(30,971)	(10,977)	(32,049)
Freight	(11,494)	(27,145)	(9,911)	(27,769)
Brand license	(2,343)	(5,731)	(2,668)	(8,052)
Variable selling expenses	(2,403)	(6,220)	(1,571)	(4,057)
General expenses	(1,032)	(3,092)	(1,490)	(3,088)
Travel and entertainment allowance	(19)	(718)	(561)	(1,745)
Advertising	(264)	(898)	(459)	(3,299)
Depreciation	(134)	(394)	(150)	(452)
Professional services/service orders	(3,311)	(10,351)	(2,019)	(4,845)
Other expenses	(1,998)	(6,213)	(1,965)	(5,158)
	<b>(33,366)</b>	<b>(91,733)</b>	<b>(31,771)</b>	<b>(90,514)</b>
	<b>Consolidated</b>			
	<b>2020</b>		<b>2019</b>	
	<b>3Q2020</b>	<b>9M2020</b>	<b>3Q2019</b>	<b>9M2019</b>
Personnel and benefits	(12,574)	(36,118)	(12,623)	(36,777)
Freight	(13,983)	(33,595)	(12,577)	(36,951)
Variable selling expenses	(5,378)	(12,155)	(4,601)	(11,222)
Brand license	(2,596)	(6,462)	(2,920)	(8,787)
General expenses	(2,607)	(7,890)	(2,757)	(8,066)
Professional services/service orders	(3,655)	(11,421)	(2,373)	(5,750)
Travel and entertainment allowance	(41)	(806)	(610)	(1,885)
Advertising	(458)	(1,487)	(657)	(3,917)
Depreciation	(161)	(477)	(176)	(537)
Other expenses	(2,516)	(7,703)	(2,432)	(6,544)
	<b>(43,969)</b>	<b>(118,114)</b>	<b>(41,726)</b>	<b>(120,436)</b>

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

### 27. General and administrative expenses

General and administrative expenses by nature are as follows:

	<b>Parent company</b>			
	<b>2020</b>		<b>2019</b>	
	<b>3Q2020</b>	<b>9M2020</b>	<b>3Q2019</b>	<b>9M2019</b>
Personnel and benefits	(7,685)	(22,594)	(6,695)	(22,349)
Management	(1,302)	(4,165)	(2,893)	(8,752)
Professional services/service orders	(5,881)	(15,689)	(4,193)	(8,868)
Maintenance	(1,420)	(3,423)	(730)	(2,390)
Depreciation	(830)	(2,302)	(658)	(2,013)
Materials and utilities	(1,033)	(2,809)	(719)	(2,335)
PIS/COFINS	(624)	(2,582)	(588)	(1,333)
Travel and entertainment allowance	(27)	(408)	(180)	(782)
Other expenses	(2,759)	(7,808)	(494)	(5,520)
	<b>(21,561)</b>	<b>(61,780)</b>	<b>(17,150)</b>	<b>(54,342)</b>

	<b>Consolidated</b>			
	<b>2020</b>		<b>2019</b>	
	<b>3Q2020</b>	<b>9M2020</b>	<b>3Q2019</b>	<b>9M2019</b>
Personnel and benefits	(9,086)	(26,824)	(7,789)	(26,673)
Management	(1,302)	(4,165)	(2,893)	(8,752)
Professional services/service orders	(6,661)	(17,338)	(4,538)	(10,363)
Maintenance	(1,482)	(3,589)	(766)	(2,514)
Materials and utilities	(1,197)	(3,185)	(820)	(2,607)
Depreciation	(865)	(2,402)	(682)	(2,080)
PIS/COFINS	(633)	(2,603)	(593)	(1,345)
Travel and entertainment allowance	(40)	(455)	(198)	(874)
Other expenses	(2,974)	(8,379)	(611)	(6,078)
	<b>(24,240)</b>	<b>(68,940)</b>	<b>(18,890)</b>	<b>(61,286)</b>

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

### 28. Technology and product development costs

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

	<b>Parent company</b>			
	<b>2020</b>		<b>2019</b>	
	<b>3Q2020</b>	<b>9M2020</b>	<b>3Q2019</b>	<b>9M2019</b>
Personnel and benefits	(8,125)	(21,981)	(11,103)	(35,785)
Materials/utilities	(1,787)	(3,541)	(1,569)	(6,330)
Depreciation	(1,364)	(3,870)	(1,201)	(3,525)
Professional services/service orders	(678)	(2,260)	(1,259)	(4,386)
Maintenance	(559)	(1,586)	(820)	(2,519)
General expenses	840	(3,878)	(741)	(3,474)
Other expenses	146	(1,266)	(821)	(1,792)
	<b>(11,527)</b>	<b>(38,382)</b>	<b>(17,514)</b>	<b>(57,811)</b>

	<b>Consolidated</b>			
	<b>2020</b>		<b>2019</b>	
	<b>3Q2020</b>	<b>9M2020</b>	<b>3Q2019</b>	<b>9M2019</b>
Personnel and benefits	(8,414)	(22,771)	(11,303)	(36,673)
Materials/utilities	(1,933)	(3,862)	(1,595)	(6,419)
Professional services/service orders	(903)	(2,745)	(1,334)	(4,743)
Depreciation	(1,388)	(3,937)	(1,216)	(3,598)
General expenses	(8)	(7,009)	(2,098)	(7,171)
Maintenance	(559)	(1,587)	(820)	(2,519)
Other expenses	115	(1,425)	(832)	(1,920)
	<b>(13,090)</b>	<b>(43,336)</b>	<b>(19,198)</b>	<b>(63,043)</b>

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

### 29. Finance income and costs, net

	Parent company			
	2020		2019	
	3Q2020	9M2020	3Q2019	9M2019
<b>Finance income</b>				
Interest	2,746	8,985	2,181	5,966
Exchange variation (a)	8,152	122,693	18,421	38,017
Monetary variation gains	164	535	562	1,810
Derivative financial instruments (c)	1,503	4,477	827	7,756
Other	233	457	162	737
	<b>12,798</b>	<b>137,147</b>	<b>22,153</b>	<b>54,286</b>
<b>Finance costs</b>				
Interest	(6,853)	(17,239)	(3,331)	(9,256)
Exchange variations (b)	(7,043)	(116,152)	(12,519)	(28,962)
Monetary variation losses	(5,893)	(16,791)	(5,359)	(19,682)
Derivative financial instruments (d)	(4,869)	(53,480)	(8,619)	(13,756)
Other	(394)	(1,622)	(130)	(2,754)
	<b>(25,052)</b>	<b>(205,284)</b>	<b>(29,958)</b>	<b>(74,410)</b>
<b>Finance income (costs), net</b>	<b>(12,254)</b>	<b>(68,137)</b>	<b>(7,805)</b>	<b>(20,124)</b>
<b>Summary of foreign exchange variations (a+b)</b>	<b>1,109</b>	<b>6,541</b>	<b>5,902</b>	<b>9,055</b>
Trade payables	(2,416)	(10,357)	(1,588)	(1,553)
Borrowings	(11,496)	(87,646)	(5,330)	(4,138)
Loan receivable	702	6,613	-	-
Interest on capital receivable	2,609	19,957	1,404	1,736
Cash and cash equivalents	4,872	33,066	3,282	3,556
Trade receivables	6,758	44,814	8,128	9,504
Other	80	94	6	(50)
<b>Summary of derivative instruments (c+d)</b>	<b>(3,366)</b>	<b>(49,003)</b>	<b>(7,792)</b>	<b>(6,000)</b>
Income	1,503	4,477	827	7,756
Expenses	(4,869)	(53,480)	(8,619)	(13,756)
<b>Net result of foreign exchange variations and derivative financial instruments</b>	<b>(2,256)</b>	<b>(42,462)</b>	<b>(1,890)</b>	<b>3,055</b>



# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

	<b>Consolidated</b>			
	<b>2020</b>		<b>2019</b>	
	<b>3Q2020</b>	<b>9M2020</b>	<b>3Q2019</b>	<b>9M2019</b>
<b>Finance income</b>				
Interest	2,810	10,244	2,250	6,266
Exchange variation (a)	22,625	164,243	36,179	74,520
Monetary variation gains	215	616	642	1,844
Derivative financial instruments (c)	1,251	4,225	827	7,756
Other	-	459	1,607	2,450
	<b>26,901</b>	<b>179,787</b>	<b>41,505</b>	<b>92,836</b>
<b>Finance costs</b>				
Interest	(7,776)	(20,138)	(4,184)	(11,880)
Exchange variations (b)	(19,752)	(156,537)	(30,213)	(66,979)
Monetary variation losses	(7,058)	(19,309)	(6,535)	(22,074)
Derivative financial instruments (d)	(4,557)	(53,182)	(8,619)	(13,756)
Other	(913)	(4,203)	(2,437)	(6,955)
	<b>(40,056)</b>	<b>(253,369)</b>	<b>(51,988)</b>	<b>(121,644)</b>
<b>Finance income (costs), net</b>	<b>(13,155)</b>	<b>(73,582)</b>	<b>(10,483)</b>	<b>(28,808)</b>
<b>Summary of foreign exchange variations (a+b)</b>	<b>2,873</b>	<b>7,706</b>	<b>5,966</b>	<b>7,541</b>
Trade receivables	13,042	63,524	17,344	25,720
Borrowings	(13,556)	(93,554)	(7,151)	(7,472)
Loan receivable	702	6,613	-	-
Cash and cash equivalents	4,430	29,634	3,181	3,634
Interest on capital receivable	2,608	19,956	1,404	1,736
Trade payables	(4,339)	(17,600)	(8,811)	(16,025)
Lease obligations (IFRS 16)	(95)	(963)	-	-
Other	81	96	(1)	(52)
<b>Summary of derivative instruments (c+d)</b>	<b>(3,306)</b>	<b>(48,957)</b>	<b>(7,792)</b>	<b>(6,000)</b>
Income	1,251	4,225	827	7,756
Expenses	(4,557)	(53,182)	(8,619)	(13,756)
<b>Net result of foreign exchange variations and derivative financial instruments</b>	<b>(433)</b>	<b>(41,251)</b>	<b>(1,826)</b>	<b>1,541</b>

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

### 30. Other operating income and expenses, net

	Parent company			
	2020		2019	
	3Q2020	9M2020	3Q2019	9M2019
<b>Other income</b>				
Reversal of provision for labor, civil and tax contingencies	8,314	31,447	29,091	82,341
Taxes recovered (Reintegra)	207	508	182	557
Reversal of provision for obsolescence (Property, plant and equipment )	18	55	18	66
Gains on disposal of assets /other	1,765	1,906	1	85
Reversal of provision for compulsory loan (Eletrobrás)	-	4,315	-	-
Other income	1,162	4,435	1,671	4,940
	<b>11,466</b>	<b>42,666</b>	<b>30,963</b>	<b>87,989</b>
<b>Other expenses</b>				
Provision for labor, civil and tax contingencies	(20,980)	(59,541)	(25,423)	(72,073)
Losses on disposal of assets /other	(280)	(285)	(14)	(59)
Provision for environmental liability	-	-	(4,230)	(4,230)
Provision for obsolescence (Property, plant and equipment )	-	-	-	(223)
Provision for impairment of intangible assets	(45,129)	(66,270)	-	-
Other expenses	(2,051)	(4,227)	(938)	(3,402)
	<b>(68,440)</b>	<b>(130,323)</b>	<b>(30,605)</b>	<b>(79,987)</b>
<b>Other operating income (Expenses), net</b>	<b>(56,974)</b>	<b>(87,657)</b>	<b>358</b>	<b>8,002</b>
	Consolidated			
	2020		2019	
	3Q2020	9M2020	3Q2019	9M2019
<b>Other income</b>				
Reversal of provision for labor, civil and tax contingencies	8,752	32,130	29,835	84,921
Taxes recovered (Reintegra)	207	508	182	557
Reversal of provision for obsolescence (Property, plant and equipment )	18	55	18	66
Taxes recovered (Reintegra)	-	-	311	311
Gain on monetary items	2,584	3,654	2,722	4,787
Gains on disposal of assets /other	1,808	1,949	27	153
Reversal of provision for compulsory loan (Eletrobrás) (*)	-	4,315	-	-
Other income	1,184	4,569	1,893	5,415
	<b>14,553</b>	<b>47,180</b>	<b>34,988</b>	<b>96,210</b>
<b>Other expenses</b>				
Provision for labor, civil and tax contingencies	(23,295)	(64,953)	(25,910)	(76,863)
Losses on disposal of assets /other	(280)	(286)	(35)	(105)
Provision for impairment of intangible assets (**)	(45,129)	(74,368)	-	-
Provision for environmental liability	-	-	(4,230)	(4,230)
Provision for obsolescence (Property, plant and equipment )	-	-	-	(223)
Losses on monetary items	(2,176)	(3,128)	(2,470)	(4,352)
Export expenses - Argentina	(2,792)	(6,405)	(3,165)	(10,659)
Other expenses	(2,074)	(4,819)	(1,232)	(4,339)
	<b>(75,746)</b>	<b>(153,959)</b>	<b>(37,042)</b>	<b>(100,771)</b>
<b>Other operating income (expenses), net</b>	<b>(61,193)</b>	<b>(106,779)</b>	<b>(2,054)</b>	<b>(4,561)</b>

(\*) Reversal of compulsory loan provision relates to the conversion of receivables from the compulsory loan into Class B preferred shares of Eletrobrás.

# MAHLE Metal Leve S.A.

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(\*\*) Impairment of intangible assets – R\$ 29,239 (Impairment of goodwill of subsidiary MAHLE Argentina S.A.) and R\$ 45,129 (Impairment of MBE2's assets).

### 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 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							
		09.30.2020				12.31.2019			
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	-	101,326	-	101,326	-	70,746	-	70,746
Financial investments	6	-	408,939	-	408,939	-	87,808	-	87,808
Trade receivables	7	397,177	-	-	397,177	323,262	-	-	323,262
Receivables from and loans to related parties	10	30,910	-	-	30,910	25,812	-	-	25,812
Unrealized gains on derivatives	31	-	-	4,014	4,014	-	-	7,801	7,801
<b>Total</b>		<b>428,087</b>	<b>510,265</b>	<b>4,014</b>	<b>942,366</b>	<b>349,074</b>	<b>158,554</b>	<b>7,801</b>	<b>515,429</b>

		Parent Company							
		09.30.2020				12.31.2019			
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	(42,738)	-	-	(42,738)	(44,591)	-	-	(44,591)
Trade payables	15	(106,531)	-	-	(106,531)	(77,320)	-	-	(77,320)
Lease liabilities	17.b	(15,044)	-	-	(15,044)	(21,776)	-	-	(21,776)
Borrowings	17.a	(612,227)	-	-	(612,227)	(381,882)	-	-	(381,882)
Unrealized losses on derivatives	31	-	-	(40,089)	(40,089)	-	-	(2,787)	(2,787)
<b>Total</b>		<b>(776,540)</b>	<b>-</b>	<b>(40,089)</b>	<b>(816,629)</b>	<b>(525,569)</b>	<b>-</b>	<b>(2,787)</b>	<b>(528,356)</b>

		Consolidated							
		09.30.2020				12.31.2019			
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	-	114,657	-	114,657	-	80,688	-	80,688
Financial investments	6	-	432,042	-	432,042	-	88,093	-	88,093
Trade receivables	7	505,789	-	-	505,789	394,305	-	-	394,305
Receivables from and loans to related parties	10	41,170	-	-	41,170	37,030	-	-	37,030
Unrealized gains on derivatives	31	-	-	6,795	6,795	-	-	7,930	7,930
<b>Total</b>		<b>546,959</b>	<b>546,699</b>	<b>6,795</b>	<b>1,100,453</b>	<b>431,335</b>	<b>168,781</b>	<b>7,930</b>	<b>608,046</b>

		Consolidated							
		09.30.2020				12.31.2019			
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	(58,887)	-	-	(58,887)	(52,364)	-	-	(52,364)
Trade payables	15	(138,711)	-	-	(138,711)	(97,144)	-	-	(97,144)
Lease liabilities	17.b	(18,100)	-	-	(18,100)	(24,918)	-	-	(24,918)
Borrowings	17.a	(620,925)	-	-	(620,925)	(394,160)	-	-	(394,160)
Unrealized losses on derivatives	31	-	-	(40,089)	(40,089)	-	-	(2,787)	(2,787)
<b>Total</b>		<b>(836,623)</b>	<b>-</b>	<b>(40,089)</b>	<b>(876,712)</b>	<b>(568,586)</b>	<b>-</b>	<b>(2,787)</b>	<b>(571,373)</b>

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## Notes to the interim financial statements

*(in thousand of reais)*

*- 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;
- b) The result of the above difference is multiplied by the notional value of each operation;

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## Notes to the interim financial statements

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- 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.

		<b>Consolidated</b>				
		<b>09.30.2020</b>		<b>12.31.2019</b>		<b>Level</b>
<b>Assets</b>	<b>Note</b>	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>	
Cash, demand deposits and cash in transit	6	114,657	114,657	80,688	80,688	2
Financial investments	6	432,042	432,042	88,093	88,093	2
Trade receivables	7	505,789	505,789	394,305	394,305	2
Receivables from and loans to related parties	10	41,170	41,170	37,030	37,030	2
Unrealized gains on derivatives	31	6,795	6,795	7,930	7,930	2
<b>Total</b>		<b>1,100,453</b>	<b>1,100,453</b>	<b>608,046</b>	<b>608,046</b>	
<b>Liabilities</b>						
Payables to related parties	15	(58,887)	(58,887)	(52,364)	(52,364)	2
Trade payables	15	(138,711)	(138,711)	(97,144)	(97,144)	2
Lease liabilities	17.b	(18,100)	(18,100)	(24,918)	(24,918)	2
Borrowings	17.a	(620,925)	(620,925)	(394,160)	(394,160)	2
Unrealized losses on derivatives	31	(40,089)	(40,089)	(2,787)	(2,787)	2
<b>Total</b>		<b>(876,712)</b>	<b>(876,712)</b>	<b>(571,373)</b>	<b>(571,373)</b>	

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*(in thousand of reais)*

### *- 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 – 1<sup>st</sup> to 6<sup>th</sup> month following the base date;
- ii) 50% of the net foreign exchange risk exposure – 7<sup>th</sup> to 9<sup>th</sup> month following the base date; and
- iii) 25% of the net foreign exchange risk exposure – 10<sup>th</sup> to 24<sup>th</sup> 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.

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):

# MAHLE Metal Leve S.A.

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Year 1:

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

#### 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.

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

*(in thousand of reais)*

### 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.

<b>Consolidated</b>		<b>09.30.2020</b>					
	<b>Note</b>	<b>Carrying amount</b>	<b>Cash Flow</b>	<b>Up to 1 year</b>	<b>1 - 2 years</b>	<b>2 - 5 years</b>	<b>More than 5 years</b>
<b>Liabilities</b>							
Payables to related parties	15	(58,887)	(58,887)	(58,887)	-	-	-
Trade payables	15	(138,711)	(138,711)	(138,711)	-	-	-
Lease liabilities	17.b	(18,100)	(24,918)	(8,645)	(9,550)	(6,723)	-
Borrowings	17.a	(620,925)	(678,160)	(478,308)	(44,010)	(85,126)	(70,715)
Unrealized losses on derivatives	31	(40,089)	(40,089)	(40,089)	-	-	-
<b>Total</b>		<b>(876,712)</b>	<b>(940,765)</b>	<b>(724,640)</b>	<b>(53,560)</b>	<b>(91,849)</b>	<b>(70,715)</b>

<b>Consolidated</b>		<b>12.31.2019</b>					
	<b>Note</b>	<b>Carrying amount</b>	<b>Cash Flow</b>	<b>Up to 1 year</b>	<b>1 - 2 years</b>	<b>2 - 5 years</b>	<b>More than 5 years</b>
<b>Liabilities</b>							
Payables to related parties	15	(52,364)	(52,364)	(52,364)	-	-	-
Trade payables	15	(97,144)	(97,144)	(97,144)	-	-	-
Lease liabilities	17.b	(24,918)	(24,918)	(8,645)	(9,550)	(6,723)	-
Borrowings	17.a	(394,160)	(472,696)	(215,242)	(48,226)	(139,186)	(70,042)
Unrealized losses on derivatives	31	(2,787)	(2,787)	(2,787)	-	-	-
<b>Total</b>		<b>(571,373)</b>	<b>(649,909)</b>	<b>(376,182)</b>	<b>(57,776)</b>	<b>(145,909)</b>	<b>(70,042)</b>

# MAHLE Metal Leve S.A.

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(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	
		09.30.2020	12.31.2019	09.30.2020	12.31.2019
Cash, demand deposits and cash in transit	6	101,326	70,746	114,657	80,688
Financial investments	6	408,939	87,808	432,042	88,093
Trade receivables	7	397,177	323,262	505,789	394,305
Receivables from and loans to related parties	10	30,910	25,812	41,170	37,030
Unrealized gains on derivatives	31	4,014	7,801	6,795	7,930
<b>Total</b>		<b>942,366</b>	<b>515,429</b>	<b>1,100,453</b>	<b>608,046</b>

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	
	09.30.2020	12.31.2019	09.30.2020	12.31.2019
<i>Top 20</i>	139,962	129,683	199,261	166,603
<i>Third Parties</i>	167,052	138,616	207,118	169,270
<i>Intercompanies</i>	96,632	62,120	111,997	67,814
<b>Total Trade Receivables and Others</b>	<b>403,646</b>	<b>330,419</b>	<b>518,376</b>	<b>403,687</b>

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

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).

# 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	
		09.30.2020	12.31.2019	09.30.2020	12.31.2019
AAA	6	428,421	131,804	431,550	132,132
AA		66,482	14,871	66,482	14,871
Others		15,362	11,879	48,667	21,778
		<b>510,265</b>	<b>158,554</b>	<b>546,699</b>	<b>168,781</b>

S&P National Long Term

### 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	
		09.30.2020	12.31.2019	09.30.2020	12.31.2019
Cash, demand deposits and cash in transit	6	101,326	70,746	114,657	80,688
Financial investments	6	408,939	87,808	432,042	88,093
Borrowings	17.a	(612,227)	(381,882)	(620,925)	(394,160)
<b>Total</b>		<b>(101,962)</b>	<b>(223,328)</b>	<b>(74,226)</b>	<b>(225,379)</b>

At September 30, 2020, of loans and borrowings of R\$ 612,227 (Parent company) and R\$ 620,925 (Consolidated), 24.93% refers to 4131 Santander with interest rates based on CDI + 4.25% p.a. and average cost of 6.15%, 16.64% refers to 4131 itaú with interest rate based on CDI + 4.30% p.a. and average cost of 6.20%, 15.62% refers to FINEP I with simplified interest rate based on TJLP -1% p.a. and average cost of 3.91%, 12.23% refers to FINEP II with simplified interest rate based on TJLP p.a. and average cost of 4.91%, 26.74% refers to ACC with average cost of 0.43%, 2.44% refers to BNDES with simplified interest rate based on TJLP +1.5% and average cost of 6.41%, and 1.40% refers to ACC of the subsidiary in Argentina, with average cost of 7.57% of Argentina.

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 September 30, 2020, the Group's exposure in USD (EUR and JPY equivalents in USD) was USD 1,426 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 September 30, 2020

Item	USD thousand	EUR thousand (*)	JPY thousand (**)
	Parent company and Consolidated	Parent company and Consolidated	Parent company and Consolidated
(+) Trade receivables	17,598	7,068	-
(+) Demand deposits (in foreign currency)	5,802	12,104	-
(-) Advances on export exchange contract	-	(25,093)	-
(-) Imports	(2,251)	(4,022)	(123,806)
(-) Currency forwards - sale	(10,502)	-	79,892
<b>(=) Net balance of foreign exchange exposure</b>	<b>10,647</b>	<b>(9,943)</b>	<b>(43,914)</b>

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

Currency	Consolidated
USD	10,647
EUR	(11,657)
JPY	(416)
<b>Total</b>	<b>(1,426)</b>

# 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:

<b>Parent company and consolidated (USD)</b>				
<b>Year</b>	<b>Net Exposure (thousands)</b>	<b>Notional Value - Hedge (thousands)</b>	<b>Average Rate (Portfolio NDF)</b>	<b>% Hedged</b>
2020(Oct-Dec)	5,931	(4,448)	4.6660	75.0%
2021 (Jan-Dec)	19,276	(9,851)	4.2669	51.1%
2022 (Jan-Set)	13,641	(3,411)	5.3633	25.0%
<b>Total</b>	<b>38,848</b>	<b>(17,710)</b>	<b>4.5783</b>	<b>45.6%</b>

<b>Parent company and consolidated (EUR)</b>				
<b>Year</b>	<b>Net Exposure (thousands)</b>	<b>Notional Value - Hedge (thousands)</b>	<b>Average Rate (Portfolio NDF)</b>	<b>% Hedged</b>
2020 (Oct-Dec)	3,636	(2,516)	5.1649	69.2%
2021 (Jan-Dec)	14,845	(6,970)	4.9298	47.0%
2022 (Jan-Set)	11,391	(2,848)	5.9835	25.0%
<b>Total</b>	<b>29,872</b>	<b>(12,334)</b>	<b>5.2210</b>	<b>41.3%</b>

<b>Parent company and consolidated (JPY)</b>				
<b>Year</b>	<b>Net Exposure (thousands)</b>	<b>Notional Value - Hedge (thousands)</b>	<b>Average Rate (Portfolio NDF)</b>	<b>% Hedged</b>
2020 (Oct-Dec)	(100,379)	75,284	0.0430	75.0%
2021 (Jan-Dec)	(402,444)	198,229	0.0449	49.3%
2022 (Jan-Set)	(307,084)	76,771	0.0519	25.0%
<b>Total</b>	<b>(809,907)</b>	<b>350,284</b>	<b>0.0460</b>	<b>43.2%</b>

### - 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 September 30, 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	8.4611		5.1786	34,949
25% better	7.0509		5.1786	19,934
Balance sheet date	5.6407	10,647	5.1786	4,920
25% worse	4.2305		5.1786	(10,095)
50% worse	2.8204		5.1786	(25,108)

(\*) 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	3.3066		6.3779	30,537
25% better	4.9599		6.3779	14,099
Balance sheet date	6.6132	(9,943)	6.3779	(2,340)
25% worse	8.2665		6.3779	(18,779)
50% worse	9.9198		6.3779	(35,218)

(\*) 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	0.0267		0.0513	1,080
25% better	0.0401		0.0513	492
Balance sheet date	0.0534	(43,914)	0.0513	(94)
25% worse	0.0668		0.0513	(681)
50% worse	0.0801		0.0513	(1,265)

(\*) 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).

### Sensitivity analysis table

Parent company and consolidated sensitivity analysis table – cash flow derivatives portfolio for the period ended September 30, 2020

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	2.8204	(17,710)	4.5783	(31,133)	3.3066	(12,334)	5.2210	(23,612)	0.0801	350,284	0.0453	(12,198)	(66,943)
25% better	4.2305	(17,710)	4.5783	(6,159)	4.9599	(12,334)	5.2210	(3,221)	0.0668	350,284	0.0453	(7,519)	(16,899)
Balance sheet date	5.6407	(17,710)	4.5783	18,815	6.6132	(12,334)	5.2210	17,171	0.0534	350,284	0.0453	(2,840)	33,146
25% worse	7.0509	(17,710)	4.5783	43,789	8.2665	(12,334)	5.2210	37,562	0.0401	350,284	0.0453	1,838	83,189
50% worse	8.4611	(17,710)	4.5783	68,763	9.9198	(12,334)	5.2210	57,954	0.0267	350,284	0.0453	6,517	133,234

The selling rates published on September 30, 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:

	Foreign currency	Weighted average forward rate - value for settlement	Notional value - thousand			
			Parent company		Consolidated	
			09.30.2020	09.30.2019	09.30.2020	09.30.2019
Short position	EUR	5.22110	12,334	23,547	12,334	23,547
Short position	USD	4.89405	28,212	45,517	28,212	45,517
Long position	JPY	0.04707	(430,176)	(507,689)	(430,176)	(507,689)

	Foreign currency	Weighted average forward rate - value for settlement	Fair market value - thousand			
			Parent company		Consolidated	
			09.30.2020	09.30.2019	09.30.2020	09.30.2019
Short position	EUR	5.22110	(18,556)	1,284	(18,556)	1,284
Short position	USD	4.89405	(22,138)	(8,929)	(22,138)	(8,929)
Long position	JPY	0.04707	3,015	729	3,015	729

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: aluminum and 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 September 30, 2020 and 2019:

	Weighted average price on maturity	Notional value - metric tons			
		Parent company		Consolidated	
		09.30.2020	09.30.2019	09.30.2020	09.30.2019
<b>Long position</b>					
<b>Commodities</b>					
Copper	6,712	311	364	311	364
Aluminum	1,745	50	198	50	198
<b>TOTAL</b>		<b>361</b>	<b>562</b>	<b>361</b>	<b>562</b>

	Weighted average price on maturity	Notional value (fair market value)			
		Parent company		Consolidated	
		09.30.2020	09.30.2019	09.30.2020	09.30.2019
<b>Long position</b>					
<b>Commodities</b>					
Copper	6,712	901	(603)	901	(603)
Aluminum	1,745	(20)	(148)	(20)	(148)
<b>TOTAL</b>		<b>881</b>	<b>(751)</b>	<b>881</b>	<b>(751)</b>



# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(in thousand of reais)

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

<b>Parent company and Consolidated (ALUMINUM)</b>				
<b>Year</b>	<b>Net Exposure (Tons)</b>	<b>Notional Value - Hedge (Tons)</b>	<b>Average Price - Portfolio Swap</b>	<b>% Hedged</b>
2020 (Oct-Dec)	(97)	50	1,826	51.5%
<b>Total</b>	<b>(97)</b>	<b>50</b>	<b>1,826</b>	<b>51.5%</b>

<b>Parent company and Consolidated (COPPER)</b>				
<b>Year</b>	<b>Net Exposure (Tons)</b>	<b>Notional Value - Hedge (Tons)</b>	<b>Average Price - Portfolio Swap</b>	<b>% Hedged</b>
2020 (Oct-Dec)	(134)	101	5,854	75.4%
2021 (Jan-Dec)	(374)	210	6,231	56.1%
<b>Total</b>	<b>(508)</b>	<b>311</b>	<b>6,109</b>	<b>61.2%</b>

- 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
<b>Copper</b>					
50% better		9,915		5,618	(5,618)
25% better		8,263		2,719	(2,719)
Balance sheet date	311	6,610	6,712	(180)	180
25% worse		4,958		(3,079)	3,079
50% worse		3,305		(5,977)	5,977
<b>Aluminum</b>					
50% better		2,606		243	(243)
25% better		2,171		120	(120)
Balance sheet date	50	1,737	1,745	(2)	2
25% worse		1,303		(125)	125
50% worse		869		(247)	247

The selling rates of the USD published on September 30, 2020 by the Brazilian Central Bank and the metal prices published on the same date by the LME were used.

# MAHLE Metal Leve S.A.

## Notes to the interim financial statements

(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:

	09.30.2020		09.30.2019	
	Parent company	Consolidated	Parent company	Consolidated
<b>Results of derivatives (exports/imports/loan)</b>				
<b>Provisions</b>				
- Operations on accounts receivable and payable	(9,567)	(9,520)	2,970	2,970
- Operations on IOC	(13,824)	(13,824)	(2,693)	(2,693)
<b>Cash effect</b>				
- Operations on accounts receivable and payable	(25,612)	(25,613)	5,723	5,723
<b>Note 29</b>	<b>(49,003)</b>	<b>(48,957)</b>	<b>6,000</b>	<b>6,000</b>
<b>Total Derivative Operations- Net Finance Result</b>	<b>(49,003)</b>	<b>(48,957)</b>	<b>6,000</b>	<b>6,000</b>
Exchange variations (gains and losses)	6,541	7,706	9,055	7,541
Results of derivatives (exports/imports/loan)	(49,003)	(48,957)	6,000	6,000
Gross sales	30,252	30,252	1,418	1,418
Cost of sales	(8,936)	(8,936)	520	520
<b>Effects of Foreign Exchange Variatons and Financial Instruments on Profit and Loss</b>	<b>(21,146)</b>	<b>(19,935)</b>	<b>16,993</b>	<b>15,479</b>
<b>Gross result</b>				
<b>Gross sales</b>				
- Settlements with cash effect	30,252	30,252	1,418	1,418
	<b>30,252</b>	<b>30,252</b>	<b>1,418</b>	<b>1,418</b>
<b>Cost of sales</b>				
- Settlements with cash effect	(8,936)	(8,936)	520	520
	<b>(8,936)</b>	<b>(8,936)</b>	<b>520</b>	<b>520</b>
<b>Total Derivative Operations - Gross Result</b>	<b>21,316</b>	<b>21,316</b>	<b>1,938</b>	<b>1,938</b>
<b>Equity</b>				
<b>Provisions</b>				
- Operations on sales to be made	(BS) (35,006)	(35,006)	(5,790)	(5,790)
- Operations on commodities	(BS) 881	881	(751)	(751)
Deferred income tax and social contribution	(11,602)	(11,602)	(2,224)	(2,224)
<b>Total Derivative Operations - Equity</b>	<b>(45,727)</b>	<b>(45,727)</b>	<b>(8,765)</b>	<b>(8,765)</b>
<b>Provision for unrealized losses and gains on derivatives</b>				
<b>(BS) - Sum of the net balance sheet</b>				
Balance sheet assets	4,014	6,795	3,570	4,178
Balance sheet liabilities	(40,089)	(40,089)	(11,510)	(11,510)
<b>Balance sheet, net</b>	<b>(36,075)</b>	<b>(33,294)</b>	<b>(7,940)</b>	<b>(7,332)</b>

### Guarantees

The Group had no guarantee deposits relating to these derivative instruments for the periods presented above (September 30, 2020 and 2019).

# 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.

In the first nine months of 2020, the Group paid a share of profits of R\$ 19,408, based on an agreement reached with the labor union in September 2020 (R\$ 32,379 in the first nine months of 2019) Parent company and R\$ 19,429 (R\$ 32,426 in the first nine months of 2019) Consolidated. The criteria established for the payment of profit-sharing follow the rules defined in the collective bargaining agreement, which establish certain goals to be attained, such as: i) meeting production goals for a predetermined number of employees; ii) maintaining the level of absenteeism at or below a previously established annual average rate of hours of absence in relation to the standard hours worked; and iii) maintaining the annual level of waste at or below the previously set average annual 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\$ 2,061 at September 30, 2020 (R\$ 2,195 at September 30, 2019).

### **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 2020 the insurance coverage for operational risks (combined property damages and lost profits) is R\$ 5,811,644 (2019 - R\$ 5,592,402).

# 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 statement of income is restated at the end of each reporting period for the change in the general price index and subsequently translated at the closing rate for each period (rather than the accumulated average rate for the year for non-hyperinflationary economies), thus resulting in the effects on the income statement accounts of both the inflation and the currency translation;

The impacts of the application of CPC 42 / IAS 29 Financial Reporting in Hyperinflationary Economies on the parent company and consolidated financial statements as at September 30, 2020 are shown below:

	3Q2020	9M2020	3Q2019	9M2019
<b>Reconciliation of result adjustments</b>				
Gain on monetary position of investments from parent company - reflex recomposition	13,120	32,396	11,994	42,769
Gain on monetary position of investments from subsidiary - reflex recomposition	102	249	97	345
Loss on monetary position of subsidiary MAHLE Argentina S.A.	<u>(2,812)</u>	<u>(4,521)</u>	<u>(2,979)</u>	<u>(9,391)</u>
<b>Gain on monetary item, result (consolidated)</b>	<b>10,410</b>	<b>28,124</b>	<b>9,112</b>	<b>33,723</b>

The statement of income for the first nine months of 2020 was adjusted for inflation and subsequently translated using the exchange rate at the end of each quarter.

### 35. Subsequentes events

The Company continued to develop the technology MBE2 and improved the process control and yield measurement mechanisms during the 2020/2021 harvest. The technology MBE2 was applied on a large scale in two plants located in the Central South of Brazil, which allowed the Company to have a deeper understanding of the product (working conditions, performance, costs of operation and return).

Losses on Project MBE2 result from the non-fulfillment of performance obligations at the fermentation stage of the process of ethanol production with respect to the percentages agreed upon in the contract with customers.

Based on such information, the Company assessed the recoverability of its assets and recognized an impairment of R\$ 45,139 (intangible assets) and provision for impairment of inventories of R\$ 36,159 at September 30, 2020.

On November 10, 2020, according to the statement of material fact issued on the same date, the Board of Directors approved the cessation of the MBE2 technology development activities.

# 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

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(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 João Vitor Zanesco, 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 period ended September 30, 2020, and thus authorize their completion.

Mogi Guaçu, November 10, 2020.

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Sergio Pancini de Sá  
CEO

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João Vitor Zanesco  
Executive

(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 João Vitor Zanescos, 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 PricewaterhouseCoopers Auditores Independentes on the parent company and consolidated financial statements of MAHLE Metal Leve S.A. for the period ended September 30, 2020.

Mogi Guaçu, November 10, 2020

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Sergio Pancini de Sá  
CEO

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João Vitor Zanescos  
Executive