

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

Quarterly information (ITR)
on June 30, 2023

Mogi Guaçu, São Paulo, August 9, 2023 - MAHLE Metal Leve S.A. (B3: LEVE3), a Brazilian leading manufacturer of components for the internal combustion engine as well as filtration systems, today announced financial results for the second quarter of 2023. Unless otherwise stated, the financial and operating information contained herein is presented on a consolidated basis and in Brazilian real (BRL) and was prepared in accordance with the Brazilian Corporation Law.

Q2 2023 Financial Results Video Conference Call

Date: August 10, 2023

Time

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

To participate in:

[CLICK ON THIS LINK](#)

Choose the language you wish to hear the call in: Portuguese, or simultaneous translation into English.

MAHLE Investor Relations website:

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



FINANCIAL HIGHLIGHTS

Net Sales Revenue: R\$ 1,120.7 million in Q2 2023, which represents an increase of 9.9% compared to Q2 2022 (R\$ 1,019.4 million). Net sales revenue was R\$ 2,142.9 million in H1 2023, which represents an increase of 12.2% compared to H1 2022 (R\$ 1,909.4 million).

Company's performance by market:	Q2 2023 x Q2 2022	H1 2023 x H1 2022
Original Equipment – Domestic market	↓ 2.8%	↑ 2.8%
Original Equipment – Export market	↑ 17.9%	↑ 15.1%
Aftermarket – Domestic market	↑ 23.4%	↑ 28.2%
Aftermarket – Export market	↓ 25.7%	↓ 23.3%
Total change in revenue:	↑ 9.9%	↑ 12.2%

Further details on changes in revenue are presented in items [4.1](#), [4.2](#) and [4.3](#) of this release.

MAHLE Investor Day 2023 and APIMEC Meeting: On April 3, 2023, MAHLE hosted its fully in-person Investor Day in the city of São Paulo. It was an opportunity for top management to present the Company's fundamentals to shareholders, investors and financial analysts. Further information is provided in [item 5.1](#) of this release.

Distributions to shareholders: In 2023, the Company has paid out R\$ 559.0 million in dividends and interest on capital. Further details are available in [item 4.16](#) of this release.

Key figures

(in BRL million, except percentages)	Q2 2023 (a)	Q1 2023 (b)	Q2 2022 (c)	(a/b)	(a/c)	H1 2023 (d)	H1 2022 (e)	(d/e)
Net sales revenue	1,120.7	1,022.2	1,019.4	9.6%	9.9%	2,142.9	1,909.4	12.2%
EBITDA	254.2	260.1	181.5	-2.3%	40.1%	514.3	360.0	42.9%
EBITDA margin	22.7%	25.4%	17.8%	-2.7 p.p.	4.9 p.p.	24.0%	18.9%	5.1 p.p.
Net profit	193.1	186.0	114.9	3.8%	68.1%	379.1	237.9	59.4%
Net margin	17.2%	18.2%	11.3%	-1.0 p.p.	5.9 p.p.	17.7%	12.5%	5.2 p.p.

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1. Management Commentary

We operate in a highly competitive industry. In a competitive environment, we are always seeking to maintain a balance between the Original Equipment and Aftermarket business segments in both domestic and export markets to offset fluctuations in the segments and maintain consistent profit margins over time.

The chart below shows the Company's revenue by business segment in H1 2023 and H1 2022:

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In Q2 2023, EBITDA margin was 22.7% (R\$ 254.2 million) versus 17.8% (R\$ 181.5 million) in Q2 2022. In H1 2023, EBITDA margin was 24.0% (R\$ 514.3 million) versus 18.9% (R\$ 360.0 million) in H1 2022. See item [4.10](#) of this release for more information about changes in EBITDA.

From a technology perspective, we continue to assume a leading role in the ongoing development of the sustainable combustion engine. We believe that employing biofuels, synthetic fuels and green hydrogen presents an even greater opportunity to cut carbon emissions. We are primarily concentrating on exploiting further emission savings potential with technologies designed to increase energy efficiency.

Successful decarbonization is a key strategic goal at MAHLE. We are working flat out on promising technologies for the low-emission mobility of tomorrow with a focus on a variety of engine platforms of the future. Only if the state and society allow all technologies for sustainable transport will the transport transition succeed for the climate, the economy and society.

Our business model, technological pioneering and good governance provide crucial support in today's turbulent environment. We have adapted products for the internal combustion engine that can run on biofuels and we are also developing engine components for the use of hydrogen as a fuel. We see potential for the expansion of our product portfolio and segments, and we will take advantage of market opportunities for launching new products, suitably aligned with our objectives and competencies.

2. About MAHLE Metal Leve

MAHLE Metal Leve is a Brazilian manufacturer of components for the internal combustion engine and filter systems for the automotive industry. We manufacture state-of-the-art products and are continuously investing in research and development of new products and new production processes.

MAHLE Metal Leve has been operating in Brazil since the 1950's and has a large portfolio of products and integrated solutions, as well as customized applications and components developed in close cooperation with key customers. In the original equipment market, MAHLE customers are vehicle manufacturers. MAHLE Aftermarket business unit supplies trade, workshop and engine repair partners.

MAHLE Metal Leve has five production sites: four are located in Brazil, being two in the city of Mogi Guaçu, State of São Paulo, one in the city of São Bernardo do Campo, State of São Paulo, and one in the city of Itajubá, State of Minas Gerais, and the fifth one is located in the city of Rafaela, Argentina. MAHLE Metal Leve has two distribution centers: one in the city of Limeira, State of São Paulo, and one in Buenos Aires, Argentina, and one research and development center in the city of Jundiaí, State of São Paulo, which we believe is one of the largest and most well-equipped tech centers in Latin America for the development of components and integrated solutions for the internal combustion engine. This structure enable us to create value and move with agility to offer our customers customized solutions as well as innovative technologies, products and processes.

As part of the globally active MAHLE Group, we are able to continuously exchange knowledge within the Group, both provide and have access to cutting-edge technologies, and develop customized product solutions in close cooperation with our customers, which is a key driver of the high customer loyalty we enjoy today.

3. Automotive industry

3.1 Development of the Brazilian and Argentine markets and production of vehicles in the major export markets

H1 2023 vs. H1 2022	Vehicles (thousands)	Brazil	Argentina	Total
Sales	Light	934.7 9.6%	206.9 14.1%	1,141.5 10.4%
	Heavy-duty	63.9 -1.6%	7.3 -5.2%	71.2 -2.0%
Production	Light	1,075.3 6.8%	295.8 21.4%	1,371.0 9.7%
	Heavy-duty	56.7 -33.4%	3.1 -11.3%	59.9 -32.5%

H1 2023 vs. H1 2022	Vehicles (thousands)	Europe	North America	Total
Production	Light	9,050.1 14.8%	7,917.1 11.5%	16,967.2 13.2%
	Heavy-duty	320.4 10.3%	350.3 25.9%	670.7 17.9%

4. Company's Financial and Economic Performance

Summary of the income statement (in BRL million, except percentages)	Q2 2023 (a)			Q2 2022 (b)			(a/b)			H1 2023 (c)			H1 2022 (d)			(c/d)		
Net sales	1,120.7	100.0%	1,019.4	100.0%	9.9%	2,142.9	100.0%	1,909.4	100.0%	12.2%								
Cost of sales	(781.5)	-69.7%	(760.3)	-74.6%	2.8%	(1,485.7)	-69.3%	(1,414.2)	-74.1%	5.1%								
Gross profit	339.2	30.3%	259.1	25.4%	30.9%	657.2	30.7%	495.2	25.9%	32.7%								
Selling and distribution expenses	(87.5)	-7.8%	(77.2)	-7.6%	13.3%	(163.1)	-7.6%	(134.5)	-7.0%	21.3%								
General and administrative expenses	(32.0)	-2.9%	(30.2)	-3.0%	6.0%	(61.2)	-2.9%	(53.4)	-2.8%	14.6%								
Research and development expenses	(14.4)	-1.3%	(11.3)	-1.1%	27.4%	(27.3)	-1.3%	(22.7)	-1.2%	20.3%								
Other operating income (expenses), net	(3.6)	-0.3%	(7.6)	-0.7%	-52.6%	(0.4)	0.0%	(12.3)	-0.6%	-96.7%								
Gain on net monetary position in foreign subsidiary ¹	26.7	2.4%	23.8	2.3%	12.2%	58.0	2.7%	40.2	2.1%	44.3%								
Profit before finance income and costs and taxes	228.4	20.4%	156.6	15.4%	45.8%	463.2	21.6%	312.5	16.4%	48.2%								
Net finance income (costs)	29.4	2.6%	(4.9)	-0.5%	-700.0%	44.2	2.1%	(8.9)	-0.5%	-596.6%								
Income tax and social contribution	(64.8)	-5.8%	(38.0)	-3.7%	70.5%	(128.5)	-6.0%	(67.3)	-3.5%	90.9%								
Profit for the period	193.0	17.2%	113.7	11.2%	69.7%	378.9	17.7%	236.3	12.4%	60.3%								
Profit attributable to owners of the Company	193.1	17.2%	114.9	11.3%	68.1%	379.1	17.7%	237.9	12.5%	59.4%								
Profit attributable to non-controlling interests	(0.1)	0.0%	(1.2)	-0.1%	-91.7%	(0.2)	0.0%	(1.6)	-0.1%	-87.5%								
EBITDA	254.2	22.7%	181.5	17.8%	40.1%	514.3	24.0%	360.0	18.9%	42.9%								

¹ Additional information is available in Note 34 to the Interim Financial Statements for the Period ended June 30, 2023.

4.1 Net sales by market

For the Company, Domestic Market comprises revenue from its operations in Brazil and Argentina. The following table presents sales by market and volume/price and exchange rate effects period-over-period:

Net sales by market (in BRL million, except percentages)	Q2 2023 (a)	Q2 2022 (b)	(a/b)	H1 2023 (c)	H1 2022 (d)	(c/d)
Original Equipment – Domestic market	295.4	303.8	-2.8%	585.4	569.3	2.8%
Original Equipment – Export market	357.2	302.9	17.9%	674.1	585.5	15.1%
Subtotal	652.6	606.7	7.6%	1.259.5	1.154.8	9.1%
Aftermarket – Domestic market	405.8	328.8	23.4%	758.0	591.1	28.2%
Aftermarket – Export market	62.3	83.9	-25.7%	125.4	163.5	-23.3%
Subtotal	468.1	412.7	13.4%	883.4	754.6	17.1%
Total	1,120.7	1,019.4	9.9%	2,142.9	1,909.4	12.2%

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4.2 Original equipment sales

The Company has a diversified customer portfolio, which includes all vehicle manufacturers in Brazil. We manufacture high-quality products with innovative technology and are continuously investing in research and development of new products and production processes. We are always seeking to grow close relationships with our key customers by developing integrated solutions tailored to suit their needs, with an unwavering commitment to technology excellence and project confidentiality - this is a key differentiator in our industry.

Domestic market:

Sales in the domestic market in Q2 2023 declined -2.8% due to a +1.2% volume/price increase that was offset by the impact of unfavorable exchange rates of -4.0%. In H1 2023, sales in the domestic market grew +2.8%, reflecting a +6.0% volume/price increase and the impact of unfavorable exchange rates of -3.2%.

Export market:

Sales in the export market in Q2 2023 grew +17.9% due to a +13.6% volume/price increase coupled with the impact of favorable exchange rates of +4.3%. In H1 2023, sales in the export market grew +15.1% due to a +12.0% volume/price increase coupled with the impact of favorable exchange rates of +3.1%. The table below presents exports in major trading currencies:

Exports by currency (in millions)	Q2 2023 (a)	Q2 2022 (b)	HA % (a/b)	Exports by currency (in millions)	H1 2023 (c)	H1 2022 (d)	HA % (c/d)
EUR	17.3	17.5	-1.1%	EUR	35.0	34.2	2.3%
USD	51.4	41.0	25.4%	USD	93.6	78.1	19.8%
Total equivalent in USD	69.9	60.0	16.5%	Total equivalent in USD	131.3	115.0	14.2%

4.3 Aftermarket sales

MAHLE actively works to be the leading supplier of automotive parts and components throughout the life of the vehicle in which they are installed. Our aim is to offer an excellent mix of products and services and efficient delivery, ensuring we remain the best choice of our customers, all in line with the highest global quality standards. We are committed to expanding our market presence by focusing on sustainable growth and improving the efficiency of bringing new products to market. Consistent with our commitment to serving the entire chain, we work closely with our customers to help them increase their sales.

Domestic market:

Sales in the domestic market in Q2 2023 grew by +23.4% due to a +74.9% volume/price increase and the impact of unfavorable exchange rates of -51.5%. In H1 2023, sales in the domestic market grew by +28.2% due to a +71.2% volume/price increase and the impact of unfavorable exchange rates of -43.0%.

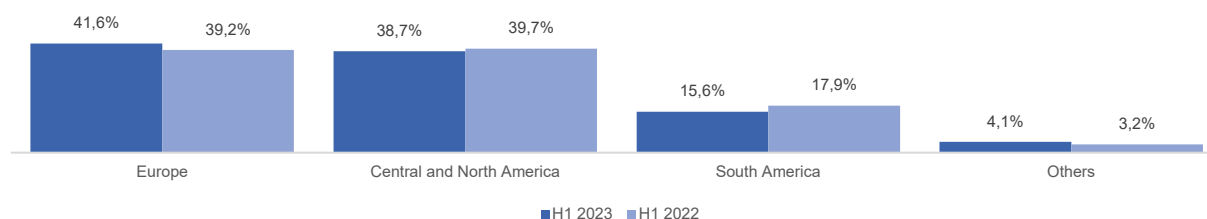
Export market:

Exports in Q2 2023 fell -25.7%, reflecting a -22.4% volume/price reduction and the impact of unfavorable exchange rates of -3.3%. In H1 2023, exports fell -23.3%, due to a -19.9% volume/price reduction and the impact of unfavorable exchange rates of -3.4%. The table below shows Aftermarket business segment's exports in major trading currencies:

Exports by currency (in millions)	Q2 2023 (a)	Q2 2022 (b)	HA % (a/b)	Exports by currency (in millions)	H1 2023 (c)	H1 2022 (d)	HA % (c/d)
EUR	1.7	1.7	0.0%	EUR	2.2	2.3	-4.3%
USD	12.1	16.3	-25.8%	USD	23.9	30.5	-21.6%
Total equivalent in USD	14.1	18.2	-22.5%	Total equivalent in USD	26.3	33.0	-20.3%

4.4 Consolidated export by geographical market

The graph below shows our exports by geographical market for the periods under review:

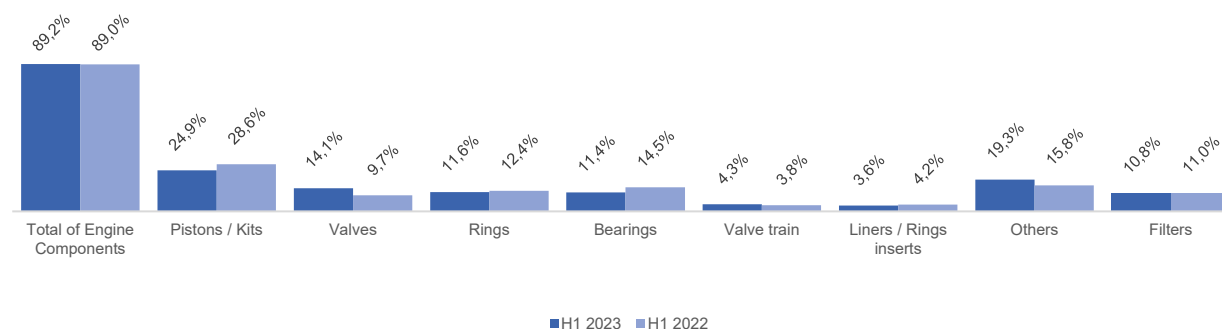


4.5 Net sales by segment and by product

The table below shows net sales by segment for the periods under review:

Net sales by segment (in BRL million)	Q2 2023 (a)	Q2 2022 (b)	HA % (a/b)	VA % (a)	VA % (b)	H1 2023 (c)	H1 2022 (d)	HA % (c/d)	VA % (c)	VA % (d)
Engine components	1,001.8	912.8	9.8%	89.4%	89.5%	1,912.0	1,700.0	12.5%	89.2%	89.0%
Filters	118.9	106.6	11.5%	10.6%	10.5%	230.9	209.4	10.3%	10.8%	11.0%
Total	1,120.7	1,019.4	9.9%	100.0%	100.0%	2,142.9	1,909.4	12.2%	100.0%	100.0%

The graph below shows sales by product category compared to total sales in H1 2023 and H1 2022:



4.6 Gross margin

Summary of income statement (in BRL million, except percentages)	Q2 2023 (a)			Q2 2022 (b)			(a/b)			H1 2023 (c)			H1 2022 (d)			(c/d)		
Net sales	1,120.7	100.0%	1,019.4	100.0%	9.9%	2,142.9	100.0%	1,909.4	100.0%	12.2%								
Cost of sales	(781.5)	-69.7%	(760.3)	-74.6%	2.8%	(1,485.7)	-69.3%	(1,414.2)	-74.1%	5.1%								
Gross profit	339.2	30.3%	259.1	25.4%	30.9%	657.2	30.7%	495.2	25.9%	32.7%								

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MAHLE focuses on activities and actions to achieve productivity increases and synergies in the production processes, which may partially offset cost increases. This is particularly vital in the current market environment, where the prices of raw materials and commodities are highly volatile in the entire supply chain.

4.7 Selling, general and administrative expenses

Summary of income statement (in BRL million, except percentages)	Q2 2023 (a)			Q2 2022 (b)			(a/b)			H1 2023 (c)			H1 2022 (d)			(c/d)		
Net sales	1,120.7	100.0%	1,019.4	100.0%	9.9%	2,142.9	100.0%	1,909.4	100.0%	12.2%								
Selling and distribution expenses	(87.5)	-7.8%	(77.2)	-7.6%	13.3%	(163.1)	-7.6%	(134.5)	-7.0%	21.3%								
General and administrative expenses	(32.0)	-2.9%	(30.2)	-3.0%	6.0%	(61.2)	-2.9%	(53.4)	-2.8%	14.6%								

Selling and distribution expenses rose due to increased freight costs, advertising costs and higher personnel costs.

General and administrative expenses rose due to increased maintenance expenses, materials and utilities expenses, service expenses and personnel costs.

Further information is presented in Notes 26 and 27 to the Interim Financial Statements as of June 30, 2023.

4.8 Research and development expenses

Summary of income statement (in BRL million, except percentages)	Q2 2023 (a)			Q2 2022 (b)			(a/b)			H1 2023 (c)			H1 2022 (d)			(c/d)		
Net sales	1,120.7	100.0%	1,019.4	100.0%	9.9%	2,142.9	100.0%	1,909.4	100.0%	12.2%								
Research and development expenses	(14.4)	-1.3%	(11.3)	-1.1%	27.4%	(27.3)	-1.3%	(22.7)	-1.2%	20.3%								

Research and development expenses are driven by market demand, regional technology trends and auto industry incentive programs, in particular the motor vehicle emission control program known as PROCONVE and the fuel efficiency program called ROTA2030.

We believe that continuously investing in research and development is of paramount importance and focusing on technological innovation in developing and launching new products in the market is one of our strongest competitive differentiators.

We have the second largest research and development center in South America for powertrain technology, combustion engine components and integrated solutions, and solutions to sustainable mobility and decarbonization.

4.9 Other operating income and expenses

Other operating income and expenses (in BRL million)	Q2 2023 (a)	Q2 2022 (b)	Change (a-b)	H1 2023 (c)	H1 2022 (d)	Change (c-d)
Recovered taxes (Reintegra)	5.6	0.4	5.2	5.9	1.9	4.0
Provision for labor, civil and tax proceedings/reversal	(2.8)	(6.5)	3.7	(0.2)	(11.1)	10.9
Export expenses (Argentina)	0.0	(1.7)	1.7	0.0	(3.3)	3.3
Gain/loss on disposal of assets/other	0.2	0.0	0.2	1.9	0.0	1.9
Agreement with subsidiary's minority shareholder	0.0	0.0	0.0	(1.3)	0.0	(1.3)
Provision for obsolescence/reversal	0.2	0.3	(0.1)	0.4	0.3	0.1
Taxes (PIS and COFINS) on other revenue	(0.7)	0.0	(0.7)	(1.9)	0.0	(1.9)
Provision for losses on products/reversal	(1.0)	0.0	(1.0)	(1.0)	0.0	(1.0)
Gain on net monetary position	(1.2)	0.4	(1.6)	(1.5)	0.5	(2.0)
Provision for environmental liability/reversal	(1.7)	0.0	(1.7)	(1.7)	0.0	(1.7)
Other income/expenses	(2.2)	(0.5)	(1.7)	(1.0)	(0.6)	(0.4)
Total other operating income (expenses), net	(3.6)	(7.6)	4.0	(0.4)	(12.3)	11.9

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4.10 Operating result measured by EBITDA

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

EBTIDA: Changes in the period (in BRL million)	Amount	Margin	EBTIDA: Changes in the period (in BRL million)	Amount	Margin
Q2 2022	181.5	17.8%	H1 2022	360.0	18.9%
Gross profit	80.1		Gross profit	162.0	
Selling and distribution expenses	(10.3)		Selling and distribution expenses	(28.6)	
General and administrative expenses	(1.8)		General and administrative expenses	(7.8)	
Research and development expenses	(3.1)		Research and development expenses	(4.6)	
Other operating income, net	4.0		Other operating income, net	11.9	
Gain in net monetary position of foreign subsidiary	2.9		Gain in net monetary position of foreign subsidiary	17.9	
Depreciation	0.9		Depreciation	3.5	
Q2 2023	254.2	22.7%	H1 2023	514.3	24.0%

4.11 Finance income and costs

As shown in the table below, at the end of Q2 2023, the Company recorded net finance income of R\$ 29.4 million versus net finance costs of R\$ 4.9 million in Q2 2022, an improvement of R\$ 34.3 million year-over-year. In H1 2023, the Company recorded net finance income of R\$ 44.2 million, an improvement of R\$ 53.1 million compared to H1 2022.

Finance income and costs (in BRL million)	Q2 2023 (a)	Q2 2022 (b)	Change (a-b)	H1 2023 (c)	H1 2022 (d)	Change (c-d)
Interest income on financial investments	28.3	10.9	17.4	51.0	20.7	30.3
Interest expense on loans and borrowings	(4.4)	(2.9)	(1.5)	(8.7)	(5.3)	(3.4)
Other interest income	2.3	4.3	(2.0)	7.4	8.7	(1.3)
Net interest income (i)	26.2	12.3	13.9	49.7	24.1	25.6
1. Exchange rate effects on accounts receivable/accounts payable (1.1. + 1.2.)	(15.8)	2.4	(18.2)	(30.9)	(13.1)	(17.8)
1.1. Exchange rate effects	(24.8)	4.9	(29.7)	(50.9)	(31.7)	(19.2)
1.2. FX-hedge ¹	9.0	(2.5)	11.5	20.0	18.6	1.4
2. Exchange rate effects on foreign exchange contracts (ACC) / export credit notes (NCE)	26.1	(4.7)	30.8	39.5	22.9	16.6
3. Other transactions	(1.9)	(3.1)	1.2	(3.2)	(25.4)	22.2
Net foreign exchange gains (losses) and gain (loss) on derivatives (ii) - (1+2+3)	8.4	(5.4)	13.8	5.4	(15.6)	21.0
Net effects from inflation adjustments	(3.6)	(8.5)	4.9	(7.3)	(14.1)	6.8
Other	(1.6)	(3.3)	1.7	(3.6)	(3.3)	(0.3)
Net effects from inflation adjustments + Other (iii)	(5.2)	(11.8)	6.6	(10.9)	(17.4)	6.5
Net finance income (costs) (i + ii + iii)	29.4	(4.9)	34.3	44.2	(8.9)	53.1

¹ Additional information on financial instruments is available in Note 31 to the Interim Financial Statements as of June 30, 2023.

4.12 Income tax and social contribution

The Company recorded an income tax and social contribution expense of R\$ 128.5 million at June 30, 2023 in the consolidated financial statements (expense of R\$ 67.3 million at June 30, 2022), as follows:

- Current tax: R\$ 120.8 million expense incurred principally by the parent company;
- Deferred tax: R\$ 7.7 million expense with no impact on cash, comprising mainly changes in provisions.

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Additional information on income tax and social contribution is presented in Note 11 to the Interim Financial Statements as of June 30, 2023.

4.13 Net profit

Summary of income statement (in BRL million, except percentages)	Q2 2023 (a)			Q2 2022 (b)			H1 2023 (c)			H1 2022 (d)		
			(a/b)			(a/b)			(c/d)			(c/d)
Net sales	1,120.7	100.0%	9.9%	1,019.4	100.0%	9.9%	2,142.9	100.0%	12.2%	1,909.4	100.0%	12.2%
Net profit attributable to owners of the parent	193.1	17.2%	68.1%	114.9	11.3%	68.1%	379.1	17.7%	59.4%	237.9	12.5%	59.4%
Net margin attributable to owners of the parent		17.2%	5.9 p.p.		11.3%	5.9 p.p.		17.7%	5.2 p.p.		12.5%	5.2 p.p.

Additional information on earnings per share (EPS) is provided in Note 23 to the Interim Financial Statements as of June 30, 2023.

4.14 Capital expenditures

In H1 2023, capital expenditures were R\$ 22.0 million (R\$ 34.7 million in H1 2022), primarily for research and development equipment, new machinery and equipment to increase productivity and quality, new products, building improvements, information technology, among others. Historically, there is a seasonality to capital expenditures as the amounts tend to increase over the year.

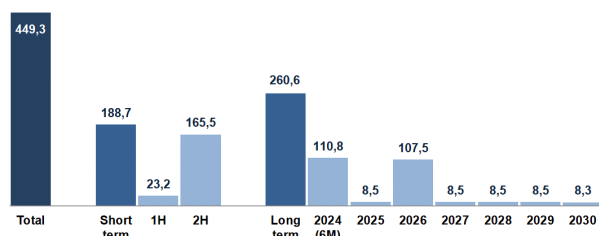
4.15 Net assets and liabilities position

At the end of H1 2023, the Company's net debt was R\$ 155.2 million while, at the end of 2022, net cash was R\$ 91.3 million, as shown below:

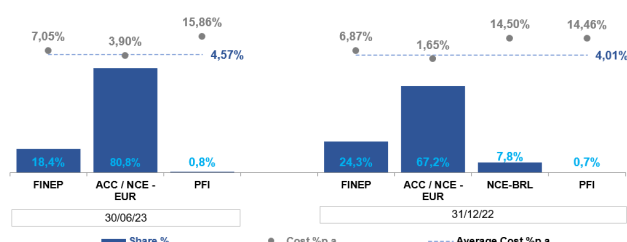
Net assets and liabilities position (in BRL million)	June 30, 2023 (a)	December 31, 2022 (b)	Change (a-b)	Debt % (a)	Debt % (b)
Cash and cash equivalents / bank balances / loans / marketable securities (i):	309.3	505.4	(196.1)		
Borrowings (ii):	(449.3)	(414.1)	(35.2)	100%	100%
Short-term	(188.7)	(209.9)	21.2	42.0%	50.7%
Long-term	(260.6)	(204.2)	(56.4)	58.0%	49.3%
Loans from related parties (iii) ¹	(15.2)	-	(15.2)		
Net cash (debt) (i - ii - iii):	(155.2)	91.3	(246.5)		

¹ Additional information on financial instruments is available in Note 10 to the Interim Financial Statements as of June 30, 2023.

Set out below are the maturities of borrowings classified into short-term and long-term at the end of H1 2023, representing 42.0% and 58.0%, respectively, of borrowings shown in the above table:



Shown below is the detailed breakdown of borrowings at the end of H1 2023 by facility with respective costs and weighted average cost:



4.16 Distribution of dividends and interest on capital to shareholders

At the Ordinary General Meeting held on April 27, 2023, the shareholders approved the distribution of **dividends of R\$ 451.9 million**, as follows:

- R\$ 276.3 million of remaining mandatory minimum dividends and proposed additional dividends relating to the fiscal year 2022; and
- R\$ 175.6 million of proposed additional dividends out of remaining profit for the prior year: In 2020, the Company created a special reserve for dividends in accordance with paragraph 4 of article 202 of the Brazilian Corporation Law due to the COVID-19 pandemic. Now, as the pandemic has abated, the withheld amounts were released.

At the same Ordinary General Meeting, the shareholders approved the distribution of **R\$ 107.1 million of interest on capital (gross)** relating to the fiscal year 2022.

In 2023, the Company has already paid out **R\$ 559.0 million in dividends and interest on capital**, as follows:

Date of approval	Ex-payout date	Date of payment	Type of payout	Period	Fiscal year	Total gross amount (in BRL million)	Gross value per share (BRL)	Net value per share (BRL)
December 26, 2022	January 2, 2023	January 26, 2023	Interest on capital	January 1, 2022 to December 31, 2022	2022	107.1	0.835	0.710
April 27, 2023	April 28, 2023	May 26, 2023	Dividends	Remaining mandatory minimum dividends	2022	32.2	0.251	0.251
April 27, 2023	April 28, 2023	May 26, 2023	Dividends	Proposed additional dividends	2022	244.1	1.903	1.903
April 27, 2023	April 28, 2023	May 26, 2023	Dividends	Proposed additional dividends out of remaining profit for the period year	2019	175.6	1.368	1.368
Total paid out in 2023						559.0	4.357	4.232

For more information about payout, please visit our website <https://ri.mahle.com.br/en/shares-and-shareholders/payment-history/>

5. Investor Relations and Capital Market

During H1 2023, our Investor Relations department continued working a number of initiatives to improve internal processes and the flow of information and intensify interactions with investors, shareholders and the overall financial community, as well as communicate the Company's fundamentals.

5.1 MAHLE Investor Day 2023 & APIMEC Meeting

Listed companies hold events to provide investors with information on strategic matters in a more transparent way.



On April 3, 2023, MAHLE Metal Leve held in São Paulo its Investor Day 2023 & APIMEC Meeting – a great opportunity to discuss topics such as: the fundamentals of the original equipment market and Aftermarket, public financial data, culture and diversity, technology, strategies and sustainability.

The material of the event is available at the MAHLE Investor Relations website. Scan the QR code or click on the links below to access the material in Portuguese:



[Click here for a teaser of the event.](#)

[Click here for presentation.](#)

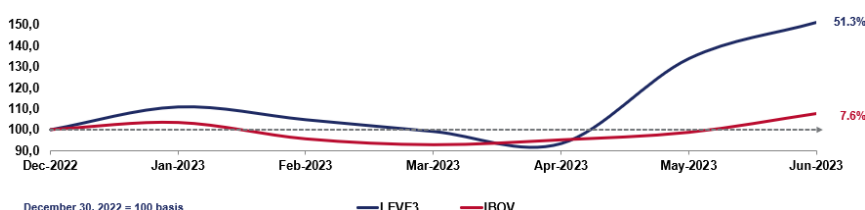
[Watch the event replay video.](#)

5.2 Participation in online events

According to the “[Announcement to the Market](#)” issued by the Company, it participated on May 24, 2023 in the online event *Trígono Connection*, where the participants could discuss the “opportunities in the development of the sustainable mobility”. Click [here](#) to watch the event.

5.3. MAHLE stock performance and free float

The graph below (base 100) shows the market performance of LEVE3 stock and Ibovespa¹ during H1 2023, and Average Daily Trading Volume (ADTV) and free-float market capitalization:

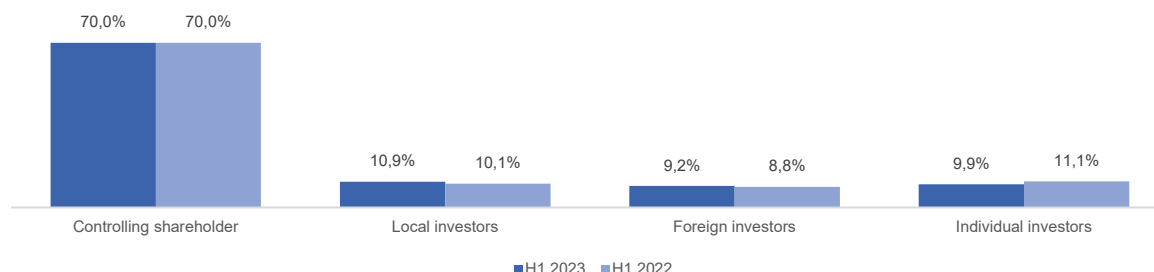


¹ IBOVESPA is a major market index which tracks the performance of the most liquid stocks traded on Brazil's Stock Exchange B3 – Brasil, Bolsa, Balcão.

Average Daily Trading Volume (in BRL million) and Free Float Market Cap				
Period:	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Trading volume:	4.5	5.8	7.9	13.5
Free float market cap %:	0.48%	0.55%	0.65%	0.94%

5.4. Ownership structure of the Company

At the end of H1 2023 and H1 2022, the Company's ownership structure by investor category is as follows:



6. Independent Auditors

In accordance with CVM Resolution 162/22, the Company and its subsidiaries take appropriate steps to ensure that the provision of non-audit services by the external auditors does not create any conflict of interest or impair the independence and objectivity of the external auditors.

During the second quarter of 2023, the Company did not engage Ernst & Young Auditores Independentes S/S Ltda to perform non-audit services and there is, therefore, no situation that could constitute conflict of interest under that CVM Resolution.

7. Executive Board's Declaration

In compliance with the provisions of CVM Resolution 80/22, the Executive Board hereby declares that it has discussed, reviewed and agrees with the interim financial statements for the period ended June 30, 2023 and the conclusions expressed in the independent auditor's report.

8. Acknowledgements

We would like to thank our employees, shareholders, customers and suppliers for their continued support and confidence during the second quarter of 2023.

The Management Board

For more information, please visit the Center of Results on MAHLE investor Relations website <https://ri.mahle.com.br/informacoes-financeiras/central-de-resultados/>





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A free translation from Portuguese into English of Independent Auditor's Review Report on Quarterly Information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil, the International Financial Reporting Standards – IFRS and rules of the CVM.

Independent auditor's review report on quarterly information

The Shareholders, Board of Directors and Officers
MAHLE Metal Leve S.A.
Mogi Guaçu - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of MAHLE Metal Leve S.A. (the "Company"), contained in the Quarterly Information Form (ITR), for the quarter ended June 30, 2023, comprising the balance sheet as of June 30, 2023 and the respective statements of income and of comprehensive income for the three and six-month periods then ended, and of changes in shareholders' equity and of cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with NBC TG 21 *Demonstração Intermediária* and IAS 34 Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (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 Brazilian and international standards on review engagements (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. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently 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 individual and consolidated interim financial 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 included in the quarterly information referred to above are not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information Form (ITR) and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).



Other matters

Statements of value added

The quarterly information referred to above includes the individual and consolidated statements of value added (SVA) for the six-month period ended June 30, 2023, prepared under the responsibility of the Company's management, and presented as supplementary information for IAS 34 purposes. These statements have been subject to review procedures performed in conjunction with the review of quarterly information to conclude that they are reconciled with interim financial information and accounting records, as applicable, and if their form and content are consistent with the criteria defined in NBC TG 09 Statement of Added Value. Based on our review, we are not aware of any fact that leads us to believe that these statements of value added were not prepared, in all material respects, in accordance with the criteria established in the Technical Pronouncement and is consistent with respect to the individual and consolidated interim financial information taken as whole.

Audit and review of prior year/period corresponding figures

The amounts corresponding to the individual and consolidated balance sheet as at December 31, 2022 and the respective individual and consolidated statements of income and of comprehensive income for the three and six-month periods ended June 30, 2022, and of changes in shareholders' equity, of cash flows and the value added for the six-month period then ended, and presented for comparative purposes, were previously audited and reviewed, respectively, by other independent auditors who issued an audit report on March 7, 2023 and a review report on the interim financial information on August 09, 2022, both unqualified.

Campinas, August 08, 2023.

ERNST & YOUNG
Auditores Independentes S/S Ltda.
CRC-SP027623/F

A handwritten signature in blue ink, appearing to read 'Alexandre Fermino Alvares', is written over a faint circular stamp or watermark.

Alexandre Fermino Alvares
Contador CRC-SP211793/O

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

Quarterly information (ITR)
on June 30, 2023

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

Quarterly information (ITR) on June 30, 2023

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MAHLE Metal Leve S.A.**Balance sheet**

at June 30, 2023 and December 31, 2022

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Assets	Note	Parent company		Consolidated	
		06.30.2023	12.31.2022	06.30.2023	12.31.2022
Cash and cash equivalents	6.a	177,014	279,104	205,060	427,406
Marketable securities	6.b	-	-	104,201	-
Trade and related-party receivables	7	607,559	571,796	748,619	659,339
Inventories	8	460,012	374,166	609,961	544,997
Other taxes recoverable	9	78,018	192,877	94,695	200,651
Income tax and social contribution recoverable	9	50,964	47,662	56,275	55,882
Derivative financial instruments	31	20,720	11,149	22,684	13,159
Other assets		25,433	14,989	50,532	18,615
Total current assets		1,419,720	1,491,743	1,892,027	1,920,049
Taxes recoverable	9	10,865	11,693	11,072	16,966
Loans to related parties	10	23,256	24,614	-	78,054
Judicial deposits linked to judicial proceedings	21	23,744	24,237	24,017	24,546
Deferred tax assets	11.b	31,956	32,001	32,201	32,261
Other assets		27,006	27,161	30,352	30,528
Total long-term assets		116,827	119,706	97,642	182,355
Investments in subsidiaries	12	360,321	427,710	-	-
Property, plant and equipment	13	514,369	537,665	584,353	616,137
Right-of-use assets	13	43,920	45,194	46,662	48,523
Intangible assets	14	389,488	390,097	389,515	390,135
		1,308,098	1,400,666	1,020,530	1,054,795
Total non-current assets		1,424,925	1,520,372	1,118,172	1,237,150
Total assets		2,844,645	3,012,115	3,010,199	3,157,199

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

MAHLE Metal Leve S.A.**Balance sheet**

at June 30, 2023 and December 31, 2022

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Liabilities	Note	Parent company		Consolidated	
		06.30.2023	12.31.2022	06.30.2023	12.31.2022
Dividends and interest on capital payable	10	1,370	125,914	1,370	125,914
Trade and related-party payables	15	308,308	251,245	388,478	327,022
Taxes and contributions payable	16	35,319	47,792	42,055	52,749
Income tax and social contribution payable	16	23,069	-	38,000	15,310
Borrowings	17.a	185,352	207,153	188,722	209,875
Lease liabilities	17.b	10,529	9,364	11,261	10,893
Salaries, vacation pay and social charges	18	128,987	95,950	141,513	109,730
Sundry provision	19	59,337	76,196	63,395	88,017
Provisions for warranties	20	17,322	15,874	17,956	17,662
Derivative financial instruments	31	9,374	7,943	9,374	7,943
Advance from customers		15,612	14,075	16,212	14,193
Other liabilities		57,642	52,918	61,055	59,819
Total current liabilities		852,221	904,424	979,391	1,039,127
Deferred tax liabilities	11.b	-	-	13,302	8,488
Loans to related parties	10	-	-	15,241	-
Borrowings	17.a	260,552	204,218	260,552	204,218
Lease liabilities	17.b	34,448	35,867	36,597	38,201
Provisions for contingencies	21	249,737	256,166	254,705	262,438
Other liabilities		22,046	24,801	22,145	24,970
Total non-current liabilities		566,783	521,052	602,542	538,315
Total liabilities		1,419,004	1,425,476	1,581,933	1,577,442
Equity	22				
Share capital		966,255	966,255	966,255	966,255
Revenue reserves		525,040	944,743	525,040	944,743
Other comprehensive income		(444,970)	(324,359)	(444,970)	(324,359)
Retained earnings		379,316	-	379,316	-
Equity attributable to the owners of the parent		1,425,641	1,586,639	1,425,641	1,586,639
Non-controlling interests		-	-	2,625	(6,882)
Total equity		1,425,641	1,586,639	1,428,266	1,579,757
Total liabilities and equity		2,844,645	3,012,115	3,010,199	3,157,199

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

MAHLE Metal Leve S.A.**Statement of income****Quarter and periods ended June 30, 2023 and 2022***All amounts in thousands of reais**(A free translation of the original in Portuguese)*

	Note	Parent company			
		2023		2022	
		2Q2023	1H2023	2Q2022	1H2022
Net revenue	24	887,054	1,715,807	816,128	1,548,029
Cost of sales and services	25	(633,608)	(1,224,220)	(633,073)	(1,202,513)
Gross profit		253,446	491,587	183,055	345,516
Selling expenses and distribution	26	(66,495)	(127,469)	(61,301)	(107,305)
Impairment of trade receivables		(511)	(1,167)	(450)	(470)
General and administrative expenses	27	(27,981)	(54,132)	(25,866)	(46,028)
Technology and product development costs	28	(13,353)	(24,463)	(9,793)	(19,861)
Other income	30	(2,421)	1,111	(6,508)	(9,357)
Gain on monetary items, net	34	57,231	103,759	42,008	69,039
Profit before finance income (costs) and taxation		199,916	389,226	121,145	231,534
Finance income	29	32,705	65,271	40,650	106,862
Finance costs	29	(19,903)	(40,773)	(43,179)	(114,296)
Finance income (costs), net		12,802	24,498	(2,529)	(7,434)
Equity in the results of investees	12	33,545	67,531	25,397	69,614
Profit before taxation		246,263	481,255	144,013	293,714
Current income tax and social contribution	11.a	(60,268)	(103,985)	(38,000)	(63,723)
Deferred income tax and social contribution	11.a	6,967	1,770	8,773	7,853
Income tax and social contribution		(53,301)	(102,215)	(29,227)	(55,870)
Profit for the period		192,962	379,040	114,786	237,844

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

MAHLE Metal Leve S.A.
Statement of income
Quarter and periods ended June 30, 2023 and 2022
All amounts in thousands of reais
(A free translation of the original in Portuguese)

	Note	Consolidated			
		2023		2022	
		2Q2023	1H2023	2Q2022	1H2022
Net revenue	24	1,120,797	2,142,948	1,019,404	1,909,408
Cost of sales	25	(781,530)	(1,485,689)	(760,314)	(1,414,192)
Gross profit		339,267	657,259	259,090	495,216
Selling expenses	26	(86,557)	(162,176)	(76,881)	(134,843)
Impairment of trade receivables		(994)	(967)	(373)	295
General and administrative expenses	27	(32,040)	(61,221)	(30,260)	(53,443)
Technology and product development costs	28	(14,396)	(27,312)	(11,293)	(22,713)
Other income (expenses), net	30	(3,632)	(399)	(7,559)	(12,273)
Gain on monetary items, net	34	26,767	58,031	23,792	40,178
Operating profit		228,415	463,215	156,516	312,417
Finance income	29	90,115	172,568	69,824	154,515
Finance costs	29	(60,761)	(128,384)	(74,729)	(163,397)
Finance income (costs), net		29,354	44,184	(4,905)	(8,882)
Profit before taxation		257,769	507,399	151,611	303,535
Current income tax and social contribution	11.a	(69,283)	(120,820)	(46,326)	(74,464)
Deferred income tax and social contribution	11.a	4,428	(7,719)	8,333	7,167
Income tax and social contribution		(64,855)	(128,539)	(37,993)	(67,297)
Profit for the period		192,914	378,860	113,618	236,238
Profit attributable to					
Owners of the parent		192,962	379,040	114,786	237,844
Non-controlling interests		(48)	(180)	(1,168)	(1,606)
Profit for the period		192,914	378,860	113,618	236,238
Basic and diluted earnings per share (in reais)	23	1.50389	2.95413	0.89461	1.85369

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 June 30, 2023 and 2022
All amounts in thousands of reais
(A free translation of the original in Portuguese)

	Note	Parent company			
		2023		2022	
		2Q2023	1H2023	2Q2022	1H2022
Profit for the period		192,962	379,040	114,786	237,844
Comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Change in cash flow hedge, net	22.d	1,734	5,338	(7,418)	8,908
Income tax and social contribution on cash flow hedge	22.d	(589)	(1,815)	2,523	(3,028)
Cumulative translation adjustments	22.d	(73,286)	(123,912)	(1,176)	(76,102)
Other comprehensive income		(72,141)	(120,389)	(6,071)	(70,222)
Total comprehensive income for the period, net of income tax and social contribution		120,821	258,651	108,715	167,622

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 June 30, 2023 and 2022
All amounts in thousands of reais
(A free translation of the original in Portuguese)

	Note	Consolidated			
		2023		2022	
		2Q2023	1H2023	2Q2022	1H2022
Profit for the period		192,914	378,860	113,618	236,238
Comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Change in cash flow hedge, net	22.d	1,734	5,338	(7,418)	8,908
Income tax and social contribution on cash flow hedge	22.d	(589)	(1,815)	2,523	(3,028)
Cumulative translation adjustments	22.d	(73,286)	(123,912)	(1,176)	(76,102)
Other comprehensive income		(72,141)	(120,389)	(6,071)	(70,222)
Total comprehensive income for the period, net of income tax and social contribution		120,773	258,471	107,547	166,016
Comprehensive income attributable to:					
Owners of the parent		120,821	258,651	108,715	167,622
Non-controlling interests		(48)	(180)	(1,168)	(1,606)
Total comprehensive income		120,773	258,471	107,547	166,016

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

MAHLE Metal Leve S.A.

Statement of changes in equity

Years ended June 30, 2023 and 2022

All amounts in thousands of reais
(A free translation of the original in Portuguese)

Note	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
	Share capital	Legal reserve	Reserve for expansion and modernization	Proposed additional dividends	Total	Carrying value adjustments	Cumulative translation adjustments	Total				
At December 31, 2022	966,255	193,251	331,789	419,703	944,743	34,187	(358,546)	(324,359)	-	1,586,639	(6,882)	1,579,757
Equity transactions with shareholders												
Prescribed dividends and interest on capital	-	-	-	-	-	-	-	-	54	54	-	54
Transactions with subsidiary - MAHLE Filtroil Ind. Com. de Filtros Ltda.	-	-	-	-	-	-	-	-	-	-	9,687	9,687
Profit for the period	-	-	-	-	-	-	-	-	379,040	379,040	(180)	378,860
Other comprehensive income												
Cumulative translation adjustments	22.d	-	-	-	-	-	(123,912)	(123,912)	-	(123,912)	-	(123,912)
Financial instrument adjustments	22.d	-	-	-	-	5,338	-	5,338	-	5,338	-	5,338
Taxes on financial instrument adjustments	22.d	-	-	-	-	(1,815)	-	(1,815)	-	(1,815)	-	(1,815)
Realization of deemed cost, net	22.d	-	-	-	-	(222)	-	(222)	222	-	-	-
Transactions with shareholders and creation of reserves												
Payment of proposed additional dividends	22.b	-	-	(419,703)	(419,703)	-	-	-	-	(419,703)	-	(419,703)
At June 30, 2023	966,255	193,251	331,789	-	525,040	37,488	(482,458)	(444,970)	379,316	1,425,641	2,625	1,428,266

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

MAHLE Metal Leve S.A.

Statement of changes in equity
Periods ended June 30, 2022

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Attributable to owners of the parent										Equity attributable to owners of the parent	Non-controlling interests	Total equity
		Revenue reserves					Other comprehensive income							
		Share capital	Legal reserve	Reserve for expansion and modernization	Special reserve	Proposed additional dividends	Total	Carrying value adjustments	Cumulative translation adjustments	Total	Retained earnings			
At December 31, 2021		966,255	184,833	157,761	175,572	404,428	922,594	28,358	(202,402)	(174,044)	-	1,714,805	(4,002)	1,710,803
Profit for the period		-	-	-	-	-	-	-	-	-	237,844	237,844	(1,606)	236,238
Other comprehensive income														
Cumulative translation adjustments	22.d	-	-	-	-	-	-	-	(76,102)	(76,102)	-	(76,102)	-	(76,102)
Change in cash flow hedge, net	22.d	-	-	-	-	-	-	8,908	-	8,908	-	8,908	-	8,908
Income tax and social contribution on cash flow hedge	22.d	-	-	-	-	-	-	(3,028)	-	(3,028)	-	(3,028)	-	(3,028)
Realization of deemed cost, net	22.d	-	-	-	-	-	-	(297)	-	(297)	297	-	-	-
Transactions with shareholders and creation of reserves														
Payment of proposed additional dividends	22.b	-	-	-	-	(404,428)	(404,428)	-	-	-	-	(404,428)	-	(404,428)
At June 30, 2022		966,255	184,833	157,761	175,572	-	518,166	33,941	(278,504)	(244,563)	238,141	1,477,999	(5,608)	1,472,391

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

MAHLE Metal Leve S.A.
Statement of cash flows
Periods ended June 30, 2023 and 2022

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		06.30.2023	06.30.2022	06.30.2023	06.30.2022
Cash flows from operating activities					
Profit before taxation		481,255	293,714	507,399	303,535
Adjustments for:					
Depreciation and amortization		49,534	45,366	51,048	47,626
Equity in the results of investees	12	(67,531)	(69,614)	-	-
Interest and foreign exchange and monetary variations, net		5,728	36,750	(51,037)	11,909
Unrealized (losses) gains on derivative financial instruments		(2,800)	5,987	(2,754)	6,237
Results on disposal of property, plant and equipment		(1,701)	(23)	(2,188)	(11)
Recognition (reversal) of provision for impairment of trade receivables		1,167	374	967	(687)
Recognition (reversal) of provision for tax and other contingencies	21	(1,205)	7,377	(1,086)	7,574
Recognition (reversal) of provisions for warranties	20	2,047	(691)	1,845	(664)
Recognition (reversal) of sundry provision	19	27,187	14,279	29,411	15,897
Recognition (reversal) of provision for impairment of property, plant and equipment and intangible assets		(359)	(340)	(359)	(348)
Recognition (reversal) of provision for inventory loss	8	2,764	966	8,347	3,816
Interest expense on lease liability	17.b	2,508	306	2,604	394
Gain on net monetary position	34	(103,759)	(69,039)	(58,031)	(40,178)
PIS and COFINS	9	(11,682)	(21,177)	(11,705)	(21,192)
(Increase) decrease in assets					
Trade and related-party receivables		(36,367)	(112,748)	(89,582)	(127,142)
Inventories		(87,813)	(99,100)	(65,881)	(95,413)
Taxes recoverable		123,271	17,276	115,331	13,637
Other assets		(19,193)	(11,042)	(32,237)	(18,884)
Increase (decrease) in liabilities					
Trade and related-party payables		59,452	90,937	63,845	90,181
Salaries, vacation pay and social charges		33,037	26,569	31,783	27,220
Taxes and contributions payable		(12,473)	6,558	(17,146)	9,347
Other liabilities		(48,594)	(18,629)	(61,993)	(19,212)
Cash from operations		394,473	144,056	418,581	213,642
Income tax and social contribution paid		(77,485)	(50,680)	(81,205)	(54,558)
Net cash provided by operating activities		316,988	93,376	337,376	159,084
Cash flows from investing activities					
Dividends and interest on capital received from subsidiary		115,439	159,272	-	-
Loans granted to subsidiaries		(2,750)	(650)	(317,268)	(657,034)
Loan repayment from related parties		-	-	391,041	748,197
Additions to property, plant and equipment	13	(21,856)	(35,047)	(24,312)	(36,894)
Additions to intangible assets	14	(92)	(143)	(92)	(143)
Acquisition of marketable securities		-	-	(101,490)	-
Settlement of securities		-	-	17,150	-
Proceeds from sale of property, plant and equipment		1,971	268	2,459	268
Net cash used in investing activities		92,712	123,700	(32,512)	54,394
Cash flows from financing activities					
Proceeds from borrowings	17.a	100,000	289,333	104,066	289,333
Repayment of principal of borrowings	17.a	(48,538)	(123,438)	(52,756)	(123,438)
Repayment of interest on borrowings	17.a	(8,393)	(3,502)	(8,631)	(3,502)
Repayment of the principal and interest on the lease liability	17.b	(8,235)	(5,433)	(8,929)	(6,309)
Dividends and interest on capital paid	10	(544,194)	(529,357)	(544,194)	(529,357)
Loans from related parties		-	-	164,630	-
Loan repayments to related parties		-	-	(149,090)	-
Net cash provided by (used in) financing activities		(509,360)	(372,397)	(494,904)	(373,273)
Effect of foreign exchange variation on cash and cash equivalents		(2,430)	(3,999)	(32,306)	(23,089)
Increase (reduction) in cash and cash equivalents, net		(102,090)	(159,320)	(222,346)	(182,884)
Represented by:					
Cash and cash equivalents at the beginning of the period		279,104	273,927	427,406	361,089
Cash and cash equivalents at the end of the period	6	177,014	114,607	205,060	178,205
Increase (reduction) in cash and cash equivalents, net		(102,090)	(159,320)	(222,346)	(182,884)

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

MAHLE Metal Leve S.A.**Statement of value added****Periods ended June 30, 2023 and 2022**

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	1H2023	1H2022	1H2023	1H2022
Gross revenue	2,189,451	1,990,750	2,579,849	2,322,946
Sales of goods, products and services	2,127,414	1,923,386	2,551,282	2,279,548
Other revenue	62,739	67,392	29,257	43,761
Provision for impairment of trade receivables	(702)	(28)	(690)	(363)
Inputs acquired from third parties	(1,122,577)	(1,170,117)	(1,391,049)	(1,383,102)
(Includes amounts of taxes: ICMS, IPI, PIS and COFINS)				
Cost of sales and services	(634,361)	(692,902)	(869,774)	(880,921)
Materials, energy, outsourced services and other	(485,843)	(472,053)	(519,023)	(497,070)
Impairment/recovery of assets	(2,373)	(5,162)	(2,252)	(5,111)
Gross value added	1,066,874	820,633	1,188,800	939,844
Depreciation and amortization	(49,534)	(45,366)	(51,048)	(47,626)
Net value added generated by the company	1,017,340	775,267	1,137,752	892,218
Value added received through transfer	132,802	176,476	172,568	154,515
Equity in the results of investees	67,531	69,614	-	-
Finance income	65,271	106,862	172,568	154,515
Total value added to distribute	1,150,142	951,743	1,310,320	1,046,733
Distribution of value added	1,150,142	951,743	1,310,320	1,046,733
Personnel	337,121	309,952	368,938	341,388
Taxes and contributions	382,184	281,864	409,039	293,466
Capital providers	51,797	122,083	153,483	175,641
Interest	10,612	4,928	13,533	6,770
Rentals	12,115	8,900	12,884	9,482
Foreign exchange, monetary and other variations	29,070	108,255	127,066	159,389
Shareholders	379,040	237,844	378,860	236,238
Retained earnings	379,040	237,844	379,040	237,844
Share of non-controlling interests of retained earnings	-	-	(180)	(1,606)

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

Periods of six and three months ended on June 30, 2023 and 2022

(in thousand of reais), unless otherwise indicated.

1. Operations

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 June 30, 2023, and 2022 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 products manufactured by the Company are pistons, piston rings, gudgeon pins, camshafts, bearings, bushes, conrods, ring carriers, thrust washers, anti-polishing ring, cylinder liners and filters, The Company is also engaged in the manufacture of combustion engine valves as well as the marketing of products and provision of technical assistance on the international market.

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.

2. Entities of the Group (subsidiaries)

Subsidiaries	Country	Ownership percentage (%)			
		06.30.2023		12.31.2022	
		Direct	Indirect	Direct	Indirect
MAHLE Argentina S.A.	Argentina	99.2	0.8	99.2	0.8
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	Brazil	100	-	60	-
MAHLE Metal Leve GmbH	Austria	100	-	100	-
MAHLE Hirschvogel Forjas S.A.	Brazil	51	-	51	-

MAHLE Metal Leve S.A.

Notes to the interim financial statements

Periods of six and three months ended on June 30, 2023 and 2022

(in thousand of reais), unless otherwise indicated.

3. Basis of preparation

a. Statement of compliance with respect to IFRS and CPC standards Statement of compliance (with IFRS, Brazilian accounting standards issued by the Federal Accounting Council (CFC) and pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC))

The individual and Consolidated interim financial statements of the Company have been prepared in accordance with IAS 34/CPC 21 (R1) *Interim Financial Reporting* issued by the International Accounting Standards Board (“IASB”) and the Brazilian Accounting Pronouncements Committee (“CPC”), respectively, and disclose the same information as that used by management in running the business.

In addition, the quarterly information does not include all annual financial statement requirements in accordance with IAS 1/CPC 26 (R1) *Presentation of Financial Statements* and, therefore, it should be read together with the Parent company and Consolidated financial statements of MAHLE Metal Leve S.A. on December 31, 2022.

The preparation of interim financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The assumptions and judgments made by management relating to the use of estimates applied in these quarterly financial statements are consistent with those applied in the financial statements for the year ended December 31, 2022 authorized for issue by the Board of Directors on March 7, 2023. conforme divulgadas na nota explicativa nº 5 das demonstrações financeiras relativas ao exercício findo em 31 de dezembro de 2022. See Note 5 of the financial statements for the year ended December 31, 2022 for details about estimates and judgements.

The issuance of the Parent company and Consolidated interim financial statements was authorized by the Company's Board of Directors on August 08th, 2023.

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, 2022.

At June 30, 2023, to improve presentation the Company reclassified the amounts of judicial deposits linked to lawsuits – R\$ 23,744 Parent company (December 31, 2022: R\$ 24,237) and R\$ 24,017 Consolidated (December 31, 2022: R\$ 24,546) – to non-current assets from non-current liabilities (as a deduction from provision for contingencies).

MAHLE Metal Leve S.A.

Notes to the interim financial statements

Periods of six and three months ended on June 30, 2023 and 2022

(in thousand of reais), unless otherwise indicated.

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 on December 31, 2022.

	Consolidated					
	2Q2023			2Q2022		
	Engine components	Filters	Consolidated	Engine components	Filters	Consolidated
Revenue of the reportable segment	1,001,892	118,905	1,120,797	912,785	106,619	1,019,404
Cost of sales (*)	(691,313)	(90,217)	(781,530)	(675,116)	(85,198)	(760,314)
Gross profit	310,579	28,688	339,267	237,669	21,421	259,090
Selling expenses and distribution and impairment of trade receivables (*)	(76,961)	(10,590)	(87,551)	(69,201)	(8,053)	(77,254)
Administrative expenses (*)	(30,831)	(1,209)	(32,040)	(27,536)	(2,724)	(30,260)
Technology research costs (*)	(11,012)	(3,384)	(14,396)	(9,198)	(2,095)	(11,293)
Other operating income (expenses)	(3,760)	128	(3,632)	(7,579)	20	(7,559)
Gains (loss) on net monetary variation	26,922	(155)	26,767	22,942	850	23,792
Profit before finance income (costs) and taxation	214,937	13,478	228,415	147,097	9,419	156,516
Finance income	87,014	3,101	90,115	66,430	3,394	69,824
Finance costs	(56,337)	(4,424)	(60,761)	(71,331)	(3,398)	(74,729)
Finance income (costs), net	30,677	(1,323)	29,354	(4,901)	(4)	(4,905)
Result by reportable segment before income tax and social contribution	245,614	12,155	257,769	142,196	9,415	151,611
Depreciation/amortization values are included in the functional lines above (*)						
Depreciation and amortization	(23,221)	(2,443)	(25,664)	(23,019)	(2,030)	(25,049)

MAHLE Metal Leve S.A.

Notes to the interim financial statements

Periods of six and three months ended on June 30, 2023 and 2022

(in thousand of reais), unless otherwise indicated.

	Consolidated					
	1H2023			1H2022		
	Engine components	Filters	Consolidated	Engine components	Filters	Consolidated
Revenue of the reportable segment	1,912,019	230,929	2,142,948	1,699,993	209,415	1,909,408
Cost of sales (*)	(1,310,674)	(175,015)	(1,485,689)	(1,242,258)	(171,934)	(1,414,192)
Gross profit	601,345	55,914	657,259	457,735	37,481	495,216
Selling expenses and distribution and Impairment of trade receivables (*)	(143,056)	(20,087)	(163,143)	(118,294)	(16,254)	(134,548)
Administrative expenses (*)	(58,104)	(3,117)	(61,221)	(47,839)	(5,604)	(53,443)
Technology research costs (*)	(20,935)	(6,377)	(27,312)	(17,952)	(4,761)	(22,713)
Other operating income (expenses)	(847)	448	(399)	(12,907)	634	(12,273)
Gains (loss) on net monetary variation	56,385	1,646	58,031	38,398	1,780	40,178
Profit before finance income (costs) and taxation	434,788	28,427	463,215	299,141	13,276	312,417
Finance income	166,164	6,404	172,568	146,865	7,650	154,515
Finance costs	(119,154)	(9,230)	(128,384)	(153,713)	(9,684)	(163,397)
Finance income (costs), net	47,010	(2,826)	44,184	(6,848)	(2,034)	(8,882)
Result by reportable segment before income tax and social contribution	481,798	25,601	507,399	292,293	11,242	303,535
Depreciation/amortization values are included in the functional lines above (*)						
Depreciation and amortization	(46,373)	(4,675)	(51,048)	(44,313)	(3,313)	(47,626)

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

	Consolidated					
	06.30.2023			12.31.2022		
	Engine components	Filters	Consolidated	Engine components	Filters	Consolidated
Assets	2,851,444	158,755	3,010,199	2,957,829	199,370	3,157,199

	Consolidated					
	06.30.2023			06.30.2022		
	Engine components	Filters	Consolidated	Engine components	Filters	Consolidated
Capital expenditures	17,671	4,344	22,015	30,533	8,812	39,345

MAHLE Metal Leve S.A.

Notes to the interim financial statements

Periods of six and three months ended on June 30, 2023 and 2022

(in thousand of reais), unless otherwise indicated.

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							
	2Q2023	%	1H2023	%	2Q2022	%	1H2022	%
Domestic market (Brazil and Argentina)	701,268	62.6%	1,343,447	62.7%	632,595	62.1%	1,160,397	60.8%
Brazil	553,593	49.4%	1,075,728	50.2%	534,844	52.5%	1,002,385	52.5%
Argentina	147,675	13.2%	267,719	12.5%	97,751	9.6%	158,012	8.3%
Foreign market	419,529	37.4%	799,501	37.3%	386,809	37.9%	749,011	39.2%
USA	97,965	8.7%	187,452	8.7%	90,510	8.9%	176,345	9.2%
Mexico	53,062	4.7%	103,258	4.8%	58,696	5.8%	106,816	5.6%
Germany	42,947	3.8%	82,307	3.8%	52,345	5.1%	97,024	5.1%
Italy	26,582	2.4%	51,323	2.4%	26,529	2.6%	57,383	3.0%
Spain	26,112	2.3%	47,782	2.2%	16,836	1.7%	34,553	1.8%
Sweden	23,376	2.1%	46,960	2.2%	12,270	1.2%	21,476	1.1%
France	12,865	1.1%	26,340	1.2%	11,502	1.1%	25,539	1.3%
Portugal	10,982	1.0%	22,857	1.1%	6,976	0.7%	16,071	0.8%
Austria	10,785	1.0%	21,653	1.0%	7,671	0.8%	12,295	0.6%
Canada	7,097	0.6%	13,719	0.6%	5,319	0.5%	10,026	0.5%
Chile	4,858	0.4%	11,135	0.5%	6,380	0.6%	12,534	0.7%
Paraguay	6,396	0.6%	11,594	0.5%	5,167	0.5%	11,519	0.6%
Turkey	2,164	0.2%	6,599	0.3%	2,434	0.2%	7,083	0.4%
India	4,330	0.4%	8,759	0.4%	2,954	0.3%	5,464	0.3%
Colombia	4,023	0.4%	8,097	0.4%	6,406	0.6%	11,953	0.6%
Bolivia	5,602	0.5%	9,106	0.4%	5,338	0.5%	7,995	0.4%
Peru	4,750	0.4%	7,750	0.4%	2,909	0.3%	10,113	0.5%
China	4,220	0.4%	6,946	0.3%	1,234	0.1%	2,970	0.2%
Belgium	3,758	0.3%	6,356	0.3%	3,952	0.4%	7,563	0.4%
Switzerland	2,223	0.2%	4,636	0.2%	2,599	0.3%	5,916	0.3%
Thailand	1,445	0.1%	3,678	0.2%	1,257	0.1%	2,257	0.1%
United Kingdom	2,396	0.2%	4,472	0.2%	2,265	0.2%	6,320	0.3%
Finland	2,264	0.2%	4,291	0.2%	1,750	0.2%	3,227	0.2%
Uruguay	2,588	0.2%	4,264	0.2%	2,907	0.3%	4,926	0.3%
Uzbekistan	18	0.0%	1,672	0.1%	232	0.0%	255	0.0%
Japan	1,115	0.1%	2,677	0.1%	1,347	0.1%	3,232	0.2%
Others	55,606	5.0%	93,818	4.4%	49,024	4.8%	88,156	4.6%
Total	1,120,797	100.0%	2,142,948	100.0%	1,019,404	100.0%	1,909,408	100.0%

MAHLE Metal Leve S.A.

Notes to the interim financial statements

Periods of six and three months ended on June 30, 2023 and 2022

(in thousand of reais), unless otherwise indicated.

6. Cash and cash equivalents and marketable securities

a) Cash and cash equivalents

	Parent company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
BRL	5,353	793	7,329	15,309
ARS (expressed in BRL)	-	-	14,300	9,923
USD (expressed in BRL)	14,590	26,823	14,590	26,823
EUR (expressed in BRL)	1,525	14,288	3,490	1,545
Cash and demand deposits	21,468	41,904	39,709	53,600
BRL	143,677	232,579	147,302	236,895
ARS (expressed in BRL)	-	-	1,262	124,310
USD (expressed in BRL)	6,265	4,331	6,265	4,331
Financial investments	149,942	236,910	154,829	365,536
BRL	5,604	290	5,604	290
ARS (expressed em BRL)	-	-	4,899	7,935
USD (expressed em BRL)	-	-	16	41
EUR (expressed em BRL)	-	-	3	4
Cash in transit	5,604	290	10,522	8,270
Total	177,014	279,104	205,060	427,406

The Group holds checking accounts at major banks in Brazil and abroad and the amounts are recorded under the caption cash and demand deposits.

Financial investments have made as follows:

- BRL – Certificates of bank deposit (CDBs) and resale agreements (100.0%) – These investments accrue interest, on average, at 102.1% p.a. (100.8% p.a. on December 31, 2022) of the CDI and are held only with Brazilian top-tier banks.
- ARS – Investment funds without grace periods and fixed-income investments with a term of thirty days, which carry average interest of 124% p.a. (66% p.a. on December 31, 2022) (BADLAR – Interest rate for term deposits).
- USD - Certificate deposits and Time deposits – These investments accrue interest, on average, at 4.98% p.a. (3.93% p.a. on December 31, 2022), are short-term and have original maturities of less than three months.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

Periods of six and three months ended on June 30, 2023 and 2022

(in thousand of reais), unless otherwise indicated.

Cash in transit refers to cash receipts from customers with the respective write-off of the customer's invoice from accounts receivable, and money transfers in foreign currency are from customers abroad for foreign currency exchange by the banks with which the Company works. Money transfers in Brazilian real (BRL) are from domestic customers with cash inflow within one day after transfer.

b) Marketable securities

	Parent company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
USD (expressed em BRL)	-	-	104,201	-
Marketable securities	-	-	104,201	-

- USD – Debentures have an average interest rate of 2.08% p.a. + exchange variation and are backed by bonds rated 'AA' or higher by Fitch Ratings.

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.

7. Trade accounts receivables and other accounts receivables

	Parent company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Market				
Domestic	402,948	334,352	403,440	334,706
Foreign	66,398	65,318	227,266	218,580
	469,346	399,670	630,706	553,286
Other accounts receivable	5,703	5,948	5,703	5,948
Provision for impairment of trade receivables	(6,958)	(6,354)	(9,231)	(8,929)
	468,091	399,264	627,178	550,305
Related parties (Note 10)	139,468	172,532	121,441	109,034
Total	607,559	571,796	748,619	659,339

MAHLE Metal Leve S.A.

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(in thousand of reais), unless otherwise indicated.

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

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

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

	Parent company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Not yet due	446,392	376,041	593,186	516,956
Past due:				
Up to 7 days	7,921	4,427	10,995	10,847
From 8 to 30 days	2,418	10,811	6,436	12,064
From 31 to 60 days	4,337	5,835	10,194	7,379
From 61 to 90 days	2,325	1,768	2,943	3,540
From 91 to 120 days	2,587	791	2,471	995
From 121 to 180 days	3,143	1,462	3,633	2,072
From 181 to 360 days	3,158	2,370	4,175	2,702
Over 360 days	2,768	2,113	2,376	2,679
(-) Provision for impairment of trade receivables	(6,958)	(6,354)	(9,231)	(8,929)
Total past due deducted provision	21,699	23,223	33,992	33,349
Total	468,091	399,264	627,178	550,305

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.

On June 30, 2023, trade receivables of the Parent company in the amount of R\$ 21,699 (December 31, 2022 - R\$ 23,223) and Consolidated trade receivables on June 30, 2023 of R\$ 33,992 (December 31, 2022 - R\$ 33,349) 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 Group because they were settled after the date of these interim financial statements.

No provision for impairment of accounts receivable has been recognized for related parties, but there are no significant accounts.

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

	Parent company	Consolidated
At December 31, 2022	(6,354)	(8,929)
Receivables provided for in the period	(5,065)	(6,215)
Receivables reversed in the period	3,898	5,181
Receivables written off definitively	465	465
Foreign exchange variation / Effect of the currency translation	98	267
At June 30, 2023	(6,958)	(9,231)

8. Inventories

	Parent company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Finished products	196,401	173,613	301,161	289,165
Work in progress	146,149	102,725	162,167	120,257
Raw materials	90,451	80,696	104,527	98,551
Auxiliary materials	8,519	6,932	12,831	12,707
Imports in transit	18,492	10,200	29,275	24,317
Total	460,012	374,166	609,961	544,997

On June 30, 2023, 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\$ 50,682 (R\$ 47,949 on December 31, 2022) in the Parent company and R\$ 69,111 (R\$ 67,430 on December 31, 2022) in the Consolidated accounts.

Changes in the provision for inventory loss are as follows:

	Parent company	Consolidated
At December 31, 2022	(47,949)	(67,430)
Reversal of provision	7,617	13,599
Recognition of provision	(10,381)	(21,946)
Inventory written off definitively as loss	31	31
Effect of the currency translation	-	6,635
At June 30, 2023	(50,682)	(69,111)

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(in thousand of reais), unless otherwise indicated.

9. Taxes recoverable and income tax and social contribution recoverable

	Parent company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Income tax and social contribution	50,964	47,662	56,275	55,882
Income tax and social contribution recoverable	50,964	47,662	56,275	55,882
COFINS (*)	33,998	127,553	33,998	127,553
ICMS and Excise Tax (IPI)	28,330	30,041	28,378	30,087
Value-added Tax on Sales and Services (ICMS) on	6,440	7,096	6,440	7,096
Import Tax	4,036	720	4,195	1,082
PIS (*)	5,089	27,437	5,089	27,438
Export incentive - Argentina	-	-	4,513	-
I.V.A. (Argentina)	-	-	9,827	3,881
Other	125	30	2,255	3,514
Taxes recoverable	78,018	192,877	94,695	200,651
Current	128,982	240,539	150,970	256,533
PIS and COFINS	-	-	207	193
Value-added Tax on Sales and Services (ICMS) on	10,865	11,693	10,864	11,693
Export incentive - Argentina	-	-	-	5,080
Non-current	10,865	11,693	11,072	16,966

(*) In the period ended June 30, 2023, the Group recorded additional tax credits of R\$ 5,677 (exclusion of ICMS from the tax base of PIS and COFINS) and accretion of interest of R\$ 6,005 on the tax credits over the period 2017-2023, which were recognized as “operating income” and “finance income”, respectively, in the statement of income.

In December 2022 the Company began to offset the tax credits relating to the period August 2021-December 2022 and filed a claim with the Brazilian Revenue Service for recorded tax credits relating to the period March 2017-July 2021. On February 21, 2023 the Brazilian Revenue Service accepted the Company’s tax credit claim. During the period, the Company offset tax credits against tax liabilities (Parent company and Consolidated) in the amount of R\$ 125,575.

At June 30, 2023, the balances of PIS and COFINS in current assets reflect Company’s expectations of recovery of tax credits.

Notes to the interim financial statements

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(in thousand of reais), unless otherwise indicated.

10. Related parties

a. Transactions with related parties

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

	Parent company								
	Balances at 06.30.2023				Transactions from 01.01.2023 to 06.30.2023				
	Current assets		Non-current assets	Current liabilities		Sales/revenue		Purchases	
	Receivables (Note 7)	Payment term in days (***)	Loan	Suppliers (Note 15)	Payment term in days (***)	Products	Other	Products	Other
Companies									
Subsidiaries									
Direct subsidiaries									
MAHLE Metal Leve GmbH	71,726	60	-	-	-	286,775	27	-	-
MAHLE Argentina S.A.	33,818	60	23,256	31	60	69,488	1,628	285	-
MAHLE Filtróil Indústria e Comércio de Filtrós Ltda.	66	60	-	-	-	-	156	-	-
MAHLE Hirschvogel Forjas S.A.	8	60	-	-	-	-	23	-	-
Sub-total Direct subsidiaries	105,618		23,256	31		356,263	1,834	285	-
Related companies									
MAHLE Behr Gerenciamento Térmico Brasil Ltda.	5,176	60	-	11,638	60	2,023	10,940	23,790	566
MAHLE Aftermarket S. de R.L. de C.V.	4,555	60	-	449	60	3,640	-	469	-
MAHLE Aftermarket Inc.	2,707	60	-	55	60	2,476	377	246	60
MAHLE Compressores do Brasil Ltda.	2,664	60	-	10,540	60	1,122	5,858	14,970	-
MAHLE Aftermarket GmbH	2,661	60	-	11,987	60	6,240	1,478	2,749	4,667
MAHLE Filter Systems USA	2,145	60	-	-	-	411	1,724	-	-
MAHLE Engine Components USA, Inc.	2,083	60	-	2,434	60	11,022	17	4,085	1,081
MAHLE International GmbH	2,044	60	-	12,899	60	-	4,505	-	26,463
MAHLE Engine Components Slovakia s.r.o.	1,681	60	-	-	-	4,475	-	-	-
MAHLE Polska Sp. z o.o.	1,321	60	-	153	60	5	1,382	153	-
MAHLE Componentes de Motor de Mexico, S. de R.L. de C.V.	911	60	-	3,516	60	1,754	39	9,432	265
Mahle Aftermarket South Africa (PTY)	843	60	-	-	-	859	-	-	-
MAHLE Componentes de Motores S.A.	725	60	-	37	60	1,032	28	113	33
MAHLE Engine Components (Yingkou) Co., Ltd.	537	60	-	-	-	1,432	-	-	-
MAHLE Ventiltrieb GmbH	508	60	-	-	-	751	-	-	-
MAHLE Engine Systems UK Ltd.	496	60	-	3,074	60	172	325	5,230	-
MAHLE Indústria e Comércio Ltda.	443	60	-	2,086	60	-	1,976	1,697	5,327 (**)
MAHLE Engine Components India Priv. Ltd.	390	60	-	-	-	624	-	-	-
MAHLE Motor Parcalari San. Izmir A.S.	329	60	-	-	-	1,794	-	249	-
MAHLE Industriemotoren-Komponenten GmbH	303	60	-	-	-	208	-	-	-
MAHLE GmbH	249	60	-	21,185	60	163	302	573	21,374 (*)
MAHLE Engine Components (Nanjing) Co., Ltd.	199	60	-	-	-	1,040	-	-	-
MAHLE Engine Components (Chongqing) Co., Ltd.	165	60	-	-	-	875	-	-	-
MAHLE Kleinmotoren-Komponenten GmbH & Co. KG	152	60	-	-	-	447	-	-	-
MAHLE Electronics S.L.U.	128	60	-	-	-	-	-	-	-
MAHLE Componenti Motori Italia S.p.A.	124	60	-	96	60	3,822	-	-	-
MAHLE Electric Drives Slovenija d.o.o.	104	60	-	176	60	-	59	1,200	-
MAHLE France SAS	73	60	-	-	-	65	-	-	-
MAHLE Engine Components Japan Corporation	58	60	-	48	60	140	-	-	48
MAHLE Trading Japan Co., Ltd.	37	60	-	127	60	-	105	-	-
MAHLE Anand Filter Systems Private Limited	26	60	-	-	-	68	-	-	-
MAHLE Powertrain Ltd.	13	60	-	-	-	13	-	-	-
MAHLE Industries, Inc.	-	-	-	3,704	60	-	4	-	1,335
MAHLE Filtersysteme GmbH	-	-	-	1,512	60	-	-	-	1,122
MAHLE Aftermarket Pte. Ltd.	-	-	-	1,238	60	-	-	3,917	-
MAHLE Aftermarket Italy S.p.A.	-	-	-	426	60	-	-	547	11
MAHLE Electric Drives (Taicang) Co., Ltd.	-	-	-	410	60	-	-	1,511	-
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	307	60	-	-	471	-
Mahle Automotive Technologies (China) Co., Ltd	-	-	-	209	60	-	-	-	433
MAHLE Filter Systems Japan Corporation	-	-	-	162	60	-	-	177	-
MAHLE Filtersysteme Austria GmbH	-	-	-	136	60	-	-	682	-
MAHLE Japan Ltd.	-	-	-	127	60	-	1	-	198
MAHLE Holding (China) Co., Ltd.	-	-	-	82	60	-	-	-	292
MAHLE S.A.U.	-	-	-	22	60	-	-	-	-
MAHLE France SARL	-	-	-	22	60	-	-	-	-
MAHLE Filter Systems Philippines Corporation	-	-	-	10	60	-	-	20	-
MAHLE Aftermarket Ltd.	-	-	-	4	60	-	-	-	7
MAHLE India Pistons Ltd.	-	-	-	4	60	-	-	-	-
MAHLE Holding (India) Private Limited	-	-	-	2	60	-	-	-	-
MAHLE Engineering Services India Private Limited	-	-	-	2	60	-	-	-	-
MAHLE Sistemas de Filtración de Mexico S.A. de C.V.	-	-	-	-	-	433	-	-	-
MAHLE Engine Comp. Australia Pty Ltd.	-	-	-	-	-	332	-	-	-
MAHLE Trading (Shanghai) Co., Ltd.	-	-	-	-	-	-	-	1,354	-
MAHLE Smartbike Systems S.L.U.	-	-	-	-	-	-	-	47	-
MAHLE Componente de Motor SRL	-	-	-	-	-	-	-	58	-
MAHLE chargeBIG GmbH	-	-	-	-	-	-	-	28	-
Other	-	-	-	-	-	-	-	5	-
Total related companies	33,850		-	88,879		47,438	29,120	73,773	63,282
Total related parties	139,468		23,256	88,910		403,701	30,954	74,058	63,282

* Brand license of R\$ 7,911

** Rent of R\$ 5,327

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

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(in thousand of reais), unless otherwise indicated.

	Parent company									
	Balances at 12.31.2022						Transactions from 01.01.2022 to 06.30.2022			
	Current assets		Non-current assets	Current liabilities			Sales/revenue		Purchases	
	Receivables (Note 7)	Payment term in days (***)	Loan	Suppliers (Note 15)	Payment term in days (***)	Dividends and interest on capital payable	Products	Other	Products	Other
Companies										
Subsidiaries										
Direct subsidiaries										
MAHLE Argentina S.A.	68,643	60	24,614	149	60	-	65,627	1,725	831	-
MAHLE Metal Leve GmbH	66,426	60	-	-	-	-	208,509	1,368	-	-
MAHLE Filtróil Indústria e Comércio de Filtros Ltda.	55	60	-	-	-	-	-	151	-	-
MAHLE Hirschvogel Forjas S.A.	-	-	-	-	-	-	-	44	-	-
Sub-total Direct subsidiaries	135,124		24,614	149		-	274,136	3,289	831	-
Related companies										
MAHLE Engine Components USA, Inc.	8,946	60	-	1,109	60	-	11,599	-	4,882	272
MAHLE Aftermarket GmbH	5,124	60	-	9,308	60	-	7,388	774	2,704	3,235
MAHLE Aftermarket S. de R.L. de C.V.	4,538	60	-	-	-	-	3,708	-	-	-
MAHLE Aftermarket Inc.	4,401	60	-	131	60	-	4,993	170	40	(72)
MAHLE Behr Gerenciamento Técnico Brasil Ltda.	2,484	60	-	6,794	60	-	1,712	9,834	18,852	-
MAHLE Componenti Motori Italia S.p.A.	2,324	60	-	185	60	-	13,480	-	80	120
MAHLE International GmbH	1,923	60	-	10,524	60	-	-	2,211	-	23,514
MAHLE Compressores do Brasil Ltda.	1,546	60	-	7,104	60	-	717	5,416	19,804	-
MAHLE Componentes de Motor de Mexico, S. de R.L. de C.V.	1,090	60	-	3,517	60	-	730	-	9,754	277
MAHLE Sistemas de Filtración de Mexico S.A. de C.V.	807	60	-	-	-	-	5	-	-	-
MAHLE Motor Parcalari San. Izmir A.S.	696	60	-	250	60	-	1,542	-	102	-
MAHLE Engine Components (Nanjing) Co., Ltd.	676	60	-	-	-	-	43	-	-	-
MAHLE Engine Components (Chongqing) Co., Ltd.	447	60	-	-	-	-	914	-	-	-
MAHLE Engine Components (Yingkou) Co., Ltd.	426	60	-	-	-	-	1,063	-	-	-
MAHLE Filter Systems USA	397	60	-	-	-	-	519	1,086	-	-
MAHLE GmbH	330	60	-	21,031	60	-	65	146	1,584	19,424 (*)
Mahle Industriemotoren-Komponenten GmbH	285	60	-	-	-	-	51	-	-	-
MAHLE Componentes de Motores S.A.	258	60	-	2	60	-	579	13	33	-
MAHLE Indústria e Comércio Ltda.	199	60	-	2,147	60	73,990	-	1,400	707	5,062 (**)
MAHLE Behr GmbH & Co. KG Stuttgart	195	60	-	-	-	-	-	-	-	-
MAHLE Engine Components India Priv. Ltd.	71	60	-	-	-	-	8	-	-	1
MAHLE France SAS	62	60	-	-	-	-	189	-	-	-
MAHLE Trading Japan Co., Ltd.	52	60	-	-	-	-	-	116	190	-
MAHLE Engine Systems UK Ltd.	49	60	-	3,133	60	-	397	93	3,073	-
MAHLE Kleinmotoren-Komponenten GmbH & Co. KG	37	60	-	-	-	-	65	-	-	-
MAHLE Electric Drives Slovenija d.o.o.	29	60	-	287	60	-	-	92	2,187	-
MAHLE Aftermarket Pte. Ltd.	16	60	-	713	60	-	-	-	2,097	-
MAHLE Industries, Inc.	-	-	-	2,607	60	-	-	-	-	763
MAHLE Trading (Shanghai) Co., Ltd.	-	-	-	900	60	-	-	-	1,600	-
MAHLE Electric Drives (Taicang) Co., Ltd.	-	-	-	592	60	-	-	-	1,598	-
MAHLE Filtersysteme Austria GmbH	-	-	-	267	60	-	-	-	959	-
MAHLE Holding (China) Co., Ltd.	-	-	-	144	60	-	(225)	-	-	255
MAHLE Filter Systems Japan Corporation	-	-	-	118	60	-	-	-	18	-
MAHLE Filtersysteme GmbH	-	-	-	87	60	-	-	-	-	799
MAHLE Japan Ltd.	-	-	-	65	60	-	-	-	-	313
MAHLE Anéis Participações Ltda.	-	-	-	39	60	-	-	-	-	-
MAHLE Aftermarket Italy S.p.A.	-	-	-	30	60	-	-	-	1,070	5
MAHLE S.A.U.	-	-	-	23	60	-	-	-	-	-
MAHLE France SARL	-	-	-	23	60	-	-	-	-	9
MAHLE Engineering Services India Private Limited	-	-	-	9	60	-	-	-	-	8
MAHLE Automotive Technologies (China) Co., Ltd.	-	-	-	8	60	-	-	-	-	408
MAHLE Filter Systems Philippines Corporation	-	-	-	5	60	-	-	-	25	-
MAHLE Aftermarket Ltd.	-	-	-	5	60	-	-	-	-	-
MAHLE Holding (India) Private Limited	-	-	-	2	60	-	-	-	-	-
MAHLE Vöcklabruck GmbH	-	-	-	-	-	-	(2)	-	-	-
MAHLE Filtre Sistemleri A.S.	-	-	-	-	-	-	4	-	-	-
MAHLE Anand Filter Systems Private Limited	-	-	-	-	-	-	41	-	9	-
MAHLE Engine Components Slovakia s.r.o.	-	-	-	-	-	-	85	-	-	-
MAHLE RUS O.O.O.	-	-	-	-	-	-	179	-	-	-
MAHLE Ventiltrieb GmbH	-	-	-	-	-	-	1,483	-	-	-
MAHLE Industriebeteiligungen GmbH	-	-	-	-	-	12,332	-	-	-	-
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	-	-	-	-	-	211	1
MAHLE Componente de Motor SRL	-	-	-	-	-	-	-	-	166	-
MAHLE Industrial Thermal Systems GmbH & Co. KG	-	-	-	-	-	-	-	-	-	480
Other	-	-	-	-	-	-	-	-	-	-
Total related companies	37,408		-	71,159		86,322	51,332	21,351	71,745	54,874
Total related parties	172,532		24,614	71,308		86,322	325,468	24,639	72,576	54,874

* Brand license of R\$ 7,292

** Rent of R\$ 5,062

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

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(in thousand of reais), unless otherwise indicated.

	Consolidated								
	Balances at 06.30.2023					Transactions from 01.01.2023 to 06.30.2023			
	Current assets		Current liabilities			Sales/revenue		Purchases	
	Receivables (Note 7)	Payment term in days (***)	Suppliers (Note 15)	Payment term in days (***)	Loan	Products	Other	Products	Other
Related companies									
MAHLE Componentes de Motor de Mexico, S. de R.L. de C.V.	25,401	60	3,516	60	-	52,036	39	9,433	265
MAHLE Componenti Motori Italia S.p.A.	16,840	60	96	60	-	49,073	-	-	-
MAHLE Aftermarket GmbH	14,518	60	13,871	60	-	36,237	1,478	12,349	4,667
MAHLE Aftermarket S. de R.L. de C.V.	8,239	60	449	60	-	10,785	-	469	-
MAHLE France SAS	7,837	60	-	-	-	19,920	-	-	-
MAHLE Componentes de Motores S.A.	7,823	60	37	60	-	21,916	28	113	33
MAHLE Engine Components USA, Inc.	6,656	60	3,365	60	-	22,698	17	4,085	1,289
MAHLE Behr Gerenciamento Térmico Brasil Ltda.	5,250	60	14,015	60	-	2,685	10,940	29,913	566
MAHLE Aftermarket Inc.	4,421	60	55	60	-	4,445	377	246	60
MAHLE GmbH	3,722	60	26,491	60	-	6,653	302	572	23,017 (*)
MAHLE Compressores do Brasil Ltda.	2,664	60	10,539	60	-	1,122	5,858	14,970	-
MAHLE Electronics S.L.U.	2,376	60	-	-	-	-	-	-	-
MAHLE Filter Systems USA	2,145	60	-	-	-	411	1,724	-	-
MAHLE International GmbH	2,080	60	23,951	60	-	-	4,697	-	28,290
MAHLE Polska Sp. z o.o.	1,909	60	154	60	-	1,458	-	299	-
MAHLE Engine Components Slovakia s.r.o.	1,691	60	-	-	-	4,759	-	-	-
MAHLE Industriemotoren-Komponenten GmbH	1,508	60	510	60	-	4,125	-	-	-
MAHLE Engine Components (Thailand) Co., Ltd.	1,214	60	-	-	-	3,527	-	-	-
MAHLE Motor Parcalari San. Izmir A.S.	981	60	-	-	-	6,035	-	249	-
MAHLE Aftermarket South Africa (PTY)	843	60	-	-	-	859	-	-	-
MAHLE Indústria e Comércio Ltda.	591	60	2,195	60	-	149	1,976	1,809	5,327 (**)
MAHLE Engine Components (Yingkou) Co., Ltd.	537	60	-	-	-	1,432	-	-	-
MAHLE Ventiltrieb GmbH	508	60	-	-	-	751	-	-	-
MAHLE Engine Systems UK Ltd.	496	60	3,074	60	-	172	325	5,230	-
MAHLE Engine Components India Priv. Ltd.	390	60	-	-	-	1,505	-	-	-
MAHLE Kleinmotoren-Komponenten GmbH & Co. KG	369	60	503	60	-	1,865	-	-	249
MAHLE Engine Components (Nanjing) Co., Ltd.	199	60	-	-	-	1,040	-	-	-
MAHLE Engine Components (Chongqing) Co., Ltd.	165	60	-	-	-	875	-	-	-
MAHLE Electric Drives Slovenija d.o.o.	104	60	419	60	-	-	59	1,559	-
MAHLE Aftermarket S.L.U.	(170)	60	-	-	-	-	-	-	-
MAHLE Engine Components Japan Corporation	58	60	48	60	-	140	-	-	48
MAHLE Trading Japan Co., Ltd.	37	60	127	60	-	-	105	-	-
MAHLE Anand Filter Systems Private Limited	26	60	-	-	-	68	-	-	-
MAHLE Powertrain Ltd.	13	60	-	-	-	13	-	-	-
MAHLE Industries, Inc.	-	-	4,082	60	-	-	4	-	2,872
MAHLE Filtersysteme GmbH	-	-	1,512	60	-	-	-	-	1,122
MAHLE Aftermarket Pte. Ltd.	-	-	1,238	60	-	-	-	3,918	-
MAHLE Engine Components USA, Inc.	-	-	1,224	60	-	-	-	-	136
MAHLE Aftermarket Italy S.p.A.	-	-	501	60	-	-	-	547	11
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	307	60	-	-	-	471	-
MAHLE Electric Drives (Taicang) Co., Ltd.	-	-	410	60	-	-	-	1,511	-
MAHLE Trading (Shanghai) Co., Ltd.	-	-	-	-	-	-	-	1,354	-
MAHLE Componente de Motor SRL	-	-	-	-	-	-	-	58	-
MAHLE Smartbike Systems S.L.U.	-	-	-	-	-	-	-	47	-
MAHLE chargeBIG GmbH	-	-	-	-	-	-	-	28	-
Mahle Blechtechnologie GmbH	-	-	-	-	-	-	-	3	-
Mahle Automotive Technologies (China) Co., Ltd	-	-	209	60	-	-	-	-	433
MAHLE Filtersysteme Austria GmbH	-	-	186	60	-	-	-	682	146
MAHLE Filter Systems Japan Corporation	-	-	162	60	-	-	-	177	-
MAHLE Japan Ltd.	-	-	127	60	-	-	1	-	197
MAHLE Holding (China) Co., Ltd.	-	-	82	60	-	-	-	-	292
MAHLE Holding Austria GmbH	-	-	28	60	15,241	-	-	-	-
MAHLE France SARL	-	-	22	60	-	-	-	-	-
MAHLE S.A.U.	-	-	22	60	-	-	-	-	-
MAHLE Filter Systems Philippines Corporation	-	-	10	60	-	-	-	20	-
MAHLE Aftermarket Ltd.	-	-	4	60	-	-	-	-	7
MAHLE India Pistons Ltd.	-	-	4	60	-	-	-	-	-
MAHLE Engineering Services India Private Limited	-	-	2	60	-	-	-	-	-
MAHLE Holding (India) Private Limited	-	-	2	60	-	-	-	-	-
MAHLE Sistemas de Filtracion de Mexico S.A. de C.V.	-	-	-	-	-	433	-	-	-
Mahle Filtersysteme Austria GmbH	-	-	-	-	-	-	-	-	-
Mahle Engine Comp. Australia Pty Ltd.	-	-	-	-	-	332	-	-	-
Others	-	-	-	-	-	-	-	2	-
Total related companies	121,441		113,549		15,241	257,519	27,930	90,114	69,027
Total related parties	121,441		113,549		15,241	257,519	27,930	90,114	69,027

* Brand license of R\$ 9,106

** Rent of R\$ 5,327

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

Periods of six and three months ended on June 30, 2023 and 2022

(in thousand of reais), unless otherwise indicated.

	Consolidated									
	Balances at 12.31.2022						Transactions from 01.01.2022 to 06.30.2022			
	Current assets		Non-current assets		Current liabilities		Sales/revenue		Purchases	
	Receivables (Note 7)	Payment term in days (***)	Loan	Suppliers (Note 15)	Payment term in days (***)	Dividends and interest on capital payable	Products	Other	Products	Other
Related companies										
MAHLE Componentes de Motor de Mexico, S. de R.L. de C.V.	22,268	60	-	3,517	60	-	39,866	-	9,754	277
MAHLE Componenti Motori Italia S.p.A.	15,266	60	-	1,622	60	-	56,105	-	110	120
MAHLE Aftermarket GmbH	13,770	60	-	13,808	60	-	56,337	774	11,478	3,235
MAHLE Engine Components USA, Inc.	13,269	60	-	2,156	60	-	21,434	-	4,882	758
MAHLE France SAS	7,208	60	-	-	-	-	20,375	-	-	-
MAHLE Componentes de Motores S.A.	6,574	60	-	2	60	-	15,530	13	33	-
MAHLE Aftermarket S. de R.L. de C.V.	5,950	60	-	-	-	-	13,572	-	-	-
MAHLE Aftermarket Inc.	5,833	60	-	131	60	-	6,128	170	40	(72)
MAHLE Behr Gerenciamento Térmico Brasil Ltda.	2,559	60	-	12,109	60	-	1,808	9,934	22,429	-
MAHLE International GmbH	1,923	60	-	20,364	60	-	-	2,211	-	24,982
MAHLE Engine Components (Thailand) Co., Ltd.	1,689	60	-	-	-	-	1,651	-	-	-
MAHLE GmbH	1,577	60	-	24,907	60	-	882	146	1,584	20,486 (*)
MAHLE Compressores do Brasil Ltda.	1,546	60	-	7,104	60	-	717	5,416	19,804	-
Mahle Vocklabruck GMBH	1,504	60	-	-	-	-	(73)	-	-	-
Mahle Industriemotoren-Komponenten GmbH	1,301	60	-	544	60	-	3,407	-	-	-
MAHLE Motor Parcalari San. Izmir A.S.	1,037	60	-	250	60	-	6,020	-	102	-
MAHLE Kleinmotoren-Komponenten GmbH & Co. KG	892	60	-	552	60	-	3,414	-	-	47
MAHLE Polska Sp. z o.o.	863	60	-	-	-	-	674	-	-	-
MAHLE Sistemas de Filtracion de Mexico S.A. de C.V.	807	60	-	-	-	-	5	-	-	-
MAHLE Engine Components (Nanjing) Co., Ltd.	676	60	-	-	-	-	43	-	-	-
MAHLE Engine Components India Priv. Ltd.	528	60	-	22	60	-	348	-	-	1
MAHLE Engine Components (Chongqing) Co., Ltd.	447	60	-	-	-	-	914	-	-	-
MAHLE Engine Components (Yingkou) Co., Ltd.	426	60	-	-	-	-	1,063	-	-	-
MAHLE Filter Systems USA	397	60	-	-	-	-	519	1,086	-	-
MAHLE Indústria e Comércio Ltda.	199	60	-	2,147	60	73,990	-	1,400	707	5,062 (**)
MAHLE Behr GmbH & Co. KG Stuttgart	195	60	-	-	-	-	-	-	-	-
MAHLE Engine Components Slovakia s.r.o.	183	60	-	-	-	-	714	-	-	-
MAHLE Trading Japan Co., Ltd.	52	60	-	-	-	-	-	116	190	-
MAHLE Engine Systems UK Ltd.	49	60	-	3,133	60	-	397	93	3,073	-
MAHLE Electric Drives Slovenija d.o.o.	29	60	-	823	60	-	-	92	2,461	-
MAHLE Aftermarket Pte. Ltd.	16	60	-	713	60	-	-	-	2,097	-
MAHLE Industries, Inc.	-	-	-	4,006	60	-	-	-	-	2,417
MAHLE Engine Components USA, Inc.	-	-	-	1,154	60	-	-	-	-	-
MAHLE Trading (Shanghai) Co., Ltd.	-	-	-	900	60	-	-	-	1,600	-
MAHLE Electric Drives (Taicang) Co., Ltd.	-	-	-	592	60	-	-	-	1,598	-
MAHLE Filtersysteme Austria GmbH	-	-	-	356	60	-	-	-	959	173
MAHLE Holding (China) Co., Ltd.	-	-	-	144	60	-	(225)	-	-	255
MAHLE Filter Systems Japan Corporation	-	-	-	118	60	-	-	-	18	-
MAHLE Aftermarket Italy S.p.A.	-	-	-	114	60	-	-	-	1,246	5
MAHLE Filtersysteme GmbH	-	-	-	87	60	-	-	-	-	799
MAHLE Japan Ltd.	-	-	-	65	60	-	-	-	-	313
MAHLE Holding Austria GmbH	-	-	78,054	62	60	-	-	-	-	-
MAHLE Anéis Participações Ltda.	-	-	-	39	60	-	-	-	-	-
MAHLE S.A.U.	-	-	-	23	60	-	176	-	-	-
MAHLE France SARL	-	-	-	23	60	-	-	-	-	9
MAHLE Engineering Services India Private Limited	-	-	-	9	60	-	-	-	-	8
MAHLE Automotive Technologies (China) Co., Ltd	-	-	-	8	60	-	-	-	-	408
MAHLE Filter Systems Philippines Corporation	-	-	-	5	60	-	-	-	25	-
MAHLE Aftermarket Ltd.	-	-	-	5	60	-	-	-	-	-
MAHLE Holding (India) Private Limited	-	-	-	2	60	-	-	-	-	-
MAHLE Industriemotoren-Komponenten GmbH	-	-	-	-	-	-	-	-	-	-
MAHLE Vöcklabruck GmbH	-	-	-	-	-	-	-	-	-	-
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	-	-	-	-	-	211	1
MAHLE Shared Services Mexico S. de R.L. de C.V.	-	-	-	-	-	-	-	-	-	-
MAHLE Componente de Motor SRL	-	-	-	-	-	-	-	-	166	-
MAHLE Industrial Thermal Systems GmbH & Co. KG	-	-	-	-	-	-	-	-	-	480
MAHLE Ventiltrieb GmbH	-	-	-	-	-	-	1,545	-	-	-
MAHLE RUS O.O.O.	-	-	-	-	-	-	179	-	-	-
MAHLE Anand Filter Systems Private Limited	-	-	-	-	-	-	41	-	9	-
Mahle Izmir AS.	-	-	-	-	-	-	5	-	-	-
MAHLE Filtre Sistemleri A.S.	-	-	-	-	-	-	4	-	-	-
MAHLE Industriebeteiligungen GmbH	-	-	-	-	-	12,332	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total related companies	109,034		78,054	101,616		86,322	253,575	21,451	84,576	59,764
Total related parties	109,034		78,054	101,616		86,322	253,575	21,451	84,576	59,764

* Brand license of R\$ 7,828

** Rent of R\$ 5,062

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements Periods of six and three months ended on June 30, 2023 and 2022

(in thousand of reais), unless otherwise indicated.

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 June 30, 2023, the subsidiary MAHLE Filtroil Indústria e Comércio de Filtros Ltda. owed a loan to the Company in the amount of R\$ 27,195 (December 31, 2022: R\$ 22,941) with interest rate of 115% of the interbank deposit certificate rate (CDI). The outstanding unpaid amount was fully netted against the provision for loss on subsidiaries of R\$ (-) 26,806. At the parent company, the net amount of R\$ 389 is presented within 'investments in subsidiaries' (Note 12).

At June 30, 2023, the subsidiary MAHLE Argentina S.A. has a loan agreement with the Company in the amount of USD 4,826 equivalent to R\$ 23,256 (R\$ 24,614 on December 31, 2022) with interest of 5.38% plus spread of 2.5% p.a. Although the amortization term began in June 2021, MAHLE Argentina S.A. has not yet received authorization to remit the USD because of current foreign exchange restrictions in Argentina. The authorization process is being monitored by the teams of MAHLE Brazil and MAHLE Argentina, without expectation of recovery in the short term due to payment restrictions imposed by the Argentine government as published through notices A7532, A7542, A7553 and A7563. We identified no material risk of loss on the amount receivable by the Parent company since the risk is hedged with NDF.

The subsidiary MAHLE Metal Leve GmbH has a daily cash management contract with MAHLE Holding Austria GmbH, subject to interest based on ESTER (Euro Short-Term Rate) + 1.15% p.a., with no definite maturity date. On June 30, 2023, the subsidiary has a balance payable of R\$ 15,241 arising from these transactions (balance receivable of R\$ 78,054 on December 31, 2022).

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". On June 30, 2023, the royalty expenses were recorded within "selling expenses - brand license", in the Parent company in the amount of R\$ 7,911 (June 30, 2022 - R\$ 7,292) and in the Consolidated accounts in the amount of R\$ 9,106 (June 30, 2022 - R\$ 7,828).

Parent company and ultimate parent company

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

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements Periods of six and three months ended on June 30, 2023 and 2022

(in thousand of reais), unless otherwise indicated.

Dividends and interest on capital receivable

On May 26, 2023, the Company received net dividends of R\$ 115,439 (R\$ 159,272 on May 27, 2022) from its foreign subsidiary MAHLE Metal Leve GmbH.

Dividends and interest on capital payable

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

	Parent company and Consolidated				Balance 06.30.2023
	Balance 12.31.2022	Addition	Payment	Prescribed dividends and interest on capital	
MAHLE Indústria e Comércio Ltda.	73,990	251,822	(325,812)	-	-
MAHLE Industriebeteiligungen GmbH.	12,332	41,970	(54,302)	-	-
Non-controlling	39,592	125,912	(164,080)	(54)	1,370
Total	125,914	419,704	(544,194)	(54)	1,370

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 and termination pay.

	Parent company and Consolidated			
	2023		2022	
	2Q2023	1H2023	2Q2022	1H2022
Statutory officers	2,608	4,623	1,747	3,448
Non-statutory officers	1,084	2,089	840	1,648
Total	3,692	6,712	2,587	5,096

The officers receive no share-based compensation.

MAHLE Metal Leve S.A.

Notes to the interim financial statements Periods of six and three months ended on June 30, 2023 and 2022

(in thousand of reais), unless otherwise indicated.

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			
	2023		2022	
	2Q2023	1H2023	2Q2022	1H2022
Profit before income tax and social contribution after interest on capital	246,263	481,255	144,013	293,714
Income tax and social contribution at the statutory rate in Brazil (34%)	(83,729)	(163,627)	(48,965)	(99,863)
Effects of permanent differences:				
Equity in the results of investees	11,405	22,960	8,635	23,669
Gain on monetary items, net	19,459	35,278	14,283	23,473
Non-deductible expenses	(2,036)	(3,128)	(1,227)	(2,292)
Other, net	1,600	6,302	(1,953)	(858)
Total income tax and social contribution	(53,301)	(102,215)	(29,227)	(55,870)
Current income tax and social contribution	(60,268)	(103,985)	(38,000)	(63,723)
Deferred income tax and social contribution	6,967	1,770	8,773	7,853
	(53,301)	(102,215)	(29,227)	(55,870)
Effective rate	21.6%	21.2%	20.3%	19.0%

MAHLE Metal Leve S.A.

Notes to the interim financial statements Periods of six and three months ended on June 30, 2023 and 2022

(in thousand of reais), unless otherwise indicated.

	Consolidated			
	2023		2022	
	2Q2023	1H2023	2Q2022	1H2022
Profit before income tax and social contribution after interest on capital	257,769	507,399	151,611	303,535
Income tax and social contribution at the statutory rate in Brazil (34%)	(87,641)	(172,516)	(51,548)	(103,202)
Effects of permanent differences:				
Gain on monetary items, net	8,792	19,265	7,904	13,366
Non-deductible expenses	7,510	8,640	(3,408)	(777)
Other, net	6,484	16,072	9,059	23,316
Total income tax and social contribution	(64,855)	(128,539)	(37,993)	(67,297)
Current income tax and social contribution	(69,283)	(120,820)	(46,326)	(74,464)
Deferred income tax and social contribution	4,428	(7,719)	8,333	7,167
	(64,855)	(128,539)	(37,993)	(67,297)
Effective rate	25.2%	25.3%	25.1%	22.2%

MAHLE Metal Leve S.A.

Notes to the interim financial statements Periods of six and three months ended on June 30, 2023 and 2022

(in thousand of reais), unless otherwise indicated.

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 06.30.2023	Balance in 12.31.2022	Balance in 06.30.2023	Balance in 12.31.2022
Property, plant and equipment	-	-	(26,294)	(26,743)
Intangible assets	-	-	(97,025)	(97,025)
Tax credit	-	-	(34,773)	(34,773)
Financial incentive - Limeira	-	-	(1,475)	(1,316)
Derivatives	-	106	(2,662)	-
Inventory	17,232	16,302	-	-
Provision labor risks	53,442	54,213	-	-
Other provision	123,511	121,237	-	-
Tax (assets) liabilities	194,185	191,858	(162,229)	(159,857)
Amount eligible for offsetting	(162,229)	(159,857)	162,229	159,857
Net tax (assets) liabilities	31,956	32,001	-	-

MAHLE Metal Leve S.A.

Notes to the interim financial statements Periods of six and three months ended on June 30, 2023 and 2022

(in thousand of reais), unless otherwise indicated.

	Consolidated			
	Assets		Liabilities	
	Balance in 06.30.2023	Balance in 12.31.2022	Balance in 06.30.2023	Balance in 12.31.2022
Property, plant and equipment	-	-	(42,445)	(42,157)
Intangible assets	-	-	(97,025)	(97,025)
Tax credit	-	-	(34,773)	(34,773)
Financial incentive - Limeira	-	-	(1,475)	(1,316)
Derivatives	-	106	(2,662)	-
Inventory	17,664	19,997	-	-
Provision labor risks	53,442	54,213	-	-
Other provision	126,173	124,728	-	-
Tax (assets) liabilities	197,279	199,044	(178,380)	(175,271)
Amount eligible for offsetting	(165,078)	(166,783)	165,078	166,783
Net tax (assets) liabilities	32,201	32,261	(13,302)	(8,488)

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.

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

ii. Changes in temporary differences:

	Parent company	Consolidated
At December 31, 2022	32,001	23,773
(+) Recognized in profit or loss (note 11.a)	1,770	(7,719)
(+) Recognized in other comprehensive income	(1,815)	2,845
At June 30, 2023	31,956	18,899

MAHLE Metal Leve S.A.

Notes to the interim financial statements Periods of six and three months ended on June 30, 2023 and 2022

(in thousand of reais), unless otherwise indicated.

12. Investments in subsidiaries

	06.30.2023				
	Investments accounted for using the equity method	Goodwill	Impairment	Elimination of profit on inventory (Balance at 06/30/2023)	Total
MAHLE Argentina S.A.	294,418	68,071	(68,071)	(3,095)	291,323
MAHLE Metal Leve GmbH	68,049	-	-	(2,172)	65,877
MAHLE Hirschvogel Forjas S.A.	2,732	35,755	(35,755)	-	2,732
MAHLE Filtróil Ind. e Com. de Filtróil Ltda.	389	-	-	-	389
Total	365,588	103,826	(103,826)	(5,267)	360,321

	12.31.2022				
	Investments accounted for using the equity method	Goodwill	Impairment	Elimination of profit on inventory (Balance at 12/31/2022)	Total
MAHLE Argentina S.A.	275,208	68,071	(68,071)	(3,024)	272,184
MAHLE Metal Leve GmbH	155,992	-	-	(3,386)	152,606
MAHLE Hirschvogel Forjas S.A.	2,920	35,755	(35,755)	-	2,920
Total	434,120	103,826	(103,826)	(6,410)	427,710

MAHLE Metal Leve S.A.

Notes to the interim financial statements

Periods of six and three months ended on June 30, 2023 and 2022

(in thousand of reais), unless otherwise indicated.

	Interest (%)	Current assets	Non current assets	Total assets	Current Liabilities	Non current liabilities	Total liabilities	Equity	Net revenue	Profit (loss) for the period	Interest in equity			
											Investments	Equity in the results of subsidiaries	Elimination of profit on inventory /other assets (equity)	
June 30, 2023	(6M 2023)										(6M 2023)			
Subsidiaries														
MAHLE Argentina S.A.	99.20	411,667	72,743	484,410	145,744	41,874	187,618	296,792	434,689	30,080	294,418	29,839	(71)	
MAHLE Metal Leve GmbH	100.00	166,563	2,619	169,182	85,892	15,241	101,133	68,049	349,564	39,319	68,049	39,319	1,215	
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	100.00	982	317	1,299	343	567	910	389	1,200	(2,583)	389	(2,583)	-	
MAHLE Hirschvogel Forjas S.A.	51.00	4,011	3,519	7,530	840	1,333	2,173	5,357	-	(369)	2,732	(188)	-	
Total		583,223	79,198	662,421	232,819	59,015	291,834	370,587	785,453	66,447	365,588	66,387	1,144	
December 31, 2022	(FY 2022)										(FY 2022)			
Subsidiaries														
MAHLE Argentina S.A.	99.20	405,200	86,907	492,107	175,016	39,664	214,680	277,427	866,068	5,669	275,208	5,624	602	
MAHLE Metal Leve GmbH	100.00	159,011	80,534	239,545	83,553	0	83,553	155,992	649,662	123,536	155,992	123,535	632	
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	60.00	1,184	305	1,489	2,247	8,931	11,178	(9,689)	1,746	(5,136)	-	(3,082)	-	
MAHLE Hirschvogel Forjas S.A.	51.00	4,592	3,267	7,859	752	1,381	2,133	5,726	-	(1,679)	2,920	(856)	-	
Total		569,987	171,013	741,000	261,568	49,976	311,544	429,456	1,517,476	122,390	434,120	125,221	1,234	
June 30, 2022	(6M 2022)										(6M 2022)			
Subsidiaries														
MAHLE Argentina S.A.	99.20	324,172	85,574	409,746	117,926	43,960	161,886	247,860	323,822	(13,887)	245,877	(13,776)	273	
MAHLE Metal Leve GmbH	100.00	156,870	41,231	198,101	84,132	1,855	85,987	112,114	315,102	82,524	112,114	82,525	2,597	
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	60.00	957	206	1,163	865	8,668	9,533	(8,370)	647	(1,837)	-	(1,102)	-	
MAHLE Hirschvogel Forjas S.A.	51.00	4,779	3,016	7,795	759	1,402	2,161	5,634	-	(1,771)	2,873	(903)	-	
Total		486,778	130,027	616,805	203,682	55,885	259,567	357,238	639,571	65,029	360,864	66,744	2,870	

MAHLE Metal Leve S.A.

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

MAHLE Argentina S.A.

As mentioned in Note 14, the Company has an impairment loss of R\$ 68,071 on the goodwill arising from the acquisition of the subsidiary.

MAHLE Filtroil Indústria e Comércio de Filtros Ltda.

The subsidiary has incurred recurring operating losses and has an accumulated deficit, which led it to take loans from the Parent company (Note 10).

After an agreement was signed, the non-controlling shareholder transferred all its shares in MAHLE Filtroil Indústria e Comércio de Filtros Ltda. to the Parent company MAHLE Metal Leve S.A. The agreed amount of R\$ 30,200 (principal + attorney's fee awards) minus related judicial deposits resulted in the amount of R\$ 24,891, which was settled in January 2023.

At June 30, 2023, the Company's interest in the equity of MAHLE Filtroil Indústria e Comércio de Filtros Ltda. is R\$ 389 and is recorded within 'Investments in subsidiaries' in non-current assets.

MAHLE Hirschvogel Forjas S.A.

On June 30, 2023, the equity interest in subsidiary MAHLE Hirschvogel Forjas S.A. is R\$ 2,732 (R\$ 2,920 on December 31, 2022) and are recorded in non-current liabilities as "Investments in subsidiaries".

The balance sheet and income statement information of the subsidiary MAHLE Hirschvogel Forjas S.A. was considered for consolidation of the Group assuming that the subsidiary will not continue as a going concern.

Due to 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

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13. Property, plant and equipment

	Parent company														
	Property, plant and equipment									Right-of-use assets					
	Land	Buildings and construction	Machinery, equipment and facilities	Furniture and fittings	Vehicles	Construction in progress	Advances to suppliers	Impairment	Sub-total	Right-of-use assets (IFRS 16) - buildings	Right-of-use assets (IFRS 16) - vehicles	Right-of-use assets (IFRS 16) - vehicles	Right-of-use assets (IFRS 16) - Machinery, equipment and facilities	Sub-total	Total
At December 31, 2022	52,454	70,428	407,427	3,816	3,153	2,537	3,985	(6,135)	537,665	41,297	2,889	768	240	45,194	582,859
Total cost	52,454	233,376	2,171,594	25,338	22,507	2,537	3,985	(6,135)	2,505,656	67,016	8,776	768	240	76,800	2,582,456
Accumulated depreciation	-	(162,948)	(1,764,167)	(21,522)	(19,354)	-	-	-	(1,967,991)	(25,719)	(5,887)	-	-	(31,606)	(1,999,597)
Net book value	52,454	70,428	407,427	3,816	3,153	2,537	3,985	(6,135)	537,665	41,297	2,889	768	240	45,194	582,859
Additions	-	694	13,661	288	491	3,558	775	-	19,467	-	4,712	465	295	5,472	24,939
Write-offs	-	-	(95)	-	(175)	-	-	359	89	-	-	-	-	-	89
Transfer	-	-	9,961	8	4	(6,091)	(3,882)	-	-	-	-	-	-	-	-
Depreciation	-	(2,323)	(38,440)	(370)	(424)	-	-	-	(41,557)	(4,131)	(1,669)	(702)	(244)	(6,746)	(48,303)
Depreciation/write-off (deemed cost)	-	(1,282)	(12)	(1)	-	-	-	-	(1,295)	-	-	-	-	-	(1,295)
At June 30, 2023	52,454	67,517	392,502	3,741	3,049	4	878	(5,776)	514,369	37,166	5,932	531	291	43,920	558,289
Total cost	52,454	234,069	2,186,346	25,559	22,448	4	878	(5,776)	2,515,982	67,016	13,488	1,233	535	82,272	2,598,254
Accumulated depreciation	-	(166,552)	(1,793,844)	(21,818)	(19,399)	-	-	-	(2,001,613)	(29,850)	(7,556)	(702)	(244)	(38,352)	(2,039,965)
Net book value	52,454	67,517	392,502	3,741	3,049	4	878	(5,776)	514,369	37,166	5,932	531	291	43,920	558,289

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	Property, plant and equipment									Right-of use assets					Sub-total	Total
	Land	Buildings and construction	Machinery, equipment and facilities	Furniture and fittings	Vehicles	Construction in progress	Advances to suppliers	Impairment	Sub-total	Right-of-use assets (IFRS 16) - buildings	Right-of-use assets (IFRS 16) - vehicles	Right-of-use assets (IFRS 16) - vehicles	Right-of-use assets (IFRS 16) - Machinery, equipment and facilities			
At December 31, 2022	52,489	85,350	466,238	3,952	4,525	2,537	7,231	(6,185)	616,137	44,625	2,890	768	240	48,523	664,660	
Total cost	52,489	254,626	2,443,259	25,589	34,583	2,537	7,231	(6,185)	2,814,129	71,324	8,776	768	240	81,108	2,895,237	
Accumulated depreciation	-	(169,276)	(1,977,021)	(21,637)	(30,058)	-	-	-	(2,197,992)	(26,699)	(5,886)	-	-	(32,585)	(2,230,577)	
Net book value	52,489	85,350	466,238	3,952	4,525	2,537	7,231	(6,185)	616,137	44,625	2,890	768	240	48,523	664,660	
Additions	-	694	9,222	297	491	3,558	7,661	-	21,923	-	4,712	465	295	5,472	27,395	
Write-offs	-	-	(95)	-	(175)	-	-	359	89	-	-	-	-	-	89	
Transfer	-	672	18,292	25	9	(6,091)	(12,907)	-	-	-	-	-	-	-	-	
Depreciation	-	(2,339)	(39,482)	(379)	(465)	-	-	-	(42,665)	(4,534)	(1,669)	(702)	(244)	(7,149)	(49,814)	
Depreciation/write-off (deemed cost)	-	(1,282)	(12)	(1)	-	-	-	-	(1,295)	-	-	-	-	-	(1,295)	
Gain on monetary items, net	-	5,364	15,156	-	479	-	171	-	21,170	828	-	-	-	828	21,998	
Translation effects	(11)	(6,085)	(23,534)	(56)	(541)	-	(793)	14	(31,006)	(1,012)	-	-	-	(1,012)	(32,018)	
At June 30, 2023	52,478	82,374	445,785	3,838	4,323	4	1,363	(5,812)	584,353	39,907	5,933	531	291	46,662	631,015	
Total cost	52,478	255,206	2,450,369	25,742	34,354	4	1,363	(5,812)	2,813,704	69,754	13,488	1,233	535	85,010	2,898,714	
Accumulated depreciation	-	(172,832)	(2,004,584)	(21,904)	(30,031)	-	-	-	(2,229,351)	(29,847)	(7,555)	(702)	(244)	(38,348)	(2,267,699)	
Net book value	52,478	82,374	445,785	3,838	4,323	4	1,363	(5,812)	584,353	39,907	5,933	531	291	46,662	631,015	

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Deemed cost

Changes in deemed cost

	Parent Company and Consolidated		
	12.31.2022	Depreciation / write-off (deemed cost)	06.30.2023
Land	46,905	-	46,905
Buildings and construction	30,236	(1,282)	28,954
Machinery, equipment and facilities	807	(12)	795
Furniture and fittings	17	(1)	16
Vehicles	(147)	-	(147)
	77,818	(1,295)	76,523

The annual depreciation rates of the property, plant and equipment items on June 30, 2023 are equal to the rates presented at December 31, 2022.

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 June 30, 2023 is R\$ 5,776 (R\$ 6,135 at December 31, 2022) and R\$ 5,812 (R\$ 6,185 at December 31, 2022), respectively.

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14. Intangible assets

	Annual amortization rates (%)	Parent company		Consolidated	
		06.30.2023	12.31.2022	06.30.2023	12.31.2022
Goodwill on merger with subsidiary:					
MAHLE Participações Ltda. (a) (rings business)	-	568,612	568,612	568,612	568,612
Goodwill on acquisition of subsidiaries:					
MAHLE Argentina S.A. (a)	-	-	-	68,071	68,071
MAHLE Hirschvogel Forjas S.A. (a)	-	-	-	35,755	35,755
Cost of acquisition and installation of software (b)	20	52,114	52,391	55,549	55,988
Other (a and b)	-	-	344	235	713
Usage right and concessions (a)	-	5,665	5,665	5,665	5,665
Usage right and concessions (b)	20	9,325	9,325	9,325	9,325
Provision for impairment of intangible assets (Rings business)	-	(188,654)	(188,654)	(188,654)	(188,654)
Provision for impairment of intangible assets (MAHLE Argentina S.A.)	-	-	-	(68,071)	(68,071)
Provision for impairment of intangible assets (MAHLE Hirschvogel Forjas S.A.)	-	-	-	(35,755)	(35,755)
Provision for impairment of intangible assets (other)	-	-	(344)	-	(343)
		447,062	447,339	450,732	451,306
Accumulated amortization		(57,574)	(57,242)	(61,217)	(61,171)
		389,488	390,097	389,515	390,135

(a) Indefinite useful life
(b) finite useful life

Statement of changes in intangible assets

	Parent company				
	Goodwill on acquisition of subsidiaries (merged or not)	Cost of acquisition and installation of software	Usage right and concessions	Other	Total
At December 31, 2022	379,958	1,279	8,860	-	390,097
Additions	-	92	-	-	92
Amortization	-	(689)	(12)	-	(701)
At June 30, 2023	379,958	682	8,848	-	389,488

	Consolidated				
	Goodwill on acquisition of subsidiaries (merged or not)	Cost of acquisition and installation of software	Usage right and concessions	Other	Total
At December 31, 2022	379,958	1,302	8,860	15	390,135
Additions	-	92	-	-	92
Amortization	-	(694)	(12)	-	(706)
Effect of the currency translation	-	(4)	-	(4)	(8)
Discontinued operations	-	2	-	-	2
At June 30, 2023	379,958	698	8,848	11	389,515

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Impairment

The Company's management continuously monitors the activities and did not detect substantial changes in their operational performance in the first semester of 2023 of the subsidiaries which could justify a change in the previously recorded impairment amounts.

15. Trade and related-party payables

	Parent company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Suppliers - Third Party				
Raw material	173,959	136,834	229,332	182,223
Services	45,439	43,103	45,597	43,183
	219,398	179,937	274,929	225,406
Related parties (Note 10)	88,910	71,308	113,549	101,616
	308,308	251,245	388,478	327,022

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

MAHLE Metal Leve S.A.

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16. Taxes and contributions payable

	Parent company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
State taxes	20,624	19,526	21,852	20,427
ICMS payable	20,624	19,526	20,679	19,538
Other	-	-	1,173	889
Federal taxes	14,695	28,266	19,840	31,993
COFINS payable	-	8,110	19	8,117
IRRF	3,125	5,634	3,142	5,649
IPI payable	-	4,195	413	4,678
PIS payable	-	1,719	4	1,720
Import tax	11,565	8,604	12,187	9,251
Other	5	4	4,075	2,578
Municipal taxes	-	-	363	329
Taxes and contributions payable	35,319	47,792	42,055	52,749
Income tax and social contribution	23,069	-	38,000	15,310
Income tax and social contribution payable	23,069	-	38,000	15,310
Current liabilities	58,388	47,792	80,055	68,059

17. Borrowings and lease liabilities

a) Borrowings

Description	Average cost	Parent company		Consolidated	
		06.30.2023	12.31.2022	06.30.2023	12.31.2022
Borrowings in local currency (BRL)					
FINEP (Long-Term Interest Rate (TJLP) + 5.00% p.a. - 6.00% p.a.)	6.28%	19,195	33,387	19,195	33,387
NCE Itaú (juros CDI + 1.25% p.a.)	14.90%	-	32,401	-	32,401
FINEP II (Long-Term Interest Rate (TJLP) + 5.00% p.a. - 5.00% p.a.)	7.28%	63,632	67,395	63,633	67,395
	7.05%	82,827	133,183	82,827	133,183
Borrowings in foreign currency					
PFI Patagonia (Interest Rate 15.86% p.a.)	USD (expressed in BRL) 15.86%	-	-	3,370	2,722
NCE (Interest Rate 3.90% p.a.)	EUR (expressed in BRL) 3.90%	363,077	278,188	363,077	278,188
NCE ITAÚ (Interest Rate 5.05% p.a.)	EUR (expressed in BRL) 5.05%	100,620	-	100,620	-
NCE SANTANDER (Interest Rate 2.28% p.a.)	EUR (expressed in BRL) 2.28%	135,094	141,387	135,094	141,387
NCE INTESA (Interest Rate 4.70% p.a.)	EUR (expressed in BRL) 4.70%	127,363	136,801	127,363	136,801
	7.87%	363,077	278,188	366,447	280,910
	4.57%	445,904	411,371	449,274	414,093
Current - borrowings in local currency		28,856	70,352	28,856	70,352
Current - borrowings in foreign currency		156,496	136,801	159,866	139,523
Total current		185,352	207,153	188,722	209,875
Non-current - borrowings in local currency		53,971	62,831	53,971	62,831
Non-current - borrowings in foreign currency		206,581	141,387	206,581	141,387
Total non-current		260,552	204,218	260,552	204,218

In the second quarter of 2023, the Parent company took loans of R\$ 100,000.

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- EUR 18,703 – NCE with average cost of 5.05% p.a., maturing in May 2026.

The Argentine subsidiary took the following bank borrowings amounting to R\$ 4,066:

- ARS 159,562 (USD 763.4) – PFI with average cost of 15.53% p.a. + exchange variation, maturing in July 2023.
- ARS 95,670 (EUR 421.2) – PFI with average cost of 16% p.a. + exchange variation, maturing in July 2023.

Reconciliation of changes in equity with proceeds from borrowings:

Changes in borrowings in the second quarter of 2023 were as follows:

Parent company							
Cash Flow							
12.31.2022	Addition	Principal Amortization	Amortization Interest	Monetary Variation	Exchange Variation	Appropriation of interest	06.30.2023
411,371	100,000	(48,538)	(8,393)	295	(55,126)	46,295	445,904

Consolidated							
Cash Flow							
12.31.2022	Addition	Principal Amortization	Amortization Interest	Monetary Variation	Exchange Variation	Appropriation of interest	06.30.2023
414,093	104,066	(52,756)	(8,631)	295	(54,175)	46,383	449,274

Parent company and Consolidated							
Cash Flow							
01.01.2022	Addition	Principal Amortization	Amortization Interest	Monetary Variation	Exchange Variation	Appropriation of interest	06.30.2022
262,380	289,333	(123,438)	(3,502)	263	(12,574)	7,867	420,329

On June 30, 2023, long-term borrowings mature as follows:

Parent company and Consolidated	
06.30.2023	
From april 2024	110,777
2025	8,455
2026	107,550
2027	8,455
2028	8,455
2029	8,455
2030	8,455
	260,552

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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 february 15, 2024. This financing is based on the TJLP interest rate (7.28% p.a. as of June 30, 2023) plus a bank spread of 5% p.a. less an equalization rate of 6% p.a. There are various accelerated maturity clauses (respecting ample defense for the Company) with loss of the equalization value: use of funds for a purpose other than that established in the contract; change in effective control of the Company; existence of FINEP amounts in arrears; inaccurate information provided to FINEP by the Company; and suspension of the projects.

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 November 03, 2024. This financing is based on the TJLP interest rate (7.28% p.a. as of June 30, 2023) plus a bank spread of 5% p.a. less an equalization rate of 4.5% p.a. and an additional interest equalization reduction of 0.5% p.a. for provision of bank guarantee. There are various accelerated maturity clauses (respecting ample defense for the Company) with loss of the equalization value: use of funds for a purpose other than that established in the contract; change in effective control of the Company; existence of FINEP amounts in arrears; inaccurate information provided to FINEP by the Company; and suspension of the projects.

On June 30, 2023, the Company did not have delinquent principal and interest payments and had not breached any provisions of the agreements with FINEP.

b) Lease obligations

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

Contracts by term and discount rate	Terms of the lease	Discount rate
Lease of buildings (Argentina)	3 years	13.40%
Lease of buildings (Brazil)	5 years	14.24%
Lease of vehicles (Brazil)	3 years	14.24%
Lease of vehicles (Brazil)	1 year	14.24%
Lease of machinery and equipment (Brazil)	5 years	14.24%

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The movement in lease liabilities is shown below:

	Parent company	Consolidated
Balance at December 31, 2022	45,231	49,094
Addition	5,472	5,472
Lease payments	(8,235)	(8,929)
Interest	2,509	2,604
Effect of the currency translation	-	(383)
Balance at June 30, 2023	44,977	47,858

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:

	Parent company	Consolidated
	06.30.2023	06.30.2023
30 days	855	974
From 31 to 90 days	1,712	1,954
From 91 to 365 days	7,961	8,333
2024	4,985	6,670
2025	10,041	10,504
2026	9,352	9,352
2027	10,071	10,071
Total	44,977	47,858
Current	10,529	11,261
Non current	34,448	36,597
	44,977	47,858

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	Parent company	Consolidated
	12.31.2022	12.31.2022
30 days	955	1,072
From 31 to 90 days	1,909	2,148
From 91 to 365 days	6,501	7,674
2024	8,433	10,264
2025	8,292	8,795
2026	9,071	9,071
2027	10,070	10,070
Total	45,231	49,094
Current	9,364	10,893
Non current	35,867	38,201
	45,231	49,094

18. Salaries, vacation pay and social charges

	Parent company		Consolidated	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
Accrued vacation pay / 13th month salary	82,543	43,626	89,200	50,672
Employee profit sharing	28,687	35,219	30,288	37,408
INSS /FGTS	14,965	16,427	14,986	16,454
Other social security obligations	2,792	678	7,039	5,196
Total	128,987	95,950	141,513	109,730

19. Sundry provision

	Parent company						
	Losses on contracts	Commercial bonuses	Electric power	Employee benefits	Non-controlling agreement (*)	Other	Total
At December 31, 2022	11,846	28,943	9,078	1,438	24,891	-	76,196
Reversal	(1,093)	(934)	(9,078)	-	-	-	(11,105)
Payment	-	(17,718)	-	(1,438)	(30,200)	-	(49,356)
Complement	2,089	23,632	10,485	1,343	-	744	38,293
Reclassification	-	-	-	-	5,309	-	5,309
At June 30, 2023	12,842	33,923	10,485	1,343	-	744	59,337

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	Consolidated							Total
	Losses on contracts	Commercial bonuses	Restructuring	Electric power	Employee benefits	Non-controlling agreement (*)	Other	
At December 31, 2022	12,203	28,944	684	9,669	1,442	24,891	10,184	88,017
Reversal	(1,093)	(934)	-	(9,669)	(1)	-	(18)	(11,715)
Payment	-	(17,718)	-	-	(1,437)	(30,200)	(1,085)	(50,440)
Complement	2,089	23,632	-	11,333	1,343	-	2,730	41,127
Effect of the currency translation	(130)	-	-	-	-	-	(366)	(496)
Reclassification	-	-	-	-	-	5,309	(8,407)	(3,098)
At June 30, 2023	13,069	33,924	684	11,333	1,347	-	3,038	63,395

(*) In December 2022 the Company recorded a provision of R\$ 30,200 (acquisition price) related to the settlement of the lawsuit involving the minority shareholder of the subsidiary MAHLE Filtroil Indústria de Filtros Ltda. minus R\$ 5,309 (judicial deposits). The payment of R\$ 24,891 was settled on January 31, 2023).

Provision for losses on contracts

Provision for losses on contracts is recognized in an amount sufficient to cover losses on sales contracts already entered into and for estimates of losses, on which management expects to incur negative margins.

20. Provision for warranties

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

	Parent company	Consolidated
At December 31, 2022	15,874	17,662
Reversal	(1,610)	(1,985)
Payment	(599)	(1,150)
Complement	3,657	3,830
Effect of the currency translation	-	(401)
At June 30, 2023	17,322	17,956

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

The provisions for contingencies are recorded based on management's estimates and legal advice, as described below:

	Parent company					
	Civil and labor	Tax	Environmental liability	Subtotal	Judicial deposits	Total
At December 31, 2022	159,450	70,686	26,030	256,166	(24,237)	231,929
Additions	24,114	6,073	1,690	31,877	(2,163)	29,714
Monetary restatements	8,159	3,786	-	11,945	467	12,412
Write-off for use	(15,639)	(466)	(1,064)	(17,169)	568	(16,601)
Write-off for reversal	(27,309)	(5,773)	-	(33,082)	1,216	(31,866)
Transfer	-	-	-	-	405	405
At June 30, 2023	148,775	74,306	26,656	249,737	(23,744)	225,993

	Consolidated					
	Civil and labor	Tax	Environmental liability	Subtotal	Judicial deposits	Total
At December 31, 2022	162,827	73,581	26,030	262,438	(24,546)	237,892
Additions	24,555	6,073	1,690	32,318	(2,163)	30,155
Monetary restatements	8,573	3,788	-	12,361	465	12,826
Write-off for use	(15,954)	(466)	(1,064)	(17,484)	568	(16,916)
Write-off for reversal	(27,631)	(5,773)	-	(33,404)	1,219	(32,185)
Transfer	-	-	-	-	440	440
Effect of the currency translation	(491)	(1,033)	-	(1,524)	-	(1,524)
At June 30, 2023	151,879	76,170	26,656	254,705	(24,017)	230,688

The changes in lawsuits (additions, remeasurement and write-offs) are related mainly to changes in the expectation of the final outcome of the lawsuits in progress, new lawsuits or cases ended, according to the information provided by the Company's legal counsel.

i. Proceedings involving the risk of possible loss

On June 30, 2023, the Group had civil and tax proceedings brought before the proper authorities in the amount of R\$ 70,800 (December 31, 2022 - R\$ 76,959), 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.

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ii. Incentivo Municipal

The Company has a contingent asset related to the municipal financial incentive proceeding which was judged in favor of it in September 2019.

The asset was considered contingent due to significant uncertainty relating to the length of time it would take to enforce a judgment as to the method and amount of payment.

In July 2022, the Company obtained a certificate of final definitive decision on the motions for clarification of judgment and, therefore, it became virtually certain that the inflow of economic benefits will arise and that the Company has control over such assets, despite uncertainty as to the length of time it will take to enforce the judgment as to the method of payment.

The asset was recognized when the realization of cash flows associated with it became relatively certain, based on management's best estimate.

At June 30, 2023, the carrying amount of the asset is R\$ 2,863 (December 31, 2022: R\$ 2,609).

Contingent assets

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.

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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. At June 30, 2023 there is still considerable uncertainty about the time, form and amount of realization of the gain and, therefore, it is not possible to determine with sufficient reliability the amount of the gain. The Company should not recognize an asset if it is not virtually certain that the Company controls the asset.

22. Equity

a. Share capital

On June 30, 2023 and December 31, 2022, subscribed and paid-up capital was represented by the following number of shares with no par value:

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

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 June 30, 2023, the market value of the Company's common shares corresponded the price of R\$ 46.54 per share (R\$ 30.77 on December 31, 2022).

There were no changes in the policies regarding dividends, interest on capital and revenue reserves in relation to those applied in the financial statements for the year ended December 31, 2022.

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b. Appropriation of profit for the year

At the General Meeting held on April 27, 2023, the shareholders approved the distribution of additional dividends for prior years in the gross amount of R\$ 175,571, at R\$ 1.368347636, additional dividends in the gross amount of R\$ 244,134, at R\$ 1.902687663, and mandatory dividends in the gross amount of R\$ 32,245, at R\$ 0.251316164, without 15% withholding income tax, pursuant to Law No. 9249/95, article 10. These dividends were paid on May 26, 2023.

On December 26, 2022, the Board of Directors approved the payment of interest on capital in the gross amount of R\$ 107,142, for the period from January 1, 2022, to December 31, 2022, which will be paid on January 26, 2023, corresponding to R\$ 0.8350347061 per common share with withholding income tax at the rate of 15%, with the result that the net value of interest on capital was R\$ 0.7097795002 per common share.

On April 27, 2022, the Shareholders' Meeting approved the payment of additional dividends for the fiscal year ended December 31, 2021, in the amount of R\$ 404,428, which will be paid on May 27, 2022, corresponding to R\$ 3.151997 per common share, without withholding income tax, pursuant to Law 9,249/95, Article 10.b.

c. Special cash reserve

Reserve for expansion and modernization

At December 31, 2022 the Company increased this reserve by R\$ 174,028 for future investments for the next three years, as per capital budget approved by the Company's management on March 7, 2023, totaling a balance of R\$ 331,789.

d. Other comprehensive income

Cumulative translation adjustments

The Company recognizes under this heading the cumulative effect of the currency translation of the financial statements of its subsidiaries that keep accounting records in a functional currency different from the parent company's functional currency. On June 30, 2023, the Company recorded cumulative translation adjustments of R\$ (-) R\$ 123,912 ((-) R\$ 76,102 on June 30, 2022). 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.

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Carrying value adjustments

The Company recognizes under this heading the carrying value adjustments:

- The effects of carrying value adjustments relating to the effective portion of gains or losses on cash flow hedges, which are recognized on June 30, 2023, net of taxes, at (+) R\$ 3,523 (On June 30, 2022 (+) R\$ 5,880) in the Parent company and in the Consolidated accounts.
- The adjustments for the adoption of the deemed cost of property, plant and equipment, net at R\$ 222 on June 30, 2023 (On June 30, 2022 - R\$ 297). 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.

23. Earnings per share

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

	2Q2023	1H2023	2Q2022	1H2022
Profit attributable to owners of the parent	192,962	379,040	114,786	237,844
Company total shares	128,308,500	128,308,500	128,308,500	128,308,500
Basic earnings per share (R\$ per share)	1.503891	2.954130	0.894606	1.853689

There are no diluted earnings per share for the Company.

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24. Net operating revenue

	Parent company			
	2023		2022	
	2Q2023	1H2023	2Q2022	1H2022
Gross revenue				
Products	1,096,094	2,119,505	1,012,974	1,907,591
Services	21,250	40,097	14,839	36,984
Total revenue with products + services	1,117,344	2,159,602	1,027,813	1,944,575
Deductions from sales:				
Taxes on sales	(215,177)	(411,607)	(200,153)	(375,357)
Discounts , returns and sales incentives	(15,113)	(32,188)	(11,532)	(21,189)
Net revenue	887,054	1,715,807	816,128	1,548,029

	Consolidated			
	2023		2022	
	2Q2023	1H2023	2Q2022	1H2022
Gross revenue				
Products	1,419,968	2,725,900	1,280,296	2,380,396
Services	20,338	38,333	14,053	33,759
Total revenue with products + services	1,440,306	2,764,233	1,294,349	2,414,155
Deductions from sales:				
Taxes on sales	(215,386)	(411,940)	(200,245)	(375,542)
Discounts , returns and sales incentives	(104,123)	(209,345)	(74,700)	(129,205)
Net revenue	1,120,797	2,142,948	1,019,404	1,909,408

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

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

	Parent company			
	2023		2022	
	2Q2023	1H2023	2Q2022	1H2022
Revenue by market				
Original equipment	532,995	1,030,995	484,687	913,272
Aftermarket	354,059	684,812	331,441	634,757
	887,054	1,715,807	816,128	1,548,029
	Consolidated			
	2023		2022	
	2Q2023	1H2023	2Q2022	1H2022
Revenue by market				
Original equipment	652,717	1,259,577	606,594	1,154,765
Aftermarket	468,080	883,371	412,810	754,643
	1,120,797	2,142,948	1,019,404	1,909,408

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25. Cost of sales and services

Cost of sales and services by nature are as follows:

	Parent company			
	2023		2022	
	2Q2023	1H2023	2Q2022	1H2022
Raw material and others materials	(328,014)	(634,245)	(348,550)	(660,844)
Personnel and benefits	(172,031)	(329,821)	(162,468)	(306,160)
Utilities and services	(54,560)	(104,024)	(50,411)	(94,753)
Depreciation and amortization	(22,802)	(45,199)	(21,706)	(41,483)
Other	(56,201)	(110,931)	(49,938)	(99,273)
Total	(633,608)	(1,224,220)	(633,073)	(1,202,513)

	Consolidated			
	2023		2022	
	2Q2023	1H2023	2Q2022	1H2022
Raw material and others materials	(404,342)	(793,978)	(420,308)	(795,504)
Personnel and benefits	(181,460)	(348,092)	(174,887)	(326,686)
Utilities and services	(56,735)	(107,305)	(53,139)	(98,515)
Depreciation and amortization	(23,488)	(46,629)	(22,904)	(43,617)
Other	(115,505)	(189,685)	(89,076)	(149,870)
Total	(781,530)	(1,485,689)	(760,314)	(1,414,192)

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26. Selling expenses and distribution

Selling expenses by nature are as follows:

	Parent company			
	2023		2022	
	2Q2023	1H2023	2Q2022	1H2022
Freight	(26,423)	(48,723)	(25,306)	(46,570)
Personnel and benefits	(15,080)	(29,897)	(14,339)	(26,555)
Professional services/service orders	(6,559)	(11,768)	(5,072)	(6,140)
Brand license	(4,027)	(7,911)	(3,550)	(7,292)
Variable selling expenses	(3,869)	(8,323)	(4,974)	(8,626)
Advertising	(3,714)	(6,709)	(392)	(1,227)
General expenses	(1,877)	(4,808)	(2,812)	(4,228)
Travel and entertainment allowance	(1,100)	(1,949)	(716)	(1,018)
Depreciation	(368)	(734)	(369)	(490)
Other expenses	(3,478)	(6,647)	(3,771)	(5,159)
Total	(66,495)	(127,469)	(61,301)	(107,305)

	Consolidated			
	2023		2022	
	2Q2023	1H2023	2Q2022	1H2022
Freight	(30,439)	(55,861)	(29,098)	(52,908)
Personnel and benefits	(20,393)	(38,893)	(18,508)	(33,036)
Professional services/service orders	(9,276)	(15,379)	(5,820)	(7,248)
Variable selling expenses	(6,223)	(12,834)	(8,211)	(15,492)
Brand license	(4,627)	(9,106)	(3,810)	(7,828)
General expenses	(4,156)	(8,752)	(4,889)	(8,080)
Advertising	(3,996)	(7,273)	(728)	(1,869)
Export expenses (Argentina)	(1,395)	(2,819)	-	-
Travel and entertainment allowance	(1,262)	(2,184)	(812)	(1,219)
Reversal of (provision) for impairment of trade receivables	(994)	(967)	(373)	295
Depreciation	(384)	(766)	(387)	(520)
Other expenses	(4,406)	(8,309)	(4,618)	(6,643)
Total	(86,557)	(162,176)	(76,881)	(134,843)

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27. General and administrative expenses

General and administrative expenses by nature are as follows:

	Parent company			
	2023		2022	
	2Q2023	1H2023	2Q2022	1H2022
Personnel and benefits	(8,567)	(17,746)	(8,296)	(15,955)
Professional services/service orders	(8,193)	(14,180)	(6,971)	(11,141)
Management	(3,692)	(6,712)	(2,587)	(5,096)
Taxes	(1,716)	(3,481)	(1,707)	(2,935)
Maintenance	(1,358)	(2,959)	(1,126)	(1,933)
Materials and utilities	(947)	(1,931)	(861)	(1,550)
Depreciation	(921)	(1,864)	(793)	(1,532)
Travel and entertainment allowance	(172)	(317)	(225)	(304)
PIS/COFINS	-	-	(1,076)	(1,781)
Other expenses	(2,415)	(4,942)	(2,224)	(3,801)
Total	(27,981)	(54,132)	(25,866)	(46,028)

	Consolidated			
	2023		2022	
	2Q2023	1H2023	2Q2022	1H2022
Personnel and benefits	(10,801)	(21,619)	(10,659)	(19,823)
Professional services/service orders	(9,273)	(16,031)	(8,413)	(13,545)
Management	(3,692)	(6,712)	(2,587)	(5,096)
Taxes	(1,730)	(3,508)	(1,721)	(2,968)
Maintenance	(1,403)	(3,095)	(1,186)	(2,040)
Materials and utilities	(1,173)	(2,330)	(1,087)	(1,957)
Depreciation	(942)	(1,901)	(823)	(1,587)
Travel and entertainment allowance	(279)	(441)	(274)	(379)
PIS/COFINS	-	-	(1,082)	(1,796)
Other expenses	(2,747)	(5,584)	(2,428)	(4,252)
Total	(32,040)	(61,221)	(30,260)	(53,443)

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28. Technology and product development costs

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

	Parent company			
	2023		2022	
	2Q2023	1H2023	2Q2022	1H2022
Personnel and benefits	(6,883)	(13,261)	(5,553)	(11,584)
General expenses	(2,684)	(3,426)	(666)	(1,264)
Depreciation	(844)	(1,737)	(914)	(1,861)
Materials/utilities	(842)	(1,732)	(1,271)	(2,601)
Maintenance	(807)	(1,316)	(544)	(929)
Professional services/service orders	(652)	(1,450)	(582)	(1,194)
Other (expenses) income	(641)	(1,541)	(263)	(428)
	(13,353)	(24,463)	(9,793)	(19,861)

	Consolidated			
	2023		2022	
	2Q2023	1H2023	2Q2022	1H2022
Personnel and benefits	(7,311)	(14,019)	(5,925)	(12,181)
General expenses	(3,056)	(5,098)	(1,541)	(3,082)
Materials/utilities	(858)	(1,774)	(1,297)	(2,636)
Depreciation	(852)	(1,753)	(936)	(1,902)
Maintenance	(812)	(1,322)	(559)	(946)
Professional services/service orders	(776)	(1,682)	(716)	(1,466)
Other (expenses) income	(731)	(1,664)	(319)	(500)
	(14,396)	(27,312)	(11,293)	(22,713)

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29. Finance income and costs, net

	Parent company			
	2023		2022	
	2Q2023	1H2023	2Q2022	1H2022
Finance income				
Interest	10,902	23,980	11,494	22,033
Exchange variation (a)	9,413	15,373	25,041	50,496
Monetary variation gains	810	2,027	161	404
Derivative financial instruments (c)	10,089	20,699	2,034	30,271
Other	1,491	3,192	1,920	3,658
	32,705	65,271	40,650	106,862
Finance costs				
Interest	(5,322)	(10,593)	(2,742)	(4,935)
Exchange variations (b)	(4,671)	(14,580)	(21,058)	(82,274)
Monetary variation losses	(7,814)	(13,573)	(7,611)	(13,496)
Derivative financial instruments (d)	(955)	(641)	(10,304)	(11,764)
Other	(1,141)	(1,386)	(1,464)	(1,827)
	(19,903)	(40,773)	(43,179)	(114,296)
Finance income (costs), net	12,802	24,498	(2,529)	(7,434)
Summary of foreign exchange variations (a+b)	4,742	793	3,983	(31,778)
Borrowings	14,503	16,726	(12,602)	8,483
Trade payables	2,150	2,900	(2,055)	3,458
Cash and cash equivalents	501	(2,429)	5,128	(3,999)
Interest on capital receivable	-	-	(3,158)	(25,412)
Loan receivable	(1,254)	(1,908)	2,295	(1,523)
Trade receivables	(11,220)	(14,558)	14,390	(12,767)
Other	62	62	(15)	(18)
Summary of derivative instruments (c+d)	9,134	20,058	(8,270)	18,507
Income	10,089	20,699	2,034	30,271
Expenses	(955)	(641)	(10,304)	(11,764)
Net result of foreign exchange variations and derivative financial instruments	13,876	20,851	(4,287)	(13,271)

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	Consolidated			
	2023		2022	
	2Q2023	1H2023	2Q2022	1H2022
Finance income				
Interest	33,059	63,226	16,027	30,794
Exchange variation (a)	39,579	77,146	48,802	88,029
Monetary variation gains	5,896	8,301	1,147	1,663
Derivative financial instruments (c)	10,089	20,698	1,926	30,369
Other	1,492	3,197	1,922	3,660
	90,115	172,568	69,824	154,515
Finance costs				
Interest	(6,819)	(13,513)	(3,782)	(6,777)
Exchange variations (b)	(40,180)	(91,775)	(45,887)	(122,207)
Monetary variation losses	(9,509)	(15,641)	(9,550)	(15,706)
Derivative financial instruments (d)	(955)	(638)	(10,304)	(11,764)
Other	(3,298)	(6,817)	(5,206)	(6,943)
	(60,761)	(128,384)	(74,729)	(163,397)
Finance income (costs), net	29,354	44,184	(4,905)	(8,882)
Summary of foreign exchange variations (a+b)	(601)	(14,629)	2,915	(34,178)
Borrowings	10,070	9,729	(4,722)	22,897
Loan receivable	9,537	6,125	(685)	(6,040)
Interest on capital receivable	-	-	(3,158)	(25,412)
Lease obligations (IFRS 16)	(583)	(1,154)	(775)	(776)
Trade payables	(4,756)	(3,279)	(6,001)	(3,070)
Cash and cash equivalents	(5,939)	(19,089)	3,959	(6,817)
Trade receivables	(8,993)	(7,022)	14,311	(14,943)
Other	63	61	(14)	(17)
Summary of derivative instruments (c+d)	9,134	20,060	(8,378)	18,605
Income	10,089	20,698	1,926	30,369
Expenses	(955)	(638)	(10,304)	(11,764)
Net result of foreign exchange variations and derivative financial instruments	8,533	5,431	(5,463)	(15,573)

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30. Other operating income and expenses, net

	Parent company			
	2023		2022	
	2Q2023	1H2023	2Q2022	1H2022
Other income				
Reversal of provision for labor, civil and tax contingencies	13,718	33,084	19,771	27,952
Taxes recovered (Reintegra)	5,671	5,934	245	1,724
Reversal of provision for product losses	1,093	1,093	-	-
Reversal of provision for obsolescence (Property, plant and equipment)	116	360	145	340
Gains on disposal of assets /other	42	1,794	160	160
Other income	1,439	3,057	998	1,715
	22,079	45,322	21,319	31,891
Other expenses				
Provision for labor, civil and tax contingencies	(16,356)	(33,016)	(26,262)	(38,695)
Provision for product losses	(2,089)	(2,089)	-	-
Provision for Environmental	(1,690)	(1,690)	-	-
PIS and COFINS on other income	(761)	(1,923)	-	-
Losses on disposal of assets /other	(66)	(94)	(65)	(138)
Provision for losses on agreement	-	(1,281)	-	-
Other expenses	(3,538)	(4,118)	(1,500)	(2,415)
	(24,500)	(44,211)	(27,827)	(41,248)
Other operating income (Expenses), net	(2,421)	1,111	(6,508)	(9,357)

	Consolidated			
	2023		2022	
	2Q2023	1H2023	2Q2022	1H2022
Other income				
Reversal of provision for labor, civil and tax contingencies	13,941	33,402	20,011	28,503
Gain on monetary items	9,183	11,305	3,845	4,497
Taxes recovered (Reintegra)	5,671	5,934	378	1,859
Reversal of provision for product losses	1,093	1,093	-	-
Gains on disposal of assets /other	272	2,024	160	160
Reversal of provision for obsolescence (Property, plant and equipment)	116	360	145	340
Other income	1,810	3,695	1,037	1,753
	32,086	57,813	25,576	37,112
Other expenses				
Provision for labor, civil and tax contingencies	(16,713)	(33,567)	(26,543)	(39,555)
Losses on monetary items	(10,408)	(12,839)	(3,402)	(3,951)
Provision for product losses	(2,089)	(2,089)	-	-
Provision for Environmental	(1,690)	(1,690)	-	-
PIS and COFINS on other income	(767)	(1,936)	-	-
Losses on disposal of assets /other	(67)	(95)	(64)	(141)
Export expenses - Argentina	-	-	(1,728)	(3,323)
Provision for losses on agreement	-	(1,281)	-	-
Other expenses	(3,984)	(4,715)	(1,398)	(2,415)
	(35,718)	(58,212)	(33,135)	(49,385)
Other operating income (expenses), net	(3,632)	(399)	(7,559)	(12,273)

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31. Financial instruments

I. Financial instruments and risk management

The financial instruments are presented in the financial statements and classified in accordance with guidance in NBC TG 40/48 (CPC 40/48) IFRS 7/9 – Financial Instruments, permitting the user of the information to assess the financial condition of the Group.

The financial instruments are not used for speculative purposes and the table below shows their classification:

Assets	Note	Parent Company					
		06.30.2023			12.31.2022		
		Amortized Cost	Designated Derivatives for Cash Flow Hedge	Total	Amortized Cost	Designated Derivatives for Cash Flow Hedge	Total
Cash, demand deposits and cash in transit	6.a	27,072	-	27,072	42,194	-	42,194
Financial investments	6.a	149,942	-	149,942	236,910	-	236,910
Trade receivables	7	607,559	-	607,559	571,796	-	571,796
Receivables from and loans to related parties	10	23,256	-	23,256	24,614	-	24,614
Unrealized gains on derivatives	31	-	20,720	20,720	-	11,149	11,149
Total		807,829	20,720	828,549	875,514	11,149	886,663

Liabilities	Note	Parent Company					
		06.30.2023			12.31.2022		
		Amortized Cost	Designated Derivatives for Cash Flow Hedge	Total	Amortized Cost	Designated Derivatives for Cash Flow Hedge	Total
Payables to related parties	15	(88,910)	-	(88,910)	(71,308)	-	(71,308)
Trade payables	15	(219,398)	-	(219,398)	(179,937)	-	(179,937)
Lease liabilities	17.b	(44,977)	-	(44,977)	(45,231)	-	(45,231)
Borrowings	17.a	(445,904)	-	(445,904)	(411,371)	-	(411,371)
Unrealized losses on derivatives	31	-	(9,374)	(9,374)	-	(7,943)	(7,943)
Total		(799,189)	(9,374)	(808,563)	(707,847)	(7,943)	(715,790)

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Assets	Note	Consolidated					
		06.30.2023			12.31.2022		
		Amortized Cost	Designated Derivatives for Cash Flow Hedge	Total	Amortized Cost	Designated Derivatives for Cash Flow Hedge	Total
Cash, demand deposits and cash in transit	6.a	50,231	-	50,231	61,870	-	61,870
Financial investments	6.a	154,829	-	154,829	365,536	-	365,536
Marketable securities	6.b	104,201	-	104,201	-	-	-
Trade receivables	7	748,619	-	748,619	659,339	-	659,339
Receivables from and loans to related parties	10	-	-	-	78,054	-	78,054
Unrealized gains on derivatives	31	-	22,684	22,684	-	13,159	13,159
Total		1,057,880	22,684	1,080,564	1,164,799	13,159	1,177,958

Liabilities	Note	Consolidated					
		06.30.2023			12.31.2022		
		Amortized Cost	Designated Derivatives for Cash Flow Hedge	Total	Amortized Cost	Designated Derivatives for Cash Flow Hedge	Total
Payables to related parties	15	(113,549)	-	(113,549)	(101,616)	-	(101,616)
Trade payables	15	(274,929)	-	(274,929)	(225,406)	-	(225,406)
Lease liabilities	17.b	(47,858)	-	(47,858)	(49,094)	-	(49,094)
Borrowings	17.a	(449,274)	-	(449,274)	(414,093)	-	(414,093)
Payables loans to related parties	10	(15,241)	-	(15,241)	78,054	-	78,054
Unrealized losses on derivatives	31	-	(9,374)	(9,374)	-	(7,943)	(7,943)
Total		(900,851)	(9,374)	(900,851)	(790,209)	(7,943)	(798,152)

- 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; and

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

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- 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.

	Note	Parent Company				Consolidated				Level
		06.30.2023		12.31.2022		06.30.2023		12.31.2022		
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	
Assets										
Cash, demand deposits and cash in transit	6.a	27,072	27,072	42,194	42,194	50,231	50,231	61,870	61,870	2
Financial investments	6.a	149,942	149,942	236,910	236,910	154,829	154,829	365,536	365,536	2
Marketable securities	6.b	-	-	-	-	104,201	104,201	-	-	2
Trade receivables	7	607,559	607,559	571,796	571,796	748,619	748,619	659,339	659,339	2
Receivables from and loans to related parties	10	23,256	23,256	24,614	24,614	-	-	78,054	78,054	2
Unrealized gains on derivatives	31	20,720	20,720	11,149	11,149	22,684	22,684	13,159	13,159	2
Total		828,549	828,549	886,663	886,663	1,080,564	1,080,564	1,177,958	1,177,958	
Liabilities										
Payables to related parties	15	(88,910)	(88,910)	(71,308)	(71,308)	(113,549)	(113,549)	(101,616)	(101,616)	2
Trade payables	15	(219,398)	(219,398)	(179,937)	(179,937)	(274,929)	(274,929)	(225,406)	(225,406)	2
Lease liabilities	17.b	(44,977)	(44,977)	(45,231)	(45,231)	(47,858)	(47,858)	(49,094)	(49,094)	2
Borrowings	17.a	(445,904)	(445,904)	(411,371)	(411,371)	(449,274)	(449,274)	(414,093)	(414,093)	2
Payables loans to related parties	10	-	-	-	-	(15,241)	(15,241)	-	-	2
Unrealized losses on derivatives	31	(9,374)	(9,374)	(7,943)	(7,943)	(9,374)	(9,374)	(7,943)	(7,943)	2
Total		(808,563)	(808,563)	(715,790)	(715,790)	(910,225)	(910,225)	(798,152)	(798,152)	

- 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.

Consolidated			06.30.2023					
	Note	Risk	Provision	Total	2023	2024	2025	2026
Financial instruments								
NDF	31	Exchange	9,138	9,138	5,978	2,260	900	-
Commodities	31	Exchange	61	61	136	(75)	-	-
Total			9,199	9,199	6,114	2,185	900	-
Consolidated			12.31.2022					
	Note	Risk	Provision	Total	2023	2024	2025	2026
Financial instruments								
NDF	31	Exchange	2,965	2,965	3,228	(262)	-	-
Commodities	31	Exchange	276	276	276	-	-	-
Total			3,241	3,241	3,504	(262)	-	-

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II. Risk management

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.

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).

a) 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.

		06.30.2023					
		Carrying amount	Cash Flow	Up to 1 year	1 - 2 years	2 - 5 years	More than 5 years
Consolidated							
	Note						
Liabilities							
Payables to related parties	15	(113,549)	(113,549)	(113,549)	-	-	-
Trade payables	15	(274,929)	(274,929)	(274,929)	-	-	-
Lease liabilities	17.b	(47,858)	(47,858)	(11,261)	(36,597)	-	-
Borrowings (*)	17.a	(449,274)	(482,541)	(195,560)	(120,407)	(136,110)	(30,463)
Unrealized losses on derivatives	31	(9,374)	(9,374)	(9,374)	-	-	-
Total		(894,984)	(928,251)	(604,673)	(157,004)	(136,110)	(30,463)

(*) Cash flows are presented at the nominal amount, not at amortized cost as in the accounting books.

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	Note	12.31.2022					
		Carrying amount	Cash Flow	Up to 1 year	1 - 2 years	2 - 5 years	More than 5 years
Liabilities							
Payables to related parties	15	(101,616)	(101,616)	(101,616)	-	-	-
Trade payables	15	(225,406)	(225,406)	(225,406)	-	-	-
Lease liabilities	17.b	(49,094)	(49,094)	(10,893)	(38,201)	-	-
Borrowings (*)	17.a	(414,093)	(450,500)	(181,536)	(196,310)	(36,322)	(36,332)
Unrealized losses on derivatives	31	(7,943)	(7,943)	(7,943)	-	-	-
Total		(798,152)	(834,559)	(527,394)	(234,511)	(36,322)	(36,332)

(*) Cash flows are presented at the nominal amount, not at amortized cost as in the accounting books.

b) 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	
		06.30.2023	12.31.2022	06.30.2023	12.31.2022
Cash, demand deposits and cash in transit	6.a	27,072	42,194	50,231	61,870
Financial investments	6.a	149,942	236,910	154,829	365,536
Marketable securities	6.b	-	-	104,201	-
Trade receivables	7	607,559	571,796	748,619	659,339
Receivables from and loans to related parties	10	23,256	24,614	-	78,054
Unrealized gains on derivatives	31	20,720	11,149	22,684	13,159
Total		828,549	886,663	1,080,564	1,177,958

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.

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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	
	06.30.2023	12.31.2022	06.30.2023	12.31.2022
<i>Top 20</i>	231,065	212,325	314,248	290,721
<i>Third Parties</i>	243,984	193,293	322,161	268,513
<i>Intercompanies</i>	139,468	172,532	121,441	109,034
Total Trade Receivables and Others	614,517	578,150	757,850	668,268

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).

c) 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:

Assets	Note	Parent company		Consolidated	
		06.30.2023	12.31.2022	06.30.2023	12.31.2022
Cash, demand deposits and cash in transit	6.a	27,072	42,194	50,231	61,870
Financial investments	6.a	149,942	236,910	154,829	365,536
Marketable securities	6.b	-	-	104,201	-
Borrowings	17.a	(445,904)	(411,371)	(449,274)	(414,093)
Total		(268,890)	(132,267)	(140,013)	13,313

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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.

d) Risk of fluctuation in exchange rates

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

The Company 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).

On June 30, 2023, the Company's exposure in USD (EUR and JPY equivalents in USD) was USD 17,601, as shown below:

Foreign exchange exposure arising from accounts receivable and payable in foreign currency at June 30, 2023			
Item	USD thousand	EUR thousand (*)	JPY thousand (**)
	Parent company	Parent company	Parent company
(+) Trade receivables	33,163	7,453	-
(+) Demand deposits (in foreign currency)	4,306	290	-
(+) Receivable - Dividends (TEUR)	-	50,173	-
(-) Advances on export exchange contract	-	(50,173)	-
(-) Imports	(6,375)	(9,056)	(155,500)
(-) Currency forwards - sale	(11,743)	-	109,904
(=) Net balance of foreign exchange exposure	19,351	(1,313)	(45,596)

Net balance of foreign exchange exposure in USD (EUR and JPY equivalents in USD) - in thousands		
Currency	Parent company	
USD	19,351	
EUR	(1,434)	(*) Parity EUR / USD 1,09201
JPY	(316)	(**) Parity JPY / USD 144,46043
Total	17,601	

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

Parent company (USD)				
Year	Net Exposure (thousands)	Notional Value - Hedge (thousands)	Average Rate (Portfolio NDF)	% Hedged
2023 (Jul-Dec)	(1,073)	(797)	6.0820	74.2%
2024 (Jul-Dec)	(1,333)	702	6.7131	52.7%
2025 (Jan-Jun)	(1,402)	419	5.7175	29.9%
Total	(3,808)	324	6.9978	8.5%

Parent company (EUR)				
Year	Net Exposure (thousands)	Notional Value - Hedge (thousands)	Average Rate (Portfolio NDF)	% Hedged
2023 (Jul-Dec)	(11,554)	7,897	6.2153	68.3%
2024 (Jul-Dec)	(21,856)	6,636	6.4027	30.4%
2025 (Jan-Jun)	(10,880)	2,731	6.2545	25.1%
Total	(44,290)	17,264	6.2932	39.0%

Parent company and Consolidated (JPY)				
Year	Net Exposure (thousands)	Notional Value - Hedge (thousands)	Average Rate (Portfolio NDF)	% Hedged
2023 (Jul-Dec)	275,884	(204,634)	0.0509	74.2%
2024 (Jul-Dec)	541,150	(237,229)	0.0501	43.8%
2025 (Jan-Jun)	279,060	(69,785)	0.0471	25.0%
Total	1,096,094	(511,648)	0.0500	25.0%

- 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.

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Sensitivity analysis table – foreign exchange exposure of June 30, 2023.

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:

The selling rates published on June 30, 2023, by the Brazilian Central Bank for USD, EUR and JPY were used in this sensitivity analysis.

Parent company and Consolidated USD			
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	7.2288	5.0923	41,343
25% better	6.0240	5.0923	18,029
Probable scenario	4.8192	5.0923	(5,285)
25% worse	3.6144	5.0923	(28,599)
50% worse	2.4096	5.0923	(51,913)

(*) 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			
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	2.6313	5.3085	3,515
25% better	3.9470	5.3085	1,788
Probable scenario	5.2626	5.3085	60
25% worse	6.5783	5.3085	(1,667)
50% worse	7.8939	5.3085	(3,395)

(*) 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			
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	0.0167	0.0372	934
25% better	0.0250	0.0372	555
Probable scenario	0.0334	0.0372	174
25% worse	0.0417	0.0372	(206)
50% worse	0.0500	0.0372	(585)

(*) Amounts in thousands

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

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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 June 30, 2023													
Scenario	USD/BRL exchange rate for settlement of operations	Notional value - USD (thousand)	Weighted average rate at maturity (*)	Adjustment in RS thousand	EUR/BRL exchange rate for settlement of operations	Notional value - EUR (thousand)	Weighted average rate at maturity (%)	Adjustment in RS thousand	JPY/BRL exchange rate for settlement of operations	Notional value - JPY (thousand)	Weighted average rate at maturity (*)	Adjustment in RS thousand	Total adjustment in RS thousand
50% better	2.4096	324	6.9978	1,485	2.6313	17,264	6.2932	63,220	0.0500	(511,648)	0.0500	15	64,720
25% better	3.6144	324	6.9978	1,095	3.9470	17,264	6.2932	40,506	0.0417	(511,648)	0.0500	(4,252)	37,349
Probable scenario	4.8192	324	6.9978	705	5.2626	17,264	6.2932	17,792	0.0334	(511,648)	0.0500	(8,519)	9,978
25% worse	6.0240	324	6.9978	315	6.5783	17,264	6.2932	(4,922)	0.0250	(511,648)	0.0500	(12,786)	(17,393)
50% worse	7.2288	324	6.9978	(75)	7.8939	17,264	6.2932	(27,636)	0.0167	(511,648)	0.0500	(17,054)	(44,765)

The selling rates published on June 30, 2023, by the Brazilian Central Bank for USD, EUR and JPY were used.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

Periods of six and three months ended on June 30, 2023 and 2022

(in thousand of reais), unless otherwise indicated.

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 and Consolidated	
			06.30.2023	06.30.2022
Liability position	EUR	6.23580	17,264	17,232
Liability position	USD	5.05007	12,067	30,324
Asset position	JPY	0.05431	(401,744)	(1,024,843)

	(1) Foreign currency	Weighted average forward rate - value for settlement	Fair market value - thousand	
			Parent company and Consolidated	
			06.30.2023	06.30.2022
Liability position	EUR	6.23580	8,172	7,813
Liability position	USD	5.05007	4,381	(6,522)
Asset position	JPY	0.05431	(7,780)	(6,852)

e) 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 on June 30, 2023 and 2022:

<u>Asset position</u>	Weighted average price on maturity	Notional value - metric tons	
		Parent company and Consolidated	
		06.30.2023	06.30.2022
<u>Commodities</u>			
Copper	8,836	110	246
Aluminum	2,290	266	209
TOTAL		376	455

MAHLE Metal Leve S.A.

Notes to the interim financial statements Periods of six and three months ended on June 30, 2023 and 2022

(in thousand of reais), unless otherwise indicated.

<u>Asset position</u>	Weighted average price on maturity	<u>Notional value (fair market value)</u>	
		Parent company	
		06.30.2023	06.30.2022
Commodities			
Copper	8,836	17,529	10,079
Aluminum	2,290	43,618	2,940
TOTAL		61,146	13,019

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

Parent company (ALUMINUM)				
Year	Net Exposure (Tons)	Notional Value - Hedge (Tons)	Average Price - Portfolio Swap	% Hedged
2023 (Jul - Dec)	233	(175)	2,430	75.1%
2024 (Jan- Apr)	161	(91)	2,411	56.5%
Total	394	(266)	2,423	67.5%

Parent company (COPPER)				
Year	Net Exposure (Tons)	Notional Value - Hedge (Tons)	Average Price - Portfolio Swap	% Hedged
2023 (Jul - Dec)	86	(66)	7,927	76.7%
2024 (Jan- Apr)	59	(44)	8,617	74.6%
Total	145	(110)	8,203	75.9%

MAHLE Metal Leve S.A.

Notes to the interim financial statements Periods of six and three months ended on June 30, 2023 and 2022

(in thousand of reais), unless otherwise indicated.

- 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).

The methodology adopted for calculating the balances presented in the table below consisted of replacing the closing exchange rate and commodity prices at June 30, 2023 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				
Commodity	Volume in metric tons	Settlement price on maturity (USD/metric ton)	Weighted average price on maturity (USD/metric ton)	Total adjustment BRL
Copper				
50% better		13,403		2,421
25% better		11,169		1,237
Probable scenario	110	8,935	8,836	53
25% worse		6,701		(1,132)
50% worse		4,468		(2,316)
Aluminum				
50% better		3,505		1,557
25% better		2,921		808
Probable scenario	266	2,337	2,290	59
25% worse		1,752		(689)
50% worse		1,168		(1,438)

The selling rates of the USD published on June 30, 2023, 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 Periods of six and three months ended on June 30, 2023 and 2022

(in thousand of reais), unless otherwise indicated.

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

	06.30.2023		06.30.2023		
	Parent company	Consolidated	Parent company	Consolidated	
Results of derivatives (exports/imports/loan)					
Provisions					
- Operations on accounts receivable and payable	(BS)	3,340	3,342	(2,546)	(2,448)
Cash effect					
- Operations on accounts receivable and payable		16,718	16,718	21,053	21,053
	Note 29	20,058	20,060	18,507	18,605
Total Derivative Operations- Net Finance Result					
		20,058	20,060	18,507	18,605
Exchange variations (gains and losses)					
Results of derivatives (exports/imports/loan)		793	(14,629)	(31,778)	(34,178)
Gross sales		20,058	20,060	18,507	18,605
Cost of sales		(26,127)	(26,127)	(7,639)	(7,639)
		22,584	22,584	7,562	7,562
Effects of Foreign Exchange Variatons and Financial Instruments on Profit and Loss					
		17,308	1,888	(13,348)	(15,650)
Gross result					
Gross sales					
- Settlements with cash effect		(26,127)	(26,127)	(7,639)	(7,639)
		(26,127)	(26,127)	(7,639)	(7,639)
Cost of sales					
- Settlements with cash effect		22,584	22,584	7,562	7,562
		22,584	22,584	7,562	7,562
Total Derivative Operations - Gross Result					
		(3,543)	(3,543)	(77)	(77)
Equity					
Provisions					
- Operations on sales to be made	(BS)	7,869	7,869	(2,189)	(2,189)
- Operations on commodities	(BS)	61	61	342	342
Deferred income tax and social contribution		(2,696)	(2,696)	(628)	(628)
Total Derivative Operations - Equity					
		5,234	5,234	(2,475)	(2,475)
Provision for unrealized losses and gains on derivatives					
(BS) - Sum of the net balance sheet					
Balance sheet assets		20,720	22,684	11,149	13,159
Balance sheet liabilities		(9,374)	(9,374)	(7,943)	(7,943)
Balance sheet, net		11,346	13,310	3,206	5,216

Guarantees

The Group had no guarantee deposits relating to these derivative instruments for the periods presented above (June 30, 2023 and 2022).

MAHLE Metal Leve S.A.

Notes to the interim financial statements Periods of six and three months ended on June 30, 2023 and 2022

(in thousand of reais), unless otherwise indicated.

32. Employee benefits

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

For the period ended June 30, 2023, the Group paid to its employees profit sharing of R\$ 25,008 (R\$ 22,777 in the first semester of 2022), Parent company, and R\$ 25,024 (R\$ 22,837 in the first semester of 2022), Consolidated, based on an agreement made with the workers' union. The employee profit sharing payment followed the rules set forth in the collective labor agreement. That agreement establishes conditions to be met, as summarized herein: i) production goals for a predetermined number of workers; ii) maintenance of the absenteeism level up to previously defined annual average absence rate in relation to standard hours worked; and iii) maintenance of the scrap level up to the previously defined annual average scrap rate in relation to the number of parts produced.

Supplementary pension plan - defined contribution

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

The Group contributed to the private pension plan an amount of R\$ 1,085 in the first semester of 2023 (R\$ 1,354 in the first semester of 2022).

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 the fiscal year 2023, the insurance coverage for operational risks (property damages and loss of profits) is R\$ 2,111,328 (2022: R\$ 5,210,490).

MAHLE Metal Leve S.A.

Notes to the interim financial statements Periods of six and three months ended on June 30, 2023 and 2022

(in thousand of reais), unless otherwise indicated.

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 impacts of the application of NBC TG 42 (CPC 42) / IAS 29 Financial Reporting in Hyperinflationary Economies on the Parent company and Consolidated financial statements as at June 30, 2023 are shown below:

	2Q2023	1H2023	2Q2022	1H2022
Reconciliation of result adjustments				
Gain on monetary position of investments from parent company - reflex recomposition	57,231	103,759	42,008	69,039
Gain on monetary position of investments from subsidiary - reflex recomposition	462	841	330	557
Loss on monetary position of subsidiary MAHLE Argentina S.A.	(30,926)	(46,569)	(18,546)	(29,418)
Gain on monetary item, result (consolidated)	26,767	58,031	23,792	40,178

The statement of income for the first semester of 2023 was adjusted for inflation based on the Consumer Price Index (IPC) and subsequently was translated and subsequently translated into BRL using the exchange rate at the end of the quarter.

MAHLE Metal Leve S.A.

Notes to the interim financial statements Periods of six and three months ended on June 30, 2023 and 2022

(in thousand of reais), unless otherwise indicated.

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

Dimas Lazarini Silveira Costa
Camila Pagliato Figueiredo
Flávio Venturelli Helú
Juliana Gonçalves Soares
Luiz Tarquínio Sardinha Ferro

Executive Board

Sergio Pancini de Sá - Chief Executive and Investor Relations Officer
Nathan John Quye – Chief Financial Officer

Fiscal Conciul

Principal members

Axel Erhard Brod
Hélio Carlos de Lamare Cox
Michael Lehmann

Alternate members

José Gomes Rodrigues da Silva
Marcio de Oliveira Santos
Maria Elvira Lopes Gimenez

Audit Committee

Eduardo Augusto Rocha Pocetti
Peter Paul Wilhelm Grunow
Orlando Octavio de Freitas Junior

Technical specialist

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

* * *

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

Representation by officers on the parent company and consolidated interim financial statements

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

REPRESENTATION

Messrs. Sergio Pancini de Sá and Nathan John Quye, executive officers of MAHLE Metal Leve S.A., with its head office at Avenida Ernst MAHLE, 2000, Mombaça, in the city of Mogi Guaçu, State of São Paulo, in conformity with item VI of Article 25 of CVM Instruction 586, of June 8, 2017, do hereby declare that:

They have reviewed and discussed, and agree with, the parent company and consolidated interim financial statements of MAHLE Metal Leve S.A. for the period ended June 30, 2023, and thus authorize their completion.

Mogi Guaçu, August 08th, 2023.

Sergio Pancini de Sá
CEO

Nathan John Quye
Finance director

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

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

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

REPRESENTATION

Messrs. Sergio Pancini de Sá and Nathan John Quye, executive officers of MAHLE Metal Leve S.A., with its head office at Avenida Ernst MAHLE, 2000, Mombaça, in the city of Mogi Guaçu, State of São Paulo, in conformity with item V of Article 25 of CVM Instruction 586, of June 8, 2017, do hereby declare that:

They have reviewed and discussed, and agree with the conclusion expressed by Ernst & Young Auditores Independentes S.S., on the parent company and consolidated interim financial statements of MAHLE Metal Leve S.A. for the period ended June 30, 2023.

Mogi Guaçu, August 08th, 2023.

Sergio Pancini de Sá
CEO

Nathan John Quye
Finance director