

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

Quarterly information (ITR)
on September 30, 2021

Mogi Guaçu, São Paulo, November 11, 2021 - MAHLE Metal Leve S.A. (B3: LEVE3), a Brazilian automotive parts company that manufactures and sells components for internal combustion engines and automotive filters, today announced its third quarter 2021 financial results. Unless otherwise noted, financial and operating information is provided on a consolidated basis and in Brazilian reais (BRL) and is prepared in accordance with the Brazilian Corporation Law.

Third Quarter 2021 Earnings Conference Call and Webcast

**Date: November 12,
2021**

Time

12 noon – Brasilia
3:00 p.m. – London
10:00 a.m. – New York

Webcast in Portuguese
(original)

[CLICK HERE](#)

Webcast in English
(simultaneous
translation)

[CLICK HERE](#)

Dial-in numbers:

Brazil: +55 11 4210-1803
Brazil: +55 11 3181-8565

To listen to the conference call audio in Portuguese, ask the operator for the original audio.

USA: +1 412 717-9627
Passcode: MAHLE

IR website:

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

HIGHLIGHTS

Net Sales Revenue: R\$ 949.5 million in 3Q21, which represents an increase of 37.4% compared with 3Q20. In 9M21, net sales revenue was up 64.4% from 9M20;

Domestic Aftermarket: R\$ 267.4 million in 3Q21, which represents an increase of 12.3% compared with 3Q20. In 9M21, net sales revenue was up 50.9% from 9M20; (See details in items 4.1 and 4.3);

Domestic Original Equipment Market: R\$ 277.4 million in 3Q21, which represents an increase of 67.4% compared with 3Q20. In 9M21, net sales revenue was up 86.6% from 9M20 (See details in items 4.1 and 4.2);

Aftermarket Exports: R\$ 86.2 million in 3Q21, which represents an increase of 42.5% compared with 3Q20. In 9M21, net sales revenue was up 60.4% from 9M20 (See details in items 4.1 and 4.3);

Original Equipment Exports: R\$ 318.5 million in 3Q21, which represents an increase of 40.4% compared with 3Q20. In 9M21, net sales revenue was up 61.5% from 9M20 (See details in items 4.1 and 4.2).

Transparency Trophy: In August 2021, the National Association of Finance, Administration and Accounting Executives (ANEFAC) announced the winners of the Transparency Trophy. MAHLE Metal Leve won the award for the 8th consecutive year for the quality and transparency of its financial statements for the financial year 2020 (See details in item 6.1).

(R\$ million)	Key indicators						9M21 (d)	9M20 (e)	(d/e)
	3Q21 (a)	2Q21 (b)	3Q20 (c)	(a/b)	(a/c)				
Net revenue	949.5	889.1	691.2	6.8%	37.4%	2,673.6	1,625.9	64.4%	
EBITDA	196.4	262.9	88.2	-25.3%	122.6%	658.5	164.8	299.6%	
Adjusted EBITDA ¹	185.9	174.1	169.5	6.8%	9.7%	559.2	275.3	103.1%	
EBITDA margin	20.7%	29.6%	12.8%	-8.9 p.p.	7.9 p.p.	24.6%	10.1%	14.5 p.p.	
Adjusted EBITDA margin ¹	19.6%	19.6%	24.5%	0 p.p.	-4.8 p.p.	20.9%	16.9%	4.0 p.p.	
Profit for the period	139.9	170.0	41.7	-17.7%	235.6%	436.1	23.7	1740.1%	
Adjusted net income ²	132.4	106.2	95.4	24.7%	38.8%	364.8	99.4	267.0%	
Net margin	14.7%	19.1%	6.0%	-4.4 p.p.	8.7 p.p.	16.3%	1.5%	14.8 p.p.	
Adjusted net margin ²	13.9%	11.9%	13.8%	2.0 p.p.	0.2 p.p.	13.6%	6.1%	7.5 p.p.	

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

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

CONTENTS

1. Management Commentary	3
2. About MAHLE Metal Leve	3
3. Development of the Automotive Industry	4
3.1 Development of the Brazilian market	4
3.2 Development of the Argentine market	4
3.3 Brazil's and Argentina's vehicle production and sales	5
3.4 Vehicle production in the major export markets	5
4. Company's Financial and Economic Performance	6
4.1 Net sales revenue and net revenue by market	7
4.2 Original Equipment (OE) sales	7
4.3 Aftermarket sales	8
4.4 Consolidated export by region	8
4.5 Net revenue by segment	8
4.6 Net revenue by product	9
4.7 Gross margin	9
4.8 Selling, general and administrative expenses	9
4.9 Research and development (R&D) expenses	10
4.10 Other operating income/(expenses), net	10
4.11 Operating result measured by EBITDA and adjusted EBITDA	11
4.12 Net finance income/(costs)	11
4.13 Income tax and social contribution	12
4.14 Net profit and adjusted net profit	13
4.15 Capital expenditures	13
4.16 Net financial position	13
4.17 Distribution of dividends and interest on capital to shareholders	14
5. Coronavirus (COVID-19)	15
6. Investor Relations and Capital Market	15
6.1 Transparency Trophy	15
7. Independent Auditors	16
8. Executive Board's Declaration	16
9. Acknowledgments	16

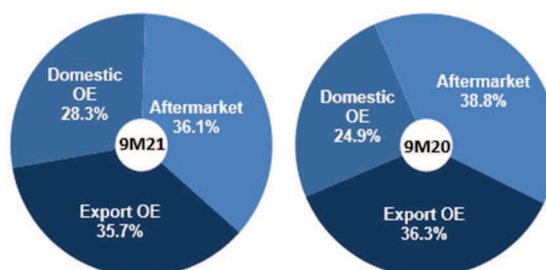
1. Management Commentary

The Company reported growth of 37.4% in 3Q21 net revenue compared with 3Q20, due to an increase in Aftermarket sales (+18.4%), domestic OE market (+67.4%), and OE exports (+40.4%).

The Company's 9M21 net revenue grew by 64.4% compared with 9M20, driven by an increase in Aftermarket sales (+53.0%), domestic OE market (+86.6%), and OE exports (+61.5%).

Page | 3

The charts below show the Company's revenue by business segment in 9M21 and 9M20:



In 3Q21, the Company reported an adjusted EBITDA margin of 19.6% (24.5% in 3Q20) with adjusted EBITDA of R\$ 185.9 million (R\$ 169.5 million in 3Q20). Adjusted EBITDA margin for 9M21 was 20.9% (R\$ 559.2 million) versus 16.9% in 9M20 (R\$ 275.3 million). The adjustments relate to non-recurring events. See items 4.11 and 4.14 for details.

The Company seeks to balance its operations in the Original Equipment and Aftermarket segments in both domestic and foreign markets, in order to offset oscillations in different segments and stabilize its profit margin over time.

The business environment was challenging in the first nine months of 2021 too. The shortages of raw materials such as steel, resins, imported products, as well as the lack of ships and containers, have disrupted supply chains. As a result, in addition to rising product prices, there has been a significant increase in freight prices and air freight rates.

It is important to mention that there is still a high degree of uncertainty surrounding the future developments of the pandemic and the global economic recovery, and various industry segments, including the sector in which the Company operates, may be adversely affected in the future. For example, Brazil's new car market continues to be negatively affected by the shortage of semiconductors.

2. About MAHLE Metal Leve

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

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

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

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

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

3. Development of the Automotive Industry

3.1 Development of the Brazilian market

Brazilian automotive industry												
Segments	Jan-Sep 2021					Jan-Sep 2020					Sales Variation (A/C)	Production Variation (B/D)
	Sales (**) (A)	Export	Import	Inventory (*)	Total Production (B)	Sales (**) (C)	Export	Import	Inventory (*)	Total Production (D)		
Total light vehicles	1,471,258	257,472	-173,020	-39,234	1,516,476	1,301,658	195,519	-148,894	-90,151	1,258,132	13.0%	20.5%
Total medium and heavy vehicles	106,227	19,509	-4,936	12,067	132,867	72,758	11,517	-2,762	-9,554	71,959	46.0%	84.6%
Total vehicle sales	1,577,485	276,981	-177,956	-27,167	1,649,343	1,374,416	207,036	-151,656	-99,705	1,330,091	14.8%	24.0%
Variation (un) - 9M21 x 9M20	203,069	69,945	26,300	-72,538	319,252							
Variation (%) - 9M21 x 9M20	14.8%	33.8%	17.3%	-72.8%	24.0%							

Source: Anfavea

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

(**) Sales (Domestic + Imported)

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

Monthly production (thousand units)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
2020	191.7	204.2	190.0	1.8	43.1	98.4	170.7	210.0	220.2	1,330.1
2021	200.4	197.0	200.3	190.9	192.8	166.9	163.6	164.0	173.3	1,649.2
Total monthly sales (thousand units)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Total
2020	193.5	201.0	163.6	58.1	66.1	146.2	179.0	187.8	212.5	1,407.8
2021	171.1	167.4	189.4	175.1	188.7	182.5	175.5	172.8	155.1	1,577.6
Brazil's vehicle inventory (days)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	
2020	43	37	48	128	80	36	23	20	20	
2021	18	18	16	17	16	15	15	15	17	

Source: Anfavea

3.2 Development of the Argentine market

Argentine automotive industry			
Sales of vehicles (locally manufactured and imported)	Jan-Sep 2021 (A)	Jan-Sep 2020 (B)	A/B
Total light vehicles	248,568	209,044	18.9%
Total medium- and heavy-duty vehicles	11,608	7,697	50.8%
Total vehicle sales	260,172	216,741	20.0%
Exports	60,573	26,281	130.5%
Imports	127,285	137,584	-7.5%
Trade balance	(66,712)	(111,303)	-40.1%
Change in vehicle inventory in the period (*)	127,719	69,100	84.8%
Production of light vehicles	307,412	165,739	85.5%
Production of heavy-duty vehicles	2,159	1,102	95.9%
Total vehicle production	309,571	166,841	85.5%

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

Source: Adefa/Acaras Argentina/IHS.

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

Production and sales: Brazil & Argentina	Vehicle production			Vehicle sales		
	Jan-Sep 2021	Jan-Sep 2020	Change	Jan-Sep 2021	Jan-Sep 2020	Change
Light vehicles	1,823,888	1,423,871	28.1%	1,719,822	1,510,702	13.8%
Medium- and heavy-duty vehicles	135,026	73,601	84.8%	117,835	80,455	46.5%
Total	1,958,914	1,496,932	30.9%	1,838,657	1,591,157	15.5%

Source: Anfavea and Adefa.

3.4 Vehicle production in the major export markets

Vehicle production in the leading export markets (thousands)	Jan-Sep 2021 (A)	Jan-Sep 2020 (B)	A/B
Production of light vehicles	9,882	9,173	7.7%
Production of medium- and heavy-duty vehicles	444	332	33.4%
North America	10,326	9,505	8.6%
Production of light vehicles	12,330	11,329	8.8%
Production of medium- and heavy-duty vehicles	443	344	28.8%
Europe	12,773	11,673	9.4%
Total vehicle production	23,099	21,179	9.1%

Source: IHS

4. Company's Financial and Economic Performance

Summary of profit and loss accounts (in millions of R\$)	3Q21 (a)	3Q20 (b)	HA (%) (a/b)	VA (%) (a)	VA (%) (b)	9M21 (c)	9M20 (d)	HA (%) (c/d)	VA (%) (c)	VA (%) (d)
Net sales revenue	949.5	691.2	37.4%	100.0%	100.0%	2,673.6	1,625.9	64.4%	100.0%	100.0%
Cost of sales	(692.7)	(499.6)	38.7%	-73.0%	-72.3%	(1,899.5)	(1,228.7)	54.6%	-71.0%	-75.6%
Gross profit	256.8	191.6	34.0%	27.0%	27.7%	774.1	397.2	94.9%	29.0%	24.4%
Selling and distribution expenses	(63.8)	(41.4)	54.1%	-6.7%	-6.0%	(172.1)	(118.9)	44.7%	-6.4%	-7.3%
General and administrative expenses	(26.7)	(24.2)	10.3%	-2.8%	-3.5%	(78.4)	(68.9)	13.8%	-2.9%	-4.2%
Research and development expenses	(13.8)	(13.1)	5.3%	-1.5%	-1.9%	(40.6)	(43.3)	-6.2%	-1.5%	-2.7%
¹ Other operating income/(expenses)	6.1	(61.2)	-110.0%	0.6%	-8.9%	62.0	(106.8)	158.1%	2.3%	-6.6%
Share of profit/(loss) of equity-accounted investees	3.4	-	100.0%	0.4%	0.0%	3.3	(0.1)	3400.0%	0.1%	0.0%
Gains/(losses) on inflation adjustment	9.6	10.4	-7.7%	1.0%	1.5%	34.9	28.1	24.2%	1.3%	1.7%
Operating profit	171.6	62.1	176.4%	18.1%	9.0%	583.2	87.3	568.0%	21.8%	5.4%
Net finance income/(costs)	5.9	(13.2)	-144.7%	0.6%	-1.9%	(12.1)	(73.6)	-83.6%	-0.5%	-4.5%
² Income tax and social contribution	(37.7)	(8.4)	348.8%	-4.0%	-1.2%	(134.8)	6.9	-2053.6%	-5.0%	0.4%
Profit for the period	139.8	40.5	245.2%	14.7%	5.9%	436.3	20.6	2018.0%	16.3%	1.3%
Profit attributable to owners of the Company	139.9	41.7	235.6%	14.7%	6.0%	436.1	23.7	1740.1%	16.3%	1.5%
Adjusted profit attributable to owners of the Company	132.4	95.4	38.8%	13.9%	13.8%	364.8	99.4	267.0%	13.6%	6.1%
Profit attributable to non-controlling interests	(0.1)	(1.2)	-91.7%	0.0%	-0.2%	0.2	(3.1)	106.5%	0.0%	-0.2%
EBITDA	196.4	88.2	122.6%	20.7%	12.8%	658.5	164.8	299.6%	24.6%	10.1%
Adjusted EBITDA	185.9	169.5	9.7%	19.6%	24.5%	559.2	275.3	103.1%	20.9%	16.9%
Margins:										
Gross margin	27.0%	27.7%	-0.7 p.p.			29.0%	24.4%	4.6 p.p.		
Operating margin	18.1%	9.0%	9.1 p.p.			21.8%	5.4%	16.4 p.p.		
Net margin	14.7%	5.9%	8.8 p.p.			16.3%	1.3%	15 p.p.		
Net margin attributable to owners of the Company	14.7%	6.0%	8.7 p.p.			16.3%	1.5%	14.8 p.p.		
Adjusted net margin attributable to owners of the Company	13.9%	13.8%	0.1 p.p.			13.6%	6.1%	7.5 p.p.		
EBITDA margin	20.7%	12.8%	7.9 p.p.			24.6%	10.1%	14.5 p.p.		
Adjusted EBITDA margin	19.6%	24.5%	-4.8 p.p.			20.9%	16.9%	4 p.p.		
Selling, general and administrative expenses as a percentage of revenue	9.5%	9.5%	0 p.p.			9.4%	11.6%	-2.2 p.p.		

¹ Additional information is included in item 4.10 below.

² Additional information is included in item 4.13 below.

4.1 Net sales revenue and net revenue by market

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

The table below shows revenue by market and its respective impacts in terms of volume/price and exchange rate changes period over period:

Page | 7

Net revenue by market (in millions of R\$)		3Q21 (a)	Volume/Price (b)	Exchange rate change (c)	3Q20 (d)	Volume/price impact % (b/d)	Exchange rate impact % (c/d)	HA (%) (a/d)
Original Equipment	Domestic ¹	277.4	116.0	(4.3)	165.7	70.0%	-2.6%	67.4%
	Export	318.5	55.1	36.6	226.8	24.3%	16.1%	40.4%
	Subtotal	595.9	171.1	32.3	392.5	43.6%	8.2%	51.8%
Aftermarket	Domestic ¹	267.4	48.6	(19.4)	238.2	20.4%	-8.1%	12.3%
	Export	86.2	28.7	(3.0)	60.5	47.4%	-4.9%	42.5%
	Subtotal	353.6	77.3	(22.4)	298.7	25.9%	-7.5%	18.4%
Total	949.5	248.4	9.9	691.2	35.9%	1.5%	37.4%	

¹ Domestic Market comprises Brazil and Argentina.

Net revenue by market (in millions of R\$)		9M21 (a)	Volume/Price (b)	Exchange rate change (c)	9M20 (d)	Volume/price impact % (b/d)	Exchange rate impact % (c/d)	HA (%) (a/d)
Original Equipment	Domestic ¹	756.1	362.3	(11.5)	405.3	89.4%	-2.8%	86.6%
	Export	953.3	178.9	184.1	590.3	30.3%	31.2%	61.5%
	Subtotal	1.709.4	541.2	172.6	995.6	54.4%	17.3%	71.7%
Aftermarket	Domestic ¹	748.4	308.3	(55.7)	495.8	62.2%	-11.3%	50.9%
	Export	215.8	73.7	7.6	134.5	54.8%	5.6%	60.4%
	Subtotal	964.2	382.0	(48.1)	630.3	60.6%	-7.6%	53.0%
Total	2.673.6	923.2	124.5	1.625.9	56.8%	7.6%	64.4%	

¹ Domestic Market comprises Brazil and Argentina.

As announced by the Central Bank of Brazil, Brazil's reference exchange rate 'PTAX' showed an average of USD/BRL 5.33246 in 9M21 versus USD/BRL 5.07565 in 9M20, i.e., a change of 5.1%. The average Euro rate in 9M21 was EUR/BRL 6.38075 versus EUR/BRL 5.71180 in 9M20, i.e., a change of 11.7%.

4.2 Original Equipment (OE) sales

Domestic market:

In 3Q21, the domestic OE market saw a growth of 67.4% - volume/price increase of 70.0%, partially offset by the effect of movements in exchange rates of -2.6%. In 9M21, this market grew by 86.6% - volume/price increase of 89.4%, partially offset by the effect of movements in exchange rates of -2.8%.

Foreign market:

In 3Q21, the foreign market reported a growth of 40.4% - volume/price increase of 24.3% plus positive effects of movements in exchange rates of 16.1%. In 9M21, this market registered a growth of 61.5% - volume/price increase of 30.3% plus positive effects of movements in exchange rates of 31.2%.

The table below presents exports in hard currency:

Exports by currency (in millions)	3Q21 (a)	3Q20 (b)	HA (%) (a/b)
Original Equipment			
EUR	20.1	16.7	20.4%
USD	38.4	25.4	51.2%

Exports by currency (in millions)	9M21 (a)	9M20 (b)	HA (%) (a/b)
Original Equipment			
EUR	61.2	47.6	28.6%
USD	112.4	72.5	54.9%

4.3 Aftermarket sales

Domestic market:

In 3Q21, the domestic market saw a growth of 12.3% - volume/price increase of 20.4%, partially offset by the effect of movements in exchange rates of -8.1%. In 9M21, this market grew by 50.9% - volume/price increase of 62.2%, partially offset by the effect of movements in exchange rates of -11.3%.

Page | 8

Foreign market:

In 3Q21, the foreign market recorded a growth of 42.5% - volume/price increase of 47.4%, partially offset by the effect of movements in exchange rates of -4.9%. In 9M21, this market grew by 60.4% - volume/price increase of 54.8% plus positive effects of movements in exchange rates of 5.6%.

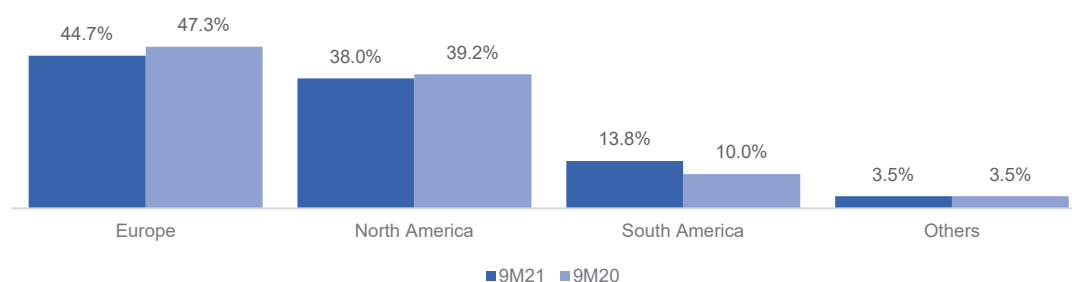
The table below shows Aftermarket segment's exports in hard currency:

Exports by currency (in millions)	3Q21 (a)	3Q20 (b)	HA (%) (a/b)
Aftermarket			
EUR	0.2	0.6	-66.7%
USD	38.0	24.5	55.1%

Exports by currency (in millions)	9M21 (a)	9M20 (b)	HA (%) (a/b)
Aftermarket			
EUR	1.3	1.5	-11.7%
USD	39.1	25.4	54.1

4.4 Consolidated export by region

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



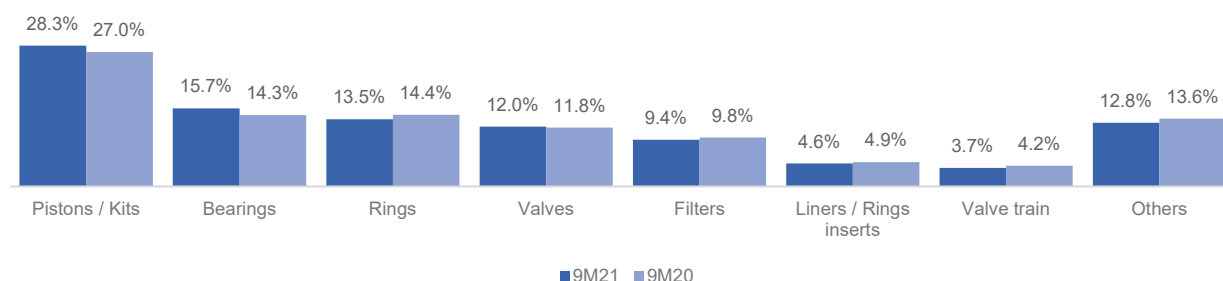
4.5 Net revenue by segment

In 3Q21, the engine component segment reported a 38.2% increase in sales and the filter segment recorded a growth of 29.2% as compared with the same period in 2020. In 9M21, the engine component segment's sales grew 65.2%, while the filter segment's sales grew 57.5% compared with 9M20.

Net sales revenue by segment (in millions of R\$)	3Q21 (a)	3Q20 (b)	HA (%) (a/b)	VA % (a)	VA % (b)	9M21 (c)	9M20 (d)	HA (%) (c/d)	VA % (c)	VA % (d)
Engine components	857.4	619.9	38.3%	90.3%	89.7%	2.421.9	1.466.1	65.2%	90.6%	90.2%
Filters	92.1	71.3	29.2%	9.7%	10.3%	251.7	159.8	57.5%	9.4%	9.8%
Total	949.5	691.2	37.4%	100.0%	100.0%	2.673.6	1.625.9	64.4%	100.0%	100.0%

4.6 Net revenue by product

The graph below shows the share of each product in total sales in the nine-month periods of 2021 and 2020:



Page | 9

4.7 Gross margin

The Company ended 3Q21 with a gross margin of 27.0% (27.7% in 3Q20), while margin in 9M21 was 29.0% (24.4% in 9M20), as shown in the table below.

Summary of profit and loss accounts (in millions of R\$)	3Q21 (a)	3Q20 (b)	HA (%) (a/b)	VA (%) (a)	VA (%) (b)	9M21 (c)	9M20 (d)	HA (%) (c/d)	VA (%) (c)	VA (%) (d)
Net sales revenue	949.5	691.2	37.4%	100.0%	100.0%	2.673.6	1.625.9	64.4%	100.0%	100.0%
Cost of sales	(692.7)	(499.6)	38.7%	-73.0%	-72.3%	(1.899.5)	(1.228.7)	54.6%	-71.0%	-75.6%
Gross profit	256.8	191.6	34.0%	27.0%	27.7%	774.1	397.2	94.9%	29.0%	24.4%

4.8 Selling, general and administrative expenses

In both reporting periods, selling and distribution expenses were impacted principally by freight and variable selling expenses, considering that net sales revenue increased 37.4% and 64.4% in 3Q21 and 9M21, respectively, as compared with the same periods in 2020.

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

Summary of profit and loss accounts (in millions of R\$)	3Q21 (a)	3Q20 (b)	HA (%) (a/b)	VA (%) (a)	VA (%) (b)	9M21 (c)	9M20 (d)	HA (%) (c/d)	VA (%) (c)	VA (%) (d)
Net sales revenue	949.5	691.2	37.4%	100.0%	100.0%	2.673.6	1.625.9	64.4%	100.0%	100.0%
Selling and distribution expenses	(63.8)	(41.4)	54.1%	-6.7%	-6.0%	(172.1)	(118.9)	44.7%	-6.4%	-7.3%
General and administrative expenses	(26.7)	(24.2)	10.3%	-2.8%	-3.5%	(78.4)	(68.9)	13.8%	-2.9%	-4.2%

4.9 Research and development (R&D) expenses

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

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

Page | 10

Due to the COVID-19 pandemic, in 9M21 the Company opted to focus on developing products that sell quickly.

Summary of profit and loss accounts (in millions of R\$)	3Q21 (a)	3Q20 (b)	HA (%) (a/b)	VA (%) (a)	VA (%) (b)	9M21 (c)	9M20 (d)	HA (%) (c/d)	VA (%) (c)	VA (%) (d)
Net sales revenue	949.5	691.2	37.4%	100.0%	100.0%	2.673.6	1.625.9	64.4%	100.0%	100.0%
R&D expenses	(13.8)	(13.1)	5.3%	-1.5%	-1.9%	(40.6)	(43.3)	-6.2%	-1.5%	-2.7%

4.10 Other operating income/(expenses), net

This account records a net income of R\$ 6.1 million for 3Q21 versus a net expense of R\$ 61.2 million for 3Q20. In 9M21, the Company reported net income of R\$ 62.0 million versus net expense of R\$ 106.8 million in 9M20, as shown in the table below:

Other operating income/(expenses), net (in millions of R\$)	3Q21 (a)	3Q20 (b)	Change (a-b)	9M21 (c)	9M20 (d)	Change (c-d)
¹ Provision for impairment of intangible assets	-	(45.2)	45.2	-	(74.4)	74.4
Provision for/reversal of labor, civil and tax lawsuits	(0.6)	(14.5)	13.9	(10.7)	(32.8)	22.1
² Tax credits (exclusion of ICMS from tttPIS/COFINS tax base)	10.5	-	10.5	99.3	-	99.3
Export expenses (Argentina)	(2.0)	(2.8)	0.8	(5.8)	(6.4)	0.6
Provision for/reversal of obsolescence	0.4	0.1	0.3	0.9	0.1	0.8
Recovered taxes (Reintegra)	0.3	0.2	0.1	0.8	0.5	0.3
Provision for/reversal of environmental liability	-	-	-	(20.0)	-	(20.0)
Gain/loss on sale of assets/other	0.2	1.6	(1.4)	0.3	1.7	(1.4)
Write-off of investment - Innoferm	(3.1)	-	(3.1)	(3.1)	-	(3.1)
Restructuring provision	-	-	-	0.3	-	0.3
Reversal of compulsory loan	-	-	-	-	4.3	(4.3)
Other income/(expenses)	0.4	(0.6)	1.0	-	0.2	(0.2)
Total other operating income/(expenses), net	6.1	(61.2)	67.3	62.0	(106.8)	168.8

¹ Non-recurring expense from impairment of goodwill of subsidiary MAHLE Argentina S.A. (2Q20 and 9M20) and impairment of MBE2 project (3Q20 and 9M20);

² Non-recurring income from tax credits arising from the exclusion of ICMS from the PIS and COFINS tax base.

4.11 Operating result measured by EBITDA and adjusted EBITDA

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

Changes in the three months			Changes in the nine months		
	Amount	Margin		Amounts	Margin
3Q20 EBITDA	88.2	12.8%	9M20 EBITDA	164.8	10.1%
Gross profit	65.2		Gross profit	376.9	
Selling and distribution expenses	-22.4		Selling and distribution expenses	-53.2	
General and administrative expenses	-2.5		General and administrative expenses	-9.5	
Research and development expenses	-0.7		Research and development expenses	2.7	
Other operating income/(expenses)	67.3		Other operating income/(expenses)	168.8	
Share of profit of equity-accounted investees	3.4		Share of profit of equity-accounted investees	3.4	
Gains (losses) on inflation adjustment	-0.8		Gains (losses) on inflation adjustment	6.8	
Depreciation	-1.3		Depreciation	-2.2	
3Q21 EBITDA	196.4	20.7%	9M21 EBITDA	658.5	24.6%
Tax credits arising from the exclusion of ICMS from the tax base of PIS and COFINS	-10.5		Tax credits arising from the exclusion of ICMS from the tax base of PIS and COFINS	-99.3	
3Q21 Adjusted EBITDA	185.9	19.6%	9M21 Adjusted EBITDA	559.2	20.9%

Page | 11

4.12 Net finance income/(costs)

The Company recorded at the end of 3Q21 net finance income of R\$ 5.9 million and in 3Q20 net finance costs of R\$ 13.2 million, representing a positive change of R\$ 19.3 million from the third quarter of 2020 to the third quarter of 2021. At the end of 9M21, the Company recorded net finance costs of R\$ 12.1 million and, for 9M20, net finance costs of R\$ 73.7 million, which represents a decrease of R\$ 61.6 million from the nine-month period of 2020 to the nine-month period of 2021.

Net finance income/(costs) (in millions of R\$)	3Q21 (a)	3Q20 (b)	Change (a-b)	9M21 (c)	9M20 (d)	Change (c-d)
Interest income on financial investments	7.5	2.0	5.5	16.8	6.2	10.6
Interest expense on loans and borrowings	(2.5)	(7.0)	4.5	(12.2)	(17.9)	5.7
Other interest income	1.5	0.0	1.5	9.4	1.8	7.6
Net interest income (expense) (i)	6.5	(5.0)	11.5	14.0	(9.9)	23.9
1. Effect of movements in exchange rates on accounts receivable/accounts payable (1.1. + 1.2.)	(37.7)	7.1	(44.8)	(13.9)	31.8	(45.7)
1.1. Effect of movements in exchange rates	(32.9)	11.0	(43.9)	(11.9)	66.6	(78.5)
1.2. Foreign exchange hedge	(4.8)	(3.9)	(0.9)	(2.0)	(34.8)	32.8
2. Effect of movements in exchange rates on advances on foreign exchange contracts (ACC)	40.5	(12.1)	52.6	10.5	(88.0)	98.5
3. Other transactions	5.7	4.5	1.3	(0.9)	14.8	(14.0)
Net effect of movements in exchange rates and loss on derivatives (ii) - (1+2+3)	8.5	(0.5)	9.1	(2.5)	(41.4)	38.9
Net monetary variation	(8.4)	(8.7)	0.3	(21.0)	(19.3)	(1.7)
Other	(0.7)	1.0	(1.6)	(2.6)	(3.1)	0.5
Net monetary variation + Other (iii)	(9.1)	(7.7)	(1.3)	(23.6)	(22.4)	(1.2)
Net finance income/(costs) (i + ii + iii)	5.9	(13.2)	19.3	(12.1)	(73.7)	61.6

Net interest income/(expense) (i):

The increase of R\$ 5.5 million in "Interest income on financial investments" from 3Q20 to 3Q21 was due to the decrease in the average amount of financial investments to R\$ 216.0 million in 3Q21 from R\$ 425.1 million in 3Q20, offset by the increase in the interest rates. The increase of R\$ 10.6 million in "Interest income on financial investments" from 9M20 to 9M21 was due to the decrease in the average amount of financial investments to R\$ 278.8 million in 9M21 from R\$ 348.5 million in 9M20, coupled with an increase in the interest rates. Please note that the interest rates are indexed to Brazil's benchmark interest rate SELIC and Argentina's BADLAR rate.

The decrease of R\$ 4.5 million in “Interest expense on loans and borrowings” from 3Q20 to 3Q21 was due to the decrease in the weighted average cost to 3.3% p.a. in 3Q21 from 4.2% p.a. in 3Q20, and the decrease in the average levels of borrowings to R\$ 214.9 million in 3Q21 from R\$ 617.1 million in 3Q20. The decrease of R\$ 5.7 million in “Interest expense on loans and borrowings” from 9M20 to 9M21 was due to the decrease in the average levels of borrowings to R\$ 279.9 million in 9M21 from R\$ 597.5 million in 9M20 and the decrease in the weighted average cost to 3.9% p.a. in 9M21 from 4.0% p.a. in 9M20.

The increase in “Other interest income” was due to interest on the exclusion of ICMS from the tax base of PIS and COFINS. Page | 12

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

Averages	3Q1 (a)	3Q20 (b)	Change (a-b)	9M21 (c)	9M20 (d)	Change (c-d)
Investment interest rate	13.0%	2.9%	10.1 p.p.	8.5%	3.3%	5.1 p.p.
Cost of debt	3.3%	4.2%	-0.9 p.p.	3.9%	4.0%	-0.1 p.p.
Investments (in millions of R\$)	216.0	425.1	-49.2%	278.8	348.5	-20.0%
Debt (in millions of R\$)	(214.9)	(617.1)	-65.2%	(279.9)	(597.5)	-53.2%

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

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

Net monetary variation + Other (iii): The decrease from 3Q20 to 3Q21 and from 9M20 to 9M21 was due to the inflation-adjustment to the provisions for labor and tax lawsuits and judicial deposits.

4.13 Income tax and social contribution

The Company recorded an income tax and social contribution expense of R\$ 134.8 million at September 30, 2021 in the consolidated financial statements (income of R\$ 6.9 million at September 30, 2020) as detailed below:

- Current tax: expense of R\$ 111.5 million generated principally by the parent company and its subsidiary MAHLE Argentina S/A;
- Deferred tax: expense of R\$ 23.3 million with no impact on cash, comprising mainly changes in provisions and tax credits arising from the exclusion of ICMS from the tax base of PIS/COFINS in the amount of R\$ 36.7 million (including interest accruals based on SELIC rate).

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

4.14 Net profit and adjusted net profit

The following table shows the profit attributable to owners of the Company and the adjusted profit attributable to owners of the Company, reflecting the impact of tax credits arising from the exclusion of ICMS from the tax base of PIS and COFINS (2Q21 and 9M21), of the impairment of the goodwill of subsidiary MAHLE Argentina S.A. (2Q20 and 9M20) and the impairment of the MBE2 project (3Q20 and 9M20):

Summary of profit and loss accounts (in millions of R\$)	3Q21 (a)	3Q20 (b)	9M21 (c)	9M20 (d)	HA (%) (a/b)	HA (%) (c/d)
Net profit attributable to owners of the Company	139.9	41.7	436.1	23.7	235.6%	1740.1%
Impairment of subsidiary MAHLE Argentina S.A.	-	-	-	29.2		
Impairment of intangible assets of MBE2 project	-	45.1	-	45.1		
Impairment of inventories of MBE2 project	-	36.2	-	36.2		
Income tax and social contribution (impairment adjustment)	-	(27.6)	-	(34.8)		
Tax credits arising from the exclusion of ICMS from the tax base of PIS and COFINS	(10.5)	-	(99.3)	-		
Interest on exclusion of ICMS from the tax base of PIS and COFINS	(0.9)	-	(8.8)	-		
Income tax on credit from exclusion of ICMS from the tax base of PIS and COFINS	3.9	-	36.8	-		
Adjusted net profit attributable to owners of the Company	132.4	95.3	364.8	99.4	38.9%	267.0%
Net margin attributable to owners of the Company	14.7%	6.0%	16.3%	1.5%	8.7 p.p.	14.8 p.p.
Adjusted net margin attributable to owners of the Company	13.9%	13.8%	13.6%	6.1%	0,1 p.p.	7,5 p.p.

Page | 13

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

4.15 Capital expenditures

The table below shows capital expenditures and total accumulated depreciation for 9M21 and 9M20:

Capex & Depreciation (in millions of R\$)	9M21	9M20
Capex	44.7	17.5
Total depreciation	75.9	78.2
Capex	9M21	9M20
% of net sales revenue	1.7%	1.1%
% of depreciation	58.9%	22.4%
Net sales revenue	2,673.6	1,625.9

In 9M21, the Company invested in R&D equipment, new machinery, and equipment in order to improve productivity and quality, new products, building improvements, information technology, among others.

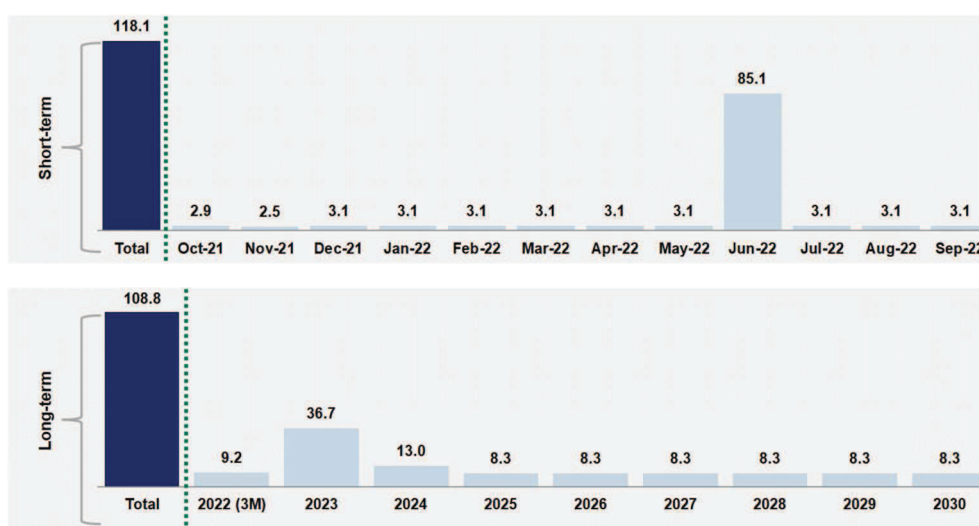
4.16 Net financial position

The Company's net cash was R\$ 177.8 million at the end of 9M21 and R\$ 133.2 million at the end of 2020, as shown in the table below:

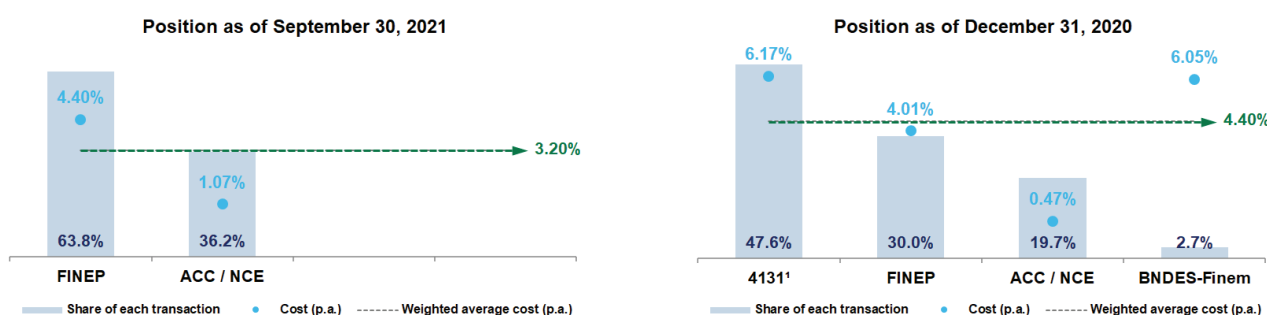
Net financial position (in millions of R\$)	September 30, 2021 (a)	December 31, 2020 (b)	Change (a-b)	Debt % (a)	Debt % (b)
Cash / banks / financial investments / loans (i):	404.8	685.5	(280.7)		
Loans and borrowings (ii):	(226.9)	(552.3)	325.4	-100%	-100%
Short-term	(118.1)	(402.4)	284.3	52%	73%
Long-term	(108.8)	(149.9)	41.1	48%	27%
Net financial position (i - ii):	177.9	133.2	44.7		

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

The charts below show the maturities of the liabilities classified into short-term and long-term at the end of 9M21, which represents 52% and 48%, respectively, of the debt displayed in the table above:



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



¹ Foreign currency loan with currency swap to Brazilian real.

4.17 Distribution of dividends and interest on capital to shareholders

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

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

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

5. Coronavirus (COVID-19)

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

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

Page | 15

Over the first nine months of 2021, the global supply chain has been impacted by increased commodity prices and shortages of materials, as previously said in item.

The Company continuously monitors liquidity risk by managing cash, financial investments and bank loans. It is important to note that the Company has identified no potential significant signs of default for its trade accounts receivable portfolio in the first nine months of 2021. The Company also has pre-approved lines of credits that can be drawn upon as needed

6. Investor Relations and Capital Market

During 9M21, our Investor Relations team stayed connected to investors and the general market whilst working remotely from home due to social distancing measures in response to the COVID-19 pandemic. The use of digital tools to help us cope with the pandemic and to continue to work together efficiently have contributed to our interactions with investors and the market. In-person meetings, conferences and site visits were canceled and have not yet been rescheduled.

6.1 Transparency Trophy



In times of great instability and transformation, MAHLE Metal Leve has won the 2021 Transparency Trophy for the 8th consecutive year from the National Association of Finance, Administration and Accounting Executives (ANEFAC) in partnership with the Institute for Accounting, Actuarial and Financial Research (FIPECAFI- FEA/USP). This award recognizes the quality of MAHLE's 2020 financial statements.

Known as the 'Oscar of Accounting', the award has existed for 25 years and is the only one of its kind in Brazil, created to honor companies for transparency in financial reporting, following best practices and accounting principles.

More than two thousand financial statements for the financial year prior to the award year are analyzed by students of the master's and doctoral degree programs in controllership and accounting from the University of São Paulo (USP) under supervision of professors from USP, who nominate companies that meet the selection criteria and justify the nominations for the judging committee. The judging committee, which includes some of Brazil's most renowned names in accounting, is responsible for selecting winners.

No application is required for the award. The requirement is that companies must follow the best accounting practices to provide accurate financial report.

"This award is a recognition of the work that we at MAHLE have been doing for years, consistent with our core values and principles," said [Sergio Pancini de Sá](#), CEO and Investor Relations Officer of MAHLE Metal Leve S.A.

For the regulation and information about the award, please visit <https://www.anefac.org/regulamento2021>.

7. Independent Auditors

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

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

Page | 16

8. Executive Board's Declaration

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

9. Acknowledgments

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

The Management Board



KPMG Auditores Independentes
Avenida Coronel Silva Telles, nº 977, 10º andar - Dahruj Tower
13024-001 - Campinas/SP - Brasil
Caixa Postal 737 - CEP: 13012-970 - Campinas/SP - Brasil
Telefone +55 (19) 3198-6000, Fax +55 (19) 3198-6001
www.kpmg.com.br

Independent Auditors' Report on Review of Interim Financial Information

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

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

Introduction

We have reviewed the individual and consolidated interim financial information of MAHLE Metal Leve S.A. ("the Company"), included in the Quarterly Information Form (ITR), for the quarter ended September 30, 2021, which comprises the statement of financial position as of September 30, 2021 and the respective statements of profit or loss, other comprehensive income for the three and nine-month period then ended and the changes in equity and cash flows for the nine-month period then ended, including notes.

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

Scope of review

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

Conclusion on the interim information

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

Other matters - Statements of value added

The individual and consolidated interim financial information, related to statements of value added (DVA) for the nine-month period ended September 30, 2021, prepared under the responsibility of the Company's management, and presented as supplementary information for the purposes of IAS 34, were submitted to the same review procedures followed together with the review of the Company's interim financial information. In order to form our conclusion, we evaluated whether these statements are reconciled to the interim financial information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 - *Demonstração do Valor Adicionado*. Based on our review, nothing has come to our attention that causes us to believe that the accompanying statements of value added are not prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

Campinas, November 11, 2021

KPMG Auditores Independentes
CRC 2SP014428/O-6

Original report in Portuguese signed by

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

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

Quarterly information (ITR)
on September 30, 2021

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

Quarterly information (ITR) on September 30, 2021

Contents

Statement of financial position	5-6
Statement of profit or loss	7-8
Statement of other comprehensive income	9
Statement of changes in equity	10-11
Statement of cash flows	12
Statement of value added	13
Notes to the interim financial statements	14-77
Board of directors	78
Representation by officers on the parent company and consolidated financial statements	79
Representation by officers on the independent auditor's report on the financial statements	80

SUMÁRIO DE NOTAS EXPLICATIVAS

1.	Operations.....	14
2.	Entities of the Group (subsidiaries).....	15
3.	Basis of preparation.....	15
4.	Changes in accounting policies and disclosures.....	16
5.	Segment reporting	16
6.	Cash and cash equivalents	19
7.	Trade accounts receivables and other accounts receivables.....	20
8.	Inventories	22
9.	Taxes recoverable and income tax and social contribution recoverable	23
10.	Related parties	24
11.	Income tax and social contribution	30
12.	Investments in subsidiaries	32
13.	Property, plant and equipment.....	35
14.	Intangible assets.....	38
15.	Trade and related-party payables	40
16.	Taxes and contributions payable	40
17.	Borrowings and lease liabilities	41
18.	Salaries, vacation pay and social charges	44
19.	Sundry provision.....	45
20.	Provision for warranties	45
21.	Provision for contingencies and judicial deposits linked to judicial proceedings	46
22.	Equity	49
23.	Earnings per share	51

24.	Net operating revenue	51
25.	Cost of sales and services.....	53
26.	Selling expenses and distribution	54
27.	General and administrative expenses.....	55
28.	Technology and product development costs	56
29.	Finance income and costs, net	57
30.	Other operating income and expenses, net	59
31.	Financial instruments	60
32.	Employee benefits	76
33.	Insurance	76
34.	Application of CPC 42 / IAS 29 - Financial Reporting in Hyperinflationary Economies.	77

MAHLE Metal Leve S.A.

Balance sheet at September 30, 2021 and December 31, 2020

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Assets	Note	Parent company		Consolidated	
		09.30.2021	12.31.2020	09.30.2021	12.31.2020
Cash and cash equivalents	6	218,500	557,868	294,891	607,835
Trade and related-party receivables	7	497,587	371,835	627,343	465,116
Inventories	8	406,747	267,329	546,558	368,888
Taxes recoverable	9	43,221	44,270	51,646	52,062
Income tax and social contribution recoverable	9	32,943	40,304	48,073	52,687
Dividends and interest on capital receivable	10	102,107	66,134	-	-
Unrealized gains on derivative financial instruments	31	2,229	5,462	4,974	8,430
Other assets		27,009	17,960	43,140	23,980
Total current assets		1,330,343	1,371,162	1,616,625	1,578,998
Taxes recoverable	9	117,120	10,561	124,639	17,798
Loans to related parties	10	31,569	29,029	109,937	77,671
Deferred income tax and social contribution	11.b	36,423	61,573	36,562	62,098
Other assets		23,341	26,310	28,035	32,206
Total long-term assets		208,453	127,473	299,173	189,773
Investments in subsidiaries	12	309,231	233,944	-	208
Property, plant and equipment	13	523,448	555,599	600,968	621,903
Rights-of-use assets	13	9,495	11,737	10,455	13,710
Intangible assets	14	391,241	391,891	391,332	391,991
		1,233,415	1,193,171	1,002,755	1,027,812
Total non-current assets		1,441,868	1,320,644	1,301,928	1,217,585
Total assets		2,772,211	2,691,806	2,918,553	2,796,583

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

MAHLE Metal Leve S.A.

Balance sheet at September 30, 2021 and December 31, 2020

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Liabilities		Parent company		Consolidated	
		09.30.2021	12.31.2020	09.30.2021	12.31.2020
Dividends and interest on capital payable	10	690	60,754	690	60,754
Trade and related-party payables	15	224,886	234,782	312,855	290,003
Taxes and contributions payable	16	32,806	38,136	37,009	40,904
Income tax and social contribution payable	16	13,773	-	39,399	23,932
Borrowings	17.a	118,064	402,439	118,064	402,439
Lease liabilities	17.b	10,008	7,405	11,051	9,298
Salaries, vacation pay and social charges	18	121,427	56,087	134,342	64,390
Sundry provision	19	45,318	34,295	49,725	37,334
Provisions for warranties	20	10,022	8,019	12,435	10,452
Unrealized losses on derivative financial instruments	31	13,890	24,403	13,890	24,403
Other liabilities		61,723	49,817	66,086	52,927
Total current liabilities		652,607	916,137	795,546	1,016,836
Deferred income tax and social contribution	11.b	-	-	2,068	1,282
Borrowings	17.a	108,795	149,930	108,795	149,930
Lease liabilities	17.b	1,586	5,798	1,586	6,303
Provisions for contingencies and judicial deposits linked to judicial proceedings	21	282,437	266,387	287,360	274,590
Other liabilities		6,930	5,598	6,887	5,655
Total non-current liabilities		399,748	427,713	406,696	437,760
Total liabilities		1,052,355	1,343,850	1,202,242	1,454,596
Equity	22				
Share capital		966,255	966,255	966,255	966,255
Revenue reserves		314,251	314,251	314,251	314,251
Special reserve		175,572	175,572	175,572	175,572
Other comprehensive income		(172,841)	(156,703)	(172,841)	(156,703)
Retained earnings		436,619	-	436,619	-
Proposed additional dividends		-	48,581	-	48,581
Equity attributable to the owners of the parent		1,719,856	1,347,956	1,719,856	1,347,956
Non-controlling interests		-	-	(3,545)	(5,969)
Total equity		1,719,856	1,347,956	1,716,311	1,341,987
Total liabilities and equity		2,772,211	2,691,806	2,918,553	2,796,583

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

MAHLE Metal Leve S.A.

Statement of income

Quarter and periods ended September 30, 2021 and 2020

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company			
		2021		2020	
		3Q2021	9M2021	3Q2020	9M2020
Net revenue	24	742,749	2,109,705	553,604	1,293,942
Cost of sales	25	(581,090)	(1,608,611)	(428,273)	(1,032,660)
Gross profit		161,659	501,094	125,331	261,282
Selling expenses	26	(45,926)	(136,766)	(33,366)	(91,733)
Impairment of trade receivables	7	20	2,798	2,678	1,717
General and administrative expenses	27	(24,414)	(70,048)	(21,561)	(61,780)
Technology and product development costs	28	(11,926)	(34,679)	(11,527)	(38,382)
Other income (expenses), net	30	7,486	65,200	(56,974)	(87,657)
Gain on monetary items, net	34	15,591	56,387	13,120	32,396
Profit before finance income (costs) and taxation		102,490	383,986	17,701	15,843
Finance income	29	24,835	81,484	12,798	137,147
Finance costs	29	(23,225)	(103,112)	(25,052)	(205,284)
Finance income (costs), net		1,610	(21,628)	(12,254)	(68,137)
Equity in the results of investees	12	63,273	176,148	31,229	47,054
Profit before taxation		167,373	538,506	36,676	(5,240)
Current income tax and social contribution	11.a	(30,020)	(80,520)	(21,693)	(21,857)
Deferred income tax and social contribution	11.a	2,477	(21,909)	26,658	50,755
Income tax and social contribution		(27,543)	(102,429)	4,965	28,898
Profit for the period		139,830	436,077	41,641	23,658

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

MAHLE Metal Leve S.A.

Statement of income

Quarters and periods ended September 30, 2021 and 2020

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Consolidated			
		2021		2020	
	Note	3Q2021	9M2021	3Q2020	9M2020
Net revenue	24	949,478	2,673,562	691,192	1,625,891
Cost of sales	25	(692,669)	(1,899,441)	(499,659)	(1,228,721)
Gross profit		256,809	774,121	191,533	397,170
Selling expenses	26	(62,957)	(174,942)	(43,969)	(118,114)
Impairment of trade receivables	7	(813)	2,833	2,615	(743)
General and administrative expenses	27	(26,764)	(78,437)	(24,240)	(68,940)
Technology and product development costs	28	(13,781)	(40,614)	(13,090)	(43,336)
Other income (expenses), net	30	6,137	62,047	(61,193)	(106,779)
Gain on monetary items, net	34	9,585	34,934	10,410	28,124
Operating profit		168,216	579,942	62,066	87,382
Finance income	29	42,440	133,819	26,901	179,787
Finance costs	29	(36,564)	(145,951)	(40,056)	(253,369)
Finance income (costs), net		5,876	(12,132)	(13,155)	(73,582)
Equity in the results of investees	12	3,365	3,273	(36)	(101)
Profit before taxation		177,457	571,083	48,875	13,699
Current income tax and social contribution	11.a	(40,131)	(111,446)	(33,248)	(38,932)
Deferred income tax and social contribution	11.a	2,430	(23,341)	24,844	45,824
Income tax and social contribution		(37,701)	(134,787)	(8,404)	6,892
Profit for the period		139,756	436,296	40,471	20,591
Profit attributable to					
Owners of the parent		139,830	436,077	41,641	23,658
Non-controlling interests		(74)	219	(1,170)	(3,067)
Profit for the period		139,756	436,296	40,471	20,591
Basic earnings per share (in reais)	23	1.08980	3.39866	0.32454	0.18439

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

MAHLE Metal Leve S.A.

Statement of comprehensive income Quarters and periods ended September 30, 2021 and 2020

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company			
	2021		2020	
	3Q2021	9M2021	3Q2020	9M2020
Profit for the period	139,830	436,077	41,641	23,658
Comprehensive income				
Items that will be reclassified to profit or loss				
Change in cash flow hedge, net	(7,135)	9,533	(723)	(37,541)
Income tax and social contribution on cash flow hedge	2,426	(3,241)	246	12,763
Cumulative translation adjustments	14,848	(22,044)	(3,646)	35,279
Other comprehensive income	10,139	(15,752)	(4,123)	10,501
Total comprehensive income for the period, net of income tax and social contribution	149,969	420,325	37,518	34,159
Total comprehensive income	149,969	420,325	37,518	34,159

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

MAHLE Metal Leve S.A.

Statement of comprehensive income Quarter and periods ended September 30, 2021 and 2020

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Consolidated			
		2021		2020	
		3Q2021	9M2021	3Q2020	9M2020
Profit for the period		139,756	436,296	40,471	20,591
Comprehensive income					
Items that will be reclassified to profit or loss					
Change in cash flow hedge, net		(7,135)	9,533	(723)	(37,541)
Income tax and social contribution on cash flow hedge	11.b ii	2,426	(3,241)	246	12,763
Cumulative translation adjustments		14,848	(22,044)	(3,646)	35,279
Other comprehensive income		10,139	(15,752)	(4,123)	10,501
Total comprehensive income for the period, net of income tax and social contribution		149,895	420,544	36,348	31,092
Comprehensive income attributable to:					
Owners of the parent		149,969	420,325	37,518	34,159
Non-controlling interests		(74)	219	(1,170)	(3,067)
Total comprehensive income		149,895	420,544	36,348	31,092

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

MAHLE Metal Leve S.A.

Statement of changes in equity
Periods ended September 30, 2021

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Attributable to owners of the parent											Total equity	
		Revenue reserves				Proposed additional dividends	Total	Other comprehensive income			Retained earnings	Equity attributable to owners of the parent		Non-controlling interests
		Share capital	Legal reserve	Reserve for expansion and modernization	Special reserve			Carrying value adjustments	Cumulative translation adjustments	Total				
At December 31, 2020		966,255	156,490	157,761	175,572	48,581	538,404	20,927	(177,630)	(156,703)	-	1,347,956	(5,969)	1,341,987
Equity transactions with shareholders														
Prescribed dividends and interest on capital		-	-	-	-	-	-	-	-	-	156	156	-	156
Capital increase of MAHLE Hirschvogel Forjas S.A.		-	-	-	-	-	-	-	-	-	-	-	2,205	2,205
Profit for the period		-	-	-	-	-	-	-	-	-	436,077	436,077	219	436,296
Other comprehensive income														
Cumulative translation adjustments	22	-	-	-	-	-	-	-	(22,044)	(22,044)	-	(22,044)	-	(22,044)
Change in cash flow hedge, net	22	-	-	-	-	-	-	9,533	-	9,533	-	9,533	-	9,533
Income tax and social contribution on cash flow hedge	22	-	-	-	-	-	-	(3,241)	-	(3,241)	-	(3,241)	-	(3,241)
Realization of deemed cost, net	22	-	-	-	-	-	-	(386)	-	(386)	386	-	-	-
Internal changes in equity														
Payment of proposed additional dividends		-	-	-	-	(48,581)	(48,581)	-	-	-	-	(48,581)	-	(48,581)
At September 30, 2021		966,255	156,490	157,761	175,572	-	489,823	26,833	(199,674)	(172,841)	436,619	1,719,856	(3,545)	1,716,311

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

MAHLE Metal Leve S.A.

Statement of changes in equity
Periods ended September 30, 2020

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Note	Attributable to owners of the parent												
	Revenue reserves					Total	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	Special reserve	Proposed additional dividends		Carrying value adjustments	Cumulative translation adjustments	Total				
At January 1st, 2020	966,255	150,263	157,761	-	175,572	483,596	36,627	(182,924)	(146,297)	-	1,303,554	(6,600)	1,296,954
Equity transactions with shareholders													
Prescribed dividends and interest on capital	-	-	-	-	-	-	-	-	-	22	22	-	22
Capital increase of MAHLE Hirschvogel Forjas S.A.	-	-	-	-	-	-	-	-	-	-	-	2,940	2,940
Profit for the period	-	-	-	-	-	-	-	-	-	23,658	23,658	(3,067)	20,591
Other comprehensive income													
Cumulative translation adjustments	22	-	-	-	-	-	-	35,279	35,279	-	35,279	-	35,279
Change in cash flow hedge, net	22	-	-	-	-	-	(37,541)	-	(37,541)	-	(37,541)	-	(37,541)
Income tax and social contribution on cash flow hedge	22	-	-	-	-	-	12,763	-	12,763	-	12,763	-	12,763
Realization of deemed cost, net	22	-	-	-	-	-	(413)	-	(413)	413	-	-	-
Internal changes in equity													
Payment of proposed additional dividends	-	-	-	175,572	(175,572)	-	-	-	-	-	-	-	-
At September 30, 2020	966,255	150,263	157,761	175,572	-	483,596	11,436	(147,645)	(136,209)	24,093	1,337,735	(6,727)	1,331,008

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

MAHLE Metal Leve S.A.

Statement of cash flows

Periods ended September 30, 2021 and 2020

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		9M2021	9M2020	9M2021	9M2020
Cash flows from operating activities					
Profit before taxation		538,506	(5,240)	571,083	13,699
Adjustments for:					
Depreciation and amortization		72,384	74,122	75,372	77,463
Equity in the results of investees	12	(176,148)	(46,969)	(3,273)	101
Recognition (reversal) of provision for impairment of investments	12	-	(85)	-	-
Interest and foreign exchange and monetary variations, net		32,724	61,678	54,780	132,812
Unrealized (losses) gains on derivative financial instruments		2,253	3,548	2,476	896
Results on disposal of property, plant and equipment		(272)	(1,621)	(246)	(1,664)
Profit (loss) on sale of investment		3,144	-	3,144	-
Recognition (reversal) of provision for impairment of trade receivables	7	(2,471)	(688)	(2,483)	3,205
Recognition (reversal) of provision for tax and other contingencies	21	24,918	15,024	23,077	17,664
Recognition (reversal) of provisions for warranties	20	4,182	2,692	4,267	3,008
Recognition (reversal) of sundry provision	19	11,023	123	12,391	913
Recognition (reversal) of provision for impairment of property, plant and equipment		(909)	66,216	(947)	74,738
Recognition (reversal) of provision for inventory loss	8	(5,215)	40,627	(3,128)	48,170
Interest expense on lease liability	17.b	1,672	1,513	1,722	1,642
Gain on net monetary position	34	(56,387)	(32,396)	(34,934)	(28,124)
ICMS credit based on PIS and COFINS		(107,911)	-	(108,082)	-
(Increase) decrease in operating assets					
Trade and related-party receivables		(123,265)	(73,227)	(159,728)	(114,689)
Inventories		(133,630)	(11,121)	(174,026)	(27,362)
Taxes recoverable		11,110	12,241	(1,661)	6,154
Other assets		(6,095)	2,494	(15,004)	1,521
(Increase) decrease in operating liabilities					
Trade and related-party payables		(4,766)	27,358	27,982	48,090
Salaries, vacation pay and social charges		65,340	17,602	69,952	21,114
Taxes and contributions payable		(5,330)	(9,253)	(11,972)	(7,410)
Other liabilities		(18,029)	1,624	(18,973)	(20)
Cash from operations		126,828	146,262	311,789	271,921
Income tax and social contribution paid		(67,067)	(12,581)	(78,939)	(16,159)
Net cash provided by operating activities		59,761	133,681	232,850	255,762
Cash flows from investing activities					
Dividends and interest on capital received from subsidiary		98,712	93,422	336	-
Loans granted to subsidiaries		(1,245)	(20,411)	(927,323)	(467,086)
Loan repayments received from subsidiaries		662	22,839	889,138	479,651
Additions to property, plant and equipment	13	(37,771)	(13,516)	(44,291)	(17,260)
Additions to intangible assets	14	(454)	(224)	(470)	(232)
Capital contribution to subsidiary MAHLE Hirschvogel Forjas S.A.	0	(2,295)	(3,060)	-	-
Proceeds from sale of property, plant and equipment		1,391	2,260	1,402	2,303
Cash flows from (used in) investing activities		59,000	81,310	(81,208)	(2,624)
Cash flows from financing activities					
Proceeds from borrowings	17.a	79,940	343,400	79,940	352,705
Repayment of principal of borrowings	17.a	(396,757)	(208,959)	(396,757)	(230,741)
Repayment of interest on borrowings	17.a	(23,559)	(6,849)	(23,559)	(7,565)
Repayment of the principal and interest on the lease liability	17.b	(8,306)	(7,038)	(9,657)	(8,030)
Capital provided by third parties		-	-	2,205	2,940
Dividends and interest on capital paid	10	(108,489)	(10,355)	(108,489)	(10,355)
Net cash from (used in) financing activities		(457,171)	110,199	(456,317)	98,954
Effect of foreign exchange variation on cash and cash equivalents		(958)	26,521	(8,269)	25,826
Increase (reduction) in cash and cash equivalents, net		(339,368)	351,711	(312,944)	377,918
Represented by:					
Cash and cash equivalents at the beginning of the period		557,868	158,554	607,835	168,781
Cash and cash equivalents at the end of the period	6	218,500	510,265	294,891	546,699
Increase (reduction) in cash and cash equivalents, net		(339,368)	351,711	(312,944)	377,918

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

MAHLE Metal Leve S.A.

Statement of value added

Periods ended September 30, 2021 and 2020

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	9M2021	9M2020	9M2021	9M2020
Gross revenue	2,709,519	1,674,277	3,252,163	1,999,797
Sales of goods, products and services	2,654,323	1,638,509	3,209,314	1,966,123
Other revenue	52,382	33,229	40,397	31,923
Provision for impairment of trade receivables	2,814	2,539	2,452	1,751
Inputs acquired from third parties	(1,548,667)	(987,944)	(1,839,272)	(1,191,479)
(Includes amounts of taxes: ICMS, IPI, PIS and COFINS)				
Cost of sales and services	(896,727)	(473,525)	(1,139,041)	(613,324)
Materials, energy, outsourced services and other	(634,882)	(396,353)	(684,919)	(449,221)
Impairment/recovery of assets	(17,058)	(118,066)	(15,312)	(128,934)
Gross value added	1,160,852	686,333	1,412,891	808,318
Depreciation and amortization	(72,384)	(74,122)	(75,372)	(77,463)
Net value added generated by the company	1,088,468	612,211	1,337,519	730,855
Value added received through transfer	257,632	184,201	137,092	179,686
Equity in the results of investees	176,148	47,054	3,273	(101)
Finance income	81,484	137,147	133,819	179,787
Total value added to distribute	1,346,100	796,412	1,474,611	910,541
Distribution of value added	1,346,100	796,412	1,474,611	910,541
Personnel	453,879	331,538	499,088	370,915
Taxes and contributions	339,804	226,815	372,800	249,835
Capital providers	116,340	214,401	166,427	269,200
Interest	12,832	17,226	14,355	20,125
Rentals	13,814	9,675	14,667	10,478
Foreign exchange, monetary and other variations	89,694	187,500	137,405	238,597
Shareholders	436,077	23,658	436,296	20,591
Retained earnings	436,077	23,658	436,077	23,658
Share of non-controlling interests of retained earnings	-	-	219	(3,067)

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

1. Operations

a) General information

MAHLE Metal Leve S.A. (the Company) is an entity domiciled in Brazil. The registered address of the Company's head office is Ernst Mahle Avenue, number 2000, Zip Code 13.846.146, Mogi Guaçu, São Paulo. The Company's consolidated (consolidated) and separate (parent company) financial statements for the periods ended September 30, 2021 and 2020 includes the Company and its subsidiaries (referred to collectively as the Group).

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

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

b) Covid-19

Since March 2020, the global scenario has been marked by the COVID-19 pandemic developments and the Company continues to closely monitoring the potential impacts on its business operations and on the health and safety of its workers and their families and society.

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

Liquidity risk

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

On September 30, 2021, the Group held cash and cash equivalents of R\$ 294,891 (R\$ 607,835 on December 31, 2020). To compensate for the decrease in cash, the Company had a significant decrease in loans and borrowings from R\$ 552,369 on December 31, 2020 to R\$ 226,859 on September 30, 2021. The Company has identified no potential significant signs of default in the first nine months of 2021.

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

2. Entities of the Group (subsidiaries)

	Country	Ownership percentage (%)			
		09.30.2021		12.31.2020	
		Direct	Indirect	Direct	Indirect
<u>Subsidiaries</u>					
MAHLE Argentina S.A.	Argentina	99.2	0.8	99.2	0.8
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	Brazil	60	-	60	-
MAHLE Metal Leve GmbH	Austria	100	-	100	-
MAHLE Hirschvogel Forjas S.A.	Brazil	51	-	51	-
<u>Related companies</u>					
Innoferm Tecnologia Ltda.	Brazil	-	-	33.33	-

(*) On August 17, 2021, the Company assigned and transferred its shares in Innoferm Tecnologia Ltda. to unrelated parties and withdrew from the investment in the associated company (Note 12).

3. Basis of preparation

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

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

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

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

The issuance of the parent company and consolidated financial statements was authorized by the Company's Board of Directors on November 11, 2021. Only the shareholders have the power to amend the financial statements after issuance.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

4. Changes in accounting policies and disclosures

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

5. Segment reporting

1) Operating segments

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

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

	Consolidated					
	YTD 092021			YTD 092020		
	Engine components	Filters	Consolidated	Engine components	Filters	Consolidated
Statement of income						
Gross operating revenue	2,998,243	357,447	3,355,690	1,830,982	231,483	2,062,465
Deductions from sales	(576,397)	(105,731)	(682,128)	(364,853)	(71,721)	(436,574)
Net operating revenue	2,421,846	251,716	2,673,562	1,466,129	159,762	1,625,891
Cost of sales	(1,696,446)	(202,995)	(1,899,441)	(1,102,118)	(126,603)	(1,228,721)
Gross profit	725,400	48,721	774,121	364,011	33,159	397,170
Selling expenses and distribution and Impairment of trade receivables	(153,767)	(18,342)	(172,109)	(104,442)	(14,415)	(118,857)
Administrative expenses	(69,022)	(9,415)	(78,437)	(58,959)	(9,981)	(68,940)
Technology research costs	(32,957)	(7,657)	(40,614)	(36,437)	(6,899)	(43,336)
Other operating income (expenses)	46,185	15,862	62,047	(106,702)	(77)	(106,779)
Equit	3,273	-	3,273	(101)	-	(101)
Gains (loss) on net monetary variation	33,596	1,338	34,934	26,397	1,727	28,124
Finance income	126,368	7,451	133,819	169,579	10,208	179,787
Finance costs	(137,919)	(8,032)	(145,951)	(241,181)	(12,188)	(253,369)
Profit before income tax and social contribution	541,157	29,926	571,083	12,165	1,534	13,699
Income tax and social contribution	(124,603)	(10,184)	(134,787)	7,436	(544)	6,892
Profit for the year	416,554	19,742	436,296	19,601	990	20,591
Non-controlling interests	(484)	265	(219)	2,734	333	3,067
Profit for the year	416,070	20,007	436,077	22,335	1,323	23,658

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

	Consolidated					
	3rd quarter 2021			3rd quarter 2020		
	Engine components	Filters	Consolidated	Engine components	Filters	Consolidated
Statement of income						
Gross operating revenue	1,066,950	130,318	1,197,268	784,010	105,530	889,540
Deductions from sales	(209,560)	(38,230)	(247,790)	(164,133)	(34,215)	(198,348)
Net operating revenue	857,390	92,088	949,478	619,877	71,315	691,192
Cost of sales	(613,887)	(78,782)	(692,669)	(445,694)	(53,965)	(499,659)
Gross profit	243,503	13,306	256,809	174,183	17,350	191,533
Selling expenses and distribution and Impairment of trade receivables	(57,308)	(6,462)	(63,770)	(36,978)	(4,376)	(41,354)
Administrative expenses	(23,652)	(3,112)	(26,764)	(20,495)	(3,745)	(24,240)
Technology research costs	(11,810)	(1,971)	(13,781)	(10,581)	(2,509)	(13,090)
Other operating income (expenses)	4,922	1,215	6,137	(60,999)	(194)	(61,193)
Equit	3,365	-	3,365	(36)	-	(36)
Gains (loss) on net monetary variation	9,310	275	9,585	9,863	547	10,410
Finance income	40,434	2,006	42,440	25,381	1,520	26,901
Finance costs	(34,634)	(1,930)	(36,564)	(37,524)	(2,532)	(40,056)
Profit before income tax and social contribution	174,130	3,327	177,457	42,814	6,061	48,875
Income tax and social contribution	(36,621)	(1,080)	(37,701)	(7,870)	(534)	(8,404)
Profit for the year	137,509	2,247	139,756	34,944	5,527	40,471
Non-controlling interests	(13)	87	74	1,063	107	1,170
Profit for the year	137,496	2,334	139,830	36,007	5,634	41,641

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

	Consolidated					
	09.30.2021			12.31.2020		
	Engine components	Filters	Consolidated	Engine components	Filters	Consolidated
Balance sheet accounts						
Total assets	2,727,183	191,370	2,918,553	2,651,558	145,025	2,796,583
Inventories	471,731	74,827	546,558	323,791	45,097	368,888
Property, plant and equipment	2,576,116	156,996	2,733,112	2,508,198	147,230	2,655,428
Depreciation and amortization	(2,019,255)	(102,434)	(2,121,689)	(1,921,934)	(97,881)	(2,019,815)
Intangible assets	11,038	336	11,374	11,753	280	12,033
Goodwill	379,958	-	379,958	379,958	-	379,958
Investment - Innoferm Tecnologia Ltda.	-	-	-	208	-	208
Other	1,307,595	61,645	1,369,240	1,349,584	50,299	1,399,883

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

2) Distribution by geographic area

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

Net operating revenue is distributed as follows:

Sales per country	Consolidated							
	3Q2021	%	YTD 092021	%	3Q2020	%	YTD 092020	%
Domestic market (Brazil and Argentina)	544,721	57.4%	1,504,456	56.3%	403,846	58.4%	901,075	55.4%
EUA	86,675	9.1%	220,483	8.2%	55,932	8.1%	144,664	8.9%
México	71,644	7.5%	205,929	7.7%	51,895	7.5%	124,468	7.7%
Itália	35,382	3.7%	110,791	4.1%	31,919	4.6%	63,511	3.9%
Alemanha	62,196	6.6%	162,880	6.1%	48,337	7.0%	127,089	7.8%
Espanha	20,396	2.1%	65,328	2.4%	13,122	1.9%	38,058	2.3%
Suécia	10,967	1.2%	45,584	1.7%	13,638	2.0%	36,287	2.2%
França	11,382	1.2%	45,172	1.7%	12,827	1.9%	33,096	2.0%
Portugal	9,996	1.1%	35,062	1.3%	7,217	1.0%	21,106	1.3%
Canadá	2,763	0.3%	12,337	0.5%	6,040	0.9%	11,695	0.7%
Chile	5,121	0.5%	16,810	0.6%	2,128	0.3%	6,477	0.4%
Paraguai	5,990	0.6%	16,677	0.6%	4,218	0.6%	7,263	0.4%
Peru	3,778	0.4%	11,641	0.4%	1,373	0.2%	3,673	0.2%
Bolívia	3,373	0.4%	10,253	0.4%	1,499	0.2%	4,137	0.3%
China	4,366	0.5%	11,456	0.4%	2,005	0.3%	5,948	0.4%
Uruguai	2,366	0.2%	6,766	0.3%	1,474	0.2%	3,999	0.2%
Índia	3,790	0.4%	10,478	0.4%	2,668	0.4%	5,951	0.4%
Reino Unido	3,822	0.4%	10,487	0.4%	3,129	0.5%	9,043	0.6%
Outros	60,750	6.4%	170,972	6.4%	27,925	4.0%	78,351	4.8%
Total	949,478	100%	2,673,562	100%	691,192	100%	1,625,891	100%

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

6. Cash and cash equivalents

	Parent company		Consolidated	
	09.30.2021	12.31.2020	09.30.2021	12.31.2020
Cash and demand deposits				
BRL	2,016	1,156	1,810	1,315
ARS (expressed in BRL)	-	-	6,393	5,881
USD (expressed in BRL)	25,339	9,858	25,339	9,858
EUR (expressed in BRL)	5,616	64,054	6,443	65,132
	32,971	75,068	39,985	82,186
BRL	174,469	479,164	174,469	479,295
ARS (expressed in BRL)	-	-	68,988	35,493
USD (expressed in BRL)	6,003	3,636	6,003	3,636
Financial investments	180,472	482,800	249,460	518,424
BRL	5,057	-	5,058	-
ARS (expressos em BRL)	-	-	15	65
USD (expressos em BRL)	-	-	373	4,542
EUR (expressos em BRL)	-	-	-	2,618
Cash in transit	5,057	-	5,446	7,225
	218,500	557,868	294,891	607,835

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

On September 30, 2021, financial investments have made as follows:

- BRL – Certificates of bank deposit (CDBs) and resale agreements (100.0%) – These investments accrue interest, on average, at 101.2% p.a. (101,1% p.a on December 31, 2020) 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 33.50% p.a. (31,12% p.a. on December 31, 2020) (BADLAR – Interest rate for term deposits).
- USD - Certificate deposits and Time deposits – These investments accrue interest, on average, at 0.07% p.a. (0,05% p.a. on December 31, 2020), are short-term and have original maturities of less than three months.

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.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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

7. Trade accounts receivables and other accounts receivables

	Parent company		Consolidated	
	09.30.2021	12.31.2020	09.30.2021	12.31.2020
Market				
Domestic	307,722	259,713	307,928	260,091
Foreign	58,322	31,539	186,784	115,116
	366,044	291,252	494,712	375,207
Other accounts receivable	12,234	3,834	12,234	3,834
Provision for impairment of trade receivables	<u>(3,773)</u>	<u>(6,260)</u>	<u>(7,681)</u>	<u>(10,180)</u>
	374,505	288,826	499,265	368,861
Related parties (Note 10)	123,082	83,009	128,078	96,255
	497,587	371,835	627,343	465,116

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

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09.30.2021</u>	<u>12.31.2020</u>	<u>09.30.2021</u>	<u>12.31.2020</u>
Not yet due	361,916	278,882	477,413	350,546
Past due:				
Up to 7 days	6,395	2,496	10,329	5,681
From 8 to 30 days	2,973	3,065	6,432	7,907
From 31 to 60 days	2,096	3,009	2,804	3,318
From 61 to 90 days	926	901	2,510	1,362
From 91 to 120 days	391	709	503	759
From 121 to 180 days	833	1,750	1,597	2,285
From 181 to 360 days	1,266	1,001	1,593	2,017
Over 360 days	1,482	3,273	3,765	5,166
(-) Provision for impairment of trade receivables	<u>(3,773)</u>	<u>(6,260)</u>	<u>(7,681)</u>	<u>(10,180)</u>
Total past due deducted provision	12,589	9,945	21,852	18,315
	<u>374,505</u>	<u>288,826</u>	<u>499,265</u>	<u>368,861</u>

On September 30, 2021, trade receivables of the parent company in the amount of R\$ 12,589 (December 31, 2020 - R\$ 9,944) and consolidated trade receivables on September 30, 2021 of R\$ 21,852 (December 31, 2020 - R\$ 18,315) were past due but not impaired. These relate to a number of original equipment and aftermarket customers for whom there is no recent history of default. Other past-due accounts do not pose a risk for the Company because they were settled after the date of these interim financial statements.

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

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

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2020	<u>(6,260)</u>	<u>(10,180)</u>
Receivables provided for in the period	(4,712)	(6,445)
Receivables reversed in the period	7,509	9,231
Receivables written off definitively	16	16
Foreign exchange variation	<u>(326)</u>	<u>(303)</u>
At September 30th, 2021	<u>(3,773)</u>	<u>(7,681)</u>

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

8. Inventories

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09.30.2021</u>	<u>12.31.2020</u>	<u>09.30.2021</u>	<u>12.31.2020</u>
Finished products	183,234	113,613	260,294	180,823
Work in progress	135,759	95,404	154,942	107,664
Raw materials	64,605	45,294	85,320	56,165
Auxiliary materials	9,988	6,328	17,361	10,201
Imports in transit	13,161	6,690	28,641	14,035
	<u>406,747</u>	<u>267,329</u>	<u>546,558</u>	<u>368,888</u>

On September 30, 2021, inventory was stated net of provision for losses. These losses relate to products with a negative margin, tooling, quality issues, out-of-specification materials, obsolescence and slow-moving items in the amount of R\$ 73,810 (R\$ 79,025 on December 31, 2020) in the parent company and R\$ 94,366 (R\$ 97,494 on December 31, 2020) in the consolidated accounts.

Changes in the provision for inventory loss are as follows:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2020	(79,025)	(97,494)
Reversal of provision	22,390	36,400
Recognition of provision	(18,605)	(36,599)
Inventory written off definitively as loss	1,430	1,430
Foreign exchange variation	-	1,897
At September 30, 2021	(73,810)	(94,366)

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

9. Taxes recoverable and income tax and social contribution recoverable

	Parent Company		Consolidated	
	09.30.2021	12.31.2020	09.30.2021	12.31.2020
Income tax and social contribution recoverable	32,943	40,304	48,073	52,687
Value-added Tax on Sales and Services (ICMS) on purchases of fixed assets	27,128	27,250	27,163	27,364
ICMS and Excise Tax (IPI)	6,179	6,844	6,179	6,844
Tax on import operations	4,249	2,513	4,543	2,640
Social Contribution on Revenues (COFINS)	4,658	6,299	4,658	6,300
Social Integration Program (PIS)	999	1,354	999	1,354
I.V.A. (Argentina)	-	-	5,922	4,637
Other	8	10	2,182	2,923
Taxes recoverable	43,221	44,270	51,646	52,062
Current	76,164	84,574	99,719	104,749
ICMS credit based on PIS and COFINS (*)	107,911	10,561	108,082	-
Value-added Tax on Sales and Services (ICMS) on purchases of fixed assets	9,209	-	9,209	10,561
Export incentive - Argentina	-	-	7,348	7,237
Non-current	117,120	10,561	124,639	17,798

(*) The Company and its subsidiary MAHLE Filtroil Indústria e Comércio de Filtros Ltda. have lawsuits to recover amounts of ICMS included in the calculation basis of PIS and COFINS.

On May 13, 2021, the Brazilian Supreme Court (STF) decided that the amount of ICMS stated in the invoice can be excluded from the basis of calculation of PIS and COFINS with retroactive effect to March 15, 2017. After the Supreme Court judged the motion for clarification of judgment and modulation of the effects of the Supreme Court decision, it was possible to have sufficient elements to reliably measure the amount of tax credit to be recovered and recognized by the Company and its subsidiary. A final and unappealable decision was issued on the Company's lawsuit on August 24, 2021.

At September 30, 2021, the Company recognized the amounts of R\$ 105,753 (Parent company) and R\$ 105,920 (Consolidated), of which R\$ 99,112 (Parent Company) and R\$ 99,266 (Consolidated) were included in 'other operating income' (Note 30), interest (SELIC rate) income on eligible receivables in the amount of R\$ 8,800 (Parent company) and R\$ 8,815 (Consolidated) in 'finance income' (Note 29), fee expenses of R\$ 2,159 (Parent company), R\$ 2,161 (Consolidated) recorded in 'other operating expenses' (Note 30), and deferred income tax in the amount of R\$ 32,825 (Parent company) and R\$ 32,879 (Consolidated) in deferred tax assets and liabilities (Note 11.b.i).

Notes to the interim financial statements

(in thousand of reais)

10. Related parties

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

	Parent company									
	Balances at 09.30.2021					Transactions from 01.01.2021 to 09.30.2021				
	Current assets			Non-current assets	Current liabilities		Sales/revenue		Purchases	
	Receivables (Note 7)	Payment term in days (***)	Dividends and interest on capital payable	Loan	Suppliers (Note 15)	Payment term in days (***)	Products	Other	Products	Other
Companies										
Subsidiaries										
Direct subsidiaries										
MAHLE Metal Leve GmbH	74,937	60	102,107	-	-	-	365,852	29	-	-
MAHLE Argentina S.A.	19,375	60	-	24,175	534	60	67,402	2,387	922	-
MAHLE Filtroil Indústria e Comércio de Filtros Ltda.	72	60	-	7,394	-	-	-	175	-	-
MAHLE Hirschvogel Forjas S.A.	24	60	-	-	-	-	-	98	-	-
Sub-total Controladas Diretas	94,408		102,107	31,569	534		433,254	2,689	922	-
Related companies										
MAHLE Componenti Motori Italia S.p.A.	5,259	60	-	-	5,950	60	28,005	-	344	765
MAHLE Engine Components USA, Inc.	4,409	60	-	-	298	60	23,924	-	2,112	360
MAHLE Behr Gerenciamento Térmico Brasil Ltda.	3,939	60	-	-	6,330	60	2,714	12,914	18,685	716
MAHLE Aftermarket GmbH	3,309	60	-	-	5,488	60	8,602	1,336	4,228	3,273
MAHLE Compressores do Brasil Ltda.	2,483	60	-	-	7,098	60	1,943	7,734	38,164	234
MAHLE Aftermarket S. de R.L. de C.V.	2,107	60	-	-	-	-	5,146	-	-	-
MAHLE International GmbH	1,124	60	-	-	9,544	60	-	1,883	-	29,986
MAHLE Engine Components (Yingkou) Co., Ltd.	930	60	-	-	-	-	3,082	-	-	-
MAHLE Aftermarket Inc.	878	60	-	-	157	60	1,355	714	19	188
MAHLE Motor Parcalari San. Izmir A.S.	628	60	-	-	4	60	1,879	-	710	-
MAHLE GmbH	558	60	-	-	19,432	60	164	959	4,014	18,865 *
MAHLE Engine Components Slovakia s.r.o.	528	60	-	-	-	-	168	416	-	-
MAHLE Engine Components (Nanjing) Co., Ltd.	416	60	-	-	-	-	2,208	-	-	-
MAHLE Indústria e Comércio Ltda.	310	60	-	-	1,668	60	-	2,028	754	6,773 **
MAHLE Industriemotoren-Komponenten GmbH	310	60	-	-	-	-	104	-	-	-
MAHLE Aftermarket Pte. Ltd.	287	60	-	-	-	-	305	-	5,044	-
MAHLE RUS O.O.O.	235	60	-	-	-	-	233	-	-	-
MAHLE Holding (China) Co., Ltd.	233	60	-	-	36	60	227	-	-	290
MAHLE Componentes de Motores S.A.	187	60	-	-	-	-	2,180	25	226	-
MAHLE Componentes de Motor de Mexico, S. de R.L. de C.V.	149	60	-	-	83	60	877	-	8,283	83
MAHLE Engine Systems UK Ltd.	87	60	-	-	2,001	60	40	(29)	6,165	17
MAHLE Engine Components (Chongqing) Co., Ltd.	79	60	-	-	-	-	956	-	-	-
MAHLE Filter Systems USA	70	60	-	-	-	-	61	8	-	-
MAHLE France SAS	50	60	-	-	-	-	396	-	-	-
MAHLE Kleinmotoren-Komponenten GmbH & Co. KG	35	60	-	-	-	-	48	-	-	-
MAHLE Electric Drives Slovenija d.o.o.	34	60	-	-	489	60	-	88	2,670	-
MAHLE Industries, Inc.	23	60	-	-	383	60	-	51	-	377
MAHLE Japan Ltd.	17	60	-	-	458	60	-	47	-	458
MAHLE Motorsports Inc	1	60	-	-	-	-	19	-	-	-
MAHLE Filtersysteme GmbH	1	60	-	-	698	60	1	-	-	614
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	-	826	60	-	-	285	1
MAHLE Electric Drives (Taicang) Co., Ltd.	-	-	-	-	675	60	-	81	2,180	-
MAHLE Automotive Technologies (China) Co., Ltd	-	-	-	-	505	60	-	-	-	505
MAHLE Trading (Shanghai) Co., Ltd.	-	-	-	-	478	60	-	-	1,013	-
MAHLE Filtersysteme Austria GmbH	-	-	-	-	427	60	-	-	1,284	-
MAHLE Filter Systems Japan Corporation	-	-	-	-	102	60	-	-	603	-
MAHLE Aftermarket Italy S.p.A.	-	-	-	-	41	60	-	-	472	-
MAHLE S.A.U.	-	-	-	-	26	60	-	-	275	-
MAHLE Componente de Motor SRL	-	-	-	-	15	60	-	-	240	-
MAHLE Industrial Thermal Systems GmbH & Co. KG	-	-	-	-	14	60	-	-	-	14
MAHLE Filter Systems Philippines Corporation	-	-	-	-	14	60	-	-	97	-
MAHLE Anand Filter Systems Private Limited	-	-	-	-	-	-	90	-	-	-
MAHLE Filtre Sistemleri A.S.	-	-	-	-	-	-	2	267	-	-
MAHLE Behr Service Asia Co., Ltd.	-	-	-	-	-	-	-	-	1,454	-
MAHLE Trading Japan Co., Ltd.	-	-	-	-	-	-	-	88	515	-
MAHLE France SARL	-	-	-	-	9	60	-	-	100	9
MAHLE Fil. Sys. UK Ltd.	-	-	-	-	-	-	-	-	275	-
Other	(2)	60	-	-	18	60	73	(7)	22	1
Total related companies	28,674		-	-	63,267		84,802	28,603	100,233	63,529
Total related parties	123,082		102,107	31,569	63,801		518,056	31,292	101,155	63,529

* Brand license of R\$ 10,621

** Rent of R\$ 6,773

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

	Parent company										
	Balances at 12.31.2020						Transactions from 01.01.2019 to 09.30.2020				
	Current assets			Non-current assets	Current liabilities			Sales/revenue		Purchases	
	Receivables (Note 7)	Payment term in days (***)	Dividends and interest on capital payable	Loan	Suppliers (Note 15)	Payment term in days (***)	Dividends and interest on capital payable	Products	Other	Products	Other
Companies											
Subsidiaries											
Direct subsidiaries											
MAHLE Metal Leve GmbH	49,566	60	66,134	-	-	-	-	267,527	983	-	-
MAHLE Argentina S.A.	10,433	60	-	22,248	486	60	-	36,526	1,774	22	-
MAHLE Filtroil Indústria e Comércio de Filtros Ltd:	132	60	-	6,781	-	-	-	-	124	-	-
MAHLE Hirschvogel Forjas S.A.	23	60	-	-	-	-	-	-	98	-	-
Sub-total Controladas Diretas	60,154		66,134	29,029	486			304,053	2,979	22	-
Related companies											
MAHLE Componenti Motori Italia S.p.A.	5,168	60	-	-	5,394	60	-	14,670	1	27	-
MAHLE Engine Components USA, Inc.	4,510	60	-	-	493	60	-	10,436	-	932	2
MAHLE Behr Gerenciamento Térmico Brasil Ltda.	2,463	60	-	-	2,993	60	-	717	10,816	14,628	551
MAHLE Aftermarket S. de R.L. de C.V.	2,286	60	-	-	-	-	-	4,378	-	-	-
MAHLE Aftermarket GmbH	1,797	60	-	-	2,078	60	-	5,041	930	3,189	3,524
MAHLE Compressores do Brasil Ltda.	1,432	60	-	-	5,033	60	-	747	4,726	15,886	94
MAHLE International GmbH	1,225	60	-	-	14,971	60	-	-	1,863	-	21,325
MAHLE Engine Components (Yingkou) Co., Ltd.	849	60	-	-	-	-	-	2,453	11	-	-
MAHLE GmbH	729	60	-	-	16,289	60	-	233	47	1,538	13,689
MAHLE Aftermarket Inc.	310	60	-	-	41	60	-	519	322	-	289
MAHLE Holding (China) Co., Ltd.	285	60	-	-	219	60	-	5	98	-	142
MAHLE Industriemotoren-Komponenten GmbH	284	60	-	-	-	-	-	493	-	-	-
MAHLE Motor Parcalari San. Izmir A.S.	271	60	-	-	442	60	-	2,292	-	225	-
MAHLE Engine Components (Nanjing) Co., Ltd.	260	60	-	-	-	-	-	1,167	-	18	-
MAHLE Engine Systems UK Ltd.	197	60	-	-	2,432	60	-	8	287	2,176	11
MAHLE Industries, Inc.	180	60	-	-	784	60	-	-	410	-	1
MAHLE Indústria e Comércio Ltda.	139	60	-	-	1,325	60	36,017	99	748	1,402	5,501
MAHLE Trading Japan Co., Ltd.	108	60	-	-	-	-	-	-	9	147	-
MAHLE Engine Components (Chongqing) Co., Ltd.	104	60	-	-	-	-	-	825	-	-	-
MAHLE Componentes de Motores S.A.	88	60	-	-	3	60	-	487	43	61	3
MAHLE France SAS	63	60	-	-	-	-	-	146	-	-	-
MAHLE Componentes de Motor de Mexico, S. de R.	47	60	-	-	1,222	60	-	566	15	5,093	5
MAHLE Engine Components Slovakia s.r.o.	42	60	-	-	96	60	-	45	-	-	-
MAHLE S.A.U.	20	60	-	-	34	60	-	1	-	151	-
MAHLE Japan Ltd.	14	60	-	-	-	-	-	-	35	-	-
MAHLE India Pistons Ltd.	13	60	-	-	-	-	-	19	-	-	-
MAHLE Shared Services Mexico S. de R.L. de C.V.	11	60	-	-	372	60	-	-	-	-	-
MAHLE Kleinmotoren-Komponenten GmbH & Co. F	6	60	-	-	-	-	-	40	-	-	-
Shanghai MAHLE Thermal Systems Co. Ltd.	4	60	-	-	-	-	-	-	-	-	-
MAHLE Filtersysteme GmbH	2	60	-	-	537	60	-	-	3	-	1,490
MAHLE Motorsports Inc	1	60	-	-	-	-	-	5	-	-	-
MAHLE Engineering Services India Private Limited	1	60	-	-	-	-	-	-	-	-	-
MAHLE Electric Drives Slovenija d.o.o.	1	60	-	-	343	60	-	-	35	1,679	-
MAHLE Composants Moteur France SAS	(52)	60	-	-	-	-	-	23	-	-	-
MAHLE Aftermarket Pte. Ltd.	-	-	-	-	2,172	60	-	15	-	2,969	-
Innoferm Tecnologia Ltda.	-	-	-	-	1,600	60	-	-	-	-	-
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	-	1,039	60	-	-	-	536	64
MAHLE Filter Systems Japan Corporation	-	-	-	-	413	60	-	-	-	321	24
MAHLE Filtersysteme Austria GmbH	-	-	-	-	368	60	-	-	-	1,593	-
MAHLE Electric Drives (Taicang) Co., Ltd.	-	-	-	-	320	60	-	-	59	1,325	-
MAHLE Fil. Sys. UK Ltd.	-	-	-	-	283	60	-	-	-	187	-
MAHLE Aftermarket Italy S.p.A.	-	-	-	-	175	60	-	-	-	319	-
MAHLE Componente de Motor SRL	-	-	-	-	127	60	-	-	-	140	-
MAHLE Trading (Shanghai) Co., Ltd.	-	-	-	-	115	60	-	-	-	290	1
MAHLE Engine Components Japan Corporation	-	-	-	-	99	60	-	81	228	-	-
MAHLE Filter Systems USA	-	-	-	-	44	60	-	4	151	-	48
MAHLE Filter Systems Philippines Corporation	-	-	-	-	13	60	-	-	-	43	-
MAHLE Industriebeteiligungen GmbH	-	-	-	-	-	-	6,003	-	-	-	-
MAHLE Behr Service Asia Co., Ltd.	-	-	-	-	-	-	-	-	-	2,351	-
Other	(3)	-	-	-	20	-	-	61	38	67	38
Total related companies	22,855				61,889		42,020	45,576	20,875	57,293	46,802
Total related parties	83,009		66,134	29,029	62,375		42,020	349,629	23,854	57,315	46,802

* Brand license of R\$ 5,731

** Rent of R\$ 5,501

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

	Consolidated								
	Balances at 09.30.2021				Transactions from 01.01.2021 to 09.30.2021				
	Current assets		Non-current assets	Current liabilities		Sales/revenue		Purchases	
	Receivables (Note 7)	Payment term in days (***)	Loan	Suppliers (Note 15)	Payment term in days (***)	Products	Other	Products	Other
Companies									
Related companies									
MAHLE Componentes de Motor de Mexico, S. de R.L. de C.V.	26,135	60	-	83	60	98,445	-	8,283	83
MAHLE Aftermarket GmbH	25,644	60	-	8,112	60	82,752	1,336	11,586	3,273
MAHLE Componenti Motori Italia S.p.A.	22,414	60	-	8,723	60	110,127	-	344	765
MAHLE Engine Components USA, Inc.	8,246	60	-	7,477	60	33,822	-	2,112	561
MAHLE Aftermarket S. de R.L. de C.V.	6,623	60	-	-	-	23,324	-	-	-
MAHLE Vöcklabruck GmbH	6,456	60	-	-	-	(6)	-	-	-
MAHLE Componentes de Motores S.A.	5,788	60	-	-	-	34,711	25	226	-
MAHLE France SAS	5,755	60	-	18	60	30,169	-	35	-
MAHLE Behr Gerenciamento Térmico Brasil Ltda.	3,939	60	-	9,341	60	2,714	12,914	23,989	715
MAHLE Compressores do Brasil Ltda.	2,483	60	-	7,098	60	1,943	7,734	38,164	234
MAHLE Industriemotoren-Komponenten GmbH	1,845	60	-	69	60	4,744	-	-	-
MAHLE Motor Parcalari San. Izmir A.S.	1,827	60	-	4	60	4,890	-	710	-
MAHLE Kleinmotoren-Komponenten GmbH & Co. KG	1,501	60	-	211	60	6,943	-	-	95
MAHLE Aftermarket Inc.	1,400	60	-	157	60	3,430	714	19	188
MAHLE S.A.U.	1,333	60	-	26	60	8,168	-	275	-
MAHLE International GmbH	1,124	60	-	16,334	60	-	1,883	-	32,434
MAHLE GmbH	1,035	60	-	24,514	60	2,502	959	4,014	20,056 *
MAHLE Engine Components (Yingkou) Co., Ltd.	930	60	-	-	-	3,082	-	-	-
MAHLE Engine Components (Thailand) Co., Ltd.	799	60	-	171	60	3,706	-	-	-
MAHLE Engine Components Slovakia s.r.o.	528	60	-	-	-	1,414	416	-	-
MAHLE Polska Sp. z o.o.	475	60	-	-	-	2,322	-	-	-
MAHLE Engine Components (Nanjing) Co., Ltd.	416	60	-	-	-	2,208	-	-	-
MAHLE Indústria e Comércio Ltda.	310	60	-	1,668	60	-	2,028	754	6,773 **
MAHLE Aftermarket Pte. Ltd.	287	60	-	-	-	305	-	5,044	-
MAHLE RUS O.O.O.	235	60	-	-	-	233	-	-	-
MAHLE Holding (China) Co., Ltd.	233	60	-	36	60	227	-	-	290
MAHLE Engine Systems UK Ltd.	87	60	-	2,001	60	40	(29)	6,165	17
MAHLE Engine Components (Chongqing) Co., Ltd.	79	60	-	-	-	956	-	-	-
MAHLE Filter Systems USA	70	60	-	-	-	61	8	-	-
MAHLE Electric Drives Slovenija d.o.o.	34	60	-	645	60	-	88	3,028	-
MAHLE Industries, Inc.	23	60	-	1,321	60	-	51	-	2,504
MAHLE Japan Ltd.	17	60	-	458	60	-	47	-	458
MAHLE Engine Components India Priv. Ltd.	5	60	-	2	60	3,847	-	-	-
MAHLE Motorsports Inc	1	60	-	-	-	19	-	-	-
MAHLE Filtersysteme GmbH	1	60	-	698	60	1	-	-	614
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	826	60	-	-	285	1
MAHLE Electric Drives (Taicang) Co., Ltd.	-	-	-	675	60	-	81	2,180	-
MAHLE Engine Components USA, Inc.	-	-	-	588	60	-	-	-	-
MAHLE Filtersysteme Austria GmbH	-	-	-	529	60	-	-	1,284	263
MAHLE Automotive Technologies (China) Co., Ltd	-	-	-	505	60	-	-	-	505
MAHLE Trading (Shanghai) Co., Ltd.	-	-	-	478	60	-	-	1,013	-
MAHLE Aftermarket Italy S.p.A.	-	-	-	201	60	-	-	730	-
MAHLE Filter Systems Japan Corporation	-	-	-	102	60	-	-	603	-
MAHLE Holding Austria GmbH	-	-	109,937	39	60	-	-	-	-
MAHLE Ventiltrieb GmbH	-	-	-	34	60	-	-	-	62
MAHLE Componente de Motor SRL	-	-	-	15	60	-	-	240	-
MAHLE Industrial Thermal Systems GmbH & Co. KG	-	-	-	14	60	-	-	-	14
MAHLE Filter Systems Philippines Corporation	-	-	-	14	60	-	-	97	-
MAHLE Anand Filter Systems Private Limited	-	-	-	-	-	90	-	-	-
MAHLE Filtre Sistemleri A.S.	-	-	-	-	-	2	267	-	-
MAHLE Trading Japan Co., Ltd.	-	-	-	-	-	-	88	515	-
MAHLE Behr Service Asia Co., Ltd.	-	-	-	-	-	-	-	2,292	-
MAHLE Fil. Sys. UK Ltd.	-	-	-	-	-	-	-	275	-
MAHLE France SARL	-	-	-	9	60	-	-	100	9
Outros	-	-	-	16	-	55	(7)	22	1
Total related companies	128,078		109,937	93,212		467,246	28,603	114,384	69,915
Total related parties	128,078		109,937	93,212		467,246	28,603	114,384	69,915

* Brand license of R\$ 11,219

** Rent of R\$ 6,773

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

	Consolidated									
	Balances at 12.31.2020					Transactions from 01.01.2020 to 09.30.2020				
	Current assets		Non-current assets	Current liabilities			Sales/revenue		Purchases	
	Receivables (Note 7)	Payment term in days (***)	Loan	Suppliers (Note 15)	Payment term in days (***)	Dividends and interest on capital payable	Products	Other	Products	Other
Empresas										
Related companies										
MAHLE Aftermarket GmbH	20,190	60	-	3,130	60	-	67,377	930	9,527	3,528
MAHLE Componenti Motori Italia S.p.A.	18,210	60	-	7,604	60	-	69,693	1	27	-
MAHLE Componentes de Motor de Mexico, S. de R.L. de C.V.	17,241	60	-	1,222	60	-	78,324	15	5,093	5
MAHLE Componentes de Motores S.A.	6,203	60	-	3	60	-	26,998	43	61	3
MAHLE Engine Components USA, Inc.	5,439	60	-	4,877	60	-	17,812	-	932	2,124
MAHLE France SAS	5,376	60	-	122	60	-	26,197	-	-	-
MAHLE Aftermarket S. de R.L. de C.V.	4,256	60	-	-	-	-	13,514	-	-	-
MAHLE Vöcklabruck GmbH	2,836	60	-	-	-	-	7,609	-	-	24
MAHLE Behr Gerenciamento Térmico Brasil Ltda.	2,463	60	-	3,316	60	-	717	10,816	16,604	551
MAHLE S.A.U.	2,252	60	-	34	60	-	8,436	-	151	-
MAHLE Kleinmotoren-Komponenten GmbH & Co. KG	1,622	60	-	80	60	-	3,171	-	-	86
MAHLE Compressores do Brasil Ltda.	1,432	60	-	5,033	60	-	747	4,726	15,886	94
MAHLE International GmbH	1,225	60	-	19,735	60	-	-	1,863	-	22,866
MAHLE GmbH	1,126	60	-	20,713	60	-	14,253	47	1,538	15,658 *
MAHLE Industriemotoren-Komponenten GmbH	903	60	-	71	60	-	5,695	-	-	57
MAHLE Engine Components (Yingkou) Co., Ltd.	849	60	-	-	-	-	2,453	11	-	-
MAHLE Polska Sp. z o.o.	738	60	-	-	-	-	980	-	-	-
MAHLE Aftermarket Inc.	675	60	-	41	60	-	2,297	322	-	289
MAHLE Engine Components Slovakia s.r.o.	550	60	-	96	60	-	1,295	-	-	-
MAHLE Engine Components (Thailand) Co., Ltd.	533	60	-	165	60	-	4,412	-	-	-
MAHLE Engine Components India Priv. Ltd.	466	60	-	2	60	-	1,448	-	-	-
MAHLE Motor Parcalari San. Izmir A.S.	403	60	-	442	60	-	5,317	-	225	-
MAHLE Holding (China) Co., Ltd.	285	60	-	219	60	-	5	98	-	142
MAHLE Engine Components (Nanjing) Co., Ltd.	260	60	-	-	-	-	1,167	-	18	-
MAHLE Engine Systems UK Ltd.	197	60	-	2,434	60	-	8	287	2,176	11
MAHLE Industries, Inc.	180	60	-	1,175	60	-	-	410	-	1,921
MAHLE Indústria e Comércio Ltda.	139	60	-	1,325	60	36,017	99	748	1,402	5,501 **
MAHLE Trading Japan Co., Ltd.	108	60	-	-	-	-	-	9	147	-
MAHLE Engine Components (Chongqing) Co., Ltd.	104	60	-	-	-	-	825	-	-	-
MAHLE Japan Ltd.	14	60	-	-	-	-	-	35	-	-
MAHLE India Pistons Ltd.	13	60	-	-	-	-	19	-	-	-
MAHLE Shared Services Mexico S. de R.L. de C.V.	11	60	-	372	60	-	-	-	-	-
Shanghai MAHLE Thermal Systems Co. Ltd.	4	60	-	-	-	-	-	-	-	-
MAHLE Filtersysteme GmbH	2	60	-	537	60	-	-	3	-	1,490
MAHLE Motorsports Inc	1	60	-	-	-	-	5	-	-	-
MAHLE Engineering Services India Private Limited	1	60	-	-	-	-	-	-	-	-
MAHLE Electric Drives Slovenija d.o.o.	1	60	-	468	60	-	-	35	1,770	-
MAHLE Composants Moteur France SAS	(52)	60	-	-	-	-	23	-	-	-
MAHLE Aftermarket Pte. Ltd.	-	-	-	2,172	60	-	15	-	2,969	-
Innoferm Tecnologia Ltda.	-	-	-	1,600	60	-	-	-	-	-
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	1,039	60	-	-	-	536	64
MAHLE Filtersysteme Austria GmbH	-	-	-	440	60	-	-	-	1,593	295
MAHLE Filter Systems Japan Corporation	-	-	-	413	60	-	-	-	321	24
MAHLE Engine Components USA, Inc.	-	-	-	408	60	-	-	-	-	7
MAHLE Electric Drives (Taicang) Co., Ltd.	-	-	-	320	60	-	-	59	1,324	-
MAHLE Fil. Sys. UK Ltd.	-	-	-	283	60	-	-	-	187	-
MAHLE Aftermarket Italy S.p.A.	-	-	-	269	60	-	-	-	536	-
MAHLE Componente de Motor SRL	-	-	-	127	60	-	-	-	140	-
MAHLE Trading (Shanghai) Co., Ltd.	-	-	-	115	60	-	-	-	290	1
MAHLE Engine Components Japan Corporation	-	-	-	99	60	-	81	228	-	-
MAHLE Filter Systems USA	-	-	-	44	60	-	4	151	-	48
MAHLE Holding Austria GmbH	-	-	77,671	31	60	-	-	-	-	-
MAHLE Filter Systems Philippines Corporation	-	-	-	13	60	-	-	-	43	-
MAHLE Industriebeteiligungen GmbH	-	-	-	-	-	6,003	-	-	-	-
MAHLE Behr Service Asia Co., Ltd.	-	-	-	-	-	-	-	-	2,626	-
Outros	(1)	-	-	12	-	-	61	38	67	7
Total related companies	96,255		77,671	80,601		42,020	361,057	20,875	66,189	54,796
Total related parties	96,255		77,671	80,601		42,020	361,057	20,875	66,189	54,796

* Brand license of R\$ 6,462

** Rent of R\$ 5,501

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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.

On September 30, 2021 the subsidiary MAHLE Filtroil Indústria e Comércio de Filtros Ltda. has a balance with the Company of R\$ 7,394 (R\$ 6,781 on December 31, 2020) (loan agreement in the amount of R\$ 18,431 (R\$ 17,420 on December 31, 2020) , with interest rate at 115% of the CDI and provision for losses on investees in the amount of (-) R\$ 11.037) ((-) R\$ 10.639 on December 31, 2020). The Company expects to recover this loan via cash flows from the financial asset.

On September 30, 2021, the subsidiary MAHLE Argentina S.A. has a loan agreement with the Company in the amount of USD 4,444,373 equivalent to R\$ 24,175 (R\$ 21,957 at June 30, 2021 and R\$ 22,248 at December 31, 2020) 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.

The subsidiary MAHLE Metal Leve GmbH has a daily cash management contract with MAHLE Holding Austria GmbH, subject to interest based on Eonia (Euro OverNight Index Average) + 1.15% p.a., with no definite maturity date. On September 30, 2021, the subsidiary has a balance payable of R\$ 109,937 arising from these transactions (balance receivable of R\$ 77,671 on December 31, 2020).

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 September 30, 2021, the royalty expenses were recorded within "selling expenses - brand license", in the parent company in the amount of R\$ 10,621 (September 30, 2020 - R\$ 5,731) and in the consolidated accounts in the amount of R\$ 11,219 (September 30, 2020 - R\$ 6,462).

Parent company and ultimate parent company

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

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Dividends and interest on capital receivable

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

	Parent company				09.30.2021
	12.31.2020	Provision	Receipt	Exchange variation	
Dividends	-	31,461	(31,461)	-	-
Interest on capital	66,134	102,590	(67,251)	634	102,107
	66,134	134,051	(98,712)	634	102,107

Dividends and interest on capital payable

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

	Parent company and consolidated					
	Balance 12.31.2020	Addition	Payment	Reversal of taxes (*)	Prescribed dividends and interest on capital	Balance 09.30.2021
MAHLE Indústria e Comércio Ltda.	36,017	29,148	(65,165)	-	-	-
MAHLE Industriebeteiligungen GmbH.	6,003	4,858	(10,861)	-	-	-
Non-controlling	18,734	14,575	(33,126)	663	(156)	690
Total	60,754	48,581	(109,152)	663	(156)	690

(*) Refers to the reversal of the provision for taxes of tax-immune and exempted non-controlling shareholders.

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			
	2021		2020	
	3Q2021	9M2021	3Q2020	9M2020
Statutory officers	1,786	5,240	1,205	3,404
Non-statutory officers	904	2,610	97	761
	2,690	7,850	1,302	4,165

The officers receive no share-based compensation.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

11. Income tax and social contribution

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

a. Reconciliation of income tax and social contribution expense

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

	Parent company			
	2021		2020	
	3Q2021	9M2021	3Q2020	9M2020
Profit before income tax and social contribution after interest on capital	167,373	538,506	36,676	(5,240)
Income tax and social contribution at the statutory rate in Brazil	(56,907)	(183,092)	(12,470)	1,782
Effects of permanent differences:				
Equity in the results of investees	21,513	59,890	10,618	15,998
Gain on monetary items, net	5,301	19,172	4,461	11,015
Other, net	2,550	1,601	2,356	103
Total income tax and social contribution	(27,543)	(102,429)	4,965	28,898
Current income tax and social contribution	(30,020)	(80,520)	(21,693)	(21,857)
Deferred income tax and social contribution	2,477	(21,909)	26,658	50,755
	(27,543)	(102,429)	4,965	28,898
Effective rate	16.5%	19.0%	-	-
	Consolidated			
	2021		2020	
	3Q2021	9M2021	3Q2020	9M2020
Profit before income tax and social contribution after interest on capital	177,457	571,083	48,875	13,699
Income tax and social contribution at the statutory rate in Brazil (34%)	(60,335)	(194,168)	(16,617)	(4,658)
Effects of permanent differences:				
Equity in the results of investees	1,144	1,113	(79)	(101)
Gain on monetary items, net	3,504	12,754	3,652	9,743
Loss for the year for which no deferred tax asset was recognized	(30)	106	(829)	(2,181)
Other, net	18,016	45,408	5,469	4,089
Total income tax and social contribution	(37,701)	(134,787)	(8,404)	6,892
Current income tax and social contribution	(40,131)	(111,446)	(33,248)	(38,932)
Deferred income tax and social contribution	2,430	(23,341)	24,844	45,824
	(37,701)	(134,787)	(8,404)	6,892
Effective rate	21.2%	23.6%	17.2%	-

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

b. Recognized deferred tax assets and liabilities

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

i. Breakdown of deferred tax assets and liabilities:

	Parent company			
	Assets		Liabilities	
	Balance in 09.30.2021	Balance in 12.31.2020	Balance in 09.30.2021	Balance in 12.31.2020
Property, plant and equipment	-	-	(28,199)	(29,351)
Intangible assets	-	-	(97,025)	(97,025)
Tax credit (*)	-	-	(36,690)	-
Derivatives	4,970	7,445	-	-
Inventory	25,095	26,868	-	-
Provision labor risks	68,210	71,712	-	-
Other provision	100,062	81,924	-	-
Tax (assets) liabilities	198,337	187,949	(161,914)	(126,376)
Amount eligible for offsetting	(161,914)	(126,376)	161,914	126,376
Net tax (assets) liabilities	36,423	61,573	-	-
	Consolidated			
	Assets		Liabilities	
	Balance in 09.30.2021	Balance in 12.31.2020	Balance in 09.30.2021	Balance in 12.31.2020
Property, plant and equipment	-	-	(33,974)	(33,985)
Intangible assets	-	-	(97,025)	(97,025)
Tax credit (*)	-	-	(36,690)	-
Derivatives	4,970	7,445	-	-
Inventory	25,115	26,844	-	-
Provision labor risks	68,210	71,712	-	-
Other provision	103,889	85,825	-	-
Tax (assets) liabilities	202,184	191,826	(167,689)	(131,010)
Amount eligible for offsetting	(165,622)	(129,728)	165,622	129,728
Net tax (assets) liabilities	36,562	62,098	(2,067)	(1,282)

(*) Tax credit arising from exclusion of ICMS from the basis of calculation of PIS and COFINS. Further details are given in Note 9.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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

ii. Changes in temporary differences:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2020	61,573	60,816
(+) Recognized in profit or loss (note 11.a)	(21,909)	(23,341)
(+) Recognized in other comprehensive income	(3,241)	(2,981)
At September 30, 2021	36,423	34,494

12. Investments in subsidiaries

	09.30.2021				
	Investments accounted for using the equity method	Goodwill	Impairment	Elimination of profit on inventory (Balance at 09/30/2021)	Total
MAHLE Argentina S.A.	226,396	68,071	(68,071)	(3,289)	223,107
MAHLE Metal Leve GmbH	84,837	-	-	(2,680)	82,157
MAHLE Hirschvogel Forjas S.A.	3,967	35,755	(35,755)	-	3,967
Total	315,200	103,826	(103,826)	(5,969)	309,231
	12.31.2020				
	Investments accounted for using the equity method	Goodwill	Impairment	Elimination of profit on inventory (Balance at 12/31/2020)	Total
MAHLE Argentina S.A.	174,684	68,071	(68,071)	(2,702)	171,982
MAHLE Metal Leve GmbH	64,010	-	-	(3,424)	60,586
Innoferm Tecnologia Ltda.	3,701	-	-	(3,493)	208
MAHLE Hirschvogel Forjas S.A.	1,168	35,755	(35,755)	-	1,168
Total	243,563	103,826	(103,826)	(9,619)	233,944

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

	Interest (%)	Ativos Circulantes	Ativos Não Circulantes	Total assets	Passivos Circulantes	Passivos Não Circulantes	Total liabilities	Equity	Net revenue	Profit (loss) for the period	Interest in equity			
											Investments	Equity in the results of subsidiaries	Elimination of profit on inventory /other assets (equity)	
September 30, 2021														
Subsidiaries														
MAHLE Argentina S.A.	99.20	306,244	85,903	392,147	135,801	28,122	163,923	228,224	466,174	16,660	226,396	16,527	(588)	
MAHLE Metal Leve GmbH	100.00	175,090	111,903	286,993	202,156	-	202,156	84,837	532,999	156,087	84,837	156,087	744	
MAHLE Filtröil Ind. e Com. de Filtrös Ltda.	60.00	1,125	187	1,312	750	7,920	8,670	(7,358)	1,504	(664)	-	(398)	-	
MAHLE Hirschvogel Forjas S.A.	51.00	6,842	4,694	11,536	1,281	2,476	3,757	7,779	-	989	3,967	504	-	
Subtotal subsidiaries		489,301	202,687	691,988	339,988	38,518	378,506	313,482	1,000,677	173,072	315,200	172,720	156	
Related companies														
Innoferm Tecnologia Ltda.	33.33	-	-	-	-	-	-	-	-	-	-	(221)	3,493	
Subtotal related companies		-	-	-	-	-	-	-	-	-	-	(221)	3,493	
Total		489,301	202,687	691,988	339,988	38,518	378,506	313,482	1,000,677	173,072	315,200	172,499	3,649	
December 31, 2020														
Subsidiaries														
MAHLE Argentina S.A.	99.20	215,799	75,593	291,392	89,740	25,558	115,298	176,094	410,936	13,640	174,684	13,531	(960)	
MAHLE Metal Leve GmbH	100.00	120,360	79,605	199,965	135,955	-	135,955	64,010	521,079	82,447	64,010	82,447	(303)	
MAHLE Filtröil Ind. e Com. de Filtrös Ltda.	60.00	1,218	21	1,239	905	7,426	8,331	(7,092)	2,499	(1,438)	-	(863)	-	
MAHLE Hirschvogel Forjas S.A.	51.00	3,359	5,896	9,255	873	6,092	6,965	2,290	-	(3,544)	1,168	(1,807)	-	
Subtotal subsidiaries		340,736	161,115	501,851	227,473	39,076	266,549	235,302	934,514	91,105	239,862	93,308	(1,263)	
Related companies														
Innoferm Tecnologia Ltda.	33.33	1,657	9,634	11,291	168	168	336	11,103	-	(410)	3,701	(137)	-	
Subtotal related companies		1,657	9,634	11,291	168	168	336	11,103	-	(410)	3,701	(137)	-	
Total		342,393	170,749	513,142	227,641	39,244	266,885	246,405	934,514	90,695	243,563	93,171	(1,263)	
September 30, 2020														
Subsidiaries														
MAHLE Argentina S.A.	99.20	212,130	79,738	291,868	84,350	36,709	121,059	170,809	264,307	(3,887)	169,443	(3,856)	(950)	
MAHLE Metal Leve GmbH	100.00	147,333	43,653	190,986	133,813	-	133,813	57,173	372,943	55,785	57,173	55,785	(475)	
MAHLE Filtröil Ind. e Com. de Filtrös Ltda.	60.00	1,236	22	1,258	766	7,342	8,108	(6,850)	1,753	(833)	-	(500)	-	
MAHLE Hirschvogel Forjas S.A.	51.00	5,351	5,764	11,115	905	9,963	10,868	247	-	(5,587)	125	(2,849)	-	
Subtotal subsidiaries		366,050	129,177	495,227	219,834	54,014	273,848	221,379	639,003	45,478	226,741	48,580	(1,425)	
Related companies														
Innoferm Tecnologia Ltda.	33.33	1,763	9,645	11,408	19	179	198	11,209	-	(304)	3,736	(101)	-	
Subtotal related companies		1,763	9,645	11,408	19	179	198	11,209	-	(304)	3,736	(101)	-	
Total		367,813	138,822	506,635	219,853	54,193	274,046	232,588	639,003	45,174	230,477	48,479	(1,425)	

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

MAHLE Argentina S.A.

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

On September 30, 2021 and December 31, 2020, the subsidiary has a loan agreement with the Company as stated in Note 10 – Related parties.

MAHLE Filtroil Indústria e Comércio de Filtros Ltda.

On September 30, 2021 and December 31, 2020, the subsidiary has a loan agreement with the Company as stated in Note 10 – Related parties.

The subsidiary has experienced recurring operating losses, negative working capital and increasing debt. Since June 2009 several lawsuits have been filed by the subsidiary's shareholders concerning the commercial, financial and administrative management, and one lawsuit for dissolution of the subsidiary due a disagreement between shareholders of the subsidiary which arose when the controlling shareholder proposed a capital increase to resolve the deficit of the company and the non-controlling shareholder did not agree with the capital increase.

Although the dissolution lawsuit filed by the controlling shareholder has been judged by the lower and higher courts in favor of the controlling shareholder, management has concluded that the subsidiary needs to continue in existence until the lawsuit is settled, based on the legal advice about the appeal filed by the non-controlling shareholder. The subsidiary receives from its controlling shareholder the financial support, in the form of capital or loans, necessary to sustain its operations.

MAHLE Hirschvogel Forjas S.A.

As of September 30, 2021, the equity interest in subsidiary MAHLE Hirschvogel Forjas S.A. is R\$ 3,967 (R\$ 1,168 on December 31, 2020) and are recorded in non-current liabilities as "Investments in subsidiaries".

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.

Associate: Innoferm Tecnologia Ltda.

On August 17, 2021, the Company assigned and transferred its shares in Innoferm Tecnologia Ltda. to unrelated parties and withdrew from the investment in the associated company. The results of the sale of this associate are presented in 'share of profits of investees' in the statement of income and in the statement of cash flows.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

13. Property, plant and equipment

	Parent company									
	Land	Buildings and construction	Machinery, equipment and facilities	Furniture and fittings	Vehicles	Construction in progress	Advances to suppliers	Impairment	Rights-of-use assets	Total
At December 31, 2020	52,454	82,918	410,326	3,584	4,157	1,337	5,788	(4,965)	11,737	567,336
Total cost	52,454	231,326	2,081,746	24,927	23,537	1,337	5,788	(4,965)	26,923	2,443,073
Accumulated depreciation	-	(148,408)	(1,671,420)	(21,343)	(19,380)	-	-	-	(15,186)	(1,875,737)
Net book value	52,454	82,918	410,326	3,584	4,157	1,337	5,788	(4,965)	11,737	567,336
Additions	-	737	18,845	167	116	4,673	8,103	-	5,027	37,668
Write-offs	-	-	(948)	(10)	(159)	-	-	909	-	(208)
Transfer	-	-	13,044	-	(28)	(5,240)	(7,776)	-	-	-
Depreciation	-	(3,620)	(57,467)	(540)	(931)	-	-	-	(7,269)	(69,827)
Depreciation/write-off (deemed cost)	-	(1,926)	(100)	-	-	-	-	-	-	(2,026)
At September 30, 2021	52,454	78,109	383,700	3,201	3,155	770	6,115	(4,056)	9,495	532,943
Total cost	52,454	232,063	2,103,063	25,043	23,163	770	6,115	(4,056)	31,952	2,470,567
Accumulated depreciation	-	(153,954)	(1,719,363)	(21,842)	(20,008)	-	-	-	(22,457)	(1,937,624)
Net book value	52,454	78,109	383,700	3,201	3,155	770	6,115	(4,056)	9,495	532,943

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

	Consolidated									
	Land	Buildings and construction	Machinery, equipment and facilities	Furniture and fittings	Vehicles	Construction in progress	Advances to suppliers	Impairment	Rights-of-use assets	Total
At December 31, 2020	52,518	93,427	461,044	3,718	5,399	1,337	9,568	(5,108)	13,710	635,613
Total cost	52,518	245,759	2,265,420	25,240	31,038	1,337	9,568	(5,108)	29,656	2,655,428
Accumulated depreciation	-	(152,332)	(1,804,376)	(21,522)	(25,639)	-	-	-	(15,946)	(2,019,815)
Net book value	52,518	93,427	461,044	3,718	5,399	1,337	9,568	(5,108)	13,710	635,613
Additions	-	737	19,616	167	116	4,673	13,852	-	5,027	44,188
Write-offs	-	-	(987)	(10)	(159)	-	-	947	-	(209)
Transfer	-	28	19,082	(7)	(28)	(5,240)	(13,835)	-	-	-
Depreciation	-	(3,650)	(59,686)	(555)	(973)	-	-	-	(7,877)	(72,741)
Depreciation/write-off (deemed cost)	-	(1,926)	(100)	-	-	-	-	-	-	(2,026)
Gain on monetary items, net	-	3,275	10,887	-	391	-	178	-	(155)	14,576
Translation effects	(6)	(1,216)	(6,063)	(16)	(143)	-	(300)	16	(250)	(7,978)
At September 30, 2021	52,512	90,675	443,793	3,297	4,603	770	9,463	(4,145)	10,455	611,423
Total cost	52,512	249,626	2,332,386	25,315	32,790	770	9,463	(4,145)	34,395	2,733,112
Accumulated depreciation	-	(158,951)	(1,888,593)	(22,018)	(28,187)	-	-	-	(23,940)	(2,121,689)
Net book value	52,512	90,675	443,793	3,297	4,603	770	9,463	(4,145)	10,455	611,423

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Deemed cost

Changes in deemed cost

	Parent Company and Consolidated		
		Depreciation/ write-off	
	12.31.2020	(deemed cost)	09.30.2021
Land	46,905	-	46,905
Buildings and construction	35,369	(1,926)	33,443
Machinery, equipment and facilities	1,105	(100)	1,005
Furniture and fittings	17	-	17
Vehicles	(147)	-	(147)
	83,249	(2,026)	81,223

The annual depreciation rates of the property, plant and equipment items on September 30, 2021 are equal to the rates presented on December 31, 2020.

Impairment

The Group has recorded provision at an amount sufficient to cover any impairment losses on property, plant and equipment, which relates substantially to the group of machinery and equipment and is recorded in the parent company and consolidated accounts of property, plant and equipment in accordance with the requirements set out in NBC TG 01 (CPC 01) - (R1)/IAS 36 "Impairment of assets". The parent company and consolidated balance of the provision for losses on September 30, 2021 is R\$ 4,056 (R\$ 4,965 on December 31, 2020) and R\$ 4,145 (R\$ 5,108 on December 31, 2020), respectively.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

14. Intangible assets

	Annual amortization rates (%)	Parent company		Consolidated	
		09.30.2021	12.31.2020	09.30.2021	12.31.2020
Goodwill on merger with subsidiary:					
MAHLE Participações Ltda. (a)	-	568,612	568,612	568,612	568,612
Goodwill on acquisition of subsidiaries:					
MAHLE Argentina S.A. (a)	-	-	-	68,071	68,071
MAHLE Hirschvogel Forjas S.A. (a)	-	-	-	35,755	35,755
Cost of acquisition and installation of software (b)	20	51,747	51,294	54,814	53,806
Other (a and b)	-	334	334	1,033	1,118
Usage right and concessions (a)	-	5,666	5,665	5,666	5,665
Usage right and concessions (b)	20	9,324	9,325	9,324	9,325
Impairment (<i>Rings businnes</i>)	-	(188,654)	(188,654)	(188,654)	(188,654)
Impairment (<i>MAHLE Argentina S.A.</i>)	-	-	-	(68,071)	(68,071)
Impairment (<i>MAHLE Hirschvogel Forjas S.A.</i>)	-	-	-	(35,755)	(35,755)
Provision for impairment of intangible assets (other)	-	(334)	(334)	(343)	(343)
		446,695	446,242	450,452	449,529
Accumulated amortization		(55,454)	(54,351)	(59,120)	(57,538)
		391,241	391,891	391,332	391,991

(a) Indefinite useful life

(b) finite useful life

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Statement of changes in intangible assets

	Parent company				
	Goodwill on acquisition of subsidiaries (merged or not)	Cost of acquisition and installation of software	Usage right and concessions	Other	Total
At December 31, 2020	379,958	3,025	8,908	-	391,891
Additions	-	454	-	-	454
Amortization	-	(1,086)	(18)	-	(1,104)
At September 30, 2021	379,958	2,393	8,890	-	391,241

	Consolidated				
	Goodwill on acquisition of subsidiaries (merged or not)	Cost of acquisition and installation of software	Usage right and concessions	Other	Total
At December 31, 2020	379,958	3,097	8,908	28	391,991
Additions	-	470	-	-	470
Amortization	-	(1,103)	(18)	-	(1,121)
Foreign exchange variation	-	(5)	-	(3)	(8)
At September 30, 2021	379,958	2,459	8,890	25	391,332

Impairment

The Company's management constantly monitors its activities and did not identify any significant changes in the operating performance of the Cash-Generating Units (CGU) during the nine-month period ended September 30, 2021 that could justify an adjustment to the previously recognized provisions for impairment of intangible assets.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

15. Trade and related-party payables

	Parent company		Consolidated	
	09.30.2021	12.31.2020	09.30.2021	12.31.2020
Suppliers - Third Party				
Raw material	129,139	141,360	187,434	178,316
Services	31,946	31,047	32,209	31,086
	161,085	172,407	219,643	209,402
Related parties (Note 10)	63,801	62,375	93,212	80,601
	224,886	234,782	312,855	290,003

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

16. Taxes and contributions payable

	Parent company		Consolidated	
	09.30.2021	12.31.2020	09.30.2021	12.31.2020
State taxes	12,092	13,410	12,936	13,725
ICMS payable	12,092	13,393	12,102	13,409
Other	-	17	834	316
Federal taxes	20,714	24,726	23,909	27,065
COFINS payable	6,303	5,735	6,309	5,745
IPI payable	5,917	4,853	6,898	5,328
Import tax	5,016	8,683	6,359	9,004
IRRF	2,148	4,242	2,152	4,254
PIS payable	1,329	1,213	1,330	1,216
Other	1	-	861	1,518
Municipal taxes	-	-	164	114
Taxes and contributions payable	32,806	38,136	37,009	40,904
Income tax and social contribution	13,773	-	39,399	23,932
Income tax and social contribution payable	13,773	-	39,399	23,932
Current liabilities	46,579	38,136	76,408	64,836

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

17. Borrowings and lease liabilities

a) Borrowings

Description	Average cost	Parent company		Consolidated	
		09.30.2021	12.31.2020	09.30.2021	12.31.2020
Borrowings in local currency (BRL)					
FINEP (Long-Term Interest Rate (TJLP) + 5.00% p.y. - 6.00% p.y.)	3.88%	68,877	89,894	68,877	89,894
BNDES (TJLP+ 1,5% p.y.)	6.11%	-	15,167	-	15,167
FINEP II (Long-Term Interest Rate (TJLP) + 5.00% p.y. - 5.00% p.y.)	4.88%	75,909	75,909	75,909	75,909
4131 SANTANDER (CDI + 4,25% p.y.)	6.15%	-	157,635	-	157,635
4131 ITAÚ (CDI + 4,30% p.y.)	6.20%	-	105,119	-	105,119
	4.40%	144,786	443,724	144,786	443,724
Borrowings in foreign currency					
		Currency EUR (expressed in BRL)			
ACC (average interest 1,07% p.y)	1.07%	82,073	108,645	82,073	108,645
	2.14%	82,073	108,645	82,073	108,645
	3.20%	226,859	552,369	226,859	552,369
Current - borrowings in local currency		35,991	293,795	35,991	293,795
Current - borrowings in foreign currency		82,073	108,644	82,073	108,644
Total current		118,064	402,439	118,064	402,439
Non-current - borrowings in local currency		108,795	149,930	108,795	149,930
Total non-current		108,795	149,930	108,795	149,930

In the third quarter of 2021, the Company obtained bank loans on the order of R\$ 18,563:

- September 2021 EUR 3,000 – NCE with average cost of 1.00% p.a. and maturity in June 2022.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

On September 30, 2021, long-term borrowings mature as follows:

Parent company and Consolidated	
09.30.2021	
From October 2022	9,007
2023	36,684
2024	13,064
2025	8,340
2026	8,340
2027	8,340
2028	8,340
2029	8,340
2030	8,340
	108,795

Reconciliation of changes in assets and liabilities and cash flows from financing activities during the nine-month period ended September 30, 2021:

Parent company and consolidated						
Cash Flow						
12.31.2020	Addition	Principal Amortization	Amortization Interest	Exchange Variation	Appropriation of interest	09.30.2021
552,369	79,940	(396,757)	(23,559)	3,443	11,423	226,859

Parent company						
Cash Flow						
01.01.2020	Addition	Principal Amortization	Amortization Interest	Exchange Variation	Appropriation of interest	09.30.2020
381,882	343,400	(208,959)	(6,849)	84,764	17,989	612,227

Consolidated						
Cash Flow						
01.01.2020	Addition	Principal Amortization	Amortization Interest	Exchange Variation	Appropriation of interest	09.30.2020
394,160	352,705	(230,741)	(7,565)	93,304	19,062	620,925

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Restrictive covenants

FINEP I: This financing was obtained from the Financing Agency for Studies and Projects (FINEP) to partially fund (at an average of 64%) the expenses incurred in several projects of the program "Innovation in MAHLE Components and Systems", and is collateralized by a bank guarantee with maturity on August 30, 2021. This financing is based on the TJLP interest rate (4.88. % p.a. as of September 30, 2021) plus a bank spread of 5% p.a. less an equalization rate of 6% p.a. There are various accelerated maturity clauses (respecting ample defense for the Company) with loss of the equalization value: use of funds for a purpose other than that established in the contract; change in effective control of the Company; existence of FINEP amounts in arrears; inaccurate information provided to FINEP by the Company; and suspension of the projects.

FINEP II: This financing was obtained from the Financing Agency for Studies and Projects (FINEP) to partially fund (at an average of 90%) the expenses incurred in several projects of the program "Strategic plan for innovation" and is collateralized by a bank guarantee with maturity on January 21, 2021. This financing is based on the TJLP interest rate (4.88 % p.a. as of September 30, 2021) plus a bank spread of 5% p.a. less an equalization rate of 4.5% p.a. and an additional interest equalization reduction of 0.5% p.a. for provision of bank guarantee. There are various accelerated maturity clauses (respecting ample defense for the Company) with loss of the equalization value: use of funds for a purpose other than that established in the contract; change in effective control of the Company; existence of FINEP amounts in arrears; inaccurate information provided to FINEP by the Company; and suspension of the projects.

On September 30, 2021, there was no delinquency in principal or interest payments and no breach of the terms of the contracts 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	8.73%
Lease of buildings (Brazil)	3 years and 10 months	12.33%
Lease of vehicles (Brazil)	2 years	12.33%

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

The movement in lease liabilities is shown below:

	<u>Parent company</u>	<u>Consolidated</u>
Balance at December 31, 2020	13,203	15,601
Write-off	2,234	2,236
Adição	2,791	2,791
Lease payments	(8,306)	(9,657)
Interest	1,672	1,722
Exchange rate variation	-	(56)
Balance at September 30, 2021	11,594	12,637

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

	<u>Parent company</u>	<u>Consolidated</u>
	<u>09.30.2021</u>	<u>09.30.2021</u>
30 days	772	943
From 31 to 90 days	1,545	1,890
From 91 to 365 days	7,691	8,218
2022	1,136	1,136
2023	450	450
Total	11,594	12,637
Current	10,008	11,051
Non current	1,586	1,586
	11,594	12,637

18. Salaries, vacation pay and social charges

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>09.30.2021</u>	<u>12.31.2020</u>	<u>09.30.2021</u>	<u>12.31.2020</u>
Accrued vacation pay / 13th month salary	80,828	30,141	89,516	34,397
Employee profit sharing	27,456	12,211	28,754	13,533
INSS /FGTS	12,414	12,307	12,431	12,330
Other social security obligations	729	1,428	3,641	4,130
	121,427	56,087	134,342	64,390

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

19. Sundry provision

	Parent company					
	Losses on contracts	Commercial bonuses	Electric power	Employee benefits	Other	Total
At December 31, 2020	8,427	12,705	8,103	1,221	3,839	34,295
Reversal	-	(3,050)	(8,103)	-	(329)	(11,482)
Payment	-	(3,427)	-	(1,066)	(1,402)	(5,895)
Complement	-	17,291	9,723	1,386	-	28,400
At September 30, 2021	8,427	23,519	9,723	1,541	2,108	45,318

	Consolidated						
	Losses on contracts	Commercial bonuses	Restructuring	Electric power	Employee benefits	Other	Total
At December 31, 2020	9,362	12,703	684	8,525	1,222	4,838	37,334
Reversal	-	(3,050)	-	(8,525)	-	(329)	(11,904)
Payment	-	(3,427)	-	-	(1,066)	(1,886)	(6,379)
Complement	-	17,294	-	10,652	1,387	1,595	30,928
Foreign exchange variation	(103)	-	-	-	-	(151)	(254)
At September 30, 2021	9,259	23,520	684	10,652	1,543	4,067	49,725

20. Provision for warranties

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

	Parent company	Consolidated
At December 31, 2020	8,019	10,452
Reversal	(483)	(1,449)
Payment	(2,179)	(2,179)
Complement	4,665	5,716
Foreign exchange variation	-	(105)
At September 30, 2021	10,022	12,435

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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

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

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

	Parent company				
	Civil and labor	Tax	Environmental liability	Judicial deposits	Total
At December 31, 2020	210,919	71,810	10,586	(26,928)	266,387
Additions	38,906	320	20,000	(1,160)	58,066
Monetary restatements	14,370	5,647	-	203	20,220
Write-off for use	(29,268)	-	(1,861)	1,619	(29,510)
Write-off for reversal	(34,308)	-	-	843	(33,465)
Transfer	-	-	-	739	739
At September 30, 2021	200,619	77,777	28,725	(24,684)	282,437
	Consolidated				
	Civil and labor	Tax	Environmental liability	Judicial deposits	Total
At December 31, 2020	220,452	71,811	10,586	(28,259)	274,590
Additions	39,378	320	20,000	(1,164)	58,534
Monetary restatements	15,182	5,647	-	213	21,042
Write-off for use	(32,111)	-	(1,861)	1,861	(32,111)
Write-off for reversal	(36,622)	-	-	905	(35,717)
Transfer	-	-	-	1,187	1,187
Foreign exchange variation	(165)	-	-	-	(165)
At September 30, 2021	206,114	77,778	28,725	(25,257)	287,360

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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

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

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

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

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

Proceedings involving the risk of possible loss

On September 30, 2021, the Group had civil and tax proceedings brought before the proper authorities in the amount of R\$ 64,361 (December 31, 2020 - R\$ 58,825), which were assessed by the Group's management as having a risk of possible loss, and, therefore, were not provided for in the financial statements.

Contingent assets

a) Municipal incentive

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

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

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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

b) Compulsory loan - Eletrobrás

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

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

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

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Administrative Council for Economic Defense (“CADE”)

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

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

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

22. Equity

a. Share capital

On September 30, 2021 and December 31, 2020, subscribed and paid-up capital was represented by the following number of shares with no par value:

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

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

On September 30, 2021, the market value of the Company's common shares corresponded the price of R\$ 37,7.3 per share (R\$ 20.43 on December 31, 2020).

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

b. Appropriation of profit for the year

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

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

c. Special cash reserve

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

d. Other comprehensive income

Cumulative translation adjustments

The Company recognizes under this heading the cumulative effect of the currency translation of the financial statements of its subsidiaries that keep accounting records in a functional currency different from the parent company's functional currency. On September 30, 2021, the Company recorded cumulative translation adjustments of R\$ (-) R\$ 22,044 ((+) R\$ 35,279 on September 30, 2020). This cumulative effect will be reversed in the statement of income as a gain or loss only in the event of the sale or write-off of the investment.

Cumulative translation adjustments

- The effects of carrying value adjustments relating to the effective portion of gains or losses on cash flow hedges, which are recognized on September 30, 2021, net of taxes, at (+) R\$ 6,292 (On September 30, 2020 (-) R\$ 24,778) 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\$ 386 on September 30, 2021 (On September 30, 2020 - R\$ 413). The deemed cost is accrued to property, plant and equipment recorded in carrying value adjustments, according to the depreciation, disposal or write-off of the respective item of property, plant and equipment, against retained earnings.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

23. Earnings per share

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

	3Q2021	9M2021	3Q2020	9M2020
Profit attributable to owners of the parent	139,830	436,077	41,641	23,658
Shares outstanding	128,308,500	128,308,500	128,308,500	128,308,500
Basic (loss) earnings per share (R\$ per share)	1.08980	3.39866	0.32454	0.18439

There are no diluted earnings per share for the Company.

24. Net operating revenue

	Parent company			
	2021		2020	
	3Q2021	9M2021	3Q2020	9M2020
Gross revenue				
Products	934,044	2,640,935	706,327	1,634,413
Services	15,086	42,232	12,648	31,141
Total revenue with products + services	949,130	2,683,167	718,975	1,665,554
Deductions from sales:				
Taxes on sales	(191,096)	(544,618)	(150,776)	(344,567)
Discounts , returns and sales incentives	(15,285)	(28,844)	(14,595)	(27,045)
Net revenue	742,749	2,109,705	553,604	1,293,942
	Consolidated			
	2021		2020	
	3Q2021	9M2021	3Q2020	9M2020
Gross revenue				
Products	1,182,182	3,317,430	878,293	2,034,303
Services	15,086	38,260	11,247	28,162
Total revenue with products + services	1,197,268	3,355,690	889,540	2,062,465
Deductions from sales:				
Taxes on sales	(191,096)	(544,933)	(150,936)	(345,009)
Discounts , returns and sales incentives	(56,694)	(137,195)	(47,412)	(91,565)
Net revenue	949,478	2,673,562	691,192	1,625,891

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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.

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

	Parent company			
	2021		2020	
	3Q2021	9M2021	3Q2020	9M2020
Revenue by market				
Original equipment	445,092	1,280,352	302,148	747,090
Aftermarket	297,657	829,353	251,456	546,852
	742,749	2,109,705	553,604	1,293,942
	Consolidated			
	2021		2020	
	3Q2021	9M2021	3Q2020	9M2020
Revenue by market				
Original equipment	595,889	1,709,401	392,523	995,631
Aftermarket	353,589	964,161	298,669	630,260
	949,478	2,673,562	691,192	1,625,891

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

25. Cost of sales and services

Cost of sales and services by nature are as follows:

	Parent company			
	2021		2020	
	3Q2021	9M2021	3Q2020	9M2020
Personnel and benefits	(154,319)	(436,950)	(104,997)	(307,937)
Raw material and others materials	(309,846)	(857,006)	(204,216)	(463,444)
Depreciation and amortization	(22,051)	(66,358)	(22,750)	(67,555)
Utilities and services	(52,476)	(143,830)	(38,327)	(101,058)
Other	(42,398)	(104,467)	(57,983)	(92,666)
Total	(581,090)	(1,608,611)	(428,273)	(1,032,660)

	Consolidated			
	2021		2020	
	3Q2021	9M2021	3Q2020	9M2020
Personnel and benefits	(164,948)	(469,561)	(114,888)	(337,233)
Raw material and others materials	(379,761)	(1,050,227)	(257,600)	(585,623)
Depreciation and amortization	(23,035)	(69,136)	(23,720)	(70,648)
Utilities and services	(55,721)	(151,165)	(40,901)	(109,476)
Other	(69,204)	(159,352)	(62,550)	(125,741)
Total	(692,669)	(1,899,441)	(499,659)	(1,228,721)

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

26. Selling expenses and distribution

Selling expenses by nature are as follows:

	Parent company			
	2021		2020	
	3Q2021	9M2021	3Q2020	9M2020
Freight	(19,503)	(61,528)	(11,494)	(27,145)
Personnel and benefits	(13,088)	(37,029)	(10,368)	(30,971)
Brand license	(3,710)	(10,621)	(2,343)	(5,731)
Variable selling expenses	(2,960)	(9,984)	(2,403)	(6,220)
Professional services/service orders	(2,378)	(7,179)	(3,311)	(10,351)
General expenses	(1,630)	(3,354)	(1,032)	(3,092)
Advertising	(421)	(930)	(264)	(898)
Depreciation	(143)	(430)	(134)	(394)
Travel and entertainment allowance	(14)	(70)	(19)	(718)
Other expenses	(2,079)	(5,641)	(1,998)	(6,213)
	(45,926)	(136,766)	(33,366)	(91,733)
	Consolidated			
	2021		2020	
	3Q2021	9M2021	3Q2020	9M2020
Freight	(23,550)	(71,333)	(13,983)	(33,595)
Personnel and benefits	(15,785)	(43,824)	(12,574)	(36,118)
Variable selling expenses	(9,127)	(21,848)	(5,378)	(12,155)
Brand license	(3,903)	(11,219)	(2,596)	(6,462)
Professional services/service orders	(3,320)	(9,025)	(3,655)	(11,421)
General expenses	(3,617)	(8,031)	(2,607)	(7,890)
Advertising	(606)	(1,496)	(458)	(1,487)
Depreciation	(168)	(493)	(161)	(477)
Travel and entertainment allowance	(43)	(125)	(41)	(806)
Other expenses	(2,838)	(7,548)	(2,516)	(7,703)
	(62,957)	(174,942)	(43,969)	(118,114)

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

27. General and administrative expenses

General and administrative expenses by nature are as follows:

	Parent company			
	2021		2020	
	3Q2021	9M2021	3Q2020	9M2020
Personnel and benefits	(8,732)	(24,569)	(7,685)	(22,594)
Professional services/service orders	(6,321)	(17,177)	(5,881)	(15,689)
Management	(2,690)	(7,850)	(1,302)	(4,165)
Taxes	(1,460)	(4,489)	(1,525)	(4,014)
Maintenance	(1,393)	(4,280)	(1,420)	(3,423)
Materials and utilities	(908)	(2,960)	(1,033)	(2,809)
Depreciation	(748)	(2,065)	(830)	(2,302)
PIS/COFINS	(512)	(1,696)	(624)	(2,582)
Travel and entertainment allowance	(8)	(59)	(27)	(408)
Other expenses	(1,642)	(4,903)	(1,234)	(3,794)
	(24,414)	(70,048)	(21,561)	(61,780)

	Consolidated			
	2021		2020	
	3Q2021	9M2021	3Q2020	9M2020
Personnel and benefits	(9,635)	(29,504)	(9,086)	(26,824)
Professional services/service orders	(7,297)	(19,468)	(6,661)	(17,338)
Management	(2,690)	(7,850)	(1,302)	(4,165)
Taxes	(1,592)	(4,657)	(1,536)	(4,056)
Maintenance	(1,225)	(4,178)	(1,482)	(3,589)
Materials and utilities	(1,134)	(3,304)	(1,197)	(3,185)
PIS/COFINS	(515)	(1,715)	(633)	(2,603)
Depreciation	(790)	(2,153)	(865)	(2,402)
Travel and entertainment allowance	(23)	(88)	(40)	(455)
Other expenses	(1,863)	(5,520)	(1,438)	(4,323)
	(26,764)	(78,437)	(24,240)	(68,940)

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

28. Technology and product development costs

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

	Parent company			
	2021		2020	
	3Q2021	9M2021	3Q2020	9M2020
Personnel and benefits	(7,043)	(23,064)	(8,125)	(21,981)
Materials/utilities	(1,126)	(4,174)	(1,787)	(3,541)
Depreciation	(1,072)	(3,531)	(1,364)	(3,870)
General expenses	(1,148)	(3,492)	840	(3,878)
Professional services/service orders	(791)	(2,207)	(678)	(2,260)
Maintenance	(421)	(1,305)	(559)	(1,586)
Other (expenses) income	(325)	3,094	146	(1,266)
	(11,926)	(34,679)	(11,527)	(38,382)

	Consolidated			
	2021		2020	
	3Q2021	9M2021	3Q2020	9M2020
Personnel and benefits	(7,409)	(24,040)	(8,414)	(22,771)
General expenses	(2,413)	(7,776)	(8)	(7,009)
Materials/utilities	(1,150)	(4,225)	(1,933)	(3,862)
Depreciation	(1,098)	(3,590)	(1,388)	(3,937)
Professional services/service orders	(934)	(2,654)	(903)	(2,745)
Maintenance	(423)	(1,310)	(559)	(1,587)
Other (expenses) income	(354)	2,981	115	(1,425)
	(13,781)	(40,614)	(13,090)	(43,336)

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

29. Finance income and costs, net

	Parent company			
	2021		2020	
	3Q2021	9M2021	3Q2020	9M2020
Finance income				
Interest	3,466	15,902	2,746	8,985
Exchange variation (a)	19,471	45,538	8,152	122,693
Monetary variation gains	51	245	164	535
Derivative financial instruments (c)	565	16,972	1,503	4,477
Other	1,282	2,827	233	457
	24,835	81,484	12,798	137,147
Finance costs				
Interest	(2,479)	(12,834)	(6,853)	(17,239)
Exchange variations (b)	(6,930)	(51,096)	(7,043)	(116,152)
Monetary variation losses	(7,852)	(20,304)	(5,893)	(16,791)
Derivative financial instruments (d)	(5,335)	(16,794)	(4,869)	(53,480)
Other	(629)	(2,084)	(394)	(1,622)
	(23,225)	(103,112)	(25,052)	(205,284)
Finance income (costs), net	1,610	(21,628)	(12,254)	(68,137)
Summary of foreign exchange variations (a+b)	12,541	(5,558)	1,109	6,541
Trade payables	(7,491)	(4,861)	(2,416)	(10,357)
Borrowings	(3,712)	(3,928)	(11,496)	(87,646)
Loan receivable	1,931	1,057	702	6,613
Interest on capital receivable	4,574	635	2,609	19,957
Cash and cash equivalents	1,041	(958)	4,872	33,066
Trade receivables	12,830	2,523	6,758	44,814
Other	3,368	(26)	80	94
Summary of derivative instruments (c+d)	(4,770)	178	(3,366)	(49,003)
Income	565	16,972	1,503	4,477
Expenses	(5,335)	(16,794)	(4,869)	(53,480)
Net result of foreign exchange variations and derivative financial instruments	7,771	(5,380)	(2,257)	(42,462)

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

	Consolidated			
	2021		2020	
	3Q2021	9M2021	3Q2020	9M2020
Finance income				
Interest	9,605	28,380	2,810	10,244
Exchange variation (a)	30,762	84,483	22,625	164,243
Monetary variation gains	227	1,156	215	616
Derivative financial instruments (c)	565	16,972	1,251	4,225
Other	1,281	2,828	-	459
	42,440	133,819	26,901	179,787
Finance costs				
Interest	(3,051)	(14,356)	(7,776)	(20,138)
Exchange variations (b)	(17,541)	(87,200)	(19,752)	(156,537)
Monetary variation losses	(8,601)	(22,138)	(7,058)	(19,309)
Derivative financial instruments (d)	(5,335)	(16,795)	(4,557)	(53,182)
Other	(2,036)	(5,462)	(913)	(4,203)
	(36,564)	(145,951)	(40,056)	(253,369)
Finance income (costs), net	5,876	(12,132)	(13,155)	(73,582)
Summary of foreign exchange variations (a+b)	13,221	(2,717)	2,873	7,706
Trade receivables	15,280	15,798	13,042	63,524
Borrowings	(4,488)	(7,549)	(13,556)	(93,554)
Loan receivable	1,931	1,057	702	6,613
Cash and cash equivalents	120	(7,101)	4,430	29,634
Interest on capital receivable	4,574	635	2,608	19,956
Trade payables	(7,523)	(5,306)	(4,339)	(17,600)
Lease obligations (IFRS 16)	(42)	(224)	(95)	(963)
Other	3,369	(27)	81	96
Summary of derivative instruments (c+d)	(4,770)	177	(3,306)	(48,957)
Income	565	16,972	1,251	4,225
Expenses	(5,335)	(16,795)	(4,557)	(53,182)
Net result of foreign exchange variations and derivative financial instruments	8,451	(2,540)	(433)	(41,251)

(*) Includes interest on exclusion of ICMS from the basis of calculation of PIS and COFINS in the amount of R\$ 8,800 – Parent company and R\$ 8,815 – Consolidated. For details see Note 9.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

30. Other operating income and expenses, net

	Controladora			
	2021		2020	
	3° trimestre	9 meses	3° trimestre	9 meses
Other income				
Reversal of provision for labor, civil and tax contingencies	15,492	34,308	8,314	31,447
Taxes recovered (Reintegra)	265	755	207	508
ICMS credit based on PIS and COFINS (*)	10,451	99,112	-	-
Reversal of provision for obsolescence (Property, plant and equipment)	409	909	18	55
Gains on disposal of assets /other	342	765	1,765	1,906
Provision for restructuring	-	329	-	-
Reversal of provision for compulsory loan (Eletrobrás)	-	-	-	4,315
Other income	1,203	3,273	1,162	4,435
	28,162	139,451	11,466	42,666
Other expenses				
Provision for labor, civil and tax contingencies	(16,343)	(46,323)	(20,980)	(59,541)
Losses on disposal of assets /other	(123)	(465)	(280)	(285)
Provision for Environmental	-	(20,000)	-	-
Write off of investments - Innoferm	(3,144)	(3,144)	-	-
Provision for impairment of intangible assets	-	-	(45,129)	(66,270)
Other expenses	(1,066)	(4,319)	(2,051)	(4,227)
	(20,676)	(74,251)	(68,440)	(130,323)
Other operating income (Expenses), net	7,486	65,200	(56,974)	(87,657)
	Consolidado			
	2021		2020	
	3° trimestre	9 meses	3° trimestre	9 meses
Other income				
Reversal of provision for labor, civil and tax contingencies	15,975	36,622	8,752	32,130
Taxes recovered (Reintegra)	265	777	207	508
ICMS credit based on PIS and COFINS (*)	10,462	99,266	-	-
Reversal of provision for obsolescence (Property, plant and equipment)	409	909	18	55
Gain on monetary items	3,448	6,230	2,584	3,654
Gains on disposal of assets /other	353	776	1,808	1,949
Reversal of provision for compulsory loan (Eletrobrás)	-	-	-	4,315
Reversal of provision for restructuring	-	329	-	-
Other income	1,182	3,256	1,184	4,569
	32,094	148,165	14,553	47,180
Other expenses				
Provision for labor, civil and tax contingencies	(16,637)	(47,351)	(23,295)	(64,953)
Losses on disposal of assets /other	(123)	(465)	(280)	(286)
Provision for impairment of intangible assets	-	-	(45,129)	(74,368)
Provision for Environmental	-	(20,000)	-	-
Write off of investments - Innoferm	(3,144)	(3,144)	-	-
Losses on monetary items	(2,925)	(4,976)	(2,176)	(3,128)
Export expenses - Argentina	(2,012)	(5,815)	(2,792)	(6,405)
Other expenses	(1,116)	(4,367)	(2,074)	(4,819)
	(25,957)	(86,118)	(75,746)	(153,959)
Other operating income (expenses), net	6,137	62,047	(61,193)	(106,779)

(*) Tax credits arising from exclusion of ICMS from the basis of calculation of PIS and COFINS in the amount of R\$ 99,112 – Parent company and R\$ 99,266 – Consolidated. Further details are given in Note 9.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

31. Financial instruments

I. Financial instruments and risk management

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

		Parent Company							
		09.30.2021				12.31.2020			
Assets	Note	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total
Cash, demand deposits and cash in transit	6	-	38,028	-	38,028	-	75,068	-	75,068
Financial investments	6	-	180,472	-	180,472	-	482,800	-	482,800
Trade receivables	7	497,587	-	-	497,587	371,835	-	-	371,835
Receivables from and loans to related parties	10	31,569	-	-	31,569	29,029	-	-	29,029
Unrealized gains on derivatives	31	-	-	2,229	2,229	-	-	5,462	5,462
Total		529,156	218,500	2,229	749,885	400,864	557,868	5,462	964,194

		Parent Company							
		09.30.2021				12.31.2020			
Liabilities	Note	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total
Payables to related parties	15	(63,801)	-	-	(63,801)	(62,375)	-	-	(62,375)
Trade payables	15	(161,085)	-	-	(161,085)	(172,407)	-	-	(172,407)
Lease liabilities	17.b	(11,594)	-	-	(11,594)	(13,203)	-	-	(13,203)
Borrowings	17.a	(226,859)	-	-	(226,859)	(552,369)	-	-	(552,369)
Unrealized losses on derivatives	31	-	-	(13,890)	(13,890)	-	-	(24,403)	(24,403)
Total		(463,339)	-	(13,890)	(477,229)	(800,354)	-	(24,403)	(824,757)

		Consolidated							
		09.30.2021				12.31.2020			
Assets	Note	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total
Cash, demand deposits and cash in transit	6	-	45,431	-	45,431	-	89,411	-	89,411
Financial investments	6	-	249,460	-	249,460	-	518,424	-	518,424
Trade receivables	7	627,343	-	-	627,343	465,116	-	-	465,116
Receivables from and loans to related parties	10	109,937	-	-	109,937	77,671	-	-	77,671
Unrealized gains on derivatives	31	-	-	4,974	4,974	-	-	8,430	8,430
Total		737,280	294,891	4,974	1,037,145	542,787	607,835	8,430	1,159,052

		Consolidated							
		09.30.2021				12.31.2020			
Liabilities	Note	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total
Payables to related parties	15	(93,212)	-	-	(93,212)	(80,601)	-	-	(80,601)
Trade payables	15	(219,643)	-	-	(219,643)	(209,402)	-	-	(209,402)
Lease liabilities	17.b	(12,637)	-	-	(12,637)	(15,601)	-	-	(15,601)
Borrowings	17.a	(226,859)	-	-	(226,859)	(552,369)	-	-	(552,369)
Unrealized losses on derivatives	31	-	-	(13,890)	(13,890)	-	-	(24,403)	(24,403)
Total		(552,351)	-	(13,890)	(566,241)	(857,973)	-	(24,403)	(882,376)

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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

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

- Fair value hierarchy and measurement

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

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

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

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

- Fair value calculation

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

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

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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

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

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

- *Fair value versus carrying amount*

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

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

		Consolidated				
		09.30.2021		12.31.2020		Level
Assets	Note	Carrying amount	Fair value	Carrying amount	Fair value	
Cash, demand deposits and cash in transit	6	45,431	45,431	89,411	89,411	2
Financial investments	6	249,460	249,460	518,424	518,424	2
Trade receivables	7	627,343	627,343	465,116	465,116	2
Receivables from and loans to related parties	10	109,937	109,937	77,671	77,671	2
Unrealized gains on derivatives	31	4,974	4,974	8,430	8,430	2
Total		1,037,145	1,037,145	1,159,052	1,159,052	
Liabilities						
Payables to related parties	15	(93,212)	(93,212)	(80,601)	(80,601)	2
Trade payables	15	(219,643)	(219,643)	(209,402)	(209,402)	2
Lease liabilities	17.b	(12,637)	(12,637)	(15,601)	(15,601)	2
Borrowings	17.a	(226,859)	(226,859)	(552,369)	(552,369)	2
Unrealized losses on derivatives	31	(13,890)	(13,890)	(24,403)	(24,403)	2
Total		(566,241)	(566,241)	(882,376)	(882,376)	

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

- Hedge accounting

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

Hedging objective and strategy:

Currency hedge

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

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

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

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

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

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

Commodity hedging (metal raw materials)

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

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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

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

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

Year 1:

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

Year 2/Year 3:

- i) up to 25% of the net exposure

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

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

II. Risk management

Overview

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

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

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

a.1) Operational risk

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

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

a.2) Business risk

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

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

- b) Economic/financial risks mainly reflect the behavior of macroeconomic variables, such as the prices of metals used by the Group (aluminum, copper and nickel), exchange and interest rates, which have direct impacts on operations, as well as the characteristics of the financial instruments used by the Group. These risks are monitored by senior management, which is actively involved in the Group's operational management, by reference to the Group's global policies. On September 30, 2021, the Company did not enter into hedge transactions for tin and nickel because the level of risk was acceptable according to global policies.

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

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

b.1) Liquidity risk

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

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

Consolidated		09.30.2021					
Assets	Note	Carrying amount	Cash Flow	Up to 1 year	1 - 2 years	2 - 5 years	More than 5 years
Liabilities							
Payables to related parties	15	(93,212)	(93,212)	(93,212)	-	-	-
Trade payables	15	(219,643)	(219,643)	(219,643)	-	-	-
Lease liabilities	17.b	(12,637)	(12,637)	(11,051)	(1,586)	-	-
Borrowings	17.a	(226,859)	(263,719)	(123,229)	(41,426)	(47,981)	(51,083)
Unrealized losses on derivatives	31	(13,890)	(13,890)	(13,890)	-	-	-
Total		(566,241)	(603,101)	(461,025)	(43,012)	(47,981)	(51,083)

		12.31.2020					
	Note	Carrying amount	Cash Flow	Up to 1 year	1 - 2 years	2 - 5 years	More than 5 years
Liabilities							
Payables to related parties	15	(80.601)	(80.601)	(80.601)	-	-	-
Trade payables	15	(209.402)	(209.402)	(209.402)	-	-	-
Lease liabilities	17.b	(15.601)	(15.601)	(9.305)	(6.296)	-	-
Borrowings	17.a	(552.369)	(598.983)	(409.211)	(45.080)	(77.567)	(67.125)
Unrealized losses on derivatives	31	(24.403)	(24.403)	(24.403)	-	-	-
Total		(882.376)	(928.990)	(732.922)	(51.376)	(77.567)	(67.125)

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

b.2) Credit risk

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

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

Assets	Note	Parent company		Consolidated	
		09.30.2021	12.31.2020	09.30.2021	12.31.2020
Cash, demand deposits and cash in transit	6	38,028	75,068	45,431	89,411
Financial investments	6	180,472	482,800	249,460	518,424
Trade receivables	7	497,587	371,835	627,343	465,116
Receivables from and loans to related parties	10	31,569	29,029	109,937	77,671
Unrealized gains on derivatives	31	2,229	5,462	4,974	8,430
Total		749,885	964,194	1,037,145	1,159,052

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

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

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

Counterparties unrated external de crédito	Parent Company		Consolidated	
	09.30.2021	12.31.2020	09.30.2021	12.31.2020
<i>Top 20</i>	205,608	141,620	284,775	194,541
<i>Third Parties</i>	172,670	153,466	222,171	184,500
<i>Intercompanies</i>	123,082	83,009	128,078	96,255
Total Trade Receivables and Others	501,360	378,095	635,024	475,296

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).

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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

Cash, demand deposits and financial investments	Nota	Parent company		Consolidated	
		09.30.2021	12.31.2020	09.30.2021	12.31.2020
AAA	6	147,104	494,234	151,027	494,517
AA		51,684	50,641	51,684	50,641
Others		19,712	12,993	92,180	62,677
		218,500	557,868	294,891	607,835

S&P National Long Term

b.3) Risk of fluctuation in interest rates

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

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

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

	Note	Parent company		Consolidated	
		09.30.2021	12.31.2020	09.30.2021	12.31.2020
Cash, demand deposits and cash in transit	6	38,028	75,068	45,431	89,411
Financial investments	6	180,472	482,800	249,460	518,424
Borrowings	17.a	(226,859)	(552,369)	(226,859)	(552,369)
Total		(8,359)	5,499	68,032	55,466

On September 30, 2021, the balance of borrowings of R\$ 226,859 (Parent company and Consolidated) comprises the following: 30.36% of FINEP I with simplified interest rate TJLP - 1% p.a. and average cost of 3.88%; 33.46% of FINEP II with simplified interest rate TJLP p.a. and average cost of 4.88%; 36.18% of ACC with average cost of 1.07% p.a.

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

b.4) Risk of fluctuation in exchange rates

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

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

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

On September 30, 2021, the Group's exposure in USD (EUR and JPY equivalents in USD) was USD 17,518 thousand in the parent company in the consolidated accounts, as shown below:

Foreign exchange exposure arising from accounts receivable and payable in foreign currency at September 30, 2021

Item	USD thousand	EUR thousand (*)	JPY thousand (**)
	Parent company and Consolidated	Parent company and Consolidated	Parent company and Consolidated
(+) Trade receivables	27,967	7,834	-
(+) Demand deposits (in foreign currency)	5,899	892	-
(+) Receivable - Dividends (TEUR)	-	16,212	-
(-) Advances on export exchange contract	-	(13,031)	-
(-) Imports	(2,012)	(6,169)	(179,699)
(-) Currency forwards - sale	(20,312)	-	105,256
(=) Net balance of foreign exchange exposure	11,542	5,738	(74,443)

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

Currency	Consolidated	
USD	11,542	
EUR	6,644	(*) Parity EUR / USD 1,1579
JPY	(668)	(**) Parity JPY / USD 111,50882
Total	17,518	

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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

Parent company and consolidated (USD)				
Year	Net Exposure (thousands)	Notional Value - Hedge (thousands)	Average Rate (Portfolio NDF)	% Hedged
2021 (Apr-Dec)	(5,083)	3,812	4.8754	75.0%
2022 (Jan-Dez)	(18,202)	7,718	5.4367	42.4%
2023 (Jan-Set)	(13,373)	3,343	5.9552	25.0%
Total	(36,658)	14,873	5.4094	40.6%

Parent company and consolidated (EUR)				
Year	Net Exposure (thousands)	Notional Value - Hedge (thousands)	Average Rate (Portfolio NDF)	% Hedged
2021 (Jan-Dec)	(2,655)	2,002	5.6102	75.4%
2022 (Jan-Dez)	(12,907)	6,464	6.3172	50.1%
2023 (Jan-Set)	(10,385)	2,596	7.2179	25.0%
Total	(25,947)	11,063	6.4006	42.6%

Parent company and consolidated (JPY)				
Year	Net Exposure (thousands)	Notional Value - Hedge (thousands)	Average Rate (Portfolio NDF)	% Hedged
2021 (Jan-Dec)	88,621	(66,466)	0.0470	75.0%
2022 (Jan-Dez)	359,992	(159,454)	0.0524	44.3%
2023 (Jan-Set)	275,802	(68,951)	0.0571	25.0%
Total	724,415	(294,870)	0.0523	40.7%

- Sensitivity analysis

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

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

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Sensitivity analysis table

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 September 30, 2020 by the Brazilian Central Bank for USD, EUR and JPY were used in this sensitivity analysis.

	Parent company and Consolidated			
	USD/BRL exchange rate for settlement of bills of exchange	* Net balance of foreign exchange exposure - USD	** Average rate of bills of exchange	Total BRL
50% better	8.1591		5.2211	33,910
25% better	6.7993		5.2211	18,215
Balance sheet date	5.4394	11,542	5.2211	2,519
25% worse	4.0796		5.2211	(13,176)
50% worse	2.7197		5.2211	(28,872)

(*) Amounts in thousands

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

	Parent company and Consolidated			
	EUR/BRL exchange rate for settlement of bills of exchange	* Net balance of foreign exchange exposure - EUR	** Average rate of bills of exchange	Total BRL
50% better	9.4475		6.2244	18,494
25% better	7.8729		6.2244	9,459
Balance sheet date	6.2983	5,738	6.2244	424
25% worse	4.7237		6.2244	(8,611)
50% worse	3.1492		6.2244	(17,645)

(*) Amounts in thousands

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

	Parent company and Consolidated			
	JPY/BRL exchange rate for settlement of bills of exchange	* Net balance of foreign exchange exposure - JPY	** Average rate of bills of exchange	Total BRL
50% better	0.0244		0.0482	1,772
25% better	0.0366		0.0482	864
Balance sheet date	0.0488	(74,443)	0.0482	(43)
25% worse	0.0610		0.0482	(953)
50% worse	0.0732		0.0482	(1,861)

(*) Amounts in thousands

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Budgeted cash flow - exposure in foreign currency

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

Sensitivity analysis table

Parent company and consolidated sensitivity analysis table – cash flow derivatives portfolio for the period ended September 30, 2021

Scenario	USD/BRL exchange rate for settlement of operations	Notional value - USD (thousand)	Weighted average rate at maturity (*)	Adjustment in R\$ thousand	EUR/BRL exchange rate for settlement of operations	Notional value - EUR (thousand)	Weighted average rate at maturity (*)	Adjustment in R\$ thousand	JPY/BRL exchange rate for settlement of operations	Notional value - JPY (thousand)	Weighted average rate at maturity (*)	Adjustment in R\$ thousand	Total adjustment in R\$ thousand
50% better	2.7197	14,873	5.4094	40,005	3.1492	11,063	6.4013	35,980	0.0732	(294,870)	0.0523	6,159	82,144
25% better	4.0796	14,873	5.4094	19,779	4.7237	11,063	6.4013	18,560	0.0610	(294,870)	0.0523	2,563	40,902
Balance sheet date	5.4394	14,873	5.4094	(446)	6.2983	11,063	6.4013	1,140	0.0488	(294,870)	0.0523	(1,033)	(339)
25% worse	6.7993	14,873	5.4094	(20,672)	7.8729	11,063	6.4013	(16,280)	0.0366	(294,870)	0.0523	(4,629)	(41,580)
50% worse	8.1591	14,873	5.4094	(40,897)	9.4475	11,063	6.4013	(33,700)	0.0244	(294,870)	0.0523	(8,224)	(82,821)

The selling rates published on September 30, 2020 by the Brazilian Central Bank for USD, EUR and JPY were used.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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

Weighted average forward rate - value for settlement			Notional value - thousand			
			Parent company		Consolidated	
Foreign currency			09.30.2021	09.30.2020	09.30.2021	09.30.2020
Short position	EUR	6.40060	11,063	12,334	11,063	12,334
Short position	USD	5.34287	35,185	28,212	35,185	28,212
Long position	JPY	0.05122	(400,126)	(430,176)	(400,126)	(430,176)

Weighted average forward rate - value for settlement			Fair market value - thousand			
			Parent company		Consolidated	
(1) Foreign currency			09.30.2021	09.30.2020	09.30.2021	09.30.2020
Short position	EUR	6.40060	(3,779)	(18,556)	(3,779)	(18,556)
Short position	USD	5.34287	(8,649)	(22,138)	(8,649)	(22,138)
Long position	JPY	0.05122	43	3,015	43	3,015

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

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

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

The table below presents the outstanding position on September 30, 2021 and 2020:

		Weighted average price on maturity	Notional value - metric tons			
			Parent company		Consolidated	
<u>Long position</u>			09.30.2021	09.30.2020	09.30.2021	09.30.2020
<u>Commodities</u>						
Copper	9,324	223	311	223	311	
Aluminum	2,840	-	50	-	50	
TOTAL			223	361	223	361

		Weighted average price on maturity	Notional value (fair market value)			
			Parent company		Consolidated	
<u>Long position</u>			09.30.2021	09.30.2020	09.30.2021	09.30.2020
<u>Commodities</u>						
Copper	9,324	(385)	901	(385)	901	
Aluminum	2,840	-	(20)	-	(20)	
TOTAL			(385)	881	(385)	881

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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

Parent company and Consolidated (COPPER)				
Year	Net Exposure (Tons)	Notional Value - Hedge (Tons)	Average Price - Portfolio Swap	% Hedged
2021 (Oct-Dec)	(95)	73	8,540	76.8%
2022 (Jan-Jul)	(231)	150	9,626	64.9%
Total	(326)	223	9,271	68.4%

- Sensitivity analysis table

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

For the sensitivity analysis of commodity transactions, management adopted as a probable scenario the amounts recognized in its books, determined by projected prices disclosed by the LME and exchange rates published by the Brazilian Central Bank on September 30, 2021. As a reference, the depreciation and appreciation of the prices used for accounting records were considered for the other scenarios. The scenarios were estimated with appreciation and depreciation of 25% and 50%, respectively, of prices in the probable scenario.

The methodology adopted for calculating the balances presented in the table below consisted of replacing the closing exchange rate and commodity prices on September 30, 2021 used for the purposes of accounting records with the stressed rates and prices calculated in accordance with the following scenarios.

Sensitivity analysis on results of operations of purchase of commodity swap contracts - Parent company and Consolidated					
Commodity	Volume in metric tons	Settlement price on maturity (USD/metric ton)	Weighted average price on maturity (USD/metric ton)	Total adjustment BRL	Total effect on purchases of commodities BRL
Copper					
50% better		13,986		5,655	(5,655)
25% better		11,655		2,827	(2,827)
Balance sheet date	223	9,324	9,324	-	-
25% worse		6,993		(2,827)	2,827
50% worse		4,662		(5,655)	5,655

The selling rates of the USD published on September 30, 2021 by the Brazilian Central Bank and the metal prices published on the same date by the LME were used.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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

	09.30.2021		09.30.2020	
	Parent company	Consolidated	Parent company	Consolidated
Results of derivatives (exports/imports/loan)				
Provisions				
- Operations on accounts receivable and payable	(2,271)	(2,271)	(9,567)	(9,520)
Cash effect				
- Operations on accounts receivable and payable	3,100	3,099	(25,612)	(25,613)
Note 29	178	177	(49,003)	(48,957)
Total Derivative Operations- Net Finance Result	178	177	(49,003)	(48,957)
Exchange variations (gains and losses)	(5,558)	(2,717)	6,541	7,706
Results of derivatives (exports/imports/loan)	178	177	(49,003)	(48,957)
Gross sales	20,471	20,471	30,252	30,252
Cost of sales	(7,418)	(7,418)	(8,936)	(8,936)
Effects of Foreign Exchange Variatons and Financial Instruments on Profit and Loss	7,673	10,513	(21,146)	(19,935)
Gross result				
Gross sales				
- Settlements with cash effect	20,471	20,471	30,252	30,252
	20,471	20,471	30,252	30,252
Cost of sales				
- Settlements with cash effect	(7,418)	(7,418)	(8,936)	(8,936)
	(7,418)	(7,418)	(8,936)	(8,936)
Total Derivative Operations - Gross Result	13,053	13,053	21,316	21,316
Equity				
Provisions				
- Operations on sales to be made (BS)	9,177	9,177	(35,006)	(35,006)
- Operations on commodities (BS)	385	385	881	881
Deferred income tax and social contribution	3,251	3,251	(11,602)	(11,602)
Total Derivative Operations - Equity	12,813	12,813	(45,727)	(45,727)
Provision for unrealized losses and gains on derivatives				
(BS) - Sum of the net balance sheet				
Balance sheet assets	2,229	4,974	4,014	6,795
Balance sheet liabilities	(13,890)	(13,890)	(40,089)	(40,089)
Balance sheet, net	(11,661)	(8,916)	(36,075)	(33,294)

Guarantees

The Group had no guarantee deposits relating to these derivative instruments for the periods presented above (September 30, 2021 and 2020).

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

32. Employee benefits

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

In the first nine months of 2021, the Group recognized a provision for profit sharing in the amount of R\$ 38,512 (R\$ 19,408 in the first nine months of 2020) – Parent company and R\$ 38,579 (R\$ 19,429 in the first nine months of 2020) – Consolidated. The employee profit sharing payment follows 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\$ 1,477 in the first nine months of 2020 (R\$ 2,061 in the first nine months of 2020).

33. Insurance

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

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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

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

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

The impacts of the application of NBC TG 42 (CPC 42) / IAS 29 Financial Reporting in Hyperinflationary Economies on the parent company and consolidated financial statements as on September 30, 2021 are shown below:

	3Q2021	9M2021	3Q2020	9M2020
Reconciliation of result adjustments				
Gain on monetary position of investments from parent company - reflex recomposition	15,591	56,387	13,120	32,396
Gain on monetary position of investments from subsidiary - reflex recomposition	124	457	102	249
Loss on monetary position of subsidiary MAHLE Argentina S.A.	<u>(6,130)</u>	<u>(21,910)</u>	<u>(2,812)</u>	<u>(4,521)</u>
Gain on monetary item, result (consolidated)	9,585	34,934	10,410	28,124

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Board of Directors

Principal members

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

Alternate members

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

Executive Board

Sergio Pancini de Sá - Diretor Presidente e de Relações com Investidores
Nathan John Queye – Diretor Administrativo Financeiro

Fiscal Conciul

Principal members

Axel Erhard Brod
Hélio Carlos de Lamare Cox
Mario Probst

Alternate members

Camila Pagliato Figueiredo
Dimas Lazarini Silveira Costa
Massao Fábio Oya

Technical specialist

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

* * *

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

Representation by officers on the parent company and consolidated financial statements

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

REPRESENTATION

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

They have reviewed and discussed, and agree with, the parent company and consolidated financial statements of MAHLE Metal Leve S.A. for the year ended September 30, 2021, and thus authorize their completion.

Mogi Guaçu, November 11th, 2021.

Sergio Pancini de Sá
CEO

Nathan John Quye
Finance director

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

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

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

REPRESENTATION

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

They have reviewed and discussed, and agree with, the opinion expressed by KPMG Auditores Independentes, on the parent company and consolidated financial statements of MAHLE Metal Leve S.A. for the year ended September 30, 2021.

Mogi Guaçu, November 11th, 2021.

Sergio Pancini de Sá
CEO

Nathan John Quye
Finance director