

Mogi Guaçu, São Paulo, August 10, 2022 - MAHLE Metal Leve S.A. (B3: LEVE3), a Brazilian automotive parts supplier of internal combustion engine components and filtration systems for the automotive industry, today announced its financial results for the second quarter of 2022 (2Q22). Unless otherwise noted, the financial and operating information included in this release is provided on a consolidated basis and in Brazilian real (BRL), and was prepared in accordance with the Brazilian Corporation Law.

Second Quarter 2022 Financial Results Video Conference Call

Date: August 11, 2022

Time

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

Video Conference Call:

[EVENT LINK](#)

Choose the language you wish to hear the call in:

⇒ Portuguese (original audio), or

⇒ simultaneous translation into English.

Mahle's Investor Relations website:
<https://ri.mahle.com.br/en/>

FINANCIAL HIGHLIGHTS

Net Sales Revenue: R\$ 1,019.4 million in 2Q22, an increase of 14.7% compared with the second quarter of 2021 (2Q21). Net sales revenue for the first half of 2022 (1H22) was 10.7% higher than in the first half of 2021 (1H21).

Company's performance by market:	2Q22 x 2Q21	1H22 x 1H21
Aftermarket – Domestic Market	↑ 35.0%	↑ 22.9%
Original Equipment – Domestic Market	↑ 24.2%	↑ 18.9%
Aftermarket – Export Market	↑ 19.5%	↑ 26.2%
Original Equipment – Export Market	↓ 8.4%	↓ 7.8%
Total change in revenue:	↑ 14.7%	↑ 10.7%

Further details of changes are provided in items [4.1](#), [4.2](#) and [4.3](#) below.

Dividends: The Ordinary General Meeting approved on April 27, 2022 the distribution of R\$ 469.3 million relating to the financial year 2021. The dividends were paid on May 27, 2022. The Company distributed R\$ 539.2 million of dividends for the full year 2021, totaling 100.0% of the net profit for the year (after legal deductions). Further information is provided in item [4.17](#) below.

(in millions of R\$)	Key indicators							
	2Q22 (c)	1Q22 (d)	2Q21 (e)	(c/d)	(c/e)	1H22 (a)	1H21 (b)	(a/b)
Net sales revenue	1,019.4	890.0	889.1	14.5%	14.7%	1,909.4	1,724.1	10.7%
EBITDA	181.5	178.5	262.9	1.7%	-31.0%	360.0	462.1	-22.1%
Adjusted EBITDA ¹	181.5	178.5	174.1	1.7%	4.3%	360.0	373.3	-3.6%
EBITDA margin	17.8%	20.1%	29.6%	-2.3 p.p.	-11.8 p.p.	18.9%	26.8%	-7.9 p.p.
Adjusted EBITDA margin ¹	17.8%	20.1%	19.6%	-2.3 p.p.	-1.8 p.p.	18.9%	21.7%	-2.8 p.p.
Net profit	114.9	123.0	170.0	-6.6%	-32.4%	237.9	296.2	-19.7%
Adjusted net profit ²	114.9	123.0	106.2	-6.6%	8.2%	237.9	232.4	2.4%
Net margin	11.3%	13.8%	19.1%	-2.5 p.p.	-7.8 p.p.	12.5%	17.2%	-4.7 p.p.
Adjusted net margin ²	11.3%	13.8%	11.9%	-2.5 p.p.	-0.6 p.p.	12.5%	13.5%	-1 p.p.

¹ Adjusted EBITDA: Details of the adjustments are provided in items [4.10](#) and [4.11](#) in this document.

² Adjusted net profit: Details of the adjustments are provided in item [4.14](#) in this document.

Net profit and net margin in the above table refers to "Net profit attributable to owners of the Company" as shown in item [4](#) in this document.

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1. Management Commentary

During the first half of 2022, logistics and supply chain disruptions continued to challenge the market as the supply chains continued to experience soaring prices and shortages of materials, coupled with rising freight rates.

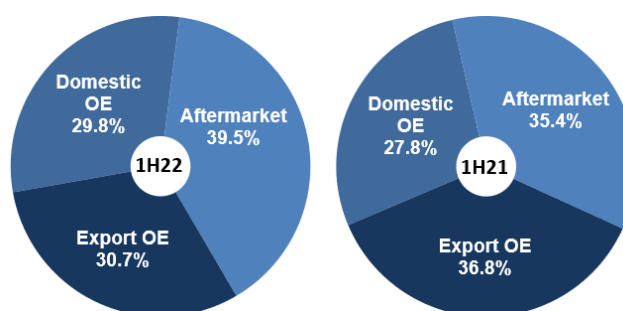
Brazil's economic performance in June was stable compared with May, but the pace of growth slowed from prior months – during the first six months, some factories shut down, according to the Brazilian Association of Automotive Vehicle Manufacturers (ANFAVEA). Also, according to ANFAVEA, in the first half of 2022, vehicle production fell by 5.0% and vehicle sales by 14.5% compared with the same period in 2021.

The global market is also facing challenging problems, such as: COVID-19 lockdown in major Chinese cities has caused a shortage of materials (principally semiconductors), the Russia-Ukraine war is pushing commodities prices up, which have had an impact on the logistics chain and global inflation. As a result, global GDP growth has been slowing.

The Company seeks to achieve a balance between its two business segments (Original Equipment and Aftermarket) in both domestic and export markets, so as to offset oscillations across the segments and stabilize its profit margin over time.

The Company's 1H22 net revenue increased 10.7% compared with the same period in 2021, driven by an increase in Aftermarket sales (+23.6%), domestic OE market (+18.9%), partially offset by a decline in OE exports (-7.8%).

The charts below show the Company's revenue by business segment in 1H22 and 1H21:



EBITDA margin in 1H22 was 18.9% (R\$ 360.0 million) versus 21.7% in 1H21 (R\$ 373.3 million with adjustment). More information about changes in EBITDA and adjusted EBITDA for 1H21 is provided in item [4.11](#) below.

Although COVID-19 infections have markedly declined, the Company continues to monitor the global COVID-19 situation and maintains a crisis committee to monitor the evolving situation at all its plants to mitigate the risk of contamination of employees and service providers. The Company continues to adopt measures in line with the recommendations and guidance from health authorities and stringent sanitizing protocols and continues to allow employees who can work remotely (for example, administrative staff) to work from home on a full time or hybrid basis.

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, to a large customer base that includes General Motors, Volkswagen, Fiat, Ford, Daimler MBB, Opel, International, Cummins, Volvo, PSA Peugeot, John Deere, Renault, Scania, Caterpillar, Honda, Hyundai, Toyota, among others.

We own five production plants, four of which are located in Brazil, in the cities of Mogi Guaçu (two units) and São Bernardo do Campo, in the State of São Paulo, and in Itajubá, State of Minas Gerais. Our fifth plant is located in the city of Rafaela, Argentina. We have two distribution centers: one in the city of Limeira, State of São Paulo, and one in

Buenos Aires, Argentina. We have a technology center in the city of Jundiaí, State of São Paulo, which we believe is one of the largest and most well-equipped technology centers in Latin America for the development of components and solution packages for internal combustion engines. This center allows us to serve and deliver value to our customers in a customized and efficient manner, and develop innovative new product technologies and processes.

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

3. Development of the Automotive Industry

3.1 Development of the Brazilian market

Brazilian automotive industry												
Segments	Jan-Jun 2022					Jan-Jun 2021					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	853,127	232,976	-117,174	37,657	1,006,586	1,007,905	187,512	-105,339	-26,054	1,064,024	-15.4%	-5.4%
Total medium and heavy vehicles	64,914	13,285	-2,496	9,400	85,103	66,268	12,620	-2,898	9,056	85,046	-2.0%	0.1%
Total vehicle sales	918,041	246,261	-119,670	47,057	1,091,689	1,074,173	200,132	-108,237	-16,998	1,149,070	-14.5%	-5.0%
Variation (un) - 1H22 x 1H21	-156,132	46,129	11,433	-64,055	-57,381							
Variation (%) - 1H22 x 1H21	-14.5%	23.0%	10.6%	-376.8%	-5.0%							

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 months under review:

Monthly production (thousand units)	Jan	Feb	Mar	Apr	May	Jun	Total
2021	200.4	197	200.3	190.9	192.8	167.5	1,148.9
2022	145.4	165.9	184.8	185.4	205.9	203.6	1,091.0

Total monthly sales (thousand units)	Jan	Feb	Mar	Apr	May	Jun	Total
2021	171.1	167.4	189.4	175.1	188.7	182.5	1,074.2
2022	126.5	132.3	146.8	147.2	187.1	178.1	918.0

Brazil's vehicle inventory (days)	Jan	Feb	Mar	Apr	May	Jun
2021	18	18	16	17	16	15
2022	26	24	25	21	21	24

Source: Anfavea

3.2 Development of the Argentine market

Argentine automotive industry (*)			
Sales of vehicles (Locally manufactured and imported)	Jan-Jun 2022 (A)	Jan-Jun 2021 (B)	A/B
Total light vehicles	181,233	172,426	5.1%
Total medium- and heavy-duty vehicles	7,719	7,549	2.3%
Total vehicle sales	188,952	179,975	5.0%
Exports	140,049	107,877	59.8%
Imports	84,138	91,294	-7.8%
Trade balance	55,911	16,583	237.2%
Change in vehicle inventory in the period (**)	7,941	6,049	31.3%
Production of light vehicles	243,698	193,580	25.9%
Production of heavy-duty vehicles	1,387	1,478	-6.2%
Total vehicle production	245,085	195,058	25.6%

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

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

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

Production and sales: Brazil & Argentina	Vehicle production			Vehicle sales		
	Jan-Jun 2022	Jan-Jun 2021	Change	Jan-Jun 2022	Jan-Jun 2021	Change
Light vehicles	1,250,284	1,257,605	-0.6%	1,034,360	1,180,331	-12.4%
Medium- and heavy-duty vehicles	86,490	86,524	0.0%	72,633	73,817	-1.6%
Total	1,336,774	1,344,128	-0.5%	1,106,993	1,254,148	-11.7%

Source: Anfavea and Adefa.

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3.4 Vehicle production in the major export markets

Vehicle production in the leading export markets (thousands)	Jan-Jun 2022 (A)	Jan-Jun 2021 (B)	A/B
Production of light vehicles	7,125	6,800	4.8%
Production of medium- and heavy-duty vehicles	306	267	14.6%
North America	7,431	7,067	5.2%
Production of light vehicles	7,888	8,890	-11.3%
Production of medium- and heavy-duty vehicles	260	302	-13.9%
Europe	8,147	9,192	-11.4%
Total vehicle production	15,578	16,260	-4.2%

Source: IHS

4. Company's Financial and Economic Performance

Summary of profit and loss accounts (in millions of R\$)	2Q22 (a)	2Q21 (b)	HA (%) (a/b)	VA (%) (a)	VA (%) (b)	1H22 (c)	1H21 (d)	HA (%) (c/d)	VA (%) (c)	VA (%) (d)
Net sales revenue	1,019.4	889.1	14.7%	100.0%	100.0%	1,909.4	1,724.1	10.7%	100.0%	100.0%
Cost of sales	(760.3)	(628.0)	21.1%	-74.6%	-70.6%	(1,414.2)	(1,206.8)	17.2%	-74.1%	-70.0%
Gross profit	259.1	261.1	-0.8%	25.4%	29.4%	495.2	517.3	-4.3%	25.9%	30.0%
Selling and distribution expenses	(77.2)	(59.7)	29.3%	-7.6%	-6.7%	(134.5)	(108.3)	24.2%	-7.0%	-6.3%
General and administrative expenses	(30.2)	(24.1)	25.3%	-3.0%	-2.7%	(53.4)	(51.7)	3.3%	-2.8%	-3.0%
Research and development expenses	(11.3)	(10.9)	3.7%	-1.1%	-1.2%	(22.7)	(26.8)	-15.3%	-1.2%	-1.6%
¹ Other operating income (expenses)	(7.6)	60.6	-112.5%	-0.7%	6.8%	(12.3)	55.9	122.0%	-0.6%	3.2%
Share of profit of equity-accounted investees	-	(0.0)	0.0%	0.0%	0.0%	-	(0.1)	100.0%	0.0%	0.0%
Gains (losses) on inflation adjustment	23.8	11.1	114.4%	2.3%	1.2%	40.2	25.3	58.9%	2.1%	1.5%
Operating profit	156.6	238.1	-34.2%	15.4%	26.8%	312.5	411.6	-24.1%	16.4%	23.9%
Net finance costs	(4.9)	(12.0)	-59.2%	-0.5%	-1.3%	(8.9)	(18.0)	-50.6%	-0.5%	-1.1%
² Income tax and social contribution	(38.0)	(56.2)	-32.4%	-3.7%	-6.3%	(67.3)	(97.1)	-30.7%	-3.5%	-5.6%
Profit for the year	113.7	169.9	-33.1%	11.2%	19.1%	236.3	296.5	-20.3%	12.4%	17.2%
Profit attributable to owners of the Company	114.9	170.0	-32.4%	11.3%	19.1%	237.9	296.2	-19.7%	12.5%	17.2%
Adjusted profit attributable to owners of the Company	114.9	106.2	8.2%	11.3%	11.9%	237.9	232.4	2.4%	12.5%	13.5%
Profit attributable to non-controlling interests	(1.2)	(0.1)	1100.0%	-0.1%	0.0%	(1.6)	0.3	633.3%	-0.1%	0.0%
EBITDA	181.5	262.9	-31.0%	17.8%	29.6%	360.0	462.1	-22.1%	18.9%	26.8%
Adjusted EBITDA	181.5	174.1	4.3%	17.8%	19.6%	360.0	373.3	-3.6%	18.9%	21.7%
Selling, general and administrative expenses as a percent of revenue	10.5%	9.4%	1.1 p.p.			9.8%	9.3%	0.5 p.p.		

¹ Additional information is provided in item [4.10](#) in this document.

² Additional information is provided in item [4.13](#) in this document.

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 effects of exchange rate changes from the translation of the financial statements from Argentine peso to Brazilian real and of the application of IAS 29 *Financial Reporting in Hyperinflationary Economies*.

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

Net revenue by market (in millions of R\$)		2Q22 (a)	Volume/Price (b)	Exchange rate change (c)	2Q21 (d)	Volume/price impact % (b/d)	Exchange rate impact % (c/d)	HA (%) (a/d)
Original Equipment	Domestic	303.8	61.2	(2.1)	244.7	25.0%	-0.8%	24.2%
	Export	302.9	(8.2)	(19.6)	330.7	-2.5%	-5.9%	-8.4%
	Subtotal	606.7	53.0	(21.7)	575.4	9.2%	-3.8%	5.4%
Aftermarket	Domestic	328.8	109.7	(24.4)	243.5	45.1%	-10.1%	35.0%
	Export	83.9	18.3	(4.6)	70.2	26.1%	-6.6%	19.5%
	Subtotal	412.7	128.0	(29.0)	313.7	40.8%	-9.2%	31.6%
Total	1,019.4	181.0	(50.7)	889.1	20.4%	-5.7%	14.7%	

Net revenue by market (in millions of R\$)		1H22 (a)	Volume/Price (b)	Exchange rate change (c)	1H21 (d)	Volume/price impact % (b/d)	Exchange rate impact % (c/d)	HA (%) (a/d)
Original Equipment	Domestic	569.3	94.4	(3.8)	478.7	19.7%	-0.8%	18.9%
	Export	585.5	(7.6)	(41.7)	634.8	-1.2%	-6.6%	-7.8%
	Subtotal	1,154.8	86.8	(45.5)	1,113.5	7.8%	-4.1%	3.7%
Aftermarket	Domestic	591.1	160.0	(49.9)	481.0	33.3%	-10.4%	22.9%
	Export	163.5	41.5	(7.6)	129.6	32.1%	-5.9%	26.2%
	Subtotal	754.6	201.5	(57.5)	610.6	33.0%	-9.4%	23.6%
Total	1,909.4	288.3	(103.0)	1,724.1	16.7%	-6.0%	10.7%	

The table below shows Brazil's reference exchange rate 'PTAX' published by the Central Bank of Brazil for USD/BRL and EUR/BRL:

USD/BRL	2022	2021	Change %	EUR/BRL	2022	2021	Change %
Second quarter	4.92076	5.29503	-7.07%	Second quarter	5.23767	6.38336	-17.95%
First half	5.07689	5.38400	-5.70%	First half	5.55873	6.48959	-14.34%

4.2 Original Equipment (OE) sales

Domestic market:

In 2Q22, the domestic OE market grew by 24.2%, driven by a volume/price increase of 25.0%, partially offset by the effect of movements in exchange rates of 0.8%. In 1H22, the domestic market grew by 18.9%, due to a volume/price increase of 19.7%, partially offset by the effect of movements in exchange rates of 0.8%. As a proxy, consolidated vehicle production in Brazil and Argentina as disclosed by the Brazilian Association of Automotive Vehicle Manufacturers (Anfavea) and Argentina's Association of Automobile Manufacturers (Adefa) fell by 0.5%, hence, the Company performed better than the market.

Export market:

In 2Q22, the export market declined by 8.4%, due to the negative effects of exchange rate fluctuations of 5.9% and volume/price decrease of 2.5%. In 1H22, the decline of 7.8% is due to the negative effects of exchange rate fluctuations of 6.6% and volume/price decrease of 1.2%.

The table below presents exports in hard currency:

Original Equipment						
Exports by currency (in millions)	2Q22 (a)	2Q21 (b)	HA (%) (a/b)	1H22 (c)	1H21 (d)	HA (%) (c/d)
EUR	17.5	21.5	-18.3%	34.2	40.3	-15.1%
USD	41.0	38.3	7.1%	78.1	73.9	5.7%
Total equivalent in USD	60.0	63.9	-6.1%	117.3	122.5	-4.2%

4.3 Aftermarket sales

Domestic market:

In 2Q22, the domestic market grew by 35.0%, driven by a volume/price increase of 45.1%, partially offset by negative effects of movements in exchange rates of 10.1%. In 1H22, the domestic market grew by 22.9%, due to a volume/price increase of 33.3%, partially offset by the negative effects of exchange rate fluctuations of 10.4%.

Export market:

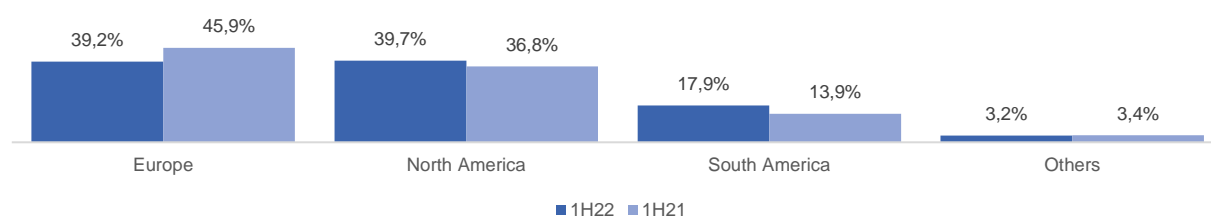
The export market grew by 19.5% in 2Q22 compared with 2Q21, driven by a volume/price increase of 26.1%, partially offset by negative effects of movements in exchange rates of 6.6%. In 1H22, the export market grew by 26.2%, due to a volume/price increase of 32.1%, partially offset by the negative effects of exchange rate fluctuations of 5.9%.

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

Aftermarket						
Exports by currency (in millions)	2Q22 (a)	2Q21 (b)	HA (%) (a/b)	1H22 (c)	1H21 (d)	HA (%) (c/d)
EUR	1.7	0.5	222.0%	2.3	0.9	164.0%
USD	16.3	12.9	26.6%	30.5	22.8	33.8%
Total equivalent in USD	18.2	13.5	34.9%	33.2	23.9	39.1%

4.4 Consolidated export by region

The graph below shows our exports by geographic region for 1H22 and 1H21:



4.5 Net revenue by segment

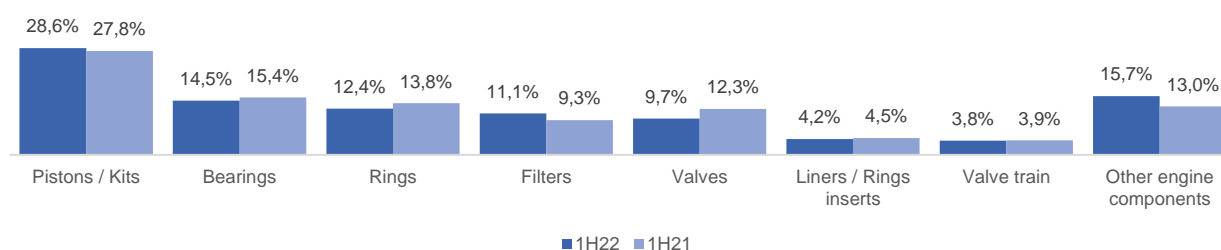
In 2Q22, sales of the engine component segment grew by 12.3% and sales of the filter segment grew by 38.6% compared with 2Q21. In 1H22, the engine component segment grew by 8.5% and the filter segment grew by 32.3% compared with 1H21.

Net sales revenue by segment (in millions of R\$)	2Q22 (a)	2Q21 (b)	HA (%) (a/b)	VA (%) (a)	VA (%) (b)	1H22 (c)	1H21 (d)	HA (%) (c/d)	VA (%) (c)	VA (%) (d)
Engine components	911.0	810.9	12.3%	89.4%	91.2%	1,698.2	1,564.5	8.5%	88.9%	90.7%
Filters	108.4	78.2	38.6%	10.6%	8.8%	211.2	159.6	32.3%	11.1%	9.3%
Total	1,019.4	889.1	14.7%	100.0%	100.0%	1,909.4	1,724.1	10.7%	100.0%	100.0%

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4.6 Net revenue by product

The graph below shows the share of each product in total sales in 1H22 and 1H21:



4.7 Gross margin

Summary of profit and loss accounts (in millions of R\$)	2Q22 (a)	2Q21 (b)	HA (%) (a/b)	VA (%) (a)	VA (%) (b)	1H22 (c)	1H21 (d)	HA (%) (c/d)	VA (%) (c)	VA (%) (d)
Net sales revenue	1,019.4	889.1	14.7%	100.0%	100.0%	1,909.4	1,724.1	10.7%	100.0%	100.0%
Cost of sales	(760.3)	(628.0)	21.1%	-74.6%	-70.6%	(1,414.2)	(1,206.8)	17.2%	-74.1%	-70.0%
Gross profit	259.1	261.1	-0.8%	25.4%	29.4%	495.2	517.3	-4.3%	25.9%	30.0%

The prices of raw materials and inputs in the entire supply chain continued rising into the first half of 2022. So, a well-defined pricing process is essential to establishing a transparent relationship with suppliers and customers. Growth in productivity is also critically important to offset, even if partially, cost increases.

4.8 Selling, general and administrative expenses

Selling and distribution expenses increased due to increased freight costs and variable selling and personnel expenses. General and administrative expenses increased mainly due to the increase in workforce and salaries (Brazil and Argentina).

Summary of profit and loss accounts (in millions of R\$)	2Q22 (a)	2Q21 (b)	HA (%) (a/b)	VA (%) (a)	VA (%) (b)	1H22 (c)	1H21 (d)	HA (%) (c/d)	VA (%) (c)	VA (%) (d)
Net sales revenue	1,019.4	889.1	14.7%	100.0%	100.0%	1,909.4	1,724.1	10.7%	100.0%	100.0%
Selling and distribution expenses	(77.2)	(59.7)	29.3%	-7.6%	-6.7%	(134.5)	(108.3)	24.2%	-7.0%	-6.3%
General and administrative expenses	(30.2)	(24.1)	25.3%	-3.0%	-2.7%	(53.4)	(51.7)	3.3%	-2.8%	-3.0%

Additional information is provided in Notes 26 and 27 to the Interim Financial Statements for the period ended June 30, 2022.

4.9 Research and development (R&D) expenses

The Company believes that the continued focus on R&D and technology innovations to develop and launch new products is one of its main competitive advantages. R&D spending reflects market demands, regional technology trends and auto industry incentive programs, especially the motor vehicle emission control program known as PROCONVE and the fuel efficiency program called ROTA2030.

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Summary of profit and loss accounts (in millions of R\$)	2Q22 (a)	2Q21 (b)	HA (%) (a/b)	VA (%) (a)	VA (%) (b)	1H22 (c)	1H21 (d)	HA (%) (c/d)	VA (%) (c)	VA (%) (d)
Net sales revenue	1,019.4	889.1	14.7%	100.0%	100.0%	1,909.4	1,724.1	10.7%	100.0%	100.0%
R&D expenses	(11.3)	(10.9)	3.7%	-1.1%	-1.2%	(22.7)	(26.8)	-15.3%	-1.2%	-1.6%

4.10 Other operating income (expenses), net

Other operating income (expenses), net (in millions of R\$)	2Q22 (a)	2Q21 (b)	Change (a-b)	1H22 (c)	1H21 (d)	Change (c-d)
Provision for/reversal of labor, civil and tax contingencies	(6.6)	(6.9)	0.3	(11.1)	(10.1)	(1.0)
Provision for/reversal of obsolescence	0.3	0.5	(0.2)	0.3	0.5	(0.2)
Recovered taxes (Reintegra)	0.4	0.3	0.1	1.9	0.5	1.4
¹ Tax credits (ICMS on PIS and COFINS tax base)	-	88.8	(88.8)	-	88.8	(88.8)
Restructuring provision	-	-	-	-	0.3	(0.3)
Export expenses (Argentina)	(1.7)	(1.9)	0.2	(3.3)	(3.8)	0.5
Gains (losses) on sale of assets/other	-	0.1	(0.1)	-	0.1	(0.1)
Provision for/reversal of environmental liability	-	(20.0)	20.0	-	(20.0)	20.0
Other income (expenses)	-	(0.3)	0.3	(0.1)	(0.4)	0.3
Total other operating income (expenses), net	(7.6)	60.6	(68.2)	(12.3)	55.9	(68.2)

¹ Non-recurring income from tax credits in 2Q21 due to the exclusion of ICMS from the tax base of PIS and COFINS.

4.11 Operating result measured by EBITDA

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

EBITDA: Changes in the quarter	Amount	Margin	EBITDA: Changes in the six months	Amount	Margin
2Q21 adjusted	174.1	19.6%	1H21 adjusted	373.3	21.7%
Tax credits arising from the exclusion of ICMS from the tax base of PIS and COFINS	88.8		Tax credits arising from the exclusion of ICMS from the tax base of PIS and COFINS	88.8	
2Q21	262.9	29.6%	1H21	462.1	26.8%
Gross loss	-2.0		Gross loss	-22.1	
Selling and distribution expenses	-17.5		Selling and distribution expenses	-26.2	
General and administrative expenses	-6.1		General and administrative expenses	-1.7	
Research and development expenses	-0.4		Research and development expenses	4.1	
Other operating income (expenses)	-68.2		Other operating income (expenses)	-68.2	
Share of profit of equity-accounted investees	0.0		Share of profit of equity-accounted investees	0.1	
Gain on inflation adjustment	12.7		Gain on inflation adjustment	14.9	
Depreciation	0.1		Depreciation	-3.0	
2Q22	181.5	17.8%	1H22	360.0	18.9%

4.12 Net finance costs

At the end of 2Q22, the Company recorded net finance costs of R\$ 4.9 million, a decrease of R\$ 7.1 million from net finance costs of R\$ 12.0 million in 2Q21. At the end of 1H22, the Company recorded net finance costs of R\$ 8.9 million, a decrease of R\$ 9.1 million from net finance costs of R\$ 18.0 million in 1H21.

Net finance costs (in millions of R\$)	2Q22 (a)	2Q21 (b)	Change (a-b)	1H22 (c)	1H21 (d)	Change (c-d)
Interest income on financial investments	10.9	3.8	7.1	20.7	9.3	11.4
Interest expense on loans and borrowings	(2.9)	(2.3)	(0.6)	(5.3)	(9.7)	4.4
Other interest income (expense)	4.3	8.2	(3.9)	8.7	7.9	0.8
Net interest income (expense) (i)	12.2	9.7	2.5	24.0	7.5	16.5
1. Effect of movements in exchange rates on accounts receivable/accounts payable (1.1. + 1.2.)	2.4	(19.1)	21.5	(13.1)	(17.2)	4.1
1.1. Effect of movements in exchange rates	4.9	(32.6)	40.5	(31.7)	(22.2)	(9.5)
1.2. Foreign exchange hedge	(2.5)	16.4	(19.0)	18.6	4.9	13.7
2. Effect of movements in exchange rates on advances on foreign exchange contracts (ACC)	(4.7)	10.9	(15.6)	22.9	10.2	12.7
3. Other transactions	(3.1)	(5.8)	2.7	(25.4)	(3.9)	(21.5)
Net effect of movements in exchange rates and loss on derivatives (ii) - (1+2+3)	(5.5)	(14.1)	8.6	(15.6)	(11.0)	(4.6)
Net monetary variation	(8.4)	(7.3)	(1.1)	(14.1)	(12.6)	(1.5)
Other	(3.3)	(0.3)	(3.0)	(3.3)	(1.9)	(1.4)
Net monetary variation + Other (iii)	(11.7)	(7.6)	(4.1)	(17.3)	(14.5)	(2.8)
Net finance costs (i + ii + iii)	(4.9)	(12.0)	7.1	(8.9)	(18.0)	9.1

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Net interest income (expense) (i):

Interest income on financial investments: The increase of R\$ 7.1 million from 2Q21 to 2Q22 was due to the increase in the average amount of financial investments to R\$ 200.7 million in 2Q22 from R\$ 190.4 million in 2Q21, coupled with the increase in the average interest rates (considering the consolidation of Brazil and Argentina: 19.0% p.a. in 2Q22 and 11.1% p.a. in 2Q21). The increase of R\$ 11.4 million from 1H21 to 1H22 was due to the increase in the average amount of financial investments to R\$ 261.9 million in 1H22 from R\$ 155.1 million in 1H21, coupled with the increase in the average interest rates (16.2% p.a. in 1H22 and 6.9% p.a. in 1H21).

Interest expense on loans and borrowings: The increase of R\$ 0.6 million from 2Q21 to 2Q22 was due to the increase in the average amount of borrowings to R\$ 417.3 million in 2Q22 from R\$ 198.6 million in 2Q21, and the change in the weighted average cost to 3.3% p.a. in 2Q22 from 3.5% p.a. in 2Q21. The decrease of R\$ 4.4 million from 1H21 to 1H22 was due to the increase in the average amount of borrowings to R\$ 330.5 million in 1H22 from R\$ 156.2 million in 1H21, partially offset by the decrease in the weighted average cost to 3.4% p.a. in 1H22 from 4.0% p.a. in 1H21. For further details on borrowings denominated in Brazilian real (BRL) and borrowings denominated in foreign currencies (without effect of movements in exchange rates) and weighted average costs, see item 4.16 in this report and Note 17 to the interim financial statements for the period ended June 30, 2022.

Other interest income: in 2Q21, there was an increase of R\$ 7.9 million due to interest on ICMS excluded from the tax base of PIS and COFINS.

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

Averages	2Q22 (a)	2Q21 (b)	Change (a-b)	1H22 (c)	1H21 (d)	Change (c-d)
Investment interest rate	19.0%	11.1%	7.9%	16.2	6.9%	9.3%
Cost of debt	3.3%	3.5%	-0.2%	3.4%	4.0%	-0.6%
Investments (in millions of R\$)	200.7	190.4	5.4%	261.9	155.1	68.9%
Debt (in millions of R\$)	(417.3)	(198.6)	110.1%	(330.5)	(156.2)	111.6%

Net effect of movements in exchange rates and loss on derivatives (ii): It is worth mentioning that these two line items "Net effect of movements in exchange rates" and "Gain (loss) on derivatives" should always be analyzed together,

because the Company monitors and manages its foreign currency exposures and continually assesses whether it needs to use derivatives to hedge its foreign exchange risk. The objective of the currency hedging program is to minimize foreign exchange risks that could arise from adverse market conditions and negatively impact the Company's profits. Also with respect to foreign exchange risks, the hedging policy is to protect the estimated cash flow position (budget) and actual cash flow (balance sheet) denominated in and/or indexed to foreign currency through the use of derivative financial instruments (NDF – Non-Deliverable Forwards). Additional information about financial instruments is presented in Note 31 to the Interim Financial Statements for the period ended June 30, 2022.

Other transactions: The increase of R\$ 18.6 million from 1H21 to 1H22 was mainly due to the dividends received and receivable from subsidiary MAHLE Austria, which were hedged with NCE (export credit notes).

Net monetary variation + Other (iii): The changes were 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\$ 67.3 million at June 30, 2022 in the consolidated financial statements (expense of R\$ 97.1 million at June 30, 2021), as detailed below:

- Current tax: expense of R\$ 74.5 million generated principally by the parent company and its subsidiary MAHLE Argentina S/A;
- Deferred tax: income of R\$ 7.2 million with no impact on cash, comprising mainly changes in provisions.

Additional information on income tax and social contribution is presented in Note 11 to the Interim Financial Statements for the period ended June 30, 2022.

4.14 Net profit and adjusted net profit

Summary of profit and loss accounts (in millions of R\$)	2Q22 (a)	2Q21 (b)	1H22 (c)	1H21 (d)	HA (%) (a/b)	HA (%) (c/d)
Net profit attributable to owners of the Company	114.9	170.0	237.9	296.2	-32.4%	-19.7%
Tax credits arising from the exclusion of ICMS from the tax base of PIS and COFINS	-	(88.8)	-	(88.8)		
Interest income on tax credit	-	(7.9)	-	(7.9)		
Income tax and social contribution (adjustments)	-	32.9	-	32.9		
Adjusted net profit attributable to owners of the Company	114.9	106.2	237.9	232.4	8.2%	2.4%
Net margin attributable to owners of the Company	11.3%	19.1%	12.5%	17.2%	-7.8 p.p.	-4.7 p.p.
Adjusted net margin attributable to owners of the Company	11.3%	11.9%	12.5%	13.5%	-0.6 p.p.	-1 p.p.

Additional information on earnings per share is presented in Note 23 to the Interim Financial Statements for the period ended June 30, 2022.

4.15 Capital expenditures

The table below shows capital expenditures and total accumulated depreciation for 1H22 and 1H21:

Capex & Depreciation (in millions of R\$)	1H22	1H21
Capex	39.3	26.9
Total depreciation	50.0	50.9
Capex	1H22	1H21
% of net sales revenue	2.1%	1.6%
% of depreciation	78.6%	52.8%
Net sales revenue	1,909.4	1,724.1

In 1H22, 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.

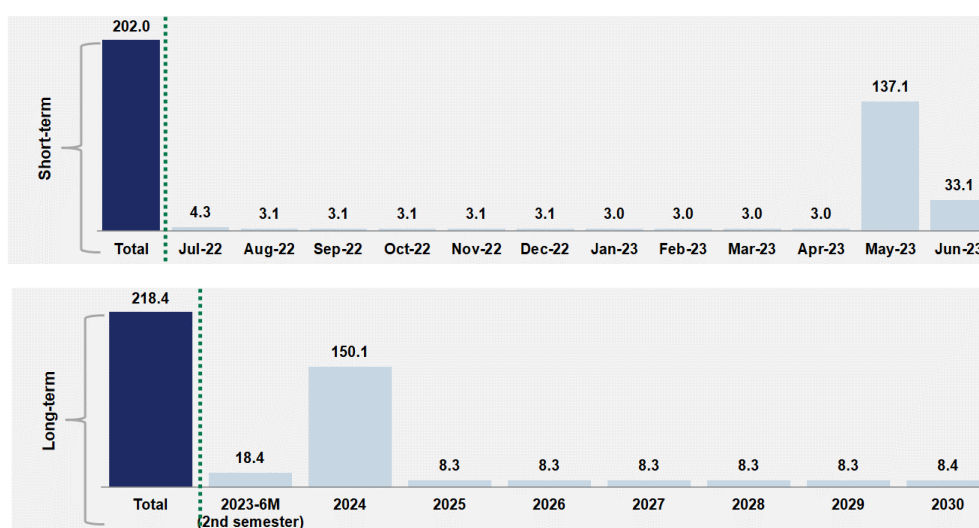
4.16 Net cash (debt)

The Company reported net debt of R\$ 203.0 million at the end of 1H22 and net cash of R\$ 246.4 million at the end of 2021, as shown in the table below:

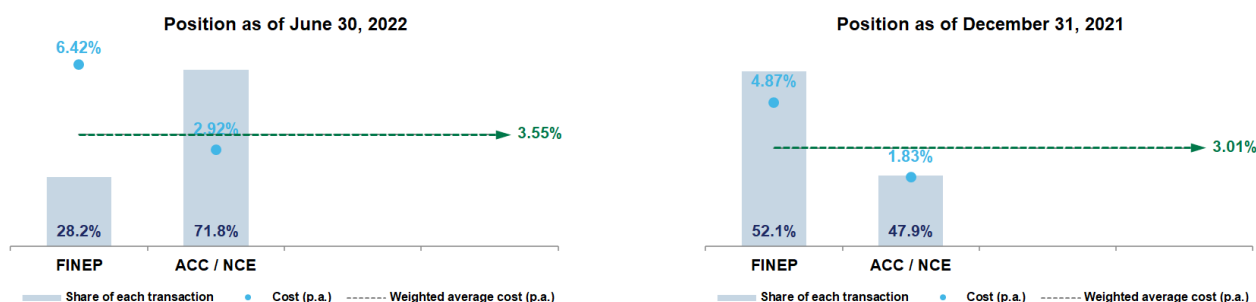
Net cash (debt) (in millions of R\$)	June 30, 2022 (a)	December 31, 2021 (b)	Change (a-b)	Debt % (a)	Debt % (b)
Cash / banks / financial investments / loans (i):	217.4	508.8	(291.4)		
Loans and borrowings (ii):	(420.4)	(262.4)	(157.9)	100.0%	100.0%
Short-term	(202.0)	(162.8)	(39.3)	48.1%	62.0%
Long-term	(218.4)	(99.6)	(118.8)	51.9%	38.0%
Net cash (debt) (i - ii):	(203.0)	246.4	(449.3)		

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 borrowings classified into short-term and long-term at the end of 1H22, which represents 48.1% and 51.9%, 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:



4.17 Distribution of dividends and interest on capital to shareholders

The Ordinary General Meeting approved on April 27, 2022 the distribution of R\$ 469.3 million relating to the financial year 2021. The Company distributed R\$ 539.2 million of dividends for the full year, totaling 100.0% of the net profit for the year (after legal deductions).

Date of approval	Record date	Ex-dividend 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\$)
April 27, 2022	April 27, 2022	April 28, 2022	May 27, 2022	Dividends	Supplementary dividends	2021	404.4	3.151996	3.151996
April 27, 2022	April 27, 2022	April 28, 2022	May 27, 2022	Dividends	Remaining mandatory minimum dividends	2021	64.9	0.505706	0.505706
December 27, 2021	December 27, 2021	January 3, 2022	May 27, 2022	Interest on capital	January 1, 2021 to December 31, 2021	2021	69.9	0.544959	0.463215
Total 2021							539.2	4.202662	4.120918

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For more information about payout, please visit our website <https://ri.mahle.com.br/acoef/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 its potential impacts on the Company's operations and the safety of the Company's workers and their families, and society.

Since the first quarter of 2020 the Company has 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.

In spite of the business and economic challenges posed by the COVID-19 pandemic, to date the Company has identified no potential significant signs of default for its trade accounts receivable.

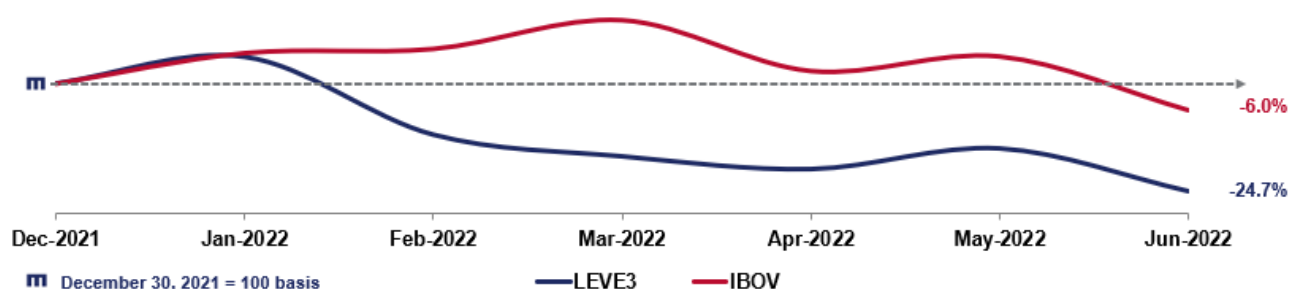
6. Investor Relations and Capital Market

During 2022, our Investor Relations team stayed connected to investors and the general market whilst working remotely from home due to social distancing measures required to control the spread of COVID-19.

The use of digital tools has helped us work together efficiently and to interact with our investors during the pandemic. In-person meetings, conferences and site visits have not yet been rescheduled.

6.1 Stock performance and free float

The graphs below show the market performance of LEVE3 stock and Ibovespa¹ during 1H22, and Average Daily Trading Volume (ADTV) and the ratio of average turnover to free-float market capitalization:

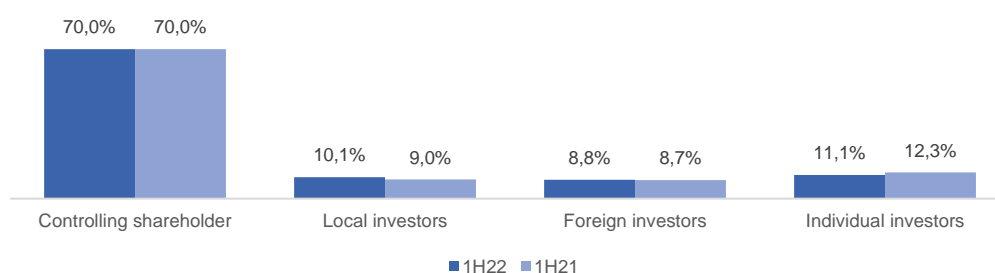


¹ IBOVESPA is a major stock market index which tracks the performance of the most liquid stocks traded on Brazil's Stock Exchange B3 - Brasil, Bolsa, Balcão.

Average Daily Trading Volume and Turnover Rate				
Period:	3Q21	4Q21	1Q22	2Q22
Trading Volume (in millions of R\$):	22.0	19.9	8.8	8.1
Turnover (%):	1.63%	1.52%	0.79%	0.86%

6.2 Shareholder structure

At the end of 1H22 and 1H21, the Company's existing shareholder base and free float are as follows:



7. Independent Auditors

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

During the second quarter of 2022, the Company did not engage KPMG Auditores Independentes to perform non-audit services and there is, therefore, no situation that could constitute conflict of interest under that Instruction.

8. Executive Board's Declaration

In compliance with the provisions of CVM Instruction 480, the Executive Board hereby declares that it has discussed, reviewed and agrees with the interim financial statements for the period ended June 30, 2022 and the conclusions expressed in the independent auditor's report.

9. Acknowledgements

We would like to thank our employees, shareholders, customers and suppliers for their continued support and trust in our Company in the second quarter of 2022.

The Management Board

10. Appendices

10.1. Balance sheet

BALANCE SHEET (CONSOLIDATED)	June 30, 2022	December 31, 2021
ASSETS	2,877.2	2,941.0
Current assets	1,638.2	1,601.0
Cash and cash equivalents	46.0	43.4
Financial investments	132.2	317.7
Trade and other receivables	695.4	567.1
Inventories	611.4	513.3
Taxes recoverable	42.9	54.9
Current tax assets	48.2	69.9
Other assets	62.1	34.7
Non-current assets	1,239.0	1,340.1
Deferred tax assets	19.3	14.6
Loans to related parties	39.2	147.7
Taxes recoverable	154.9	133.2
Property, plant and equipment	599.6	617.8
Intangible assets	390.6	391.3
Right-of-use assets	7.9	8.0
Other assets	27.5	27.5
LIABILITIES AND EQUITY	2,877.2	2,941.0
Current liabilities	897.1	844.0
Employee benefits	128.8	101.5
Trade and other payables	368.4	280.4
Lease liabilities	5.7	9.4
Current tax liabilities	39.0	35.0
Loans and borrowings	202.0	162.8
Provisions	66.1	61.0
Other liabilities	87.1	193.9
Non-current liabilities	507.7	386.2
Loans and borrowings	218.4	99.6
Lease liabilities	3.3	0.5
Deferred tax liabilities	12.3	14.9
Provision for contingencies and judicial deposits associated with lawsuits	269.2	266.6
Provisions	4.5	4.6
Other liabilities		
Consolidated equity	1,472.4	1,710.8
Share capital	966.3	966.3
Revenue reserves	342.6	342.6
Special reserve	175.6	175.6
Retained earnings	238.1	-
Additional dividends proposed	-	404.4
Carrying amount adjustments	33.9	28.3
Cumulative translation adjustments	(278.5)	(202.4)
Non-controlling interests	(5.6)	(4.0)

10.2. Statement of income

STATEMENT OF INCOME (CONSOLIDATED)	June 30, 2022 (a)	June 30, 2021 (b)	Change (a/b)
Net revenue from sale of goods and/or services	1,909.4	1,724.1	10.7%
Cost of sales	(1,414.2)	(1,206.8)	17.2%
Gross profit	495.2	517.3	-4.3%
Operating income (expenses)	(182.8)	(105.7)	72.9%
Selling expenses	(134.9)	(111.9)	20.6%
Impairment loss on trade receivables	0.3	3.6	-91.7%
General and administrative expenses	(53.4)	(51.7)	3.3%
Research and development expenses	(22.7)	(26.8)	-15.3%
Other operating income (expenses), net	(12.3)	55.9	-122.0%
Gain (losses) on inflation adjustment	40.2	25.3	58.9%
Share of profit of equity-accounted investees	-	(0.1)	-100.0%
Profit before finance income and costs	312.4	411.6	-24.1%
Finance income	154.5	91.4	69.0%
Finance costs	(163.4)	(109.4)	49.4%
Profit before tax	303.5	393.6	-22.9%
Current income tax and social contribution	(74.5)	(71.3)	4.5%
Deferred income tax and social contribution	7.2	(25.8)	-127.9%
Profit for the period	236.2	296.5	-20.3%
Profit attributable to owners of the Company	237.8	296.2	-19.7%
Profit (loss) attributable to non-controlling interests	(1.6)	0.3	-633.3%
Basic/diluted earnings per share (R\$)	1.85369	2.30886	-19.7%

10.3. Statement of cash flows

STATEMENT OF CASH FLOWS (CONSOLIDATED)	June 30, 2022	June 30, 2021
Cash flows from operating activities		
Profit before tax	303.5	393.6
Depreciation and amortization	47.6	50.4
Share of profit of equity-accounted investees	-	0.1
Net finance costs	11.9	31.0
Unrealized gains (losses) on financial instruments	6.2	(1.0)
Gain on sale of property, plant and equipment	(0.0)	(0.0)
(Reversal of) impairment losses on trade receivables	(0.7)	(3.6)
(Reversal of) provision for contingencies	7.6	26.5
(Reversal of) warranty provision	(0.7)	3.0
(Reversal of) sundry provisions	6.3	9.2
(Reversal of) impairment losses on property, plant and equipment and intangible assets	(0.3)	(0.5)
(Reversal of) inventory losses	(0.4)	(5.8)
Interest expense on lease liabilities	0.4	1.3
Gain on inflation adjustments	(40.2)	(25.3)
Tax credits (exclusion of ICMS from tax base of PIS and COFINS)	(21.2)	(96.7)
Changes in assets and liabilities		
Trade and other receivables	(127.1)	(110.4)
Inventories	(95.4)	(126.0)
Current tax assets	13.6	(11.7)
Other assets	(18.5)	(14.5)
Trade and other payables	90.2	47.7
Employee benefits	27.2	48.5
Tax liabilities	9.3	(18.4)
Other liabilities	(10.3)	(16.8)
Cash generated from operating activities	213.6	180.6
Income tax and social contribution paid	(54.6)	(49.4)
Net cash from operating activities	159.0	131.2
Net cash from (used in) investing activities	54.4	(8.8)
Loans to related parties	(657.0)	(596.7)
Loan payments received from related parties	748.1	616.7
Acquisition of property, plant and equipment	(36.9)	(29.1)
Additions to intangible assets	(0.1)	(0.3)
Proceeds from sale of property, plant and equipment	0.3	0.6
Net cash used in financing activities	(373.2)	(471.0)
Proceeds from loans and borrowings	289.3	55.5
Repayment of principal of borrowings	(123.3)	(389.7)
Payment of interest on borrowings	(3.5)	(21.9)
Dividends and interest on capital paid	(529.4)	(108.5)
Payments of principal and interest on lease liabilities	(6.3)	(6.4)
Effect of movements in exchange rates on cash held	(23.1)	(12.6)
Net decrease in cash and cash equivalents	(182.9)	(361.2)
Cash and cash equivalents at the beginning of the period	361.1	607.8
Cash and cash equivalents at the end of the period	178.2	246.6
Net decrease in cash and cash equivalents	(182.9)	(361.2)