

Mogi Guaçu, São Paulo, March 14, 2022 - MAHLE Metal Leve S.A. (B3: LEVE3), a Brazilian automotive parts company that manufactures and sells components for internal combustion engines and automotive filters, today announced financial results for the fourth quarter and full year ended December 31, 2021. 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.

Fourth Quarter and Full Year 2021 Earnings Conference Call and Webcast

Date: March 15, 2022

Time

12 noon – Brasília
3:00 p.m. – London
11:00 a.m. – New York

Webcast in Portuguese
(original)

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(simultaneous translation)

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Dial-in numbers

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HIGHLIGHTS

Net Sales Revenue: R\$ 3,615.1 million in 2021, an increase of 50.5% year-over-year. In 4Q21, net sales revenue grew 21.2% versus the same quarter of 2020;

Domestic Aftermarket: Full-year 2021 sales grew 41.0% year-over-year, while 4Q21 sales grew 21.2% compared with the same quarter of the prior year (See details in items [5.1](#) and [5.3](#));

Domestic Original Equipment Market: Full-year 2021 sales grew 62.8% compared with fiscal year 2020, while 4Q21 sales increased 17.0% versus the same quarter of 2020 (See details in items [5.1](#) and [5.2](#)). In 2021, consolidated vehicle production grew 18.2% (item [4.3](#)), the Brazilian market grew 11.6% (item [4.1](#)) and the Argentine market grew 68.8% (item [4.2](#));

Interest on capital (gross): In 2021, the Board of Directors of the Company approved a distribution of R\$ 69.9 million (See details in item [5.17](#));

Transparency Trophy: In 2021, MAHLE Metal Leve won for the 8th consecutive year from the National Association of Finance, Administration and Accounting Executives (ANEFAC) the award for the quality and transparency of its financial statements for the financial year 2020;

Key indicators								
(in millions of R\$)	2021 (a)	2020 (b)	(a/b)	4Q21 (c)	3Q21 (d)	4Q20 (e)	(c/d)	(c/e)
Net sales revenue	3,615.1	2,402.6	50.5%	941.5	949.5	776.7	-0.8%	21.2%
EBITDA	823.1	296.2	177.9%	164.6	196.4	131.4	-16.2%	25.3%
Adjusted EBITDA ¹	726.4	412.4	76.1%	167.2	185.9	137.1	-10.1%	22.0%
EBITDA margin	22.8%	12.3%	10.5 p.p.	17.5%	20.7%	16.9%	-3.2 p.p.	0.6 p.p.
Adjusted EBITDA margin ¹	20.1%	17.2%	2.9 p.p.	17.8%	19.6%	17.7%	-1.8 p.p.	0.1 p.p.
Net profit	566.9	124.5	355.3%	130.8	139.9	100.8	-6.5%	29.8%
Adjusted net profit ²	496.3	203.9	143.4%	131.5	132.4	104.6	-0.7%	25.7%
Net margin	15.7%	5.2%	10.5 p.p.	13.9%	14.7%	13.0%	-0.8 p.p.	0.9 p.p.
Adjusted net margin ²	13.7%	8.5%	5.2 p.p.	14.0%	13.9%	13.5%	0.1 p.p.	0.5 p.p.

¹ Adjusted EBITDA: Details of adjustments are included in item [5.11](#) of this report.

² Adjusted net profit: Details of adjustments are included in item [5.14](#) of this report.

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16.3	Statement of cash flows	Erro! Indicador não definido.

DEAR SHAREHOLDERS,

In compliance with applicable laws and regulations, the Company Management Board hereby submits to you the Management Report and the Financial Statements with the Independent Auditor's Report and the Report of the Supervisory Board for the fiscal year ended December 31, 2021.

1. Management Commentary

The business environment was challenging throughout 2021. The entire supply chain was significantly affected by product shortages and price increases. The global supply chain crisis was aggravated by the shipping container shortage and lack of ships, associated with the shortage of raw materials such as steel, resin, imported products. As a result, in addition to rising product prices, there has been a significant increase in freight prices and air freight rates.

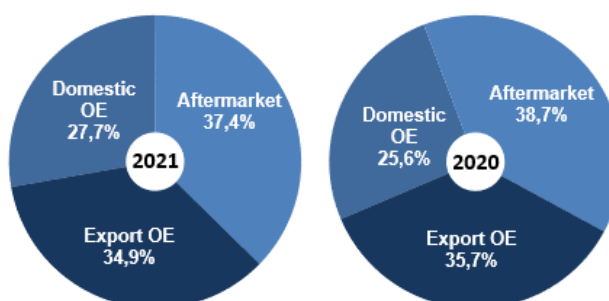
There is still a high degree of uncertainty surrounding the future developments of the pandemic and the global economic recovery, and various industry segments, including the sector in which the Company operates, may be adversely affected in the future. For example, Brazil's new car market continues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

We will continue to monitor developments very closely and will adapt accordingly.

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

The Company reported growth of 50.5% in 2021 net revenue compared with fiscal year 2020, due to an increase in Aftermarket sales (+45.5%), domestic OE market (+62.8%), and OE exports (+47.0%). The Company's 4Q21 net revenue grew 21.2% compared with the same quarter of 2020, due to an increase in Aftermarket sales (+29.7%), domestic OE market (+17.0%) and OE exports (+15.1%).

The charts below show the Company's revenue by business segment in fiscal years 2021 and 2020:



In 2021, the Company reported an adjusted EBITDA margin of 20.1% (17.2% in 2020) with adjusted EBITDA of R\$ 726.4 million (R\$ 412.4 million in 2020). Adjusted EBITDA margin for 4Q21 was 17.8% (R\$ 167.2 million) versus 17.7% in 4Q20 (R\$ 137.1 million). The adjustments relate to non-recurring events. See items 5.11 and 5.14 for details.

Despite unprecedented challenges in the second year of the COVID-19 pandemic, the Company continues to show resilience. This resilience was a result of unwavering commitment of personnel and close relationship with stakeholders, as well as a consolidated research and technology infrastructure that allows us to bring state-of-the-art products and quality services to market faster.

Our strategy goes beyond financial results. We also take care of people while strengthening our employer brand internally and externally to enable streamlined staffing for current and future projects.

Tomorrow's workplace will be increasingly complex and fast changing and will require efficient decision-making, so it is necessary to have initiative, mutual trust and motivated teams that come up with innovative ideas on the way towards transformation. It is essential that we maximize our potential by working together as one team to make MAHLE fit for the future. Our principles of leadership will help us achieve this goal, guiding us and keeping us on the right track".

The Company continues to closely monitor the COVID-19 pandemic 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 has taken a series of measures in line with the recommendations and guidance from health authorities and stringent

sanitizing protocols and has allowed employees who can work remotely (for example, administrative staff) to work from home.

Our industry is undergoing and will continue to undergo a profound transformation – one that goes far beyond a technological change and was accelerated even more by the coronavirus crisis. To successfully shape the transformation, we need to make our organization more agile and flexible and make decisions quickly. The way we lead and deal with different issues, working together to handle the new and dynamic circumstances, encourages people to assume a protagonist role.

2. Macroeconomic Scenario and Outlook

In 2021, Brazil's business environment was marked principally by inflationary pressure and raw material and product shortages across various sectors of the economy. One of the major concerns for the automotive industry, where the Company operates, has been the shortage of semiconductors.

Despite uncertainties brought by the COVID-19 pandemic, the global economy has moved toward recovery in 2021, but in Brazil caution was observed since the Brazilian economy is influenced by what happens abroad. There is still great uncertainty as the pandemic situation is different from what happened with other pandemics.

In Brazil, there has been an increase in infections of the highly transmissible Omicron variant, the virus that causes COVID-19. Although the case numbers are falling, the COVID-19 pandemic is not over yet.

According to the International Monetary Fund (IMF), in 2022 the countries will grow at an uneven pace due to unequal access to vaccinations.

The outlook for Brazil in 2022 is challenging as Brazil has a presidential election this year, inflation keeps accelerating, with price increases spread across various components, and can be aggravated by an energy crisis. High input prices are expected to persist in the short term while service sector inflation accelerated, reflecting a gradual recovery in the sector.

In the international scenario, the ongoing tensions caused by Russia-Ukraine conflict and persistently elevated inflation could trigger aggressive monetary tightening in the United States, possibly leading to tighter financing conditions in emerging markets. Furthermore, a new wave of COVID-19 inflections has increased uncertainty about the pace of activity and further delayed normalization of global supply chain woes.

3. 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.

4. Development of the Automotive Industry

4.1 Development of the Brazilian market

Brazilian automotive industry												
Segments	Jan-Dec 2021					Jan-Dec 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	1,977,110	349,450	-247,921	-8,077	2,070,562	1,954,819	306,968	-207,683	-149,390	1,904,714	1.1%	8.7%
Total medium and heavy vehicles	142,741	26,933	-5,857	13,874	177,691	103,618	17,362	-3,936	-7,703	109,341	37.8%	62.5%
Total vehicle sales	2,119,851	376,383	-253,778	5,797	2,248,253	2,058,437	324,330	-211,619	-157,093	2,014,055	3.0%	11.6%
Variation (un) - 2021 x 2020	61,414	52,053	42,159	-162,890	234,198							
Variation (%) - 2021 x 2020	3.0%	16.0%	19.9%	-103.7%	11.6%							

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	Oct	Nov	Dec	Total
2020	191.7	204.2	190.0	1.8	43.1	98.4	170.7	210.0	220.2	236.5	238.2	209.3	2,014.1
2021	200.4	197.0	200.3	190.9	192.8	167.5	164.2	165.3	174.1	179.0	205.9	210.9	2,248.3

Total monthly sales (thousand units)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2020	193.5	201.0	163.6	55.7	62.2	132.8	174.5	183.4	207.7	215.0	225.0	244.0	2,058.4
2021	171.1	167.4	189.4	175.1	188.7	182.5	175.5	172.8	155.1	162.3	173.0	207.1	2,120.0

Brazil's vehicle inventory (days)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2020	43	37	48	128	80	36	23	20	20	18	15	12
2021	18	18	16	17	16	15	15	15	17	17	15	16

Source: Anfavea

4.2 Development of the Argentine market

Argentine automotive industry			
Sales of vehicles (locally manufactured and imported)	Jan-Dec 2021 (A)	Jan-Dec 2020 (B)	A/B
Total light vehicles	334,389	312,789	6.9%
Total medium- and heavy-duty vehicles	14,827	10,510	41.1%
Total vehicle sales	349,216	323,299	8.0%
Exports	259,287	137,891	88.0%
Imports	159,868	191,730	-16.6%
Trade balance	99,419	(53,839)	284.7%
Change in vehicle inventory in the period (*)	3,834	269	1325.3%
Production of light vehicles	434,753	257,187	69.0%
Production of heavy-duty vehicles	2,889	2,032	42.2%
Total vehicle production	437,642	259,219	68.8%

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

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

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

Production and sales: Brazil & Argentina	Vehicle production			Vehicle sales		
	Jan-Dec 2021	Jan-Dec 2020	Change	Jan-Dec 2021	Jan-Dec 2020	Change
Light vehicles	2,505,315	2,161,901	15.9%	2,311,500	2,267,608	1.9%
Medium- and heavy-duty vehicles	180,580	111,373	62.1%	157,568	114,128	38.1%
Total	2,685,895	2,273,274	18.2%	2,469,068	2,381,736	3.7%

Source: Anfavea and Adefa.

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4.4 Vehicle production in the major export markets

Vehicle production in the leading export markets (thousands)	Jan-Dec 2021 (A)	Jan-Dec 2020 (B)	A/B
Production of light vehicles	12,941	13,024	-0.6%
Production of medium- and heavy-duty vehicles	577	460	25.4%
North America	13,518	13,484	0.2%
Production of light vehicles	15,674	16,571	-5.4%
Production of medium- and heavy-duty vehicles	588	514	14.5%
Europe	16,262	17,085	-4.8%
Total vehicle production	29,780	30,570	-2.6%

Source: IHS

5. Company's Financial and Economic Performance

Summary of profit and loss accounts (in millions of R\$)	2021 (a)	2020 (b)	HA (%) (a/b)	VA (%) (a)	VA (%) (b)	4Q21 (c)	4Q20 (d)	HA (%) (c/d)	VA (%) (c)	VA (%) (d)
Net sales revenue	3,615.1	2,402.6	50.5%	100.0%	100.0%	941.5	776.7	21.2%	100.0%	100.0%
Cost of sales	(2,620.8)	(1,775.6)	47.6%	-72.5%	-73.9%	(721.3)	(546.9)	31.9%	-76.6%	-70.4%
Gross profit	994.3	627.0	58.6%	27.5%	26.1%	220.2	229.8	-4.2%	23.4%	29.6%
Selling and distribution expenses	(232.3)	(165.9)	40.0%	-6.4%	-6.9%	(60.2)	(47.0)	28.1%	-6.4%	-6.1%
General and administrative expenses	(109.8)	(95.4)	15.1%	-3.0%	-4.0%	(31.4)	(26.5)	18.5%	-3.3%	-3.4%
Research and development expenses	(51.5)	(64.1)	-19.7%	-1.4%	-2.7%	(10.9)	(20.8)	-47.6%	-1.2%	-2.7%
¹ Other operating income/(expenses)	74.6	(148.0)	150.4%	2.1%	-6.2%	12.6	(41.2)	-130.6%	1.3%	-5.3%
Share of profit/(loss) of equity-accounted investees	3.3	(0.1)	3400.0%	0.1%	0.0%	-	(0.0)	100.0%	0.0%	0.0%
Gains/(losses) on inflation adjustment	44.1	40.1	10.0%	1.2%	1.7%	9.2	12.0	-23.3%	1.0%	1.5%
Operating profit	722.7	193.6	273.3%	20.0%	8.1%	139.5	106.3	31.2%	14.8%	13.7%
Net finance income/(costs)	(8.9)	(86.0)	-89.7%	-0.2%	-3.6%	3.2	(12.4)	-125.8%	0.3%	-1.6%
² Income tax and social contribution	(147.1)	14.6	-1107.5%	-4.1%	0.6%	(12.3)	7.7	-259.7%	-1.3%	1.0%
Profit for the year	566.7	122.2	363.7%	15.7%	5.1%	130.4	101.6	28.3%	13.9%	13.1%
Profit attributable to owners of the Company	566.9	124.5	355.3%	15.7%	5.2%	130.8	100.8	29.8%	13.9%	13.0%
Adjusted profit attributable to owners of the Company	496.3	203.9	143.4%	13.7%	8.5%	131.5	104.6	25.7%	14.0%	13.5%
Profit attributable to non-controlling interests	(0.2)	(2.3)	91.3%	0.0%	-0.1%	(0.4)	0.8	-150.0%	0.0%	0.1%
EBITDA	823.1	296.2	177.9%	22.8%	12.3%	164.6	131.4	25.3%	17.5%	16.9%
Adjusted EBITDA	726.4	412.4	76.1%	20.1%	17.2%	167.2	137.1	22.0%	17.8%	17.7%
Margins:										
Gross margin	27.5%	26.1%	1.4 p.p.			23.4%	29.6%	-6.2 p.p.		
Operating margin	20.0%	8.1%	11.9 p.p.			14.8%	13.7%	1.1 p.p.		
Net margin	15.7%	5.1%	10.6 p.p.			13.9%	13.1%	0.8 p.p.		
Net margin attributable to owners of the Company	15.7%	5.2%	10.5 p.p.			13.9%	13.0%	0.9 p.p.		
Adjusted net margin attributable to owners of the Company	13.7%	8.5%	5.2 p.p.			14.0%	13.5%	0.5 p.p.		
EBITDA margin	22.8%	12.3%	10.5 p.p.			17.5%	16.9%	0.6 p.p.		
Adjusted EBITDA margin	20.1%	17.2%	2.9 p.p.			17.8%	17.7%	0.1 p.p.		
Selling, general and administrative expenses as a percentage of revenue	9.5%	10.9%	-1.4 p.p.			9.7%	9.5%	0.2 p.p.		

¹ Additional information is included in item 5.10 below.

² Additional information is included in item 5.13 below.

5.1 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 impacts in terms of volume/price and exchange rate changes period over period:

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Net revenue by market (in millions of R\$)		2021 (a)	Volume/Price (b)	Exchange rate change (c)	2020 (d)	Volume/price impact % (b/d)	Exchange rate impact % (c/d)	HA (%) (a/d)
Original Equipment	Domestic ¹	1,002.3	398.6	(12.1)	615.8	64.7%	-1.9%	62.8%
	Export	1,261.5	199.7	203.7	858.1	23.3%	23.7%	47.0%
	Subtotal	2,263.8	598.3	191.6	1,473.9	40.6%	13.0%	53.6%
Aftermarket	Domestic ¹	1,051.2	367.5	(61.9)	745.6	49.3%	-8.3%	41.0%
	Export	300.1	108.2	8.8	183.1	59.1%	4.8%	63.9%
	Subtotal	1,351.3	475.7	(53.1)	928.7	51.2%	-5.7%	45.5%
Total		3,615.1	1,074.0	138.5	2,402.6	44.7%	5.8%	50.5%

¹ Domestic market comprises Brazil and Argentina.

Net revenue by market (in millions of R\$)		4Q21 (a)	Volume/Price (b)	Exchange rate change (c)	4Q20 (d)	Volume/price impact % (b/d)	Exchange rate impact % (c/d)	HA (%) (a/d)
Original Equipment	Domestic ¹	246.2	36.3	(0.6)	210.5	17.2%	-0.2%	17.0%
	Export	308.2	20.8	19.6	267.8	7.8%	7.3%	15.1%
	Subtotal	554.4	57.1	19.0	478.3	11.9%	4.0%	15.9%
Aftermarket	Domestic ¹	302.8	59.2	(6.2)	249.8	23.7%	-2.5%	21.2%
	Export	84.3	34.5	1.2	48.6	71.0%	2.5%	73.5%
	Subtotal	387.1	93.7	(5.0)	298.4	31.4%	-1.7%	29.7%
Total		941.5	150.8	14.0	776.7	19.4%	1.8%	21.2%

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 5.39503 in 2021 versus USD/BRL 5.15584 in 2020, i.e., an increase of 4.6%. The average Euro rate in 2021 was EUR/BRL 6.38129 versus EUR/BRL 5.89216 in 2020, i.e., a change of 8.3%.

5.2 Original Equipment (OE) sales

The increase in the Company's sales was due to the recovery of the market that has seen a significant growth in vehicle production in 2021, principally in the heavy-duty vehicle segment. OES sales also contributed to the increase in sales, combined with higher profit margins from increase in market share.

Domestic market:

In 2021, the domestic OE market grew by 62.8% - volume/price increase of 64.7%, partially offset by the effect of movements in exchange rates of -1.9%. In 4Q21, this market grew by 17.0% - volume/price increase of 17.2%, partially offset by the effect of movements in exchange rates of -0.2%. 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), respectively, grew by 18.2% in 2021, hence, the Company performed better than the market, with growth of 62.8% in the same period.

Export market:

In 2021, the foreign market grew by 47.0% - volume/price increase of 23.3% plus positive effects of movements in exchange rates of +23.7%. In 4Q21, this market grew by 15.1% - volume/price increase of 7.8% plus positive effects of movements in exchange rates of +7.3%.

The table below presents exports in hard currency:

Exports by currency (in millions)	2021 (a)	2020 (b)	HA (%) (a/b)
Original Equipment			
EUR	78.6	66.4	18.4%
USD	150.7	103.3	45.9%
Total equivalent in USD	240.3	176.3	36.3%

Exports by currency (in millions)	4Q21 (a)	4Q20 (b)	HA (%) (a/b)
Original Equipment			
EUR	17.3	18.8	-8.0%
USD	38.3	30.8	24.4%
Total equivalent in USD	54.4	52.9	6.6%

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5.3 Aftermarket sales

Our positive performance was driven by surging market demand, principally in the heavy-duty vehicle segment, and stock replenishment by distributors who saw more favorable conditions in 2021 than in 2020. It is worth mentioning that the sales of our customers (distributors) were affected to a lesser extent by the COVID-19 crisis and, after reducing their purchases during the most critical period of the pandemic, they are now replenishing their inventories.

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

Domestic market:

In 2021, the domestic market grew by 41.0% - volume/price increase of 49.3%, partially offset by the effects of movements in exchange rates of -8.3%. In 4Q21, this market grew by 21.2% - volume/price increase of 23.7%, partially offset by the effects of movements in exchange rates of -2.5%.

Export market:

The export market grew by 63.9% in 2021 compared with 2020 - volume/price increase of 59.1% plus positive effects of movements in exchange rates of 4.8%. In 4Q21, this market grew by 73.5% compared with 4Q20 - positive effects of movements in exchange rates of 71.0% and volume/price increase of 2.5%.

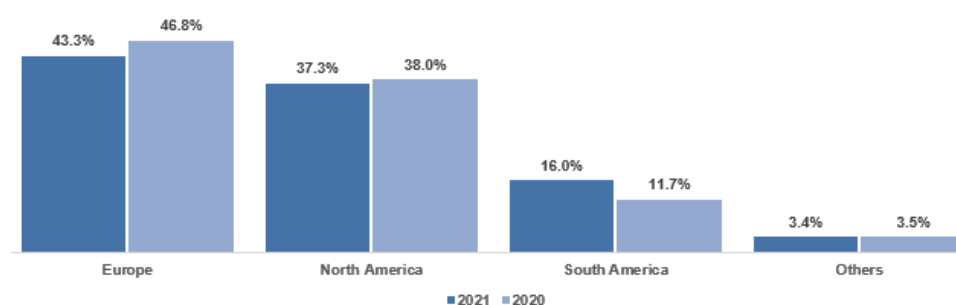
The table below shows Aftermarket segment's exports in hard currency:

Exports by currency (in millions)	2021 (a)	2020 (b)	HA (%) (a/b)
Aftermarket			
EUR	2.4	1.7	41.2%
USD	53.1	34.2	55.3%
Total equivalent in USD	55.9	36.0	55.3%

Exports by currency (in millions)	4Q21 (a)	4Q20 (b)	HA (%) (a/b)
Aftermarket			
EUR	1.1	0.2	450.0%
USD	14.0	8.8	59.1%
Total equivalent in USD	15.3	9.0	70.0%

5.4 Consolidated export by region

The graph below shows our exports by geographic region for fiscal years 2021 and 2020:



5.5 Net revenue by segment

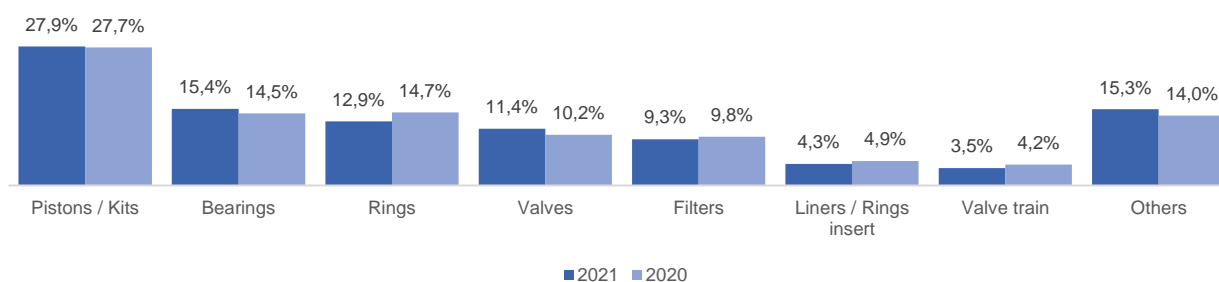
In 2021, the engine component segment reported an increase of 51.3% in sales and the filter segment recorded growth of 43.0% compared with fiscal year 2020. In 4Q21, engine component segment's sales grew by 22.2% while the filter segment's sales grew by 12.4% compared with 4Q20.

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Net sales revenue by segment (in millions of R\$)	2021 (a)	2020 (b)	HA (%) (a/b)	VA (%) (a)	VA (%) (b)	4Q21 (c)	4Q20 (d)	HA (%) (c/d)	VA (%) (c)	VA (%) (d)
Engine components	3,278.1	2,166.9	51.3%	90.7%	90.2%	856.2	700.8	22.2%	90.9%	90.2%
Filters	337.0	235.7	43.0%	9.3%	9.8%	85.3	75.9	12.4%	9.1%	9.8%
Total	3,615.1	2,402.6	50.5%	100.0%	100.0%	941.5	776.7	21.2%	100.0%	100.0%

5.6 Net revenue by product

The graph below shows the share of each product in total sales in the fiscal years 2021 and 2020:



5.7 Gross margin

The Company ended fiscal year 2021 with a gross margin of 27.5% (26.1% in 2020), while margin in 4Q21 was 23.4% (29.6% in 4Q20), as shown in the table below:

Summary of profit and loss accounts (in millions of R\$)	2021 (a)	2020 (b)	HA (%) (a/b)	VA (%) (a)	VA (%) (b)	4Q21 (c)	4Q20 (d)	HA (%) (c/d)	VA (%) (c)	VA (%) (d)
Net sales revenue	3,615.1	2,402.6	50.5%	100.0%	100.0%	941.5	776.7	21.2%	100.0%	100.0%
Cost of sales	(2,620.8)	(1,775.6)	47.6%	-72.5%	-73.9%	(721.3)	(546.9)	31.9%	-76.6%	-70.4%
Gross profit	994.3	627.0	58.6%	27.5%	26.1%	220.2	229.8	-4.2%	23.4%	29.6%

During 2021, there were increases in raw material and input prices for the supply chains. For this reason, it is of the utmost importance to build a transparent relationship with suppliers and customers that is necessary for all parties to feel comfortable. A well-built pricing structure helps companies overcome adversity.

It is also important to identify productivity improvements to offset cost increases.

5.8 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 50.5% and 21.2% in 2021 and 4Q21, respectively.

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

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Summary of profit and loss accounts (in millions of R\$)	2021 (a)	2020 (b)	HA (%) (a/b)	VA (%) (a)	VA (%) (b)	4Q21 (c)	4Q20 (d)	HA (%) (c/d)	VA (%) (c)	VA (%) (d)
Net sales revenue	3,615.1	2,402.6	50.5%	100.0%	100.0%	941.5	776.7	21.2%	100.0%	100.0%
Selling and distribution expenses	(232.3)	(165.9)	40.0%	-6.4%	-6.9%	(60.2)	(47.0)	28.1%	-6.4%	-6.1%
General and administrative expenses	(109.8)	(95.4)	15.1%	-3.0%	-4.0%	(31.4)	(26.5)	18.5%	-3.3%	-3.4%

5.9 Research and development (R&D) expenses

The knowledge and use of new technologies enable 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. 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. Due to the COVID-19 pandemic, in 2021 the Company opted to focus on developing products that sell quickly.

Summary of profit and loss accounts (in millions of R\$)	2021 (a)	2020 (b)	HA (%) (a/b)	VA (%) (a)	VA (%) (b)	4Q21 (c)	4Q20 (d)	HA (%) (c/d)	VA (%) (c)	VA (%) (d)
Net sales revenue	3,615.1	2,402.6	50.5%	100.0%	100.0%	941.5	776.7	21.2%	100.0%	100.0%
R&D expenses	(51.5)	(64.1)	-19.7%	-1.4%	-2.7%	(10.9)	(20.8)	-47.6%	-1.2%	-2.7%

5.10 Other operating income/(expenses), net

This account records a net income of R\$ 74.6 million for 2021 versus a net expense of R\$ 148.0 million for 2020. In 4Q21, the Company reported net income of R\$ 12.6 million versus net expense of R\$ 41.2 million in 4Q20, as shown in the table below:

Other operating income/(expenses), net (in millions of R\$)	2021 (a)	2020 (b)	Change (a-b)	4Q21 (c)	4Q20 (d)	Change (c-d)
¹ Tax credits (exclusion of ICMS from PIS and COFINS tax base)	96.7	-	96.7	(2.6)	-	(2.6)
² Provision for impairment of intangible assets	-	(74.4)	74.4	-	-	-
³ Provision for/reversal of labor, civil and tax lawsuits	1.7	(65.1)	66.8	12.4	(32.3)	44.7
Provision for/reversal of obsolescence	1.3	(1.4)	2.7	0.4	(1.5)	1.9
Restructuring provision	0.8	(1.3)	2.1	0.5	(1.3)	1.8
Export expenses (Argentina)	(7.7)	(8.1)	0.4	(1.9)	(1.7)	(0.2)
Recovered taxes (Reintegra)	1.0	0.7	0.3	0.2	0.2	-
Gain/loss on sale of assets/other	(0.1)	0.4	(0.5)	(0.4)	(1.3)	0.9
Write-off of investment - Innoferm	(3.1)	-	(3.1)	-	-	-
Provision for/reversal of loss on products	(1.9)	1.8	(3.7)	(1.9)	1.8	(3.6)
Reversal of compulsory loan	-	4.3	(4.3)	-	-	-
Provision for environmental liability	(20.0)	(2.5)	(17.5)	-	(2.5)	2.5
Other income/(expenses)	5.9	(2.4)	8.3	5.9	(2.6)	8.5
Total other operating income/(expenses), net	74,6	(148,0)	222,6	12,6	(41,2)	53,8

¹ Non-recurring income from tax credits arising from the exclusion of ICMS from the PIS and COFINS tax base.

² Non-recurring expense from impairment of goodwill of subsidiary MAHLE Argentina S.A. and impairment of MBE2 project in 2020.

³ Positive change in Provision for/reversal of labor, civil and tax lawsuits was mainly due to favorable court decisions obtained by the Company.

5.11 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 full year			Changes in the fourth quarter		
	Amount	Margin		Amount	Margin
2020 EBITDA	296.2	12.3%	4Q20 EBITDA	131.4	16.9%
Gross profit	367.3		Gross profit	(9.6)	
Selling and distribution expenses	(66.4)		Selling and distribution expenses	(13.2)	
General and administrative expenses	(14.4)		General and administrative expenses	(4.9)	
Research and development expenses	12.6		Research and development expenses	9.9	
Other operating income/(expenses)	222.6		Other operating income/(expenses)	53.8	
Share of profit of equity-accounted investees	3.4		Share of profit of equity-accounted investees	-	
Gains/(losses) on inflation adjustment	4.0		Gains/(losses) on inflation adjustment	(2.8)	
Depreciation	(2.2)		Depreciation	0.0	
2021 EBITDA	823.1	22.8%	4Q21 EBITDA	164.6	17.5%
Tax credits arising from the exclusion of ICMS from the tax base of PIS and COFINS	(96.7)		Tax credits arising from the exclusion of ICMS from the tax base of PIS and COFINS	2.6	
2021 Adjusted EBITDA	726.4	20.1%	4Q21 Adjusted EBITDA	167.2	17.8%

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5.12 Net finance income/(costs)

The Company recorded net finance costs of R\$ 8.9 million and R\$ 86.0 million in 2021 and 2020, respectively, representing a positive change of R\$ 77.1 year-over-year. In 4Q21, the Company recorded net finance income of R\$ 3.2 million versus net finance costs of R\$ 12.4 million in 4Q20, representing a positive change of R\$ 15.6 million.

Net finance income/(costs) (in millions of R\$)	2021 (a)	2020 (b)	Change (a-b)	4Q21 (c)	4Q20 (d)	Change (c-d)
Interest income on financial investments	25.1	15.4	9.7	8.3	6.8	1.5
Interest expense on loans and borrowings	(14.8)	(25.7)	10.9	(2.6)	(7.4)	4.8
Other interest income/(expense)	11.6	(0.3)	11.9	2.2	(0.1)	2.3
Net interest income/(expense) (i)	21.9	(10.6)	32.5	7.9	(0.7)	8.6
1. Effect of movements in exchange rates on accounts receivable/accounts payable (1.1. + 1.2.)	(16.4)	28.6	(45.0)	(2.5)	(9.2)	6.7
1.1. Effect of movements in exchange rates	(10.9)	55.3	(66.2)	1.0	(11.3)	12.3
1.2. Foreign exchange hedge	(5.4)	(26.7)	21.3	(3.5)	2.1	(5.5)
2. Effect of movements in exchange rates on advances on foreign exchange contracts (ACC)	15.1	(68.9)	84.0	4.6	9.7	(5.1)
3. Other transactions	1.5	(4.9)	6.4	0.6	(4.4)	5.0
Net effect of movements in exchange rates and loss on derivatives (ii) - (1+2+3)	0.1	(45.2)	45.3	2.7	(3.9)	6.6
Net monetary variation	(27.0)	(24.8)	(2.2)	(6.0)	(6.1)	0.1
Other	(4.0)	(5.4)	1.4	(1.4)	(1.7)	0.3
Net monetary variation + Other (iii)	(31.0)	(30.2)	(0.8)	(7.4)	(7.8)	0.4
Net finance income/(costs) (i + ii + iii)	(8.9)	(86.0)	77.1	3.2	(12.4)	15.6

Net interest income/(expense) (i):

Interest income on financial investments: The increase of R\$ 9.7 million year-over-year was due to the increase in the average interest rates (considering the consolidation of Brazil and Argentina: 9.8% p.a. and 3.5% p.a. in 2021 and 2020, respectively), offset by the decrease in the average amount of financial investments to R\$ 282.0 million in 2021 from R\$ 384.1 million in 2020. Comparing 4Q21 to 4Q20, the increase of R\$ 1.5 million was due to the increase in the average interest rates (considering the consolidation of Brazil and Argentina: 13.7% p.a. and 3.8% p.a. in 4Q21 and

4Q20, respectively), offset by the decrease in the average amount of financial investments to R\$ 291.4 million in 4Q21 from R\$ 491.0 million in 4Q20. In Brazil, interest rates are indexed to Brazil's benchmark interest rate SELIC.

Interest expense on loans and borrowings: The decrease of R\$ 10.9 million year-over-year was due to the decrease in the average amount of borrowings to R\$ 273.7 million in 2021 from R\$ 590.2 million in 2020, coupled with a decrease in the weighted average cost to 3.7% p.a. in 2021 from 4.1% p.a. in 2020. Comparing 4Q21 to 4Q20, the decrease of R\$ 4.8 million was due to the decrease in the average amount of borrowings to R\$ 255.2 million in 4Q21 from R\$ 568.3 million in 4Q20, coupled with a decrease in the weighted average cost to 3.1% p.a. in 4Q21 from 4.3% p.a. in 4Q20. For further details on borrowings denominated in Brazilian real (BRL) and borrowings denominated in foreign currencies (without exchange rate changes) and weighted average costs, see item 5.16 in this report and Note 21 to the financial statements for the year ended December 31, 2021.

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

Averages	2021 (a)	2020 (b)	Change (a-b)	4Q21 (c)	4Q20 (d)	Change (c-d)
Investment interest rate	9.8%	3.5%	6.3%	13.7%	3.8%	9.9%
Cost of debt	3.7%	4.1%	-0.4%	3.1%	4.3%	-1.2%
Investments (in millions of R\$)	282.0	384.1	(102.1)	291.4	491.0	(199.6)
Debt (in millions of R\$)	(273.7)	(590.2)	316.5	(255.2)	(568.3)	313.1

Other interest income/(expense): The interest income comes from interest on ICMS amount excluded from the PIS and COFINS tax base.

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 36 to the Financial Statements for the year ended December 31, 2021.

Net monetary variation + Other (iii):

The changes were due to the inflation-adjustment to the provisions for labor and tax lawsuits and judicial deposits.

5.13 Income tax and social contribution

The Company recorded an income tax and social contribution expense of R\$ 147.1 million at December 31, 2021 in the consolidated financial statements (income of R\$ 14.6 million at December 31, 2020) as detailed below:

- Current tax: expense of R\$ 89.6 million generated principally by the parent company and its subsidiary MAHLE Argentina S/A;
- Deferred tax: expense of R\$ 57.5 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\$ 36.2 million (without interest accruals based on SELIC rate).

Additional information on income tax and social contribution is presented in Note 15 to the Financial Statements for the year ended December 31, 2021.

5.14 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 of the impairment of the goodwill of subsidiary MAHLE Argentina S.A. and the impairment of the MBE2 project:

Summary of profit and loss accounts (in millions of R\$)	2021 (a)	2020 (b)	4Q21 (c)	4Q20 (d)	HA (%) (a/b)	HA (%) (c/d)
Net profit attributable to owners of the Company	566.9	124.5	130.8	100.8	355.3%	29.8%
Impairment of subsidiary MAHLE Argentina S.A.	-	29.2	-	-		
Impairment of intangible assets of MBE2 project	-	45.1	-	-		
Impairment of inventories of MBE2 project	-	41.9	-	5.7		
Income tax and social contribution (impairment adjustment)	36.3	(36.8)	(0.5)	(1.9)		
Tax credits arising from the exclusion of ICMS from the tax base of PIS and COFINS	(96.7)	-	2.6	-		
Interest income on tax credits	(10.2)	-	(1.4)	-		
Adjusted net profit attributable to owners of the Company	496.3	203.9	131.5	104.6	143.4%	25.7%
Net margin attributable to owners of the Company	15.7%	5.2%	13.9%	13.0%	10.5 p.p.	0.9 p.p.
Adjusted net margin attributable to owners of the Company	13.7%	8.5%	14.0%	13.5%	5.2 p.p.	0.5 p.p.

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Additional information on earnings per share is presented in Note 27 to the Financial Statements for the year ended December 31, 2021.

5.15 Capital expenditures

The table below shows capital expenditures and total accumulated depreciation for 2021 and 2020:

Capex & Depreciation (in millions of R\$)	2021	2020
Capex	85.7	68.6
Total depreciation	102.5	103.3

Capex	2021	2020
% of net sales revenue	2.4%	2.9%
% of depreciation	83.6%	66.4%

Net sales revenue	2021	2020
	3,615.1	2,402.6

In 2021, the Company invested in R&D equipment, new machinery and equipment in order to improve productivity and quality, new products, building improvements, information technology, among others.

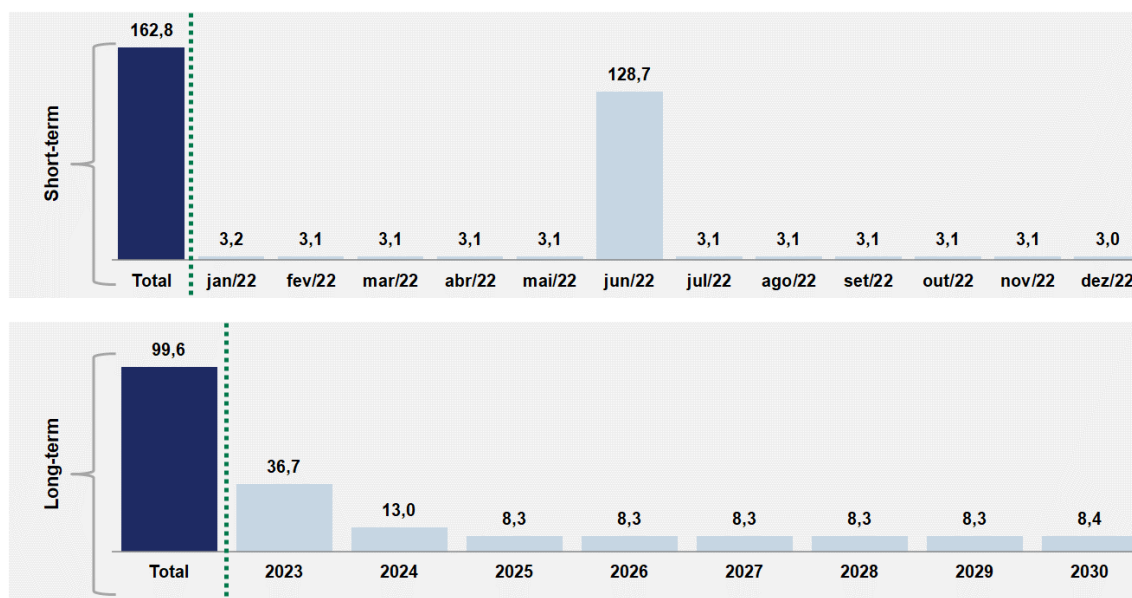
5.16 Net cash

The Company reported net cash of R\$ 246.4 million at the end of 2021 and of R\$ 133.2 million in 2020, as shown in the table below:

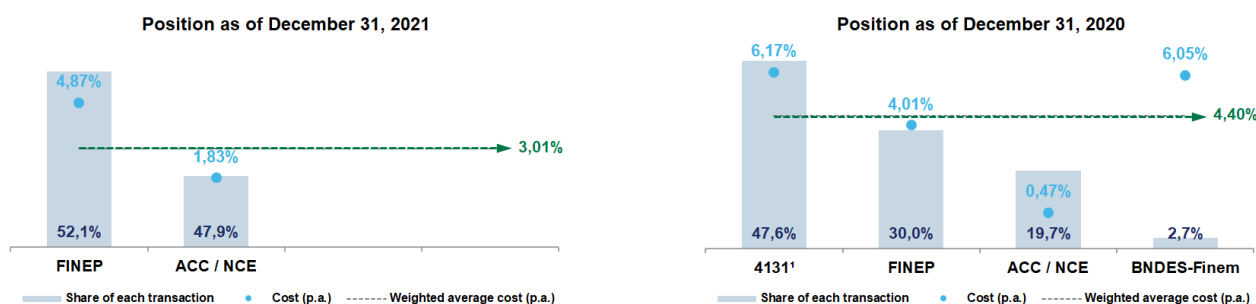
Net cash (in millions of R\$)	December 31, 2021 (a)	December 31, 2020 (b)	Change (a-b)	Debt % (a)	Debt % (b)
Cash / banks / financial investments / loans(i):	508.8	685.5	(176.7)		
Loans and borrowings (ii):	(262.4)	(552.3)	289.9	100%	100%
Short-term	(162.8)	(402.4)	239.6	62%	73%
Long-term	(99.6)	(149.9)	50.3	38%	27%
Net cash (i - ii):	246.4	133.2	113.2		

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 2021, which represents 62% and 38%, 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.

5.17 Distribution of interest on capital to shareholders

In 2021, the Board of Directors approved a distribution of R\$ 69.9 million in interest on capital (gross), subject to approval of the Annual General Meeting on April 27, 2022.

Date of approval	Record date	Ex-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\$)
December 27, 2021	December 27, 2021	January 3, 2022	May 27, 2022	Interest on capital	January 1, 2021 to	2021	69.9	0.5449591998	0.4632153198
Total 2021							69.9	0.5449591998	0.4632153198

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

6. 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.

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.

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To date, the Company has identified no potential significant signs of default for its trade accounts receivable portfolio in 2021.

7. Investor Relations and Capital Market

During 2021, 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 have not yet been rescheduled.

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

7.1 Transparency Trophy

The world is transforming and transparency is becoming more prevalent.

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.

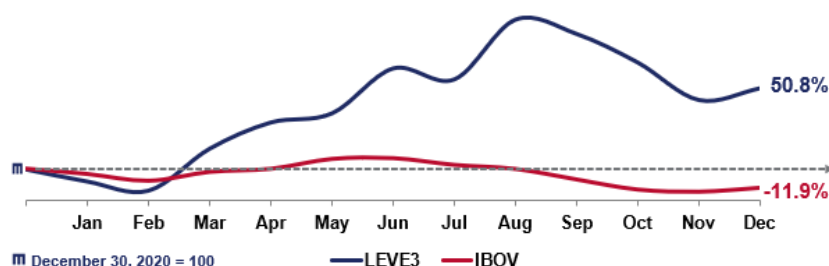
More than two thousand financial statements for the financial year prior to the award year are analyzed by students of the master's and doctoral degree programs in controllership and accounting from the University of São Paulo (USP) under supervision of professors from USP, who nominate companies that 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.

7.2 Stock performance and free float

The graphs below show the market performance of LEVE3 stock and Ibovespa¹ during 2021, and Average Daily Trading Volume (ADTV) and the ratio of average turnover to free-float market capitalization:



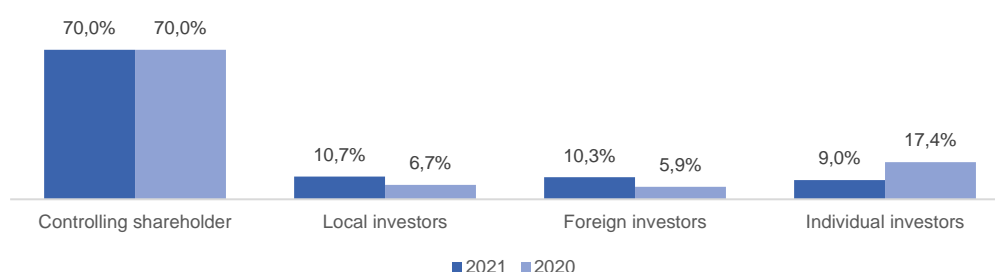
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¹ IBOVESPA is a major stock market index which tracks the performance of the most liquid stocks traded on Brazil's Stock Exchange B3 - Brasil, Bolsa, Balcão.

Average Daily Trading Volume and Turnover Rate				
Period	1Q21	2Q21	3Q21	4Q21
Neg. volume (in millions of R\$)	7.2	23.5	22.0	19.9
Turnover (%)	0.99%	2.14%	1.63%	1.52%

7.3 Shareholder structure

At the end of 2021 and 2020, the Company's existing shareholder base and free float are as follows:



The following table classifies shareholders by number of shares:

Period	¹ Share price	² SELIC rate (p.a.)	Total shareholders	1 Share	2-10 Shares	11-50 Shares	51-500 Shares	501-5000 Shares	5,001-200,000 Shares	More than 200,001 Shares
4Q20	17.84	2.00	76,688	1,976	10,646	17,542	38,510	7,544	451	19
1Q21	23.08	2.75	70,459	1,970	9,683	15,864	35,458	7,033	430	21
2Q21	33.33	4.25	56,503	1,911	8,613	13,168	27,126	5,269	386	30
3Q21	37.73	6.25	46,845	1,822	7,593	11,456	21,617	3,958	369	30
4Q21	30.80	9.25	43,551	1,787	6,934	10,405	20,156	3,906	334	29

¹ Price of MAHLE share at the end of the period

² Source: Central Bank of Brazil

At the end of 2021, investors based in seven countries accounted for 97.5% of the free float, and the remaining countries from the Company's shareholder base do not represent individually more than 0.6%.

The graph below shows the shareholder structure of the free float at the end of 2021 and 2020:

Countries							
Dec 2021	65.8%	26.0%	1.4%	1.2%	1.1%	1.1%	0.9%
Dec 2020	80.4%	15.7%	0.1%	1.0%	0.0%	0.9%	0.3%

8. Corporate Risk Management, Internal Controls and Compliance

The Executive Board is responsible for overseeing the Company’s internal control environment, compliance and corporate risk in order to achieve sustainable performance of creating and enhancing shareholder value.

In this context, we have the following tools to support our commitment to transparency, ethics and continuous improvement of the internal control environment:

- Compliance Program establishes rules and guidelines on how we operate and conduct business, focused on anticorruption and antitrust issues, among others.
- Systematic risk management process where the managers of the business units and corporate functions are responsible for identifying, reporting and controlling risks within their units/areas in accordance with the risk management policy.
- Internal Audit function performs independent periodic assessment of the effectiveness of the risk management, internal control environment, and rules and procedures established by management. Internal Audit produces recommendations to improve the Company’s internal control and risk management processes in line with industry best practices to promote a more proactive approach to identifying, preventing and controlling risks.

9. Corporate Governance

The Company adopts good corporate governance practices based on the principles of transparency, fairness, accountability and corporate responsibility. Since July 2011 the Company shares (“LEVE3”) are traded on Brazil’s stock exchange B3’s Novo Mercado (New Market) listing segment that requires adherence to more stringent corporate governance rules.

The Company must resolve disputes by arbitration of the Market Arbitration Chamber pursuant to the binding arbitration clause (Clause 29) in its bylaws. The Board of Directors and the Executive Board are involved in the management of the Company, with each having specific roles and responsibilities.

The Board of Directors has five permanent members and five alternate members, of whom one permanent member (and his/her respective alternate member) is independent and elected by the minority shareholders. Two other members appointed by the controlling shareholder are considered independent as he/she does not have connections with the controlling shareholder, has not been an employee or officer of the Company in the last three years, is not a significant supplier of the Company and does not receive remuneration from the Company (other than Board member’s remuneration).

The Company also has a Supervisory Board composed of three permanent members and three alternate members, of whom one permanent member (and his/her respective alternate member) is appointed by the minority shareholders and two by the controlling shareholder.

Since 2011 the Company has a Disclosure and Trading Policy which has been updated to the latest version as approved by the Board of Directors on November 14, 2019.

The Company also has a risk management policy that was approved by the Board of Directors on March 16, 2016. This policy provides a risk management framework and establishes the roles and responsibilities for risk management and is aligned with the risk management and internal control procedures implemented by the Company’s controlling shareholder.

In addition to said policies, since 2017 the Company has a Related-Party Transactions Policy, which was updated in 2019, including Appendix 1 - Specific Procedures for Resources, Services and Duties, and Appendix 2 - Specific Procedures for

Products. The purpose of this policy and appendices is to establish rules and procedures to be followed by the Company and its subsidiaries when entering into transactions with related parties, in order to avoid and manage any conflicts of interest arising from such transactions.

On May 29, 2020, the Company made amendments to its Bylaws in order to comply with the B3 Novo Mercado Regulation.

To reach compliance with the B3 Novo Mercado Regulation, in May 2021 the Board of Directors approved the Nomination and Remuneration Policy and the framework for evaluation of the performance of the Board of Directors and its committees and the Executive Board. In November 2021, changes to the Internal Audit function were approved and are effective from March 31, 2022. The Internal Audit, whose responsibilities no longer include internal control and risk management, will report directly to the Audit Committee. The Compliance, Internal Control and Risk Management functions will report directly to the CEO. Furthermore, the Board of Directors approved an Audit Committee consisting of three members, effective as from March 31, 2022.

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10. Excellence and Technological Innovation

Through its diversified product portfolio, MAHLE is working to help shape the future of mobility, by playing an active role in the Brazilian innovation ecosystem in order to provide innovative and competitive solutions to the challenges ahead. Its collaboration with several actors of the innovation system like universities and institutes, combined with internal expertise, generates relevant knowledge to participate in the different stages of technology development projects for sustainable mobility.

This innovative mindset has helped MAHLE receive in 2021 12 patents regionally, as part of 387 patents assigned to the Group around the world for diverse business units and products (engine components, filter systems, thermal management systems, among others).

Several programs in Brazil offer the Company the opportunity to consolidate its position in the market and demonstrate the capability of its Technology Center in Jundiai to develop low-carbon mobility technologies.

MAHLE also works on the development of products that meet energy efficiency targets under *ROTA 2030* and *PROCONVE* Programs, which are intended to reduce and control motor vehicle emission. The *RenovaBio* Program, which is intended to expand the use of biofuels in the national energy matrix, also encourages the development of products designed to meet the specific requirements. And new programs such as *Combustível do Futuro* (Fuel of the Future) and *Programa Nacional do Hidrogênio* (National Hydrogen Program) will allow the Company to incorporate new applications for existing products and thereby open up new markets.

In 2021, the above-mentioned programs have stimulated the preparation of internal resources for the development of new products. For example, the Company has invested in new test benches for the development of technologies to lower emissions and improve energy efficiency. MAHLE works continuously to identify and acquire the new competencies and knowledge necessary to develop future mobility technologies.

11. Human Resources

The HR function has seen various social and digital changes in society and has been realigned to meet the new demands of the organization's stakeholders with agility and precision. The major challenges of HR go beyond personnel management and payroll and benefits administration, and HR needs to evolve to a more strategic role, become a better fit with the business strategy and maintain employee engagement, strengthening the human element in HR.

To overcome this challenge, various initiatives are being implemented to encourage collaborative work among various departments of the Company and to encourage employees to take a more active role regardless of their job. We seek to support the business units and implement a new HR operating model, whose objective is to strengthen the HR function with efficient and standardized processes, systems and structures through digitalization. These initiatives have resulted in sustainable cost reductions and thus HR contributes to bottom line results. We are seeing the same trend in other departments of the Company and in the market, showing that we are on the right track.

Global connectivity among the business units and departments is key to the success of the organization. We believe that a key to the development and successful implementation of programs and projects of common interest is the involvement of multidisciplinary teams. This plurality strengthens values, such as diversity and principles of leadership, which are being disseminated to project managers, leaders and teams to make the mindset shift toward more agile, digital processes that require more autonomy.

In addition to the professional development programs, we have the recruitment center with professionals and strategies to retain and/or attract internal and external talents, and systematically identify personnel qualification requirements for the transformation in our industry. The recruitment strategy encompasses employer branding activities which aim to create a set of offers and associations in exchange for the skills of the potential candidates

We are currently focused on preparing our company and our employees for the new trends in the automotive industry in the short, medium and long term. Together we are shaping the future of mobility and creating new job opportunities.

Another HR's mission is to promote active and ongoing relationship with neighboring communities through projects which are anchored by the following pillars: Education, Diversity & Inclusion, and Social & Environmental Sustainability.

In this way, we strengthen knowledge and diversity by acting as agents of change outside of our organization to contribute to developing an improved society.

At December 31, 2021, MAHLE and its subsidiaries employed 7,395 people.

12. Integrated Management System, Safety at Work & Environment

MAHLE invests heavily in improvements in the workplace and promotes sustainable actions with focus on Respect and Commitment.

Efforts to prevent workplace accidents and improve the quality of life of our employees include the commitment from leaders and teams ensuring that employees follow good safety practices. In addition to investments in new equipment and resources, workplace safety communications were implemented to encourage the teams to work more safely.

The TERRA environmental program is still active in our region and encourages initiatives and targets focusing on four pillars: Water, Energy, Waste and Effluents. This program is aimed at developing and fostering a culture of sustainability through the appropriate use of natural resources and the deployment of technologies to reduce environmental footprints.

All of these efforts ensure we deliver optimum outcomes, aligned with global best practices and as part of a continuous improvement process.

With regard to Safety and Environment, we worked to reduce the accident frequency rate at our plants; we improved safety culture within the workplace through safety observation tours and our Safety First campaign that comprises extensive measures to guarantee safety at work. Further, our employees were invited to assume a personal commitment to safety based on the principle that work is never so urgent that we cannot take time to do it safely; and we implemented new Terra program initiatives with impressive environmental benefits.

All our efforts aim to ensure the highest standards in line with global best practices, as part of our continuous improvement process.

In 2021, the Company gained certification to ISO 45001 for its Itajubá, Jaguariúna, Limeira, Mogi Guaçu and SBC units.

ISO 45001 is an international standard for occupational health and safety that replaced OHSAS 18001 (MAHLE was OHSAS 18001 certified since 2007) and reinforces the importance of preventive actions during the analysis of risks and opportunities. At MAHLE, most of the occupational health and safety procedures were developed using an integrated approach and tools that allow for evaluation of various aspects of risks and opportunities in a single task, in line with the environmental management system requirements of ABNT NBR ISO 14001 (All units in Brazil and Rafaela in Argentina are ISO 14001 certified).

In 2021, relying on our capacity to transform and act with care for our employees and stakeholders, we maintained effective preventative measures to help to avoid virus transmission, in compliance with the most stringent requirements, including legal requirements established in Brazil and Group-wide rules and procedures created by MAHLE. Our Mogi Guaçu plant installed a manufacturing line to produce disposable face masks using MAHLE technology and following all local recommendations on production of masks. Our employees wear every day the face masks produced by the Company and

several entities in the locations where the Company operates receive donations of face masks – a display of respect and commitment to protecting the health of our community.

13. Independent Auditors

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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 fiscal year 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.

14. Executive Board's Declaration

In compliance with the provisions of CVM Instruction 480, the Executive Board hereby declares that it has discussed, reviewed and agrees with the financial statements for the year ended December 31, 2021 and the opinions expressed in the independent auditor's report.

15. Acknowledgments

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

The Management Board

16. Appendices

16.1 Balance sheet

BALANCE SHEET (CONSOLIDATED)		
	12.30.21	12.31.20
ASSETS	2,941.0	2,796.6
Current assets	1,601.4	1,579.0
Cash and cash equivalents	43.4	89.4
Financial investments	317.7	518.4
Trade accounts receivable	567.1	465.1
Inventories	513.3	368.9
Recoverable taxes	54.9	52.1
Income tax and social contribution recoverable	69.9	52.7
Other assets	35.1	32.4
Non-current assets	1,339.6	1,217.6
Deferred taxes	14.5	62.1
Loans to related parties	147.7	77.7
Recoverable taxes	133.2	17.8
Investments in subsidiaries	-	0.2
Property, plant and equipment	617.8	621.9
Intangible assets	391.3	392.0
Long-term assets in use	8.0	13.7
Other assets	27.1	32.2
LIABILITIES	2,941.0	2,796.6
Current liabilities	779.1	1,016.8
Salaries, vacation and social charges	101.5	64.4
Trade accounts payable	280.4	290.0
Lease liability	9.4	9.3
Income tax and social contribution payable	35.0	40.9
Borrowings	162.8	402.4
Provisions	61.0	47.8
Other liabilities	129.0	162.0
Non-current liabilities	386.2	437.8
Borrowings	99.6	149.9
Trade accounts payable	0.5	6.3
Deferred taxes	14.9	1.3
Provisions	266.6	274.6
Other liabilities	4.6	5.7
Consolidated shareholder's equity	1,775.7	1,342.0
Capital stock	966.3	966.3
Revenue reserves	342.6	314.3
Special reserve	175.6	175.6
Retained earnings (accumulated deficit)	-	-
Proposed dividends	469.3	48.6
Other comprehensive income	28.4	20.9
Cumulative translation adjustments	(202.5)	(177.7)
Non-controlling interests	(4.0)	(6.0)

16.2 Statement of income

INCOME STATEMENT (CONSOLIDATED)	12.31.21 (a)	12.31.20 (b)	Var. (a/b)
Net sales revenue	3,615.1	2,402.6	50.5%
Cost of sales	(2,620.8)	(1,775.6)	47.6%
Gross income	994.3	627.0	58.6%
Operating income (expenses)	(271.6)	(433.4)	-37.3%
Selling expenses	(233.2)	(166.8)	39.8%
Gains/losses on the recoverable value of accounts receivable	0.9	0.9	-3.0%
General and administrative expenses	(109.8)	(95.4)	15.2%
Technology and product development expenses	(51.5)	(64.1)	-19.6%
Other operating income (expenses), net	74.6	(148.0)	136.8%
Gains/losses on net monetary position	44.1	40.1	10.3%
Equity in the results of investees	3.3	(0.1)	-2521.1%
Profit before finance income and costs	722.7	193.6	273.4%
Finance income	178.1	216.3	-17.6%
Finance costs	(187.0)	(302.3)	-38.2%
Income and social contribution taxes	713.8	107.6	563.3%
Current Income tax and social contribution	(89.6)	(38.3)	134.2%
Deferred Income tax and social contribution	(57.5)	52.9	-206.4%
Profit for the period	566.7	122.2	363.7%
Attributable to: Owners of the parent	566.9	124.5	355.2%
Attributable to: Non-controlling-interests	(0.2)	(2.3)	90.4%
Basic and diluted earnings per share (in reais)	4.41793	0.97053	355.2%

16.3 Statement of cash flows

STATEMENT OF CASH FLOWS (CONSOLIDATED)	12.31.21	12.31.20
Cash flows from operating activities		
Profit (losses) before tax	713.7	107.6
Depreciation and amortization	100.4	103.0
Equity in the results of investees	(3.3)	0.1
Interest and monetary and exchange variations, net	64.4	130.6
Losses/(gains) on derivative financial instruments	(1.1)	(1.4)
Result on disposal of property, plant and equipment	3.4	(0.4)
Result on disposal of investments	3.1	-
Provision (reversal) for accounts receivable	(3.3)	1.6
Provision (reversal) for contingencies and legal obligations	9.8	49.4
Provision (reversal) for guarantees	3.9	3.8
Other provisions (reversal)	12.9	2.4
Recognition (reversal) of provision for impairment of the property and intangible assets	2.3	1.4
Provision (reversal) for losses on inventories	(35.0)	49.4
Interest expense on lease liability	2.1	2.2
Gain / loss on monetary variation, net	(44.1)	(40.1)
Tax credits: exclusion of ICMS from PIS and COFINS tax calculation basis	(116.7)	-
Changes in assets and liabilities		
Trade accounts receivable and related parties	(98.7)	(71.6)
Inventories	(107.3)	(21.9)
Recoverable taxes	6.0	20.5
Other assets	(0.2)	7.4
Trade accounts payable and related parties	(6.2)	138.9
Salaries, accrual for vacation and social charges	37.1	(3.2)
Taxes and contributions payable	(14.0)	3.1
Other liabilities	(53.5)	(20.1)
Cash from operations	475.7	537.6
Income tax and social contribution paid	(117.6)	(47.4)
Net cash used in operating activities	358.1	490.2
Net Cash from Investment Activities	(160.6)	(90.0)
Loans granted to related subsidiaries	(1,388.4)	(692.3)
Loan repayments received from related parties	1,313.0	666.9
Additions to property, plant and equipment	(86.4)	(66.8)
Additions to intangible assets	(0.9)	(0.3)
Proceeds from sales of property, plant and equipment	1.8	2.5
Net Cash from Financing Activities	(435.0)	21.4
Proceeds from borrowings	123.4	352.7
Repayment of principal of loans	(404.5)	(289.7)
Payment of interest on loans	(25.2)	(13.0)
Dividends and interest on capital paid	(117.9)	(20.9)
Shareholder capital contribution	2.2	2.9
Repayment of the principal of the lease liability	(13.0)	(10.6)
Effect of foreign exchange variation on cash and cash equivalents	(9.2)	17.4
Net increase in cash and cash equivalents	(246.7)	439.0
Cash and cash equivalents at the beginning of the period	607.8	168.8
Cash and cash equivalents at the end of the period	361.1	607.8
Net increase in cash and cash equivalents	(246.7)	439.0