

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

**Quarterly information (ITR)
on June 30, 2022**

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						1H22 (a)	1H21 (b)	(a/b)
	2Q22 (c)	1Q22 (d)	2Q21 (e)	(c/d)	(c/e)				
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.

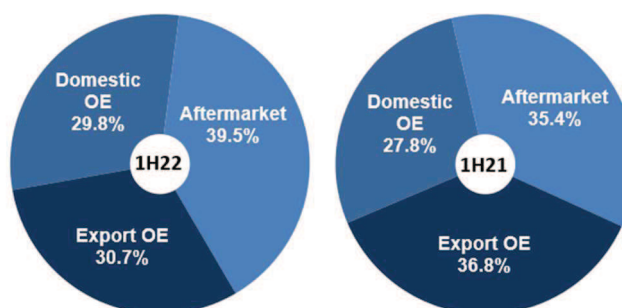
Brazil's economic performance in June was stable compared with May, but the pace of growth slowed from prior months – during the first six months, some factories shut down, according to the Brazilian Association of Automotive Vehicle Manufacturers (ANFAVEA). Also, according to ANFAVEA, in the first half 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

Segments	Brazilian automotive industry					Brazilian automotive industry					Sales Variation (A/C)	Production Variation (B/D)
	Jan-Jun 2022					Jan-Jun 2021						
	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).

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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.

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

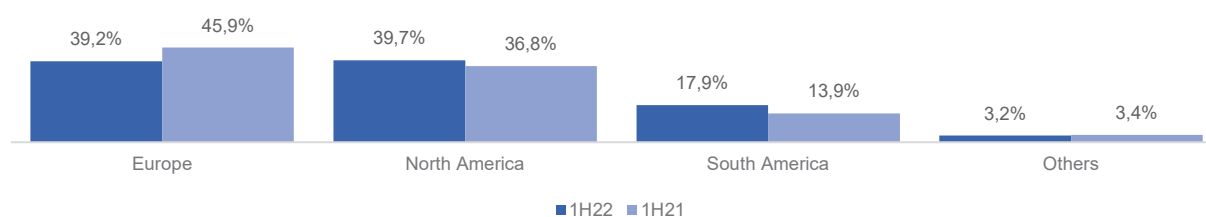
The export market grew by 19.5% in 2Q22 compared with 2Q21, driven by a volume/price increase of 26.1%, partially offset by negative effects of movements in exchange rates of 6.6%. In 1H22, the export market grew by 26.2%, due to a volume/price increase of 32.1%, partially offset by the negative effects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

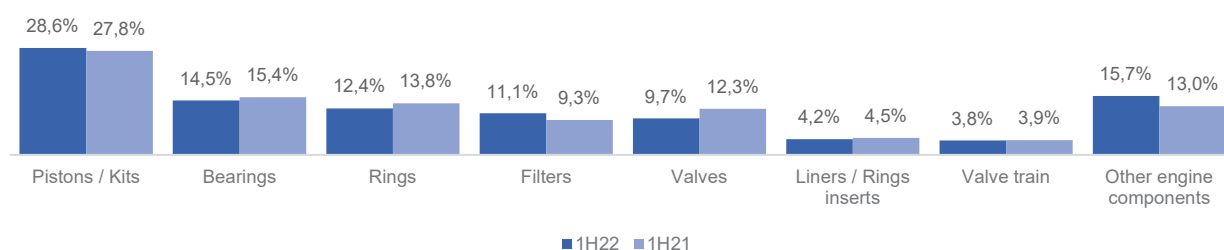
In 2Q22, sales of the engine component segment grew by 12.3% and sales of the filter segment grew by 38.6% compared with 2Q21. In 1H22, the engine component segment grew by 8.5% and the filter segment grew by 32.3% compared with 1H21.

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

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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.

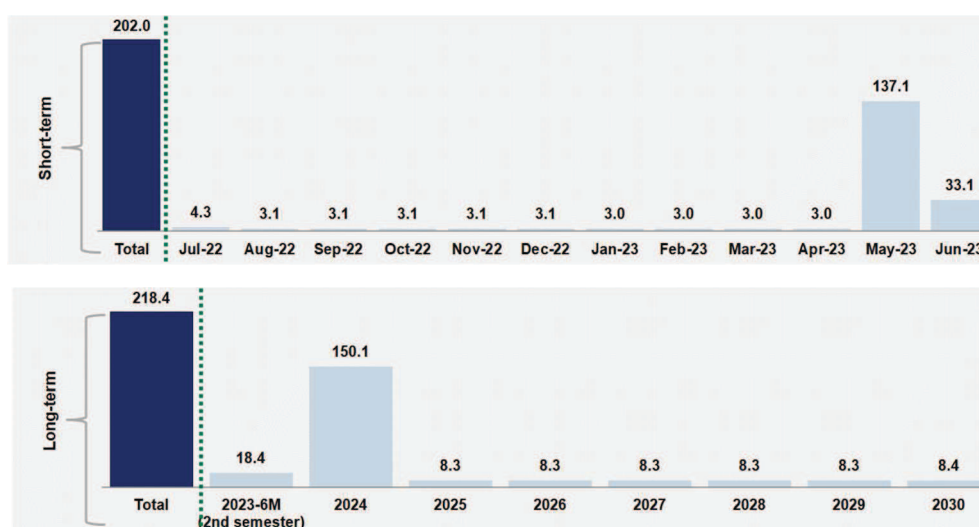
4.16 Net cash (debt)

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:

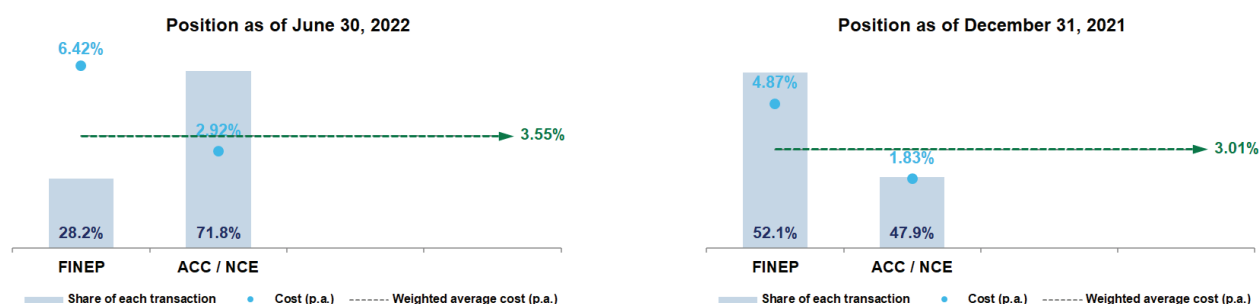
Net cash (debt) (in millions of R\$)	June 30, 2022 (a)	December 31, 2021 (b)	Change (a-b)	Debt % (a)	Debt % (b)
Cash / banks / financial investments / loans (i):	217.4	508.8	(291.4)		
Loans and borrowings (ii):	(420.4)	(262.4)	(157.9)	100.0%	100.0%
Short-term	(202.0)	(162.8)	(39.3)	48.1%	62.0%
Long-term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

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

5. Coronavirus (COVID-19)

Since March 2020, the world has been facing the COVID-19 pandemic and the Company continues to actively monitor and address the evolving COVID-19 situation and 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

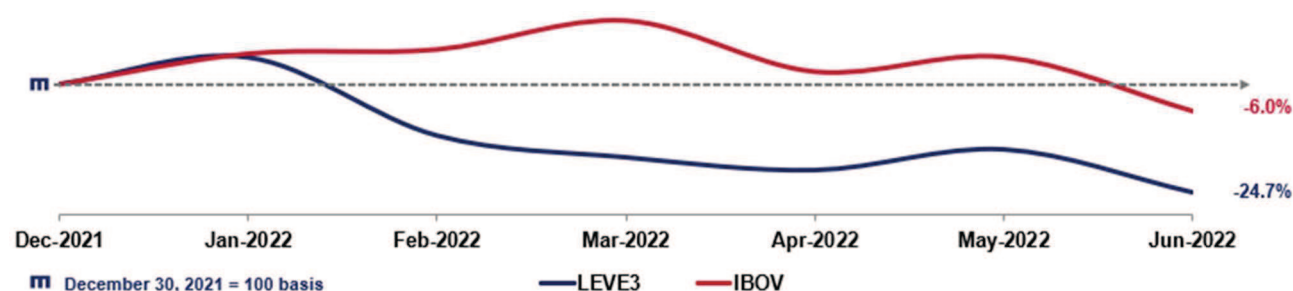
During 2022, our Investor Relations team stayed connected to investors and the general market whilst working remotely from home due to social distancing measures required to control the spread of COVID-19.

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.

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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:

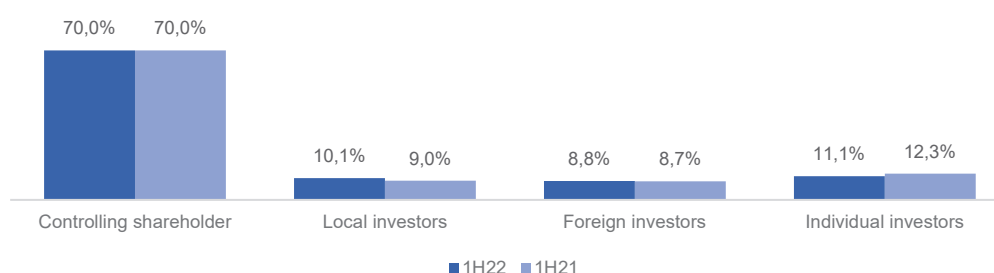


¹ IBOVESPA is a major stock market index which tracks the performance of the most liquid stocks traded on Brazil's Stock Exchange B3 - Brasil, Bolsa, Balcão.

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. Page | 16

8. Executive Board's Declaration

In compliance with the provisions of CVM Instruction 480, the Executive Board hereby declares that it has discussed, reviewed and agrees with the interim financial statements for the period ended 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



KPMG Auditores Independentes Ltda.
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www.kpmg.com.br

Independent Auditors' Report on Review of Interim Financial Statements

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

To the Management and Shareholders of the

MAHLE Metal Leve S.A.

Mogi Guaçu - SP

Introduction

We have reviewed the individual and consolidated interim financial information of MAHLE Metal Leve S.A. ("the Company"), included in the Quarterly Information Form (ITR), for the quarter as at June 30, 2022, which comprises the balance sheet as of June 30, 2022 and the respective statements of profit or loss and other comprehensive income three and six-month period then ended, and statements changes in equity and cash flows for the sixmonth period then ended, and notes, comprising significant accounting policies and other explanatory information.

Management is responsible for the preparation and fair presentation of these (individual and consolidated) interim financial statements in accordance with CPC 21(R1) - *Demonstração Intermediária* and International Financial Reporting Standards (IFRS) including the requirements of IAS 34, 'Interim Financial Reporting, issued by International Accounting Standards Board - IASB, and for presentation of this interim financial information in accordance with the rules issued by *Comissão de Valores Mobiliários* (CVM) applicable to the preparation of these quarterly information – ITR.

Our responsibility is to express a conclusion on these individual and consolidated interim financial information based on our review.

Scope of review

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

Conclusion on the interim information

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

Other matters - Statements of value added

The individual and consolidated interim financial information, related to statements of value added (DVA) for the six-month period ended June 30, 2022, prepared under the responsibility of the Company's management, and presented as supplementary information for the purposes of IAS 34, were submitted to the same review procedures followed together with the review of the Company's interim financial information. In order to form our conclusion, we evaluated whether these statements are reconciled to the interim financial information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 - *Demonstração do Valor Adicionado*. Based on our review, nothing has come to our attention that causes us to believe that the accompanying statements of value added are not prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole

Campinas, August 9, 2022

KPMG Auditores Independentes Ltda.
CRC 2SP014428/O-6

Original report in Portuguese signed by

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

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

Quarterly information (ITR)
on June 30, 2022

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

Quarterly information (ITR) on June 30, 2022

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MAHLE Metal Leve S.A.

Balance sheet at June 30, 2022 and December 31, 2021

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Assets	Note	Parent company		Consolidated	
		06.30.2022	12.31.2021	06.30.2022	12.31.2021
Cash and cash equivalents	6	114,607	273,927	178,205	361,089
Trade and related-party receivables	7	566,046	453,230	695,362	567,080
Inventories	8	459,095	358,086	611,440	513,269
Taxes recoverable	9	40,441	46,918	42,899	54,926
Income tax and social contribution recoverable	9	33,947	47,358	48,231	69,939
Dividends and interest on capital receivable	10	-	132,095	-	-
Unrealized gains on derivative financial instruments	31	13,107	3,692	15,010	5,845
Other assets		26,934	17,750	47,023	28,838
Total current assets		1,254,177	1,333,056	1,638,170	1,600,986
Taxes recoverable	9	148,073	126,131	154,948	133,190
Loans to related parties	10	32,161	32,628	39,249	147,745
Deferred income tax and social contribution	11.b	19,284	14,459	19,284	14,459
Other assets		24,391	23,340	27,407	27,526
Total long-term assets		223,909	196,558	240,888	322,920
Investments in subsidiaries	12	356,090	345,747	-	-
Property, plant and equipment	13	525,251	535,286	599,607	617,849
Rights-of-use assets	13	3,405	7,465	7,901	7,982
Intangible assets	14	390,587	391,221	390,640	391,303
		1,275,333	1,279,719	998,148	1,017,134
Total non-current assets		1,499,242	1,476,277	1,239,036	1,340,054
Total assets		2,753,419	2,809,333	2,877,206	2,941,040

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

MAHLE Metal Leve S.A.

Balance sheet at June 30, 2022 and December 31, 2021

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Parent company		Consolidated	
		06.30.2022	12.31.2021	06.30.2022	12.31.2021
Liabilities					
Dividends and interest on capital payable	10	1,096	126,024	1,096	126,024
Trade and related-party payables	15	295,103	206,304	368,443	280,400
Taxes and contributions payable	16	36,015	29,457	39,039	35,005
Income tax and social contribution payable	16	9,029	-	14,436	10,921
Borrowings	17.a	201,956	162,756	201,956	162,756
Lease liabilities	17.b	4,150	8,827	5,731	9,368
Salaries, vacation pay and social charges	18	116,089	89,520	128,752	101,532
Sundry provision	19	51,562	45,236	56,451	50,195
Provisions for warranties	20	8,902	9,991	9,652	10,835
Unrealized losses on derivative financial instruments	31	15,146	8,652	15,146	8,652
Advance from customers		15,589	16,975	15,687	17,077
Other liabilities		36,800	28,267	40,718	31,230
Total current liabilities		791,437	732,009	897,107	843,995
Deferred income tax and social contribution	11.b	-	-	12,258	14,925
Borrowings	17.a	218,373	99,624	218,373	99,624
Lease liabilities	17.b	-	450	3,270	450
Provisions for contingencies and judicial deposits linked to judicial proceedings	21	261,244	257,848	269,237	266,619
Other liabilities		4,366	4,597	4,570	4,624
Total non-current liabilities		483,983	362,519	507,708	386,242
Total liabilities		1,275,420	1,094,528	1,404,815	1,230,237
Equity	22				
Share capital		966,255	966,255	966,255	966,255
Revenue reserves		342,594	342,594	342,594	342,594
Special reserve		175,572	175,572	175,572	175,572
Other comprehensive income		(244,563)	(174,044)	(244,563)	(174,044)
Retained earnings		238,141	-	238,141	-
Proposed additional dividends		-	404,428	-	404,428
Equity attributable to the owners of the parent		1,477,999	1,714,805	1,477,999	1,714,805
Non-controlling interests		-	-	(5,608)	(4,002)
Total equity		1,477,999	1,714,805	1,472,391	1,710,803
Total liabilities and equity		2,753,419	2,809,333	2,877,206	2,941,040

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

MAHLE Metal Leve S.A.

Statement of income

Quarter and periods ended June 30, 2022 and 2021

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company			
		2022		2021	
		2Q2022	1H2022	2Q2021	1H2021
Net revenue	24	816,128	1,548,029	703,048	1,366,956
Cost of sales	25	(633,073)	(1,202,513)	(537,307)	(1,027,521)
Gross profit		183,055	345,516	165,741	339,435
Selling expenses	26	(61,301)	(107,305)	(48,201)	(90,840)
Impairment of trade receivables	7	(450)	(470)	(238)	2,778
General and administrative expenses	27	(25,866)	(46,028)	(21,023)	(45,634)
Technology and product development costs	28	(9,793)	(19,861)	(8,602)	(22,753)
Other income (expenses), net	30	(6,508)	(9,357)	61,726	57,714
Gain on monetary items, net	34	42,008	69,039	20,479	40,796
Profit before finance income (costs) and taxation		121,145	231,534	169,882	281,496
Finance income	29	40,650	106,862	31,626	56,649
Finance costs	29	(43,179)	(114,296)	(45,038)	(79,887)
Finance income (costs), net		(2,529)	(7,434)	(13,412)	(23,238)
Equity in the results of investees	12	25,397	69,614	60,472	112,875
Profit before taxation		144,013	293,714	216,942	371,133
Current income tax and social contribution	11.a	(38,000)	(63,723)	(23,518)	(50,500)
Deferred income tax and social contribution	11.a	8,773	7,853	(23,378)	(24,386)
Income tax and social contribution		(29,227)	(55,870)	(46,896)	(74,886)
Profit for the period		114,786	237,844	170,046	296,247

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

MAHLE Metal Leve S.A.

Statement of income

Quarter and periods ended June 30, 2022 and 2021

All amounts in thousands of reais

(A free translation of the original in Portuguese)

		Consolidated			
		2022		2021	
	Note	2Q2022	1H2022	2Q2021	1H2021
Net revenue	24	1,019,404	1,909,408	889,110	1,724,084
Cost of sales	25	<u>(760,314)</u>	<u>(1,414,192)</u>	<u>(628,011)</u>	<u>(1,206,772)</u>
Gross profit		<u>259,090</u>	<u>495,216</u>	<u>261,099</u>	<u>517,312</u>
Selling expenses	26	(76,881)	(134,843)	(59,636)	(111,985)
Impairment of trade receivables	7	(373)	295	(93)	3,646
General and administrative expenses	27	(30,260)	(53,443)	(24,119)	(51,673)
Technology and product development costs	28	(11,293)	(22,713)	(10,958)	(26,833)
Other income (expenses), net	30	(7,559)	(12,273)	60,635	55,910
Gain on monetary items, net	34	23,792	40,178	11,247	25,349
Operating profit		<u>156,516</u>	<u>312,417</u>	<u>238,175</u>	<u>411,726</u>
Finance income	29	69,824	154,515	47,620	91,379
Finance costs	29	<u>(74,729)</u>	<u>(163,397)</u>	<u>(59,586)</u>	<u>(109,387)</u>
Finance income (costs), net		<u>(4,905)</u>	<u>(8,882)</u>	<u>(11,966)</u>	<u>(18,008)</u>
Equity in the results of investees	12	<u>-</u>	<u>-</u>	<u>(30)</u>	<u>(92)</u>
Profit before taxation		<u>151,611</u>	<u>303,535</u>	<u>226,179</u>	<u>393,626</u>
Current income tax and social contribution	11.a	(46,326)	(74,464)	(32,957)	(71,315)
Deferred income tax and social contribution	11.a	<u>8,333</u>	<u>7,167</u>	<u>(23,265)</u>	<u>(25,771)</u>
Income tax and social contribution		<u>(37,993)</u>	<u>(67,297)</u>	<u>(56,222)</u>	<u>(97,086)</u>
Profit for the period		<u>113,618</u>	<u>236,238</u>	<u>169,957</u>	<u>296,540</u>
Profit attributable to					
Owners of the parent		114,786	237,844	170,046	296,247
Non-controlling interests		<u>(1,168)</u>	<u>(1,606)</u>	<u>(89)</u>	<u>293</u>
Profit for the period		<u>113,618</u>	<u>236,238</u>	<u>169,957</u>	<u>296,540</u>
Basic earnings per share (in reais)	23	<u>0.89461</u>	<u>1.85369</u>	<u>1.32529</u>	<u>2.30886</u>

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

MAHLE Metal Leve S.A.

Statement of comprehensive income Quarters and periods ended June 30, 2022 and 2021

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company			
	2022		2021	
	2Q2022	1H2022	2Q2021	1H2021
Profit for the period	114,786	237,844	170,046	296,247
Comprehensive income				
Items that will be reclassified to profit or loss				
Change in cash flow hedge, net	(7,418)	8,908	20,791	16,668
Income tax and social contribution on cash flow hedge	2,523	(3,028)	(7,069)	(5,667)
Cumulative translation adjustments	(1,176)	(76,102)	(40,642)	(36,892)
Other comprehensive income	(6,071)	(70,222)	(26,920)	(25,891)
Total comprehensive income for the period, net of income tax and social contribution	108,715	167,622	143,126	270,356
Total comprehensive income	108,715	167,622	143,126	270,356

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

MAHLE Metal Leve S.A.

Statement of comprehensive income Quarters and periods ended June 30, 2022 and 2021

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Consolidated			
		2022		2021	
		2Q2022	1H2022	2Q2021	1H2021
Profit for the period		113,618	236,238	169,957	296,540
Comprehensive income					
Items that will be reclassified to profit or loss					
Change in cash flow hedge, net		(7,418)	8,908	20,791	16,668
Income tax and social contribution on cash flow hedge	11.b ii	2,523	(3,028)	(7,069)	(5,667)
Cumulative translation adjustments		(1,176)	(76,102)	(40,642)	(36,892)
Other comprehensive income		(6,071)	(70,222)	(26,920)	(25,891)
Total comprehensive income for the period, net of income tax and social contribution		107,547	166,016	143,037	270,649
Comprehensive income attributable to:					
Owners of the parent		108,715	167,622	143,126	270,356
Non-controlling interests		(1,168)	(1,606)	(89)	293
Total comprehensive income		107,547	166,016	143,037	270,649

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

MAHLE Metal Leve S.A.

Statement of changes in equity
Periods ended June 30, 2022

All amounts in thousands of reais

(A free translation of the original in Portuguese)

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

MAHLE Metal Leve S.A.

**Statement of changes in equity
Periods ended June 30, 2021**

All amounts in thousands of reais

(A free translation of the original in Portuguese)

Note	Attributable to owners of the parent												
	Revenue reserves			Other comprehensive income				Equity attributable to owners of the parent					
	Share capital	Legal reserve	Reserve for expansion and modernization	Special reserve	Proposed additional dividends	Total	Carrying value adjustments	Cumulative translation adjustments	Total	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	966,255	156,490	157,761	175,572	48,581	538,404	20,927	(177,630)	(156,703)	-	1,347,956	(5,969)	1,341,987
At January 1st, 2021													
Equity transactions with shareholders													
Prescribed dividends and interest on capital	-	-	-	-	-	-	-	-	-	156	156	-	156
Profit for the period										296,247	296,247	293	296,540
Other comprehensive income													
Cumulative translation adjustments	-	-	-	-	-	-	-	(36,892)	(36,892)	-	(36,892)	-	(36,892)
Change in cash flow hedge, net	-	-	-	-	-	-	16,668	-	16,668	-	16,668	-	16,668
Income tax and social contribution on cash flow hedge	-	-	-	-	-	-	(5,667)	-	(5,667)	-	(5,667)	-	(5,667)
Realization of deemed cost, net	-	-	-	-	-	-	(262)	-	(262)	262	-	-	-
Transactions with shareholders and creation of reserves													
Payment of proposed additional dividends	-	-	-	-	(48,581)	(48,581)	-	-	-	-	(48,581)	-	(48,581)
At June 30, 2021	966,255	156,490	157,761	175,572	-	489,823	31,666	(214,522)	(182,856)	296,665	1,569,887	(5,676)	1,564,211

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

Periods ended June 30, 2022 and 2021

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent company		Consolidated	
		1H2022	1H2021	1H2022	1H2021
Cash flows from operating activities					
Profit before taxation		293,714	371,133	303,535	393,626
Adjustments for:					
Depreciation and amortization		45,366	48,509	47,626	50,419
Equity in the results of investees	12	(69,614)	(112,875)	-	92
Interest and foreign exchange and monetary variations, net		36,750	27,599	11,909	31,060
Unrealized (losses) gains on derivative financial instruments		5,987	(1,201)	6,237	(989)
Results on disposal of property, plant and equipment		(23)	(39)	(11)	(39)
Recognition (reversal) of provision for impairment of trade receivables	7	374	(2,594)	(687)	(3,635)
Recognition (reversal) of provision for tax and other contingencies	21	7,377	28,085	7,574	26,474
Recognition (reversal) of provisions for warranties	20	(691)	1,951	(664)	3,001
Recognition (reversal) of sundry provision	19	14,279	8,694	15,897	9,193
Write-down to recoverable amount of property, plant and equipment and		(340)	(501)	(348)	(501)
Write-down to recoverable amount of inventories	8	966	(6,058)	3,816	(5,798)
Interest expense on lease liability	17.b	306	1,288	394	1,324
Gain on net monetary position	34	(69,039)	(40,796)	(40,178)	(25,349)
PIS and COFINS	9	(21,177)	(96,544)	(21,192)	(96,702)
(Increase) decrease in operating assets					
Trade and related-party receivables		(112,748)	(70,859)	(127,142)	(110,363)
Inventories		(99,100)	(115,225)	(95,413)	(125,999)
Taxes recoverable		17,276	(7,085)	13,637	(11,683)
Other assets		(11,042)	(4,027)	(18,884)	(14,511)
(Increase) decrease in operating liabilities					
Trade and related-party payables		90,937	26,471	90,181	47,694
Salaries, vacation pay and social charges		26,569	46,634	27,220	48,478
Taxes and contributions payable		6,558	(10,327)	9,347	(18,429)
Other liabilities		(18,629)	(15,751)	(19,212)	(16,812)
Cash from operations		144,056	76,482	213,642	180,551
Income tax and social contribution paid		(50,680)	(42,621)	(54,558)	(49,400)
Net cash provided by operating activities		93,376	33,861	159,084	131,151
Cash flows from investing activities					
Dividends and interest on capital received from subsidiary		159,272	98,376	-	-
Loans granted to subsidiaries		(650)	(1,245)	(657,034)	(596,729)
Loan repayments received from subsidiaries		-	-	748,197	616,711
Additions to property, plant and equipment	13	(35,047)	(24,907)	(36,894)	(29,059)
Additions to intangible assets	14	(143)	(236)	(143)	(253)
Proceeds from sale of property, plant and equipment		268	577	268	577
Cash flows from (used in) investing activities		123,700	72,565	54,394	(8,753)
Cash flows from financing activities					
Proceeds from borrowings	17.a	289,333	49,194	289,333	55,487
Repayment of principal of borrowings	17.a	(123,438)	(389,671)	(123,438)	(389,671)
Repayment of interest on borrowings	17.a	(3,502)	(21,938)	(3,502)	(21,938)
Repayment of the principal and interest on the lease liability	17.b	(5,433)	(5,567)	(6,309)	(6,363)
Dividends and interest on capital paid	10	(529,357)	(108,484)	(529,357)	(108,484)
Net cash used in financing activities		(372,397)	(476,466)	(373,273)	(470,969)
Effect of foreign exchange variation on cash and cash equivalents		(3,999)	(1,998)	(23,089)	(12,634)
Reduction in cash and cash equivalents, net		(159,320)	(372,038)	(182,884)	(361,205)
Represented by:					
Cash and cash equivalents at the beginning of the period		273,927	557,868	361,089	607,835
Cash and cash equivalents at the end of the period	6	114,607	185,830	178,205	246,630
Reduction in cash and cash equivalents, net		(159,320)	(372,038)	(182,884)	(361,205)

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

MAHLE Metal Leve S.A.

Statement of value added Periods ended June 30, 2022 and 2021

All amounts in thousands of reais

(A free translation of the original in Portuguese)

	Parent company		Consolidated	
	1H2022	1H2021	1H2022	1H2021
Gross revenue	1,990,750	1,763,398	2,322,946	2,103,435
Sales of goods, products and services	1,923,386	1,720,477	2,279,548	2,071,882
Other revenue	67,392	40,130	43,761	29,601
Provision for impairment of trade receivables	(28)	2,791	(363)	1,952
Inputs acquired from third parties	(1,170,117)	(998,371)	(1,383,102)	(1,171,306)
(Includes amounts of taxes: ICMS, IPI, PIS and COFINS)				
Cost of sales and services	(692,902)	(577,007)	(880,921)	(723,577)
Materials, energy, outsourced services and other	(472,053)	(401,575)	(497,070)	(429,648)
Impairment/recovery of assets	(5,162)	(19,789)	(5,111)	(18,081)
Gross value added	820,633	765,027	939,844	932,129
Depreciation and amortization	(45,366)	(48,509)	(47,626)	(50,419)
Net value added generated by the company	775,267	716,518	892,218	881,710
Value added received through transfer	176,476	169,524	154,515	91,287
Equity in the results of investees	69,614	112,875	-	(92)
Finance income	106,862	56,649	154,515	91,379
Total value added to distribute	951,743	886,042	1,046,733	972,997
Distribution of value added	951,743	886,042	1,046,733	972,997
Personnel	309,952	294,881	341,388	325,534
Taxes and contributions	281,864	206,971	293,466	229,689
Capital providers	122,083	87,943	175,641	121,234
Interest	4,928	10,363	6,770	11,313
Rentals	8,900	8,589	9,482	9,163
Foreign exchange, monetary and other variations	108,255	68,991	159,389	100,758
Shareholders	237,844	296,247	236,238	296,540
Retained earnings	237,844	296,247	237,844	296,247
Share of non-controlling interests of retained earnings	-	-	(1,606)	293

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

1. Operations

a) General information

MAHLE Metal Leve S.A. (the Company) is an entity domiciled in Brazil. The registered address of the Company's head office is Ernst Mahle Avenue, number 2000, Zip Code 13.846.146, Mogi Guaçu, São Paulo. The Company's consolidated (consolidated) and separate (parent company) financial statements for the periods ended June 30, 2022, and 2021 includes the Company and its subsidiaries (referred to collectively as the Group).

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

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

b) Main events during the period and their impacts on the Company's financial statements

b.1) COVID-19 pandemic

The Company still has a crisis committee to monitor the COVID-19 situation at all its plants with the aim of mitigating 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 best practices available.

China's zero-COVID policy, which has imposed movement restrictions and lockdowns in several Chinese cities, is hitting the global economy and hampering the global supply chain. The Company has been badly affected mainly by the shortage of components imported from China, likely resulting in increased costs of materials and higher freight rates.

The Company continues to actively monitor the potential impacts of COVID-19 on its operations and the safety of its workers and their families, and society at large.

b.2) Russia-Ukraine conflict

The Company is monitoring the developments of the Russia-Ukraine war that has heightened uncertainty about the pace of the global economic activity and further delayed the normalization of global supply chains that have been hit by the COVID-19 pandemic.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Supply chain management is essential to the Company. Supply chain risk management also includes a list of backup suppliers that the Company can use in case of a disruption of service from its current suppliers.

The major impacts on the Company were the increase in transport time for import and export (customers and suppliers), increasing transport costs, and the shortage of components in the auto industry, bringing some instability to customer orders and forcing companies to cut orders in the short term.

The Company will continue to monitor the developments of the conflict and the potential impacts on its operations, customers and suppliers. On June 30, 2022, the Company does not have any material assets or liabilities exposed to Russia, Belarus and Ukraine; hence, no material accounting impact has been identified up to the date these interim financial statements were authorized for issue.

2. Entities of the Group (subsidiaries)

	Country	Ownership percentage (%)			
		06.30.2022		12.31.2021	
		Direct	Indirect	Direct	Indirect
<u>Subsidiaries</u>					
MAHLE Argentina S.A.	Argentina	99,2	0,8	99,2	0,8
MAHLE Filtroil Ind. e Com. de Filtros Ltda.	Brazil	60	-	60	-
MAHLE Metal Leve GmbH	Austria	100	-	100	-
MAHLE Hirschvogel Forjas S.A.	Brazil	51	-	51	-

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

3. Basis of preparation

Statement of compliance with respect to IFRS and CPC standards

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

In addition, the quarterly information does not include all annual financial statement requirements and, therefore, it should be read together with the parent company and consolidated financial statements of MAHLE Metal Leve S.A. on December 31, 2021.

The preparation of quarterly information requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the accounting policies of MAHLE Metal Leve S.A.. There have been no changes in assumptions and judgments made by management relating to the use of estimates to prepare this quarterly information in relation to those applied in the financial statements on December 31, 2021, as disclosed on March 08, 2022.

The issuance of the parent company and consolidated financial statements was authorized by the Company's Board of Directors on August 09, 2022. Only the shareholders have the power to amend the financial statements after issuance.

4. Changes in accounting policies and disclosures

These parent company and consolidated interim financial statements have been prepared under the same accounting practices as described and disclosed in Note 8 to the financial statements for the year ended December 31, 2021.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

5. Segment reporting

1) Operating segments

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

There was no change in the segment structure presented in the financial statements on December 31, 2021.

	Consolidated					
	1st half year 2022			1st half year 2021		
	Engine components	Filters	Consolidated	Engine components	Filters	Consolidated
Statement of income						
Gross operating revenue	2,115,287	298,868	2,414,155	1,931,294	227,128	2,158,422
Deductions from sales	(415,294)	(89,453)	(504,747)	(366,837)	(67,501)	(434,338)
Net operating revenue	1,699,993	209,415	1,909,408	1,564,457	159,627	1,724,084
Cost of sales	(1,242,258)	(171,934)	(1,414,192)	(1,082,560)	(124,212)	(1,206,772)
Gross profit	457,735	37,481	495,216	481,897	35,415	517,312
Selling expenses and distribution and Impairment of trade receivables	(118,294)	(16,254)	(134,548)	(96,459)	(11,880)	(108,339)
Administrative expenses	(47,839)	(5,604)	(53,443)	(45,370)	(6,303)	(51,673)
Technology research costs	(17,952)	(4,761)	(22,713)	(21,146)	(5,687)	(26,833)
Other operating income (expenses)	(12,907)	634	(12,273)	41,263	14,647	55,910
Equit	-	-	-	(92)	-	(92)
Gains (loss) on net monetary variation	38,398	1,780	40,178	24,286	1,063	25,349
Finance income	146,865	7,650	154,515	85,935	5,444	91,379
Finance costs	(153,713)	(9,684)	(163,397)	(103,285)	(6,102)	(109,387)
Profit before income tax and social contribution	292,293	11,242	303,535	367,029	26,597	393,626
Income tax and social contribution	(63,453)	(3,844)	(67,297)	(87,982)	(9,104)	(97,086)
Profit for the year	228,840	7,398	236,238	279,047	17,493	296,540
Non-controlling interests	871	735	1,606	(471)	178	(293)
Profit for the year	229,711	8,133	237,844	278,576	17,671	296,247

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

	Consolidated					
	2nd quarter 2022			2nd quarter 2021		
	Engine components	Filters	Consolidated	Engine components	Filters	Consolidated
Statement of income						
Gross operating revenue	1,138,006	156,343	1,294,349	994,593	111,545	1,106,138
Deductions from sales	(225,220)	(49,725)	(274,945)	(183,734)	(33,294)	(217,028)
Net operating revenue	912,785	106,619	1,019,404	810,859	78,251	889,110
Cost of sales	(675,116)	(85,198)	(760,314)	(566,041)	(61,970)	(628,011)
Gross profit	237,670	21,421	259,090	244,818	16,281	261,099
Selling expenses and distribution and Impairment of trade receivables	(69,201)	(8,053)	(77,254)	(53,789)	(5,940)	(59,729)
Administrative expenses	(27,536)	(2,724)	(30,260)	(21,072)	(3,047)	(24,119)
Technology research costs	(9,198)	(2,095)	(11,293)	(7,802)	(3,156)	(10,958)
Other operating income (expenses)	(7,579)	20	(7,559)	49,606	11,029	60,635
Equit	-	-	-	(30)	-	(30)
Gains (loss) on net monetary variation	22,942	850	23,792	10,184	1,063	11,247
Finance income	66,430	3,394	69,824	44,177	3,443	47,620
Finance costs	(71,331)	(3,398)	(75)	(56,697)	(2,889)	(59,586)
Profit before income tax and social contribution	142,197	9,414	151,611	209,395	16,784	226,179
Income tax and social contribution	(34,772)	(3,221)	(37,993)	(50,457)	(5,765)	(56,222)
Profit for the year	107,425	6,193	113,618	158,938	11,019	169,957
Non-controlling interests	779	389	1,168	1	88	89
Profit for the year	108,204	6,582	114,786	158,939	11,107	170,046

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

	Consolidated					
	06.30.2022			12.31.2021		
	Engine components	Filters	Consolidated	Engine components	Filters	Consolidated
Balance sheet accounts						
Reportable segment assets	2,688,836	188,370	2,877,206	2,749,670	191,370	2,941,040
Capital expenditures	30,533	8,812	39,345	66,505	19,119	85,624

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

2) Distribution by geographic area

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

Net operating revenue is distributed as follows:

Sales per country	Consolidated							
	2Q2022	%	1H2022	%	2Q2021	%	1H2021	%
Domestic market (Brazil and Argentina)	632,595	62.1%	1,160,397	60.8%	488,250	54.9%	959,735	55.7%
Brasil	534,844	52.5%	1,002,385	52.5%	429,872	48.3%	852,793	49.5%
Argentina	97,751	9.6%	158,012	8.3%	58,378	6.6%	106,942	6.2%
Export market	386,809	37.9%	749,011	39.2%	400,861	45.1%	764,349	44.3%
EUA	90,510	8.9%	176,345	9.2%	70,985	8.0%	133,808	7.8%
Mexico	58,696	5.8%	106,816	5.6%	68,329	7.7%	134,285	7.8%
Italy	26,529	2.6%	57,383	3.0%	39,781	4.5%	75,409	4.4%
Germany	52,345	5.1%	97,024	5.1%	53,410	6.0%	100,684	5.8%
Spain	16,836	1.7%	34,553	1.8%	23,557	2.6%	44,932	2.6%
Sweden	12,270	1.2%	21,476	1.1%	15,630	1.8%	34,617	2.0%
France	11,502	1.1%	25,539	1.3%	17,684	2.0%	33,790	2.0%
Portugal	6,976	0.7%	16,071	0.8%	12,224	1.4%	25,066	1.5%
Canada	5,319	0.5%	10,026	0.5%	2,777	0.3%	9,574	0.6%
Chile	6,380	0.6%	12,534	0.7%	6,086	0.7%	11,689	0.7%
Paraguay	5,167	0.5%	11,519	0.6%	5,312	0.6%	10,687	0.6%
Peru	2,909	0.3%	10,113	0.5%	3,833	0.4%	7,863	0.5%
Bolivia	5,338	0.5%	7,995	0.4%	3,843	0.4%	6,880	0.4%
China	1,234	0.1%	2,970	0.2%	4,382	0.5%	7,090	0.4%
Uruguay	2,907	0.3%	4,926	0.3%	2,538	0.3%	4,400	0.3%
India	2,954	0.3%	5,464	0.3%	3,652	0.4%	6,688	0.4%
United Kingdom	2,265	0.2%	6,320	0.3%	3,957	0.4%	6,665	0.4%
Outros	76,672	7.5%	141,937	7.4%	62,881	7.1%	110,222	6.4%
Total	1,019,404	100.0%	1,909,408	100%	889,110	100%	1,724,084	100%

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(in thousand of reais)

6. Cash and cash equivalents

	Parent company		Consolidated	
	06.30.2022	12.31.2021	06.30.2022	12.31.2021
Cash and demand deposits				
BRL	2,458	3,394	5,037	3,532
ARS (expressed in BRL)	-	-	4,810	5,831
USD (expressed in BRL)	15,721	19,197	15,721	19,197
EUR (expressed in BRL)	1,936	2,615	471	5,087
	20,115	25,206	26,039	33,647
BRL	-	242,024	3,923	244,879
ARS (expressed in BRL)	-	-	45,842	66,082
USD (expressed in BRL)	82,423	6,697	82,423	6,697
Financial investments	82,423	248,721	132,188	317,658
R\$	12,069	-	12,082	-
ARS (expressos em BRL)	-	-	1,402	295
USD (expressos em BRL)	-	-	6,494	6,302
EUR (expressos em BRL)	-	-	(97)	3,187
Cash in transit	12,069	-	19,978	9,784
	114,607	273,927	178,205	361,089

The decrease in cash was due to the payment of R\$ 529,357 of dividends and interest on capital in May 2022, partially offset by proceeds from new borrowings in the amount of R\$ 289,333.

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

Financial investments have made as follows:

- BRL – Certificates of bank deposit (CDBs) and resale agreements (100.0%) – These investments accrue interest, on average, at 100.8% p.a. (101.1% p.a. on December 31, 2021) of the CDI and are held only with Brazilian top-tier banks.
- ARS – Investment funds without grace periods and fixed-income investments with a term of thirty days, which carry average interest of 50% p.a. (34% p.a. on December 31, 2021) (BADLAR – Interest rate for term deposits).
- USD - Certificate deposits and Time deposits – These investments accrue interest, on average, at 1.08% p.a. (0.12% p.a. on December 31, 2021), are short-term and have original maturities of less than three months.

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Financial investments are recorded at updated value up to the end of the period. Their values reflect the redemption amount that would be realized if the investments were redeemed on that date. Yields on these transactions are recognized as finance income

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

7. Trade accounts receivables and other accounts receivables

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>06.30.2022</u>	<u>12.31.2021</u>	<u>06.30.2022</u>	<u>12.31.2021</u>
Market				
Domestic	364,225	287,135	364,472	287,427
Foreign	70,236	59,366	216,115	179,061
	<u>434,461</u>	<u>346,501</u>	<u>580,587</u>	<u>466,488</u>
Other accounts receivable	7,077	10,124	7,077	10,124
Provision for impairment of trade receivables	<u>(4,133)</u>	<u>(4,201)</u>	<u>(5,732)</u>	<u>(6,872)</u>
	<u>437,405</u>	<u>352,424</u>	<u>581,932</u>	<u>469,740</u>
Related parties (Note 10)	128,641	100,806	113,430	97,340
	<u>5 66.046</u>	<u>453,230</u>	<u>695,362</u>	<u>567,080</u>

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

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>06.30.2022</u>	<u>12.31.2021</u>	<u>06.30.2022</u>	<u>12.31.2021</u>
Not yet due	414,367	334,735	538,777	442,743
Past due:				
Up to 7 days	10,221	7,198	22,312	9,916
From 8 to 30 days	6,215	6,249	11,191	10,684
From 31 to 60 days	5,114	2,785	6,333	4,249
From 61 to 90 days	1,317	1,260	2,947	2,168
From 91 to 120 days	425	435	874	529
From 121 to 180 days	800	915	1,109	1,354
From 181 to 360 days	1,244	1,139	1,532	1,549
Over 360 days	1,835	1,909	2,589	3,420
(-) Provision for impairment of trade receivables	<u>(4,133)</u>	<u>(4,201)</u>	<u>(5,732)</u>	<u>(6,872)</u>
Total past due deducted provision	23,038	17,689	43,155	26,997
	<u>437,405</u>	<u>352,424</u>	<u>581,932</u>	<u>469,740</u>

On June 30, 2022, trade receivables of the parent company in the amount of R\$ 23,038 (December 31, 2021 - R\$ 17,689) and consolidated trade receivables on June 30, 2022, of R\$ 43,155 (December 31, 2021 - R\$ 26,997) were past due but not impaired. These relate to a number of original equipment and aftermarket customers for whom there is no recent history of default. Other past-due accounts do not pose a risk for the Company because they were settled after the date of these interim financial statements.

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

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

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2021	<u>(4,201)</u>	<u>(6,872)</u>
Receivables provided for in the period	(2,421)	(3,172)
Receivables reversed in the period	1,951	3,284
Receivables written off definitively	442	453
Foreign exchange variation	96	575
At June 30, 2022	<u>(4,133)</u>	<u>(5,732)</u>

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(in thousand of reais)

8. Inventories

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>06.30.2022</u>	<u>12.31.2021</u>	<u>06.30.2022</u>	<u>12.31.2021</u>
Finished products	202,587	154,962	294,372	249,059
Work in progress	147,793	110,584	165,841	127,335
Raw materials	77,960	58,017	91,522	76,919
Auxiliary materials	7,618	6,553	19,388	13,744
Imports in transit	22,987	27,970	40,317	46,212
	<u>459,095</u>	<u>358,086</u>	<u>611,440</u>	<u>513,269</u>

On June 30, 2022, inventory was stated net of provision for losses. These losses relate to products with a negative margin, tooling, quality issues, out-of-specification materials, obsolescence and slow-moving items in the amount of R\$ 45,398 (R\$ 44,798 on December 31, 2021) in the parent company and R\$ 62,160 (R\$ 62,538 on December 31, 2021) in the consolidated accounts.

Changes in the provision for inventory loss are as follows:

	<u>Parent company</u>	<u>Consolidated</u>
At December 31, 2021	<u>(44,798)</u>	<u>(62,538)</u>
Reversal of provision	8,333	14,784
Recognition of provision	(9,299)	(18,600)
Inventory written off definitively as loss	366	366
Foreign exchange variation	-	3,828
At June 30, 2022	<u>(45,398)</u>	<u>(62,160)</u>

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Notes to the interim financial statements

(in thousand of reais)

9. Taxes recoverable and income tax and social contribution recoverable

	Parent Company		Consolidated	
	06.30.2022	12.31.2021	06.30.2022	12.31.2021
Income tax and social contribution recoverable	33,947	47,358	48,231	69,939
Value-added Tax on Sales and Services (ICMS) on purchases of fixed assets	23,340	28,449	23,376	28,484
ICMS and Excise Tax (IPI)	6,582	6,268	6,582	6,268
Tax on import operations	5,942	4,106	6,092	4,106
Social Contribution on Revenues (COFINS)	3,762	6,659	3,762	6,659
Social Integration Program (PIS)	808	1,427	808	1,428
I.V.A. (Argentina)	-	-	602	5,073
Other	7	9	1,677	2,908
Taxes recoverable	40,441	46,918	42,899	54,926
Current	74,388	94,276	91,130	124,865
PIS and COFINS (*)	137,686	116,509	137,879	116,687
Value-added Tax on Sales and Services (ICMS) on purchases of fixed assets	10,387	9,622	10,387	9,622
Export incentive - Argentina	-	-	6,682	6,881
Non-current	148,073	126,131	154,948	133,190

(*) The Company has lawsuits to recover amounts of ICMS included in the calculation basis of PIS and COFINS.

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

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Notes to the interim financial statements

(in thousand of reais)

10. Related parties

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

	Parent company									
	Balances at 06.30.2022				Transactions from 01.01.2022 to 06.30.2022					
	Current assets		Non-current assets		Current liabilities		Sales/revenue		Purchases	
	Receivables (Note 7)	Payment term in days (***)	Loan	Suppliers (Note 15)	Payment term in days (***)	Products	Other	Products	Other	
Companies										
Subsidiaries										
Direct subsidiaries										
MAHLE Metal Leve GmbH	70,147	60	-	-	-	208,509	1,368	-	-	
MAHLE Argentina S.A.	27,717	60	24,135	74	60	65,627	1,725	831	-	
MAHLE Filtroil Indústria e Comércio de Filtros Ltda.	58	60	8,026	-	-	-	151	-	-	
MAHLE Hirschvogel Forjas S.A.	16	60	-	-	-	-	44	-	-	
Total direct subsidiaries	97,938		32,161	74		274,136	3,289	831	-	
Related companies										
MAHLE Engine Components USA, Inc.	5,027	60	-	1,275	60	11,599	-	4,882	272	
MAHLE Aftermarket GmbH	4,942	60	-	6,110	60	7,388	774	2,704	3,235	
MAHLE Behr Gerenciamento Térmico Brasil Ltda.	4,364	60	-	7,094	60	1,712	9,934	18,852	-	
MAHLE Aftermarket Inc.	3,137	60	-	134	60	4,993	170	40	(72)	
MAHLE Componenti Motori Italia S.p.A.	2,684	60	-	190	60	13,480	-	80	120	
MAHLE Compressores do Brasil Ltda.	2,248	60	-	6,673	60	717	5,416	19,804	-	
MAHLE International GmbH	1,791	60	-	21,296	60	-	2,211	-	23,514	
MAHLE Aftermarket S. de R.L. de C.V.	1,489	60	-	-	-	3,708	-	-	-	
MAHLE Ventiltrieb GmbH	1,412	60	-	-	-	1,483	-	-	-	
MAHLE Filter Systems USA	952	60	-	-	-	519	1,086	-	-	
MAHLE Engine Components (Yingkou) Co., Ltd.	445	60	-	-	-	1,063	-	-	-	
MAHLE Componentes de Motores S.A.	372	60	-	26	60	579	13	33	-	
MAHLE Componentes de Motor de Mexico, S. de R.L. de C.V.	302	60	-	1,375	60	730	-	9,754	277	
MAHLE Industriemotoren-Komponenten GmbH	281	60	-	-	-	51	-	-	-	
MAHLE Indústria e Comércio Ltda.	242	60	-	1,738	60	-	1,400	707	5,062 **	
MAHLE GmbH	204	60	-	19,808	60	65	146	1,584	19,424 *	
MAHLE Sistemas de Filtración de Mexico S.A. de C.V.	171	60	-	-	-	5	-	-	-	
MAHLE Motor Parcalari San. Izmir A.S.	137	60	-	447	60	1,542	-	102	-	
MAHLE Trading Japan Co., Ltd.	107	60	-	-	-	-	116	190	-	
MAHLE France SAS	87	60	-	23	60	189	-	-	-	
MAHLE Engine Components (Chongqing) Co., Ltd.	77	60	-	-	-	914	-	-	-	
MAHLE Kleinmotoren-Komponenten GmbH & Co. KG	65	60	-	-	-	65	-	-	-	
MAHLE Engine Systems UK Ltd.	48	60	-	2,832	60	397	93	3,073	-	
MAHLE Engine Components Slovakia s.r.o.	45	60	-	-	-	85	-	-	-	
MAHLE Electric Drives Slovenija d.o.o.	22	60	-	863	60	-	92	2,187	-	
MAHLE Anand Filter Systems Private Limited	21	60	-	-	-	41	-	9	-	
MAHLE Engine Components (Nanjing) Co., Ltd.	14	60	-	-	-	43	-	-	-	
MAHLE Holding (China) Co., Ltd.	10	60	-	288	60	(225)	-	-	255	
MAHLE Filtre Sistemleri A.S.	4	60	-	-	-	4	-	-	-	
MAHLE Engine Components India Priv. Ltd.	3	60	-	1	60	8	-	-	1	
MAHLE Industries, Inc.	-	-	-	1,784	60	-	-	-	763	
MAHLE Automotive Technologies (China) Co., Ltd	-	-	-	1,091	60	-	-	-	408	
MAHLE Japan Ltd.	-	-	-	795	60	-	-	-	313	
MAHLE Filtersysteme Austria GmbH	-	-	-	613	60	-	-	959	-	
MAHLE Electric Drives (Taicang) Co., Ltd.	-	-	-	543	60	-	-	1,598	-	
MAHLE Aftermarket Pte. Ltd.	-	-	-	523	60	-	-	2,097	-	
MAHLE Filtersysteme GmbH	-	-	-	467	60	-	-	-	799	
MAHLE Aftermarket Italy S.p.A.	-	-	-	178	60	-	-	1,070	5	
MAHLE Componente de Motor SRL	-	-	-	119	60	-	-	166	-	
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	95	60	-	-	211	1	
MAHLE Filter Systems Philippines Corporation	-	-	-	36	60	-	-	25	-	
MAHLE S.A.U.	-	-	-	23	60	-	-	-	-	
MAHLE Engineering Services India Private Limited	-	-	-	8	60	-	-	-	8	
MAHLE Holding (India) Private Limited	-	-	-	1	60	-	-	-	-	
MAHLE RUS O.O.O.	-	-	-	-	-	179	-	-	-	
MAHLE Trading (Shanghai) Co., Ltd.	-	-	-	-	-	-	-	1,600	-	
MAHLE Industrial Thermal Systems GmbH & Co. KG	-	-	-	-	-	-	-	-	480	
Other	-	-	-	-	-	(2)	-	18	9	
Total related companies	30,703		-	76,449		51,332	21,451	71,745	54,874	
Total related parties	128,641		32,161	76,523		325,468	24,739	72,576	54,874	

* Brand license of RS 7,292

** Rent of RS 5,062

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

	Parent company										
	Balances at 12.31.2021					Transactions from 01.01.2021 to 06.30.2021					
	Current assets		Non-current assets		Current liabilities		Sales/revenue		Purchases		
Receivables (Note 7)	Payment term in days (***)	Dividends and interest on capital payable	Loan	Suppliers (Note 15)	Payment term in days (***)	Dividends and interest on capital payable	Products	Other	Products	Other	
Companies											
Subsidiaries											
Direct subsidiaries											
MAHLE Metal Leve GmbH	54,157	60	132,095	-	-	-	242,899	24	-	-	
MAHLE Argentina S.A.	20,175	60	-	25,109	68	60	39,488	1,655	391	-	
MAHLE Filtróil Indústria e Comércio de Filtros Ltda.	53	60	-	7,519	-	-	-	132	-	-	
MAHLE Hirschvogel Forjas S.A.	23	60	-	-	-	-	-	65	-	-	
Sub-total Controladas Diretas	74,408		132,095	32,628	68		282,387	1,876	391	-	
Related companies											
MAHLE Engine Components USA, Inc.	7,095	60	-	-	828	60	16,785	-	1,341	352	
MAHLE Componenti Motori Italia S.p.A.	6,725	60	-	-	311	60	19,407	-	344	720	
MAHLE Behr Gerenciamento Técnico Brasil Ltda.	2,916	60	-	-	6,319	60	1,812	8,600	11,980	448	
MAHLE Compressores do Brasil Ltda.	1,932	60	-	-	4,886	60	1,210	5,322	24,708	152	
MAHLE Aftermarket GmbH	1,708	60	-	-	4,945	60	3,474	920	2,014	3,040	
MAHLE GmbH	624	60	-	-	10,527	60	97	621	3,114	13,833 *	
MAHLE International GmbH	616	60	-	-	10,890	60	-	1,218	-	19,820	
MAHLE Holding (China) Co., Ltd.	604	60	-	-	189	60	227	-	-	213	
MAHLE Motor Parcalari San. Izmir A.S.	587	60	-	-	111	60	1,434	-	710	-	
MAHLE Aftermarket S. de R.L. de C.V.	502	60	-	-	-	-	3,053	-	-	-	
MAHLE Engine Components (Yingkou) Co., Ltd.	442	60	-	-	6	60	2,117	-	-	-	
MAHLE Engine Components Slovakia s.r.o.	439	60	-	-	-	-	66	-	-	-	
MAHLE Componentes de Motor de Mexico, S. de R.L. de C.V.	413	60	-	-	1,756	60	584	-	7,635	76	
MAHLE France SAS	355	60	-	-	-	-	345	-	-	-	
MAHLE Industriemotoren-Komponenten GmbH	340	60	-	-	-	-	71	-	-	-	
MAHLE Indústria e Comércio Ltda.	228	60	-	-	1,573	60	74,593	1,204	442	4,516 **	
MAHLE Kleinmotoren-Komponenten GmbH & Co. KG	158	60	-	-	-	-	14	-	-	-	
MAHLE Engine Components (Chongqing) Co., Ltd.	149	60	-	-	-	-	566	-	-	-	
MAHLE Componentes de Motores S.A.	142	60	-	-	6	60	1,975	22	232	-	
MAHLE Engine Systems UK Ltd.	111	60	-	-	2,040	60	(1)	(29)	4,712	-	
MAHLE Filter Systems USA	89	60	-	-	48	60	2	-	-	-	
MAHLE Aftermarket Inc.	87	60	-	-	127	60	1,038	193	19	117	
MAHLE Trading Japan Co., Ltd.	66	60	-	-	-	-	-	88	515	-	
MAHLE Industries, Inc.	31	60	-	-	1,089	60	-	25	-	346	
MAHLE Anand Filter Systems Private Limited	22	60	-	-	-	-	68	-	-	-	
MAHLE Japan Ltd.	17	60	-	-	606	60	-	26	-	282	
MAHLE Filtersysteme Austria GmbH	1	60	-	-	226	60	-	-	1,275	-	
MAHLE Aftermarket Pte. Ltd.	-	-	-	-	1,197	60	23	-	3,680	-	
MAHLE Aftermarket Italy S.p.A.	-	-	-	-	1,162	60	-	-	210	2	
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	-	883	60	-	-	235	1	
MAHLE Trading (Shanghai) Co., Ltd.	-	-	-	-	882	60	-	-	593	-	
MAHLE Automotive Technologies (China) Co., Ltd.	-	-	-	-	766	60	-	-	-	398	
MAHLE Electric Drives (Taicang) Co., Ltd.	-	-	-	-	680	60	-	81	1,863	-	
MAHLE Electric Drives Slovenija d.o.o.	-	-	-	-	461	60	-	29	1,769	-	
MAHLE Polska Sp. z o.o.	-	-	-	-	389	60	-	9	-	-	
MAHLE Filtersysteme GmbH	-	-	-	-	293	60	-	-	-	586	
MAHLE Filter Systems Japan Corporation	-	-	-	-	141	60	-	-	507	-	
MAHLE Shared Services Mexico S. de R.L. de C.V.	-	-	-	-	85	60	-	-	-	-	
MAHLE Componente de Motor SRL	-	-	-	-	53	60	-	-	226	-	
MAHLE S.A.U.	-	-	-	-	26	60	-	-	275	-	
MAHLE France SARL	-	-	-	-	19	60	-	-	-	8	
MAHLE Engineering Services India Private Limited	-	-	-	-	14	60	-	-	-	-	
MAHLE Industrial Thermal Systems GmbH & Co. KG	-	-	-	-	14	60	-	-	-	-	
MAHLE Composants Moteur France SAS	-	-	-	-	9	60	(9)	-	2	-	
MAHLE Vöcklabruck GmbH	-	-	-	-	2	60	10	-	-	-	
MAHLE Holding (India) Private Limited	-	-	-	-	1	60	-	(7)	-	1	
MAHLE Industriebeteiligungen GmbH	-	-	-	-	-	-	12,432	-	-	-	
MAHLE Engine Components (Nanjing) Co., Ltd.	-	-	-	-	-	-	1,303	-	-	-	
MAHLE Behr Service Asia Co., Ltd.	-	-	-	-	-	-	-	-	1,454	-	
MAHLE Filtre Sistemleri A.S.	-	-	-	-	-	-	2	267	-	-	
MAHLE Fil. Sys. UK Ltd.	-	-	-	-	-	-	-	-	275	-	
MAHLE Filter Systems Philippines Corporation	-	-	-	-	-	-	-	-	87	-	
Outros	-	-	-	-	-	-	-	-	-	-	
Other	(1)	60	-	-	-	-	76	-	13	-	
Total related companies	26,398		-	53,560			87,025	55,758	18,580	70,230	44,911
Total related parties	100,806		132,095	32,628	53,628		87,025	338,145	20,456	70,621	44,911

* Brand license of RS 6,911

** Rent of RS 4,516

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

	Consolidated								
	Balances at 06.30.2022				Transactions from 01.01.2022 to 06.30.2022				
	Current assets		Non-current assets	Current liabilities		Sales/revenue		Purchases	
	Receivables (Note 7)	Payment term in days (***)	Loan	Suppliers (Note 15)	Payment term in days (***)	Products	Other	Products	Other
Empresas									
Related companies									
MAHLE Aftermarket GmbH	25,448	60	-	14,509	60	56,337	774	11,478	3,235
MAHLE Componenti Motori Italia S.p.A.	20,833	60	-	190	60	56,105	-	110	120
MAHLE Componentes de Motor de Mexico, S. de R.L. de C.V.	15,912	60	-	1,375	60	39,866	-	9,754	277
MAHLE Engine Components USA, Inc.	8,785	60	-	3,161	60	21,434	-	4,882	758
MAHLE France SAS	7,933	60	-	41	60	20,375	-	-	-
MAHLE Aftermarket S. de R.L. de C.V.	5,304	60	-	-	-	13,572	-	-	-
MAHLE Behr Gerenciamento Térmico Brasil Ltda.	4,567	60	-	9,332	60	1,808	9,934	22,429	-
MAHLE Componentes de Motores S.A.	4,413	60	-	26	60	15,530	13	33	-
MAHLE Aftermarket Inc.	3,677	60	-	134	60	6,128	170	40	(72)
MAHLE Compressores do Brasil Ltda.	2,248	60	-	6,673	60	717	5,416	19,804	-
MAHLE Motor Parcalari San. Izmir A.S.	2,174	60	-	447	60	6,020	-	102	-
MAHLE Industriebmotoren-Komponenten GmbH	1,964	60	-	277	60	3,407	-	-	-
MAHLE International GmbH	1,791	60	-	29,112	60	-	2,211	-	24,982
MAHLE Vöcklabruck GmbH	1,606	60	-	-	-	(73)	-	-	-
MAHLE Ventiltrieb GmbH	1,480	60	-	-	-	1,545	-	-	-
MAHLE Engine Components (Thailand) Co., Ltd.	976	60	-	-	-	1,651	-	-	-
MAHLE Filter Systems USA	952	60	-	-	-	519	1,086	-	-
MAHLE Kleinmotoren-Komponenten GmbH & Co. KG	747	60	-	15	60	3,414	-	-	47
MAHLE GmbH	553	60	-	24,194	60	882	146	1,584	20,486 *
MAHLE Engine Components (Yingkou) Co., Ltd.	445	60	-	-	-	1,063	-	-	-
MAHLE Engine Components Slovakia s.r.o.	284	60	-	-	-	714	-	-	-
MAHLE Indústria e Comércio Ltda.	242	60	-	1,738	60	-	1,400	707	5,062 **
MAHLE Polska Sp. z o.o.	236	60	-	-	-	674	-	-	-
MAHLE Aftermarket S.L.U.	233	60	-	-	-	-	-	-	-
MAHLE Sistemas de Filtracion de Mexico S.A. de C.V.	171	60	-	-	-	5	-	-	-
MAHLE Engine Components India Priv. Ltd.	153	60	-	45	60	348	-	-	1
MAHLE Trading Japan Co., Ltd.	107	60	-	-	-	-	116	190	-
MAHLE Engine Components (Chongqing) Co., Ltd.	77	60	-	-	-	914	-	-	-
MAHLE Engine Systems UK Ltd.	48	60	-	2,832	60	397	93	3,073	-
MAHLE Electric Drives Slovenija d.o.o.	22	60	-	863	60	-	92	2,461	-
MAHLE Anand Filter Systems Private Limited	21	60	-	-	-	41	-	9	-
MAHLE Engine Components (Nanjing) Co., Ltd.	14	60	-	-	-	43	-	-	-
MAHLE Holding (China) Co., Ltd.	10	60	-	288	60	(225)	-	-	255
MAHLE Filtre Sistemleri A.S.	4	60	-	-	-	4	-	-	-
MAHLE Industries, Inc.	-	-	-	2,609	60	-	-	-	2,417
MAHLE Automotive Technologies (China) Co., Ltd	-	-	-	1,091	60	-	-	-	408
MAHLE Engine Components USA, Inc.	-	-	-	838	60	-	-	-	-
MAHLE Japan Ltd.	-	-	-	795	60	-	-	-	313
MAHLE Filtersysteme Austria GmbH	-	-	-	677	60	-	-	959	173
MAHLE Electric Drives (Taicang) Co., Ltd.	-	-	-	543	60	-	-	1,598	-
MAHLE Aftermarket Pte. Ltd.	-	-	-	523	60	-	-	2,097	-
MAHLE Filtersysteme GmbH	-	-	-	467	60	-	-	-	799
MAHLE Aftermarket Italy S.p.A.	-	-	-	354	60	-	-	1,246	5
MAHLE Componente de Motor SRL	-	-	-	119	60	-	-	166	-
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	95	60	-	-	211	1
MAHLE Filter Systems Philippines Corporation	-	-	-	36	60	-	-	25	-
MAHLE Holding Austria GmbH	-	-	39,249	25	60	-	-	-	-
MAHLE S.A.U.	-	-	-	23	60	176	-	-	-
MAHLE Engineering Services India Private Limited	-	-	-	8	60	-	-	-	8
MAHLE Holding (India) Private Limited	-	-	-	1	60	-	-	-	-
MAHLE RUS O.O.O.	-	-	-	-	-	179	-	-	-
MAHLE Trading (Shanghai) Co., Ltd.	-	-	-	-	-	-	-	1,600	-
MAHLE Industrial Thermal Systems GmbH & Co. KG	-	-	-	-	-	-	-	-	480
Outros	-	-	-	-	-	5	-	18	9
Total related companies	113,430		39,249	103,456		253,575	21,451	84,576	59,764
Total related parties	113,430		39,249	103,456		253,575	21,451	84,576	59,764

* Brand license of R\$ 7,828

** Rent of R\$ 5,062

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

Notes to the interim financial statements

(in thousand of reais)

	Consolidated								
	Balances at 12.31.2021				Transactions from 01.01.2021 to 06.30.2021				
	Current assets		Non-current assets	Current liabilities		Sales/revenue		Purchases	
	Receivables (Note 7)	Payment term in days (***)	Loan	Suppliers (Note 15)	Payment term in days (***)	Products	Other	Products	Other
Empresas									
Related companies									
MAHLE Componenti Motori Italia S.p.A.	22,784	60	-	1,406	60	70,910	-	344	720
MAHLE Aftermarket GmbH	21,851	60	-	7,316	60	42,416	920	6,247	3,040
MAHLE Componentes de Motor de Mexico, S. de R.L. de C.V.	11,999	60	-	1,813	60	60,189	-	7,635	76
MAHLE Engine Components USA, Inc.	9,874	60	-	1,999	60	21,909	-	1,341	519
MAHLE France SAS	7,234	60	-	6	60	19,643	-	33	-
MAHLE Aftermarket S. de R.L. de C.V.	3,063	60	-	-	-	13,297	-	-	-
MAHLE Behr Gerenciamento Térmico Brasil Ltda.	3,036	60	-	9,670	60	1,812	8,600	13,626	448
MAHLE Componentes de Motores S.A.	2,937	60	-	6	60	23,110	22	232	-
MAHLE Kleinmotoren-Komponenten GmbH & Co. KG	2,043	60	-	14	60	3,782	-	-	60
MAHLE Compressores do Brasil Ltda.	1,932	60	-	4,886	60	1,210	5,322	24,708	152
MAHLE Industriemotoren-Komponenten GmbH	1,839	60	-	318	60	3,319	-	-	-
MAHLE Vöcklabruck GmbH	1,389	60	-	2	60	(2)	-	-	-
MAHLE Engine Components (Thailand) Co., Ltd.	1,236	60	-	(81)	60	2,307	-	-	-
MAHLE GmbH	1,014	60	-	13,255	60	1,584	621	3,114	14,659 *
MAHLE Motor Parcalari San. Izmir A.S.	971	60	-	111	60	2,810	-	710	-
MAHLE S.A.U.	961	60	-	26	60	5,329	-	275	-
MAHLE International GmbH	616	60	-	18,414	60	-	1,218	-	21,415
MAHLE Holding (China) Co., Ltd.	604	60	-	189	60	227	-	-	213
MAHLE Engine Components Slovakia s.r.o.	602	60	-	-	-	970	-	-	-
MAHLE Engine Components (Yingkou) Co., Ltd.	442	60	-	6	60	2,117	-	-	-
MAHLE Indústria e Comércio Ltda.	228	60	-	1,573	60	-	1,204	442	4,516 **
MAHLE Aftermarket Inc.	181	60	-	127	60	2,243	193	19	117
MAHLE Engine Components (Chongqing) Co., Ltd.	149	60	-	-	-	566	-	-	-
MAHLE Engine Systems UK Ltd.	111	60	-	2,040	60	(1)	(29)	4,712	-
MAHLE Filter Systems USA	89	60	-	48	60	2	-	-	-
MAHLE Trading Japan Co., Ltd.	66	60	-	-	-	-	88	515	-
MAHLE Polska Sp. z o.o.	47	60	-	389	60	1,576	-	-	-
MAHLE Industries, Inc.	31	60	-	1,770	60	-	25	-	1,805
MAHLE Anand Filter Systems Private Limited	22	60	-	-	-	68	-	-	-
MAHLE Japan Ltd.	17	60	-	606	60	-	26	-	282
MAHLE Engine Components India Priv. Ltd.	5	60	-	-	-	2,507	-	-	-
MAHLE Filtersysteme Austria GmbH	1	60	-	306	60	-	-	1,275	165
MAHLE Aftermarket Italy S.p.A.	-	-	-	1,274	60	-	-	387	2
MAHLE Aftermarket Pte. Ltd.	-	-	-	1,197	60	23	-	3,680	-
MAHLE Donghyun Filter Systems Co., Ltd.	-	-	-	883	60	-	-	235	1
MAHLE Trading (Shanghai) Co., Ltd.	-	-	-	882	60	-	-	593	-
MAHLE Automotive Technologies (China) Co., Ltd	-	-	-	766	60	-	-	-	398
MAHLE Electric Drives Slovenija d.o.o.	-	-	-	722	60	-	29	1,861	-
MAHLE Electric Drives (Taicang) Co., Ltd.	-	-	-	680	60	-	81	1,863	-
MAHLE Engine Components USA, Inc.	-	-	-	664	60	-	-	-	-
MAHLE Filtersysteme GmbH	-	-	-	293	60	-	-	-	586
MAHLE Filter Systems Japan Corporation	-	-	-	141	60	-	-	507	-
MAHLE Shared Services Mexico S. de R.L. de C.V.	-	-	-	85	60	-	-	-	-
MAHLE Componente de Motor SRL	-	-	-	53	60	-	-	226	-
MAHLE Holding Austria GmbH	-	-	147,745	46	60	-	-	-	-
MAHLE France SARL	-	-	-	19	60	-	-	-	8
MAHLE Industrial Thermal Systems GmbH & Co. KG	-	-	-	14	60	-	-	-	-
MAHLE Engineering Services India Private Limited	-	-	-	14	60	-	-	-	-
MAHLE Composants Moteur France SAS	-	-	-	9	60	(9)	-	2	-
MAHLE Holding (India) Private Limited	-	-	-	1	60	-	(7)	-	1
MAHLE Industriebeteiligungen GmbH	-	-	-	-	-	-	-	-	-
MAHLE Engine Components (Nanjing) Co., Ltd.	-	-	-	-	-	1,303	-	-	-
MAHLE Engine Components Japan Corporation	-	-	-	-	-	31	-	-	-
MAHLE Motorsports Inc	-	-	-	-	-	17	-	-	-
MAHLE Filtre Sistemleri A.S.	-	-	-	-	-	2	267	-	-
MAHLE Behr Service Asia Co., Ltd.	-	-	-	-	-	-	-	2,126	-
MAHLE Fil. Sys. UK Ltd.	-	-	-	-	-	-	-	275	-
MAHLE Filter Systems Philippines Corporation	-	-	-	-	-	-	-	87	-
MAHLE Ventiltrieb GmbH	-	-	-	-	-	-	-	-	127
Outros	(34)	60	-	-	-	28	-	13	-
Total related companies	97,340		147,745	73,958		285,295	18,580	77,083	49,310
Total related parties	97,340		147,745	73,958		285,295	18,580	77,083	49,310

* Brand license of R\$ 7,316

** Rent of R\$ 4,516

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

The business transactions with related parties relate mainly to the purchase and sale of products and services directly related to the Group's operating activities.

On June 30, 2022, the subsidiary MAHLE Filtroil Indústria e Comércio de Filtros Ltda. has a balance with the Company of R\$ 8,026 (R\$ 7,519 on December 31, 2021) (loan agreement in the amount of R\$ 20,580 (R\$ 18,971 on December 31, 2021), with interest rate at 115% of the CDI and provision for losses on investees in the amount of (-) R\$ 12,554 ((-) R\$ 11,452 on December 31, 2021). The Company expects to recover this loan via cash flows from the financial asset.

On June 30, 2022, the subsidiary MAHLE Argentina S.A. has a loan agreement with the Company in the amount of USD 4,607,5 equivalent to R\$ 24,135 (R\$ 25,109 on December 31, 2021) with interest of 5.38% plus spread of 2.5% p.a. Although the amortization term began in June 2021, MAHLE Argentina S.A. has not yet received authorization to remit the USD because of current foreign exchange restrictions in Argentina. The authorization process is being monitored by the teams of MAHLE Brazil and MAHLE Argentina, without expectation of recovery in the short term due to payment restrictions imposed by the Argentine government as published through notices A7532, A7542 and A7553. We identified no material risk of loss on the amount receivable.

The subsidiary MAHLE Metal Leve GmbH has a daily cash management contract with MAHLE Holding Austria GmbH, subject to interest based on Eonia (Euro OverNight Index Average) + 1.15% p.a., with no definite maturity date. On June 30, 2022, the subsidiary has a balance payable of R\$ 39,249 arising from these transactions (balance receivable of R\$ 147,745 on December 31, 2021).

Since February 15, 2012, the Company has had a brand licensing agreement with its parent company MAHLE GmbH, which is registered with the National Institute of Industrial Property, in which the licensor establishes the payment of royalties of up to 1% of net sales revenue and the Company is authorized to manufacture and distribute products using the brand "MAHLE". On June 30, 2022, the royalty expenses were recorded within "selling expenses - brand license", in the parent company in the amount of R\$ 7,292 (June 30, 2021 - R\$ 6,911) and in the consolidated accounts in the amount of R\$ 7,828 (June 30, 2021 - R\$ 7,316).

Parent company and ultimate parent company

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

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Dividends and interest on capital receivable

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

	Parent company				06.30.2022
	12.31.2021	Provision	Receipt	Exchange variation	
Dividends	-	52,589	(52,589)	-	-
Interest on capital	132,095	-	(106,683)	(25,412)	-
	132,095	52,589	(159,272)	(25,412)	-

Dividends and interest on capital payable

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

	Parent company and consolidated			
	Balance 12.31.2021	Addition	Payment	Balance 06.30.2022
MAHLE Indústria e Comércio Ltda.	74,593	242,657	(317,250)	-
MAHLE Industriebeteiligungen GmbH.	12,432	40,443	(52,875)	-
Non-controlling	38,999	121,329	(159,232)	1,096
Total	126,024	404,429	(529,357)	1,096

Management compensation

The compensation of the key management personnel, which comprises the executive officers and the Board of Directors, includes salaries, fees, variable benefits and and termination pay.

	Parent company and consolidated			
	2022		2021	
	2Q2022	1H2022	2Q2021	1H2021
Statutory officers	1,579	3,448	1,585	3,454
Non-statutory officers	953	1,648	1,011	1,706
	2,532	5,096	2,596	5,160

The officers receive no share-based compensation.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

11. Income tax and social contribution

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

a. Reconciliation of income tax and social contribution expense

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

	Parent company			
	2022		2021	
	2Q2022	1H2022	2Q2021	1H2021
Profit before income tax and social contribution after interest on capital	144,013	293,714	216,942	371,133
Income tax and social contribution at the statutory rate in Brazil	(48,965)	(99,863)	(73,760)	(126,185)
Effects of permanent differences:				
Equity in the results of investees	8,635	23,669	20,560	38,377
Gain on monetary items, net	14,283	23,473	6,963	13,871
Other, net	(3,180)	(3,149)	(659)	(949)
Total income tax and social contribution	(29,227)	(55,870)	(46,896)	(74,886)
Current income tax and social contribution	(38,000)	(63,723)	(23,518)	(50,500)
Deferred income tax and social contribution	8,773	7,853	(23,378)	(24,386)
	(29,227)	(55,870)	(46,896)	(74,886)
Effective rate	20.3%	19.0%	21.6%	20.2%

	Consolidated			
	2022		2021	
	2Q2022	1H2022	2Q2021	1H2021
Profit before income tax and social contribution after interest on capital	151,611	303,535	226,179	393,626
Income tax and social contribution at the statutory rate in Brazil (34%)	(51,548)	(103,202)	(76,901)	(133,833)
Effects of permanent differences:				
Equity in the results of investees	-	-	(10)	(31)
Gain on monetary items, net	7,904	13,366	4,200	9,250
Other, net	5,651	22,539	16,489	27,528
Total income tax and social contribution	(37,993)	(67,297)	(56,222)	(97,086)
Current income tax and social contribution	(46,326)	(74,464)	(32,957)	(71,315)
Deferred income tax and social contribution	8,333	7,167	(23,265)	(25,771)
	(37,993)	(67,297)	(56,222)	(97,086)
Effective rate	25.1%	22.2%	24.9%	24.7%

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

b. Recognized deferred tax assets and liabilities

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

i. Breakdown of deferred tax assets and liabilities:

	Parent company			
	Assets		Liabilities	
	Balance in 06.30.2022	Balance in 12.31.2021	Balance in 06.30.2022	Balance in 12.31.2021
Property, plant and equipment	-	-	(27,251)	(27,867)
Intangible assets	-	-	(97,025)	(97,025)
ICMS credit based on PIS and COFINS	-	-	(44,473)	(36,161)
Derivatives	2,373	3,367	-	-
Inventory	15,435	15,231	-	-
Provision labor risks	62,699	64,898	-	-
Other provision	107,526	92,016	-	-
Tax (assets) liabilities	188,033	175,512	(168,749)	(161,053)
Amount eligible for offsetting	(168,749)	(161,053)	168,749	161,053
Net tax (assets) liabilities	19,284	14,459	-	-
	Consolidated			
	Assets		Liabilities	
	Balance in 06.30.2022	Balance in 12.31.2021	Balance in 06.30.2022	Balance in 12.31.2021
Property, plant and equipment	-	-	(36,011)	(38,301)
Intangible assets	-	-	(97,025)	(97,025)
ICMS credit based on PIS and COFINS	-	-	(44,473)	(36,161)
Derivatives	2,373	3,367	-	-
Inventory	15,465	14,347	-	-
Provision labor risks	62,699	64,898	-	-
Other provision	103,998	88,409	-	-
Tax (assets) liabilities	184,535	171,021	(177,509)	(171,487)
Amount eligible for offsetting	(165,251)	(156,562)	165,251	156,562
Net tax (assets) liabilities	19,284	14,459	(12,258)	(14,925)

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Notes to the interim financial statements

(in thousand of reais)

Deferred income tax and social contribution assets are recognized to the extent that it is probable future taxable profit will be available to utilize temporary differences, considering projections of future results based on internal assumptions.

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

ii. Changes in temporary differences:

	Parent company	Consolidated
At December 31, 2021	14,459	(466)
(+) Recognized in profit or loss (note 11.a)	7,853	7,167
(+) Recognized in other comprehensive income	(3,028)	325
At June 30, 2022	19,284	7,026

12. Investments in subsidiaries

	06.30.2022				
	Investments accounted for using the equity method	Goodwill	Impairment	Elimination of profit on inventory (Balance at 06/30/2022)	Total
MAHLE Argentina S.A.	245,877	68,071	(68,071)	(3,353)	242,524
MAHLE Metal Leve GmbH	112,114	-	-	(1,421)	110,693
MAHLE Hirschvogel Forjas S.A.	2,873	35,755	(35,755)	-	2,873
Total	360,864	103,826	(103,826)	(4,774)	356,090

	12.31.2021				
	Investments accounted for using the equity method	Goodwill	Impairment	Elimination of profit on inventory (Balance at 12/31/2021)	Total
MAHLE Argentina S.A.	248,438	68,071	(68,071)	(3,626)	244,812
MAHLE Metal Leve GmbH	101,177	-	-	(4,018)	97,159
MAHLE Hirschvogel Forjas S.A.	3,776	35,755	(35,755)	-	3,776
Total	353,391	103,826	(103,826)	(7,644)	345,747

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

	Interest (%)	Ativos				Total assets	Passivos		Equity	Net revenue	Profit (loss) for the period	Investments	Interest in equity	
		Circulantes	Ativos Não Circulantes	Circulantes	Não Circulantes		Equity in the results of subsidiaries	Elimination of profit on inventory / other assets (equity)						
June 30, 2022														
Subsidiaries														
MAHLE Argentina S.A.	99.20	324,172	85,574	409,746	117,926	43,960	161,886	247,860	323,822	(13,887)	245,877	(13,776)	273	
MAHLE Metal Leve GmbH	100.00	156,870	41,231	198,101	84,132	1,855	85,987	112,114	315,102	82,524	112,114	82,524	2,597	
MAHLE Filtröil Ind. e Com. de Filtrös Ltda.	60.00	1,594	18	1,613	865	8,668	9,533	(8,370)	647	(1,837)	-	(1,102)	-	
MAHLE Hirschvogel Forjas S.A.	51.00	4,779	3,016	7,795	759	1,402	2,161	5,634	-	(1,771)	2,873	(903)	-	
Subtotal subsidiaries		486,778	130,027	616,805	203,682	55,885	259,567	357,238	639,571	65,029	360,864	66,744	2,870	
December 31, 2021														
Subsidiaries														
MAHLE Argentina S.A.	99.20	325,499	90,027	415,526	119,134	45,949	165,083	250,443	667,700	22,574	248,438	22,393	(924)	
MAHLE Metal Leve GmbH	100.00	149,728	149,749	299,477	197,936	362	198,298	101,179	684,404	202,242	101,177	202,242	(594)	
MAHLE Filtröil Ind. e Com. de Filtrös Ltda.	60.00	973	194	1,167	723	8,078	8,801	(7,654)	1,868	(1,355)	-	(813)	-	
MAHLE Hirschvogel Forjas S.A.	51.00	5,946	4,186	10,132	765	1,962	2,727	7,405	-	615	3,776	314	-	
Subtotal subsidiaries		482,146	244,156	726,302	318,558	56,351	374,909	351,393	1,353,972	224,076	353,392	224,136	(1,518)	
Related companies		-	-	-	-	-	-	-	-	-	-	(220)	3,493	
Innoferm Tecnologia Ltda.	33.33	-	-	-	-	-	-	-	-	-	-	(220)	3,493	
Subtotal related companies		-	-	-	-	-	-	-	-	-	-	-	-	
Total		482,146	244,156	726,302	318,558	56,351	374,909	351,393	1,353,972	224,076	353,392	223,916	1,975	
June 30, 2021														
Subsidiaries														
MAHLE Argentina S.A.	99.20	255,904	76,593	332,497	108,190	25,274	133,464	199,033	294,095	13,965	197,439	13,853	490	
MAHLE Metal Leve GmbH	100.00	162,391	50,350	212,741	151,570	-	151,570	61,171	346,488	97,820	61,171	97,820	580	
MAHLE Filtröil Ind. e Com. de Filtrös Ltda.	60.00	1,437	175	1,612	796	8,087	8,883	(7,271)	1,154	(446)	-	(268)	-	
MAHLE Hirschvogel Forjas S.A.	51.00	3,407	4,755	8,162	1,701	3,207	4,908	3,254	-	964	1,660	492	-	
Subtotal subsidiaries		423,139	131,873	555,012	262,257	36,568	298,825	256,187	641,737	112,303	260,270	111,897	1,070	
Related companies		-	-	-	-	-	-	-	-	-	-	-	-	
Innoferm Tecnologia Ltda.	33.33	1,347	9,628	10,975	14	135	149	10,826	-	(277)	3,608	(92)	-	
Subtotal related companies		1,347	9,628	10,975	14	135	149	10,826	-	(277)	3,608	(92)	-	
Total		424,486	141,501	565,987	262,271	36,703	298,974	267,013	641,737	112,026	263,878	111,805	1,070	

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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

MAHLE Argentina S.A.

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

MAHLE Filtroil Indústria e Comércio de Filtros Ltda.

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

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

MAHLE Hirschvogel Forjas S.A.

As of June 30, 2022, the equity interest in subsidiary MAHLE Hirschvogel Forjas S.A. is R\$ 2,873 (R\$ 3,776 on December 31, 2021) and are recorded in non-current liabilities as "Investments in subsidiaries".

Due to the balances of this subsidiary are immaterial for the Group, NBC TG 31 (CPC 31) – Discontinued Operations / IFRS 5 – Presentation and disclosure of discontinued operations does not apply.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

13. Property, plant and equipment

	Parent company											
	Property, plant and equipment						Rights-of-use assets					
	Land	Buildings and construction	Machinery, equipment and facilities	Furniture and fittings	Vehicles	Construction in progress	Advances to suppliers	Impairment	Sub-total	Rights-of-use assets (IFRS 16) - buildings	Rights-of-use assets (IFRS 16) - vehicles	Total
At December 31, 2021	52,454	77,092	396,250	3,186	2,775	914	9,908	(7,293)	535,286	5,371	2,094	542,751
Total cost	52,454	232,851	2,134,362	25,188	21,852	914	9,908	(7,293)	2,470,236	25,720	6,232	2,502,188
Accumulated depreciation	-	(155,759)	(1,738,112)	(22,002)	(19,077)	-	-	-	(1,934,950)	(20,349)	(4,138)	(1,959,437)
Net book value	52,454	77,092	396,250	3,186	2,775	914	9,908	(7,293)	535,286	5,371	2,094	542,751
Additions	-	343	21,163	347	280	5,661	5,115	-	32,909	-	-	32,909
Write-offs	-	-	(135)	(3)	(107)	-	-	340	95	-	-	95
Transfer	-	-	15,340	-	-	(6,572)	(8,768)	-	-	-	-	-
Depreciation	-	(2,311)	(38,522)	(350)	(447)	-	-	-	(41,630)	(3,223)	(837)	(45,690)
Depreciation/write-off (deemed cost)	-	(1,281)	(128)	-	-	-	-	-	(1,409)	-	-	(1,409)
At June 30, 2022	52,454	73,843	393,968	3,180	2,501	3	6,255	(6,953)	525,251	2,148	1,257	528,656
Total cost	52,454	233,198	2,148,855	24,370	21,716	3	6,255	(6,953)	2,479,898	25,720	6,232	2,511,850
Accumulated depreciation	-	(159,355)	(1,754,887)	(21,190)	(19,215)	-	-	-	(1,954,647)	(23,572)	(4,975)	(1,983,194)
Net book value	52,454	73,843	393,968	3,180	2,501	3	6,255	(6,953)	525,251	2,148	1,257	528,656

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

	Consolidated												
	Property, plant and equipment					Rights-of use assets							
	Land	Buildings and construction	Machinery, equipment and facilities	Furniture and fittings	Vehicles	Construction in progress	Advances to suppliers	Impairment	Sub-total	Rights-of-use assets (IFRS 16) - buildings	Rights-of-use assets (IFRS 16) - vehicles	Sub-total	Total
At December 31, 2021	52,512	90,658	468,062	3,318	4,666	914	5,100	(7,381)	617,849	5,887	2,095	7,982	625,831
Total cost	52,512	251,884	2,391,721	25,499	32,657	914	5,100	(7,381)	2,752,906	28,036	6,232	34,268	2,787,174
Accumulated depreciation	-	(161,226)	(1,923,659)	(22,181)	(27,991)	-	-	-	(2,135,057)	(22,149)	(4,137)	(26,286)	(2,161,343)
Net book value	52,512	90,658	468,062	3,318	4,666	914	5,100	(7,381)	617,849	5,887	2,095	7,982	625,831
Additions	-	383	22,209	349	462	5,661	5,692	-	34,756	4,446	-	4,446	39,202
Write-offs	-	-	(147)	(3)	(107)	-	-	348	91	-	-	-	91
Transfer	-	(42)	16,356	12	-	(6,572)	(9,754)	-	-	-	-	-	-
Depreciation	-	(2,328)	(40,023)	(358)	(503)	-	-	-	(43,212)	(3,763)	(837)	(4,600)	(47,812)
Depreciation/write-off (deemed cost)	-	(1,281)	(128)	-	-	-	-	-	(1,409)	-	-	-	(1,409)
Gain on monetary items, net	-	3,912	7,253	-	(148)	-	28	-	11,045	167	-	167	11,212
Translation effects	(11)	(3,159)	(21,378)	(30)	(435)	-	5,482	18	(19,513)	(94)	-	(94)	(19,607)
At June 30, 2022	52,501	88,143	452,204	3,288	3,935	3	6,548	(7,015)	599,607	6,643	1,258	7,901	607,508
Total cost	52,501	253,502	2,409,600	24,626	33,126	3	6,548	(7,015)	2,772,891	31,947	6,232	38,179	2,811,070
Accumulated depreciation	-	(165,359)	(1,957,396)	(21,338)	(29,191)	-	-	-	(2,173,284)	(25,304)	(4,974)	(30,278)	(2,203,562)
Net book value	52,501	88,143	452,204	3,288	3,935	3	6,548	(7,015)	599,607	6,643	1,258	7,901	607,508

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Deemed cost

Changes in deemed cost

	Parent Company and consolidated		
	12.31.2021	Depreciation / write-off (deemed cost)	06.30.2022
Land	46,905	-	46,905
Buildings and construction	32,801	(1,281)	31,520
Machinery, equipment and facilities	981	(128)	853
Furniture and fittings	17	-	17
Vehicles	(147)	-	(147)
	80,557	(1,409)	79,148

The annual depreciation rates of the property, plant and equipment items on June 30, 2022, are equal to the rates presented at December 31, 2021.

Impairment

The Group has recorded provision at an amount sufficient to cover any impairment losses on property, plant and equipment, which relates substantially to the group of machinery and equipment and is recorded in the parent company and consolidated accounts of property, plant and equipment in accordance with the requirements set out in NBC TG 01 (CPC 01) - (R1)/IAS 36 “Impairment of assets”. The parent company and consolidated balance of the provision for losses on June 30, 2022 is R\$ 6,953 (R\$ 7,293 at December 31, 2021) and R\$ 7,015 (R\$ 7,381 at December 31, 2021), respectively.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

14. Intangible assets

	Annual amortization rates (%)	Parent company		Consolidated	
		06.30.2022	12.31.2021	06.30.2022	12.31.2021
Goodwill on merger with subsidiary:					
MAHLE Participações Ltda. (a) (rings business)	-	568,612	568,612	568,612	568,612
Goodwill on acquisition of subsidiaries:					
MAHLE Argentina S.A. (a)	-	-	-	68,071	68,071
MAHLE Hirschvogel Forjas S.A. (a)	-	-	-	35,755	35,755
Cost of acquisition and installation of software (b)	20	52,114	52,064	55,626	55,367
Other (a and b)	-	334	334	868	1,024
Usage right and concessions (a)	-	5,665	5,665	5,665	5,665
Usage right and concessions (b)	20	9,325	9,325	9,325	9,325
Provision for impairment of intangible assets (Rings business)	-	(188,654)	(188,654)	(188,654)	(188,654)
Provision for impairment of intangible assets (MAHLE Argentina S.A.)	-	-	-	(68,071)	(68,071)
Provision for impairment of intangible assets (MAHLE Hirschvogel Forjas S.A.)	-	-	-	(35,755)	(35,755)
Provision for impairment of intangible assets (other)	-	(334)	(334)	(343)	(343)
		447,062	447,012	451,099	450,996
Accumulated amortization		(56,475)	(55,791)	(60,459)	(59,693)
		390,587	391,221	390,640	391,303

(a) Indefinite useful life

(b) finite useful life

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Notes to the interim financial statements

(in thousand of reais)

Statement of changes in intangible assets

	Parent company				Total
	Goodwill on acquisition of subsidiaries (merged or not)	Cost of acquisition and installation of software	Usage right and concessions	Other	
At December 31, 2021	379,958	2,379	8,884	-	391,221
Additions	-	143	-	-	143
Amortization	-	(765)	(12)	-	(777)
At June 30, 2022	379,958	1,757	8,872	-	390,587
	Consolidated				Total
	Goodwill on acquisition of subsidiaries (merged or not)	Cost of acquisition and installation of software	Usage right and concessions	Other	
At December 31, 2021	379,958	2,436	8,884	25	391,303
Additions	-	143	-	-	143
Amortization	-	(776)	(12)	-	(788)
Foreign exchange variation	-	(11)	-	(3)	(14)
Net position gains	-	(5)	-	-	(5)
At June 30, 2022	379,958	1,787	8,872	23	390,640

Impairment

The Company's management continuously monitors the activities and did not detect substantial changes in their operational performance in the first semester of 2022 of the subsidiaries which could justify a change in the previously recorded impairment amounts.

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Notes to the interim financial statements

(in thousand of reais)

15. Trade and related-party payables

	Parent company		Consolidated	
	06.30.2022	12.31.2021	06.30.2022	12.31.2021
Suppliers - Third Party				
Raw material	181,692	112,626	228,036	166,348
Services	36,888	40,050	36,951	40,094
	218,580	152,676	264,987	206,442
Related parties (Note 10)	76,523	53,628	103,456	73,958
	295,103	206,304	368,443	280,400

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

16. Taxes and contributions payable

	Parent company		Consolidated	
	06.30.2022	12.31.2021	06.30.2022	12.31.2021
State taxes	12,941	17,720	13,842	18,670
ICMS payable	12,941	17,720	12,953	17,754
Other	-	-	889	916
Federal taxes	23,074	11,737	24,936	14,792
Import tax	10,879	6,792	11,568	7,536
IPI payable	2,870	-	3,193	92
COFINS payable	6,049	1	6,055	15
IRRF	2,600	4,940	2,606	4,950
PIS payable	670	-	671	3
Other	6	4	843	2,196
Municipal taxes	-	-	261	1,543
Taxes and contributions payable	36,015	29,457	39,039	35,005
Income tax and social contribution	9,029	-	14,436	10,921
Income tax and social contribution payable	9,029	-	14,436	10,921
Current liabilities	45,044	29,457	53,475	45,926

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Notes to the interim financial statements

(in thousand of reais)

17. Borrowings and lease liabilities

a) Borrowings

Description	Average cost	Parent company and Consolidated	
		06.30.2022	12.31.2021
Borrowings in local currency (BRL)			
FINEP (Long-Term Interest Rate (TJLP) + 5.00% p.a. - 6.00% p.a.)	5.82%	47,436	61,526
NCE Itaú (CDI Interest Rate + 1.25% p.a.)	14.50%	30,000	-
FINEP II (Long-Term Interest Rate (TJLP) + 5.00% p.a. - 5.00% p.a.)	6.82%	71,218	75,236
	8.05%	148,654	136,762
Borrowings in foreign currency			
	Currency		
ACC (average interest 1.05% p.a)	USD (expressed in BRL)	-	12,699
ACC (average interest 0.97% p.a)	EUR (expressed in BRL)	1.64%	271,675
	3.29%	271,675	125,617
	3.91%	420,329	262,380
Current - borrowings in local currency		67,386	37,139
Current - borrowings in foreign currency		134,570	125,617
Total current		201,956	162,756
Non-current - borrowings in local currency		81,268	99,624
Non-current - borrowings in foreign currency		137,105	-
Total non-current		218,373	99,624

In the second quarter of 2022, the Parent company took the following bank loans totaling R\$ 289,332:

- April 2022 EUR 25,000 - NCE with average cost of 2.28% p.a., maturing in May 2024.
- May 2022 EUR 24,400 - NCE with average cost of 0.99% p.a., maturing in May 2023.
- June 2022 BRL 30,000 - NCE with average cost of 14.4% p.a., maturing in June 2023.

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Notes to the interim financial statements

(in thousand of reais)

Reconciliation of movements in profit or loss with cash flows from financing activities.

The movements in loans and borrowings in the second quarter of 2022 were as follows:

Parent company and Consolidated							
Cash Flow							
12.31.2021	Addition	Monetary Variation	Principal Amortization	Amortization Interest	Exchange Variation	Appropriation of interest	06.30.2022
262,380	289,333	263	(123,438)	(3,502)	(12,574)	7,867	420,329

Parent company							
Cash Flow							
01.01.2021	Addition	Monetary Variation	Principal Amortization	Amortization Interest	Exchange Variation	Appropriation of interest	06.30.2021
552,369	49,194	-	(389,671)	(21,938)	(58)	9,135	199,031
552,369	49,194	-	(389,671)	(21,938)	(58)	9,135	199,031

Consolidated							
01.01.2021	Addition	Monetary Variation	Principal Amortization	Amortization Interest	Exchange Variation	Appropriation of interest	06.30.2021
552,369	55,487	-	(389,671)	(21,938)	(58)	9,135	205,324
552,369	55,487	-	(389,671)	(21,938)	(58)	9,135	205,324

On June 30, 2022, long-term borrowings mature as follows:

Parent company and Consolidated	
06.30.2022	
From july 2023	22,755
2024	8,359
2025	8,359
2026	8,359
2027	8,359
2028	8,359
2029	8,359
2030	8,359
	81,268

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Restrictive covenants

FINEP I: This financing was obtained from the Financing Agency for Studies and Projects (FINEP) to partially fund (at an average of 64%) the expenses incurred in several projects of the program "Innovation in MAHLE Components and Systems" and is collateralized by a bank guarantee with maturity on february 15, 2024. This financing is based on the TJLP interest rate (6.82 % p.a. as of June 30, 2022) plus a bank spread of 5% p.a. less an equalization rate of 6% p.a. There are various accelerated maturity clauses (respecting ample defense for the Company) with loss of the equalization value: use of funds for a purpose other than that established in the contract; change in effective control of the Company; existence of FINEP amounts in arrears; inaccurate information provided to FINEP by the Company; and suspension of the projects.

FINEP II: This financing was obtained from the Financing Agency for Studies and Projects (FINEP) to partially fund (at an average of 90%) the expenses incurred in several projects of the program "Strategic plan for innovation" and is collateralized by a bank guarantee with maturity on November 03, 2022. This financing is based on the TJLP interest rate (6.82 % p.a. as of June 30, 2022) plus a bank spread of 5% p.a. less an equalization rate of 4.5% p.a. and an additional interest equalization reduction of 0.5% p.a. for provision of bank guarantee. There are various accelerated maturity clauses (respecting ample defense for the Company) with loss of the equalization value: use of funds for a purpose other than that established in the contract; change in effective control of the Company; existence of FINEP amounts in arrears; inaccurate information provided to FINEP by the Company; and suspension of the projects.

On June 30, 2022, the Company did not have delinquent principal and interest payments and had not breached any provisions of the agreements with FINEP.

b) Lease obligations

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

Contracts by term and discount rate	Terms of the lease	Discount rate
Lease of buildings (Argentina)	3 years	8,73%
Lease of buildings (Brazil)	3 years and 10 months	12,33%
Lease of vehicles (Brazil)	2 years	11,03%

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The movement in lease liabilities is shown below:

	<u>Parent company</u>	<u>Consolidated</u>
Balance at December 31, 2021	9,277	9,818
Addition	-	4,446
Lease payments	(5,433)	(6,309)
Interest	306	394
Exchange rate variation	-	652
Balance at June 30, 2022	4,150	9,001

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

	<u>Parent company</u>	<u>Consolidated</u>
	<u>06.30.2022</u>	<u>06.30.2022</u>
30 days	2,564	2,690
From 31 to 90 days	1,586	1,841
From 91 to 365 days	-	1,201
2023	-	859
2024	-	1,904
2025	-	506
Total	4,150	9,001
Current	4,150	5,731
Non current	-	3,270
	4,150	9,001

18. Salaries, vacation pay and social charges

	<u>Parent company</u>		<u>Consolidated</u>	
	<u>06.30.2022</u>	<u>12.31.2021</u>	<u>06.30.2022</u>	<u>12.31.2021</u>
Employee profit sharing	26,798	36,528	27,710	38,228
Accrued vacation pay / 13th month salary	74,928	38,128	82,087	43,940
INSS /FGTS	13,271	10,646	13,291	10,661
Other social security obligations	1,092	4,218	5,664	8,702
	116,089	89,520	128,752	101,532

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19. Sundry provision

	Parent company					Total
	Losses on contracts	Commercial bonuses	Electric power	Employee benefits	Other	
At December 31, 2021	9,374	21,952	13,587	323	-	45,236
Reversal	-	(953)	(13,587)	-	-	(14,540)
Payment	-	(7,953)	-	-	-	(7,953)
Complement	-	15,906	9,783	853	2,277	28,819
At June 30, 2022	9,374	28,952	9,783	1,176	2,277	51,562

	Consolidated						Total
	Losses on contracts	Commercial bonuses	Restructuring	Electric power	Employee benefits	Other	
At December 31, 2021	11,182	21,953	684	14,543	326	1,507	50,195
Reversal	-	(953)	-	(14,543)	-	-	(15,496)
Payment	-	(7,953)	-	-	-	(919)	(8,872)
Complement	-	15,906	-	11,275	855	3,357	31,393
Foreign exchange variation	(416)	-	-	-	-	(353)	(769)
At June 30, 2022	10,766	28,953	684	11,275	1,181	3,592	56,451

20. Provision for warranties

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

	Parent company	Consolidated
At December 31, 2021	9,991	10,835
Reversal	(1,623)	(1,623)
Payment	(398)	(398)
Complement	932	959
Foreign exchange variation	-	(121)
At June 30, 2022	8,902	9,652

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

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

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

	Parent company				
	Civil and labor	Tax	Environmental liability	Judicial deposits	Total
At December 31, 2021	190,876	62,485	28,128	(23,641)	257,848
Additions	24,955	10,373	-	(2,321)	33,007
Monetary restatements	9,261	3,729	-	225	13,215
Write-off for use	(15,874)	(320)	(695)	789	(16,100)
Write-off for reversal	(24,811)	(3,140)	-	56	(27,895)
Transfer	-	-	-	1,169	1,169
At June 30, 2022	184,407	73,127	27,433	(23,723)	261,244
	Consolidated				
	Civil and labor	Tax	Environmental liability	Judicial deposits	Total
At December 31, 2021	195,908	66,707	28,128	(24,124)	266,619
Additions	25,630	10,446	-	(2,321)	33,755
Monetary restatements	10,158	4,080	-	239	14,477
Write-off for use	(16,745)	(320)	(695)	789	(16,971)
Write-off for reversal	(25,362)	(3,140)	-	56	(28,446)
Transfer	-	-	-	1,250	1,250
Foreign exchange variation	(472)	(975)	-	-	(1,447)
At June 30, 2022	189,117	76,798	27,433	(24,111)	269,237

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

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

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

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

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

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

Proceedings involving the risk of possible loss

On June 30, 2022, the Group had civil and tax proceedings brought before the proper authorities in the amount of R\$ 70,353 (December 31, 2021 - R\$ 71,385), which were assessed by the Group's management as having a risk of possible loss, and, therefore, were not provided for in the financial statements.

Contingent assets

a) Municipal incentive

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

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

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

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

b) Compulsory loan - Eletrobrás

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

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

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

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

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Administrative Council for Economic Defense (“CADE”)

On February 3, 2021, CADE held a hearing on administrative proceeding No. 08700.006065/2017-30, which was opened to investigate alleged anticompetitive practices in the Brazilian market of automotive piston and related products involving three companies and several individuals.

On October 20, 2021, CADE held a hearing on administrative proceeding No. 08700.003340/2017-63, which was opened to investigate alleged anticompetitive practices in the automotive filters Aftermarket involving six companies and several individuals.

CADE ended investigations and confirmed that the Company provided full cooperation with the investigation and received leniency with no administrative and/or monetary penalty.

The Company states that the practices alleged in the complaints ceased even before the start of CADE’s investigation due to the Company’s Compliance Program, which has been continuously improved.

22. Equity

a. Share capital

On June 30, 2022 and December 31, 2021, subscribed and paid-up capital was represented by the following number of shares with no par value:

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

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

On June 30, 2022, the market value of the Company's common shares corresponded the price of R\$ 23.19 per share (R\$ 30.80 on December 31, 2021).

There were no changes in the policies regarding dividends, interest on capital and revenue reserves in relation to those applied in the financial statements for the year ended December 31, 2021.

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b. Appropriation of profit for the year

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

On December 28, 2021, the Board of Directors approved the payment of interest on capital in the gross amount of R\$ 69,923 for the period from January 1, 2021, to December 31, 2021, which will be paid on May 27, 2022, corresponding to R\$ 0.5449591998 per common share with withholding income tax at the rate of 15%, with the result that the net value of interest on capital was R\$ 0.4632153198 per common share.

c. Special cash reserve

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

d. Other comprehensive income

Cumulative translation adjustments

The Company recognizes under this heading the cumulative effect of the currency translation of the financial statements of its subsidiaries that keep accounting records in a functional currency different from the parent company's functional currency. On June 30, 2022, the Company recorded cumulative translation adjustments of R\$ (-) R\$ 76,102 ((+) R\$ 36,892 on June 30, 2021). This cumulative effect will be reversed in the statement of income as a gain or loss only in the event of the sale or write-off of the investment.

Carrying value adjustments

- The effects of carrying value adjustments relating to the effective portion of gains or losses on cash flow hedges, which are recognized on June 30, 2022, net of taxes, at (+) R\$ 5,880 (On June 30, 2021 (+) R\$ 11,001) in the parent company and in the consolidated accounts.
- The adjustments for the adoption of the deemed cost of property, plant and equipment, net at R\$ 297 on June 30, 2022 (On June, 2021 - R\$ 262). The deemed cost is accrued to property, plant and equipment recorded in carrying value adjustments, according to the depreciation, disposal or write-off of the respective item of property, plant and equipment, against retained earnings.

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23. Earnings per share

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

	<u>2Q2022</u>	<u>1H2022</u>	<u>2Q2021</u>	<u>1H2021</u>
Profit attributable to owners of the parent	114,786	237,844	170,046	296,247
Shares outstanding	128,308,500	128,308,500	128,308,500	128,308,500
Basic (loss) earnings per share (R\$ per share)	<u>0.89461</u>	<u>1.85369</u>	<u>1.32529</u>	<u>2.30886</u>

There are no diluted earnings per share for the Company.

24. Net operating revenue

	<u>Parent company</u>			
	<u>2022</u>		<u>2021</u>	
	<u>2Q2022</u>	<u>1H2022</u>	<u>2Q2021</u>	<u>1H2021</u>
Gross revenue				
Products	1,012,974	1,907,591	870,631	1,706,891
Services	14,839	36,984	14,058	27,146
Total revenue with products + services	<u>1,027,813</u>	<u>1,944,575</u>	<u>884,689</u>	<u>1,734,037</u>
Deductions from sales:				
Taxes on sales	(200,153)	(375,357)	(178,750)	(353,522)
Discounts , returns and sales incentives	(11,532)	(21,189)	(2,891)	(13,559)
Net revenue	<u>816,128</u>	<u>1,548,029</u>	<u>703,048</u>	<u>1,366,956</u>
	<u>Consolidated</u>			
	<u>2022</u>		<u>2021</u>	
	<u>2Q2022</u>	<u>1H2022</u>	<u>2Q2021</u>	<u>1H2021</u>
Gross revenue				
Products	1,280,296	2,380,396	1,092,080	2,135,248
Services	14,053	33,759	14,058	23,174
Total revenue with products + services	<u>1,294,349</u>	<u>2,414,155</u>	<u>1,106,138</u>	<u>2,158,422</u>
Deductions from sales:				
Taxes on sales	(200,245)	(375,542)	(178,889)	(353,837)
Discounts , returns and sales incentives	(74,700)	(129,205)	(38,139)	(80,501)
Net revenue	<u>1,019,404</u>	<u>1,909,408</u>	<u>889,110</u>	<u>1,724,084</u>

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

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

	Parent company			
	2022		2021	
	2Q2022	1H2022	2Q2021	1H2021
Revenue by market				
Original equipament	484,687	913,272	433,978	835,260
Aftermarket	331,441	634,757	269,070	531,696
	816,128	1,548,029	703,048	1,366,956
	Consolidated			
	2022		2021	
	2Q2022	1H2022	2Q2021	1H2021
Revenue by market				
Original equipament	606,594	1,154,765	575,422	1,113,512
Aftermarket	412,810	754,643	313,688	610,572
	1,019,404	1,909,408	889,110	1,724,084

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25. Cost of sales and services

Cost of sales and services by nature are as follows:

	Parent company			
	2022		2020	
	2Q2022	1H2022	2Q2020	1H2020
Raw material and others materials	(348,550)	(660,844)	(286,503)	(547,160)
Personnel and benefits	(162,468)	(306,160)	(148,231)	(282,631)
Utilities and services	(50,411)	(94,753)	(47,275)	(91,354)
Depreciation and amortization	(21,706)	(41,483)	(21,771)	(44,307)
Other	(49,938)	(99,273)	(33,527)	(62,069)
Total	(633,073)	(1,202,513)	(537,307)	(1,027,521)

	Consolidated			
	2022		2020	
	2Q2022	1H2022	2Q2020	1H2020
Raw material and others materials	(420,308)	(795,504)	(347,042)	(670,466)
Personnel and benefits	(174,887)	(326,686)	(158,225)	(304,613)
Utilities and services	(53,139)	(98,515)	(49,375)	(95,444)
Depreciation and amortization	(22,904)	(43,617)	(22,631)	(46,101)
Other	(89,076)	(149,870)	(50,738)	(90,148)
Total	(760,314)	(1,414,192)	(628,011)	(1,206,772)

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26. Selling expenses and distribution

Selling expenses by nature are as follows:

	Parent company			
	2022		2021	
	2Q2022	1H2022	2Q2021	1H2021
Freight	(25,306)	(46,570)	(22,717)	(42,025)
Personnel and benefits	(14,339)	(26,555)	(12,430)	(23,941)
Brand license	(3,550)	(7,292)	(3,718)	(6,911)
Variable selling expenses	(4,974)	(8,626)	(3,580)	(7,024)
Professional services/service orders	(5,072)	(6,140)	(2,676)	(4,801)
General expenses	(2,812)	(4,228)	(542)	(1,724)
Advertising	(392)	(1,227)	(327)	(509)
Depreciation	(369)	(490)	(148)	(287)
Travel and entertainment allowance	(716)	(1,018)	(22)	(56)
Other expenses	(3,771)	(5,159)	(2,041)	(3,562)
	(61,301)	(107,305)	(48,201)	(90,840)

	Consolidated			
	2022		2021	
	2Q2022	1H2022	2Q2021	1H2021
Freight	(29,098)	(52,908)	(26,465)	(47,783)
Personnel and benefits	(18,508)	(33,036)	(14,605)	(28,039)
Variable selling expenses	(8,211)	(15,492)	(5,915)	(12,721)
Professional services/service orders	(5,820)	(7,248)	(3,203)	(5,705)
Brand license	(3,810)	(7,828)	(3,917)	(7,316)
General expenses	(4,889)	(8,080)	(2,238)	(4,414)
Depreciation	(387)	(520)	(166)	(325)
Advertising	(728)	(1,869)	(512)	(890)
Travel and entertainment allowance	(812)	(1,219)	(32)	(82)
Other expenses	(4,618)	(6,643)	(2,583)	(4,711)
	(76,881)	(134,843)	(59,636)	(108,340)

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27. General and administrative expenses

General and administrative expenses by nature are as follows:

	Parent company			
	2022		2021	
	2Q2022	1H2022	2Q2021	1H2021
Personnel and benefits	(8,296)	(15,955)	(7,847)	(15,837)
Management	(2,587)	(5,096)	(2,596)	(5,160)
Professional services/service orders	(6,971)	(11,141)	(4,831)	(10,856)
Taxes	(1,707)	(2,935)	(1,206)	(3,029)
Maintenance	(1,126)	(1,933)	(1,286)	(2,887)
Depreciation	(793)	(1,532)	(597)	(1,317)
Materials and utilities	(861)	(1,550)	(963)	(2,052)
PIS/COFINS	(1,076)	(1,781)	(629)	(1,184)
Travel and entertainment allowance	(225)	(304)	(29)	(51)
Other expenses	(2,224)	(3,801)	(1,039)	(3,261)
	(25,866)	(46,028)	(21,023)	(45,634)

	Consolidated			
	2022		2021	
	2Q2022	1H2022	2Q2021	1H2021
Personnel and benefits	(10,659)	(19,823)	(9,796)	(19,869)
Management	(2,587)	(5,096)	(2,596)	(5,160)
Professional services/service orders	(8,413)	(13,545)	(5,611)	(12,171)
Taxes	(1,721)	(2,968)	(1,225)	(3,064)
Maintenance	(1,186)	(2,040)	(1,308)	(2,953)
Materials and utilities	(1,087)	(1,957)	(1,026)	(2,170)
Depreciation	(823)	(1,587)	(620)	(1,363)
PIS/COFINS	(1,082)	(1,796)	(635)	(1,200)
Travel and entertainment allowance	(274)	(379)	(33)	(65)
Other expenses	(2,428)	(4,252)	(1,269)	(3,658)
	(30,260)	(53,443)	(24,119)	(51,673)

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28. Technology and product development costs

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

	Parent company			
	2022		2021	
	2Q2022	1H2022	2Q2021	1H2021
Personnel and benefits	(5,553)	(11,584)	(7,773)	(16,021)
Materials/utilities	(1,271)	(2,601)	(1,344)	(3,048)
Depreciation	(914)	(1,861)	(1,155)	(2,459)
General expenses	(666)	(1,264)	(823)	(2,344)
Professional services/service orders	(582)	(1,194)	(707)	(1,416)
Maintenance	(544)	(929)	(542)	(884)
Other (expenses) income	(263)	(428)	3,742	3,419
	(9,793)	(19,861)	(8,602)	(22,753)
	Consolidated			
	2022		2021	
	2Q2022	1H2022	2Q2021	1H2021
Personnel and benefits	(5,925)	(12,181)	(8,122)	(16,631)
General expenses	(1,541)	(3,082)	(2,605)	(5,363)
Materials/utilities	(1,297)	(2,636)	(1,360)	(3,075)
Depreciation	(936)	(1,902)	(1,171)	(2,492)
Professional services/service orders	(716)	(1,466)	(855)	(1,720)
Maintenance	(559)	(946)	(544)	(887)
Other (expenses) income	(319)	(500)	3,699	3,335
	(11,293)	(22,713)	(10,958)	(26,833)

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29. Finance income and costs, net

	Parent company			
	2022		2021	
	2Q2022	1H2022	2Q2021	1H2021
Finance income				
Interest	11,494	22,033	9,806	12,436
Exchange variation (a)	25,041	50,496	3,702	26,067
Monetary variation gains	161	404	50	194
Derivative financial instruments (c)	2,034	30,271	16,922	16,407
Other	1,920	3,658	1,146	1,545
	40,650	106,862	31,626	56,649
Finance costs				
Interest	(2,742)	(4,935)	(2,309)	(10,355)
Exchange variations (b)	(21,058)	(82,274)	(35,895)	(44,166)
Monetary variation losses	(7,611)	(13,496)	(7,069)	(12,452)
Derivative financial instruments (d)	(10,304)	(11,764)	1,153	(11,459)
Other	(1,464)	(1,827)	(918)	(1,455)
	(43,179)	(114,296)	(45,038)	(79,887)
Finance income (costs), net	(2,529)	(7,434)	(13,412)	(23,238)
Summary of foreign exchange variations (a+b)	3,983	(31,778)	(32,193)	(18,099)
Trade payables	(2,055)	3,458	5,555	2,630
Borrowings	(12,602)	8,483	3,801	(216)
Loan receivable	2,295	(1,523)	(3,029)	(874)
Interest on capital receivable	(3,158)	(25,412)	(7,198)	(3,939)
Cash and cash equivalents	5,128	(3,999)	(7,150)	(1,999)
Trade receivables	14,390	(12,767)	(20,696)	(10,307)
Other	(15)	(18)	(3,476)	(3,394)
Summary of derivative instruments (c+d)	(8,270)	18,507	18,075	4,948
Income	2,034	30,271	16,922	16,407
Expenses	(10,304)	(11,764)	1,153	(11,459)
Net result of foreign exchange variations and derivative financial instruments	(4,287)	(13,271)	(14,118)	(13,151)

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	Consolidated			
	2022		2021	
	2Q2022	1H2022	2Q2021	1H2021
Finance income				
Interest	16,027	30,794	12,566	18,775
Exchange variation (a)	48,802	88,029	16,523	53,721
Monetary variation gains	1,147	1,663	461	929
Derivative financial instruments (c)	1,926	30,369	16,922	16,407
Other	1,922	3,660	1,148	1,547
	69,824	154,515	47,620	91,379
Finance costs				
Interest	(3,782)	(6,777)	(2,828)	(11,305)
Exchange variations (b)	(45,887)	(122,207)	(48,790)	(69,659)
Monetary variation losses	(9,550)	(15,706)	(7,749)	(13,537)
Derivative financial instruments (d)	(10,304)	(11,764)	1,174	(11,460)
Other	(5,206)	(6,943)	(1,393)	(3,426)
	(74,729)	(163,397)	(59,586)	(109,387)
Finance income (costs), net	(4,905)	(8,882)	(11,966)	(18,008)
Summary of foreign exchange variations (a+b)	2,915	(34,178)	(32,267)	(15,938)
Trade receivables	14,311	(14,943)	(24,809)	(9,862)
Borrowings	(4,722)	22,897	10,851	10,164
Loan receivable	(685)	(6,040)	(3,794)	(3,720)
Cash and cash equivalents	3,959	(6,817)	(8,913)	(7,221)
Interest on capital receivable	(3,158)	(25,412)	(7,198)	(3,939)
Trade payables	(6,001)	(3,070)	5,112	2,217
Lease obligations (IFRS 16)	(775)	(776)	(38)	(182)
Other	(14)	(17)	(3,478)	(3,395)
Summary of derivative instruments (c+d)	(8,378)	18,605	18,096	4,947
Income	1,926	30,369	16,922	16,407
Expenses	(10,304)	(11,764)	1,174	(11,460)
Net result of foreign exchange variations and derivative financial instruments	(5,463)	(15,573)	(14,171)	(10,991)

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30. Other operating income and expenses, net

	Parent company			
	2022		2021	
	2Q2022	1H2022	2Q2021	1H2021
Other income				
Reversal of provision for labor, civil and tax contingencies	19,771	27,952	10,216	18,816
Taxes recovered (Reintegra)	245	1,724	253	490
Gains on disposal of assets /other	160	160	367	423
Reversal of provision for obsolescence (Property, plant and equipment)	145	340	477	500
ICMS credit based on PIS and COFINS (*)	-	-	88,661	88,661
Provision for restructuring	-	-	-	329
Other income	998	1,715	874	2,070
	21,319	31,891	100,848	111,289
Other expenses				
Provision for labor, civil and tax contingencies	(26,262)	(38,695)	(17,123)	(29,980)
Losses on disposal of assets /other	(65)	(138)	(322)	(342)
Provision for Environmental	-	-	(20,000)	(20,000)
Other expenses	(1,500)	(2,415)	(1,677)	(3,253)
	(27,827)	(41,248)	(39,122)	(53,575)
Other operating income (Expenses), net	(6,508)	(9,357)	61,726	57,714
	Consolidated			
	2022		2021	
	2Q2022	1H2022	2Q2021	1H2021
Other income				
Reversal of provision for labor, civil and tax contingencies	20,011	28,503	10,479	20,647
Gain on monetary items	3,845	4,497	2,223	2,782
Taxes recovered (Reintegra)	378	1,859	275	512
Gains on disposal of assets /other	160	160	367	423
Reversal of provision for obsolescence (Property, plant and equipment)	145	340	477	500
ICMS credit based on PIS and COFINS (*)	-	-	88,804	88,804
Reversal of provision for restructuring	-	-	-	329
Other income	1,037	1,753	876	2,074
	25,576	37,112	103,501	116,071
Other expenses				
Provision for labor, civil and tax contingencies	(26,543)	(39,555)	(17,313)	(30,714)
Losses on monetary items	(3,402)	(3,951)	(1,691)	(2,051)
Export expenses - Argentina	(1,728)	(3,323)	(1,875)	(3,803)
Losses on disposal of assets /other	(64)	(141)	(322)	(342)
Provision for Environmental	-	-	(20,000)	(20,000)
Other expenses	(1,398)	(2,415)	(1,665)	(3,251)
	(33,135)	(49,385)	(42,866)	(60,161)
Other operating income (expenses), net	(7,559)	(12,273)	60,635	55,910

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31. Financial instruments

I. Financial instruments and risk management

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

		Parent Company							
		06.30.2022				12.31.2021			
Assets	Note	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total
Cash, demand deposits and cash in transit	6	-	32,184	-	32,184	-	25,206	-	25,206
Financial investments	6	-	82,423	-	82,423	-	248,721	-	248,721
Trade receivables	7	566,046	-	-	566,046	453,230	-	-	453,230
Receivables from and loans to related parties	10	32,161	-	-	32,161	32,628	-	-	32,628
Unrealized gains on derivatives	31	-	-	13,107	13,107	-	-	3,692	3,692
Total		598,207	114,607	13,107	725,921	485,858	273,927	3,692	763,477

		Parent Company							
		06.30.2022				12.31.2021			
Liabilities	Note	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total
Payables to related parties	15	(76,523)	-	-	(76,523)	(53,628)	-	-	(53,628)
Trade payables	15	(218,580)	-	-	(218,580)	(152,676)	-	-	(152,676)
Lease liabilities	17.b	(4,150)	-	-	(4,150)	(9,277)	-	-	(9,277)
Borrowings	17.a	(420,329)	-	-	(420,329)	(262,380)	-	-	(262,380)
Unrealized losses on derivatives	31	-	-	(15,146)	(15,146)	-	-	(8,652)	(8,652)
Total		(719,582)	-	(15,146)	(734,728)	(477,961)	-	(8,652)	(486,613)

		Consolidated							
		06.30.2022				12.31.2021			
Assets	Note	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total
Cash, demand deposits and cash in transit	6	-	46,017	-	46,017	-	43,431	-	43,431
Financial investments	6	-	132,188	-	132,188	-	317,658	-	317,658
Trade receivables	7	695,362	-	-	695,362	567,080	-	-	567,080
Receivables from and loans to related parties	10	39,249	-	-	39,249	147,745	-	-	147,745
Unrealized gains on derivatives	31	-	-	15,010	15,010	-	-	5,845	5,845
Total		734,611	178,205	15,010	927,826	714,825	361,089	5,845	1,081,759

		Consolidated							
		06.30.2022				12.31.2021			
Liabilities	Note	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total	Amortized Cost	Fair Value by Result	Designated Derivatives for Cash Flow Hedge	Total
Payables to related parties	15	(103,456)	-	-	(103,456)	(73,958)	-	-	(73,958)
Trade payables	15	(264,987)	-	-	(264,987)	(206,442)	-	-	(206,442)
Lease liabilities	17.b	(9,001)	-	-	(9,001)	(9,818)	-	-	(9,818)
Borrowings	17.a	(420,329)	-	-	(420,329)	(262,380)	-	-	(262,380)
Unrealized losses on derivatives	31	-	-	(15,146)	(15,146)	-	-	(8,652)	(8,652)
Total		(797,773)	-	(15,146)	(812,919)	(552,598)	-	(8,652)	(561,250)

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

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

- Fair value hierarchy and measurement

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

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

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

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

- Fair value calculation

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

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

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

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

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

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

- *Fair value versus carrying amount*

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

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

		Consolidated				
		06.30.2022		12.31.2021		Level
Assets	Note	Carrying amount	Fair value	Carrying amount	Fair value	
Cash, demand deposits and cash in transit	6	46,017	46,017	43,431	43,431	2
Financial investments	6	132,188	132,188	317,658	317,658	2
Trade receivables	7	695,362	695,362	567,080	567,080	2
Receivables from and loans to related parties	10	39,249	39,249	147,745	147,745	2
Unrealized gains on derivatives	31	15,010	15,010	5,845	5,845	2
Total		927,826	927,826	1,081,759	1,081,759	
Liabilities						
Payables to related parties	15	(103,456)	(103,456)	(73,958)	(73,958)	2
Trade payables	15	(264,987)	(264,987)	(206,442)	(206,442)	2
Lease liabilities	17.b	(9,001)	(9,001)	(9,818)	(9,818)	2
Borrowings	17.a	(420,329)	(420,329)	(262,380)	(262,380)	2
Unrealized losses on derivatives	31	(15,146)	(15,146)	(8,652)	(8,652)	2
Net position		(812,919)	(812,919)	(561,250)	(561,250)	

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- Hedge accounting

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

Hedging objective and strategy:

Currency hedge

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

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

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

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

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

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

Commodity hedging (metal raw materials)

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

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

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The risks inherent in metal commodities are calculated for each of the metals most used by the Company: aluminum, copper, tin and nickel. The calculation is based on the consumption of each metal according to the list of products to which the metal is applied, multiplied by the average price of the metal as disclosed by the London Market Exchange (LME) for the month preceding the check. The quantity considered in the risk calculation is the total quantity of metal applied in the production, by subtracting the quantity whose price increase is passed on to customers under the agreement. In the second quarter of 2022, only copper had a risk of over USD 1 million, which is the maximum amount of risk the Company assumes. The hedge program is executed for risk above USD 1 million.

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

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

Year 1:

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

Year 2/Year 3:

- i) up to 25% of the net exposure

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

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

II. Risk management

Overview

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

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

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

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a.1) Operational risk

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

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

a.2) Business risk

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

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

- b) Economic/financial risks mainly reflect the behavior of macroeconomic variables, such as the prices of metals used by the Group (aluminum, copper and nickel), exchange and interest rates, which have direct impacts on operations, as well as the characteristics of the financial instruments used by the Group. These risks are monitored by senior management, which is actively involved in the Group's operational management, by reference to the Group's global policies. On June 30, 2022, the Company did not enter into hedge transactions for tin and nickel because the level of risk was acceptable according to global policies.

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

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

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b.1) Liquidity risk

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

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

<u>Consolidated</u>		<u>06.30.2022</u>					
	Note	Carrying amount	Cash Flow	Up to 1 year	1 - 2 years	2 - 5 years	More than
Liabilities							
Payables to related parties	15	(103,456)	(103,456)	(103,456)	-	-	-
Trade payables	15	(264,987)	(264,987)	(264,987)	-	-	-
Lease liabilities	17.b	(9,001)	(9,001)	(5,731)	(3,270)	-	-
Borrowings	17.a	(420,329)	(484,713)	(238,046)	(168,368)	(36,131)	(42,168)
Unrealized losses on derivatives	31	(15,146)	(15,146)	(15,146)	-	-	-
Total		(812,919)	(877,303)	(627,366)	(171,638)	(36,131)	(42,168)
<u>Consolidated</u>		<u>12.31.2021</u>					
	Note	Carrying amount	Cash Flow	Up to 1 year	1 - 2 years	2 - 5 years	More than 5
Assets							
Liabilities							
Payables to related parties	15	(73,958)	(73,958)	(73,958)	-	-	-
Trade payables	15	(206,442)	(206,442)	(206,442)	-	-	-
Lease liabilities	17.b	(9,818)	(9,818)	(9,368)	(450)	-	-
Borrowings	17.a	(262,380)	(306,596)	(176,564)	(41,148)	(40,803)	(48,081)
Unrealized losses on derivatives	31	(8,652)	(8,652)	(8,652)	-	-	-
Total		(561,250)	(605,466)	(474,984)	(41,598)	(40,803)	(48,081)

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b.2) Credit risk

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

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

Assets	Note	Parent company		Consolidated	
		06.30.2022	12.31.2021	06.30.2022	12.31.2021
Cash, demand deposits and cash in transit	6	32,184	25,206	46,017	43,431
Financial investments	6	82,423	248,721	132,188	317,658
Trade receivables	7	566,046	453,230	695,362	567,080
Receivables from and loans to related parties	10	32,161	32,628	39,249	147,745
Unrealized gains on derivatives	31	13,107	3,692	15,010	5,845
Total		725,921	763,477	927,826	1,081,759

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

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

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

Counterparties unrated external de crédito	Parent Company		Consolidated	
	06.30.2022	12.31.2021	06.30.2022	12.31.2021
<i>Top 20</i>	228,085	170,606	307,682	233,427
<i>Third Parties</i>	213,453	186,020	279,982	243,185
<i>Intercompanies</i>	128,641	100,805	113,430	97,340
Total Trade Receivables and Others	570,179	457,431	701,094	573,952

With respect to financial institutions, the Group operates only with banks with a minimum risk rating of AA (Fitch National Long-Term or equivalent from Moody's or & Poor's).

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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

	Nota	Parent company		Consolidated	
		06.30.2022	12.31.2021	06.30.2022	12.31.2021
Cash, demand deposits and financial investments					
AAA	6	92,900	149,604	97,480	152,594
AA		-	52,660	-	52,660
Others		21,707	71,663	80,725	155,835
		114,607	273,927	178,205	361,089

S&P National Long Term

b.3) Risk of fluctuation in interest rates

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

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

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

	Note	Parent company		Consolidated	
		06.30.2022	12.31.2021	06.30.2022	12.31.2021
Cash, demand deposits and cash in transit	6	32,184	25,206	46,017	43,431
Financial investments	6	82,423	248,721	132,188	317,658
Borrowings	17.a	(420,329)	(262,380)	(420,329)	(262,380)
Total		(305,722)	11,547	(242,124)	98,709

On June 30, 2022, the balances of loans and borrowings of R\$ 420,329 (Parent company and Consolidated) consist of: 11.29% FINEP I with simplified interest rate of TJLP -1% p.a., average cost of 5.82%; 16.94% FINEP II with simplified interest rate of TJLP p.a., average cost of 6.82%; 71.77% NCE, with average cost of 8.07% p.a.

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

b.4) Risk of fluctuation in exchange rates

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

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

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

On June 30, 2022, the Group's exposure in USD (EUR and JPY equivalents in USD) was USD 3,119 thousand in the parent company in the consolidated accounts, as shown below:

Foreign exchange exposure arising from accounts receivable and payable in foreign currency at June 30, 2022

Item	USD thousand	EUR thousand (*)	JPY thousand (**)
	Parent company and Consolidated	Parent company and Consolidated	Parent company and Consolidated
(+) Trade receivables	32,413	7,456	-
(+) Demand deposits (in foreign currency)	3,988	353	-
(+) Receivable - Dividends (TEUR)	-	49,538	-
(-) Advances on export exchange contract	-	(49,538)	-
(-) Imports	(3,077)	(9,641)	(224,633)
(-) Currency forwards - sale	(23,448)	(4,260)	173,140
(=) Net balance of foreign exchange exposure	9,876	(6,092)	(51,493)

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

Currency	Consolidated	
USD	9,876	
EUR	(6,378)	(*) Parity EUR / USD 1,047
JPY	(379)	(**) Parity JPY / USD 135,69948
Total	3,119	

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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

Parent company and consolidated (USD)				
Year	Net Exposure (thousands)	Notional Value - Hedge (thousands)	Average Rate (Portfolio NDF)	% Hedged
2021 (Apr-Dec)	(2,882)	2,330	5.5605	80.9%
2023 (Jan-Dec)	(6,162)	3,690	5.9669	59.9%
2024 (Jan-Jun)	(3,425)	856	5.8927	25.0%
Total	(12,469)	6,876	5.8208	55.1%

Parent company and consolidated (EUR)				
Year	Net Exposure (thousands)	Notional Value - Hedge (thousands)	Average Rate (Portfolio NDF)	% Hedged
2021 (Jan-Dec)	(7,888)	5,915	6.4207	75.0%
2023 (Jan-Dec)	(15,551)	5,042	7.0052	32.4%
2024 (Jan-Jun)	(8,058)	2,015	6.6776	25.0%
Total	(31,497)	12,972	6.6873	41.2%

Parent company and consolidated (JPY)				
Year	Net Exposure (thousands)	Notional Value - Hedge (thousands)	Average Rate (Portfolio NDF)	% Hedged
2021 (Jan-Dec)	452,296	(339,423)	0.0500	75.0%
2023 (Jan-Dec)	1,045,124	(358,421)	0.0731	34.3%
2024 (Jan-Jun)	615,443	(153,859)	0.0549	25.0%
Total	2,112,863	(851,703)	0.0606	40.3%

- Sensitivity analysis

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

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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

Sensitivity analysis table – foreign exchange exposure of June 30, 2022.

The methodology adopted for the calculation of the balances in the table below consisted of replacing the closing foreign exchange rate used for the purposes of accounting records with the stressed rates, in accordance with the scenarios below:

The selling rates published on June 30, 2022, by the Brazilian Central Bank for USD, EUR and JPY were used in this sensitivity analysis.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Parent company and Consolidated - USD

	USD/BRL exchange rate for settlement of bills of exchange	* Net balance of foreign exchange exposure - USD	** Average rate of bills of exchange	Total BRL
50% better	7.8570		5.0412	27,809
25% better	6.5475		5.0412	14,877
Balance sheet date	5.2380	9,876	5.0412	1,944
25% worse	3.9285		5.0412	(10,989)
50% worse	2.6190		5.0412	(23,921)

(*) Amounts in thousands

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

Parent company and Consolidated - EUR

	EUR/BRL exchange rate for settlement of bills of exchange	* Net balance of foreign exchange exposure - EUR	** Average rate of bills of exchange	Total BRL
50% better	2.7421		5.4574	16,542
25% better	4.1132		5.4574	8,189
Balance sheet date	5.4842	(6,092)	5.4574	(163)
25% worse	6.8553		5.4574	(8,516)
50% worse	8.2263		5.4574	(16,868)

(*) Amounts in thousands

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

Parent company and Consolidated - JPY

	JPY/BRL exchange rate for settlement of bills of exchange	* Net balance of foreign exchange exposure - JPY	** Average rate of bills of exchange	Total BRL
50% better	0.0193		0.0391	1,020
25% better	0.0290		0.0391	520
Balance sheet date	0.0386	(51,493)	0.0391	26
25% worse	0.0483		0.0391	(474)
50% worse	0.0579		0.0391	(968)

(*) Amounts in thousands

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

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Budgeted cash flow - exposure in foreign currency

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

Sensitivity analysis table

Parent company and consolidated sensitivity analysis table – cash flow derivatives portfolio for the period ended June 30, 2022

Scenario	USD/BRL		EUR/BRL		JPY/BRL		EUR/BRL		JPY/BRL		Total adjustment in RS thousand	
	exchange rate for settlement of operations	Notional value USD (thousand)	Weighted average rate at maturity (*)	Adjustment in RS thousand	exchange rate for settlement of operations	Notional value EUR (thousand)	Weighted average rate at maturity (*)	Adjustment in RS thousand	exchange rate for settlement of operations	Notional value JPY (thousand)		Weighted average rate at maturity (*)
50% better	2.6190	6,876	5,8208	22,014	2,7421	12,972	6,6873	51,178	0,0579	(851,703)	0,0606	(2,305)
25% better	3,9285	6,876	5,8208	13,011	4,1132	12,972	6,6873	33,392	0,0483	(851,703)	0,0606	(10,524)
Balance sheet date	5,2380	6,876	5,8208	4,007	5,4842	12,972	6,6873	15,606	0,0386	(851,703)	0,0606	(18,743)
25% worse	6,5475	6,876	5,8208	(4,996)	6,8553	12,972	6,6873	(2,179)	0,0290	(851,703)	0,0606	(26,962)
50% worse	7,8570	6,876	5,8208	(14,000)	8,2263	12,972	6,6873	(19,965)	0,0193	(851,703)	0,0606	(35,181)

The selling rates published on June 30, 2022, by the Brazilian Central Bank for USD, EUR and JPY were used.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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

			Notional value - thousand	
			Parent company	
Foreign currency			06.30.2022	06.30.2021
		Weighted average forward rate - value for settlement		
Short position	EUR	6.37557	17,232	13,265
Short position	USD	5.28495	30,324	36,794
Long position	JPY	0.04996	(1,024,843)	(421,504)

			Fair market value - thousand	
			Parent company	
(1) Foreign currency			06.30.2022	06.30.2021
		Weighted average forward rate - value for settlement		
Short position	EUR	6.37557	7,813	(685)
Short position	USD	5.28495	(6,522)	625
Long position	JPY	0.04996	(6,852)	(1,728)

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

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

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

The table below presents the outstanding position on June 30, 2022 and 2021:

		Weighted average price on maturity	Notional value - metric tons	
			Parent company	
Long position			06.30.2022	06.30.2021
Commodities				
	Copper	10,238	246	227
	Aluminum	3,538	209	-
	TOTAL		455	227

		Weighted average price on maturity	Notional value (fair market value)	
			Parent company	
Long position			06.30.2022	06.30.2021
Commodities				
	Copper	10,238	10,079	871
	Aluminum	3,538	2,940	-
	TOTAL		13,019	871

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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

Parent company and Consolidated (ALUMINUM)				
Year	Net Exposure (Tons)	Notional Value - Hedge (Tons)	Average Price - Portfolio Swap	% Hedged
2022 (Jul - Dec)	186	(139)	2,777	74.7%
2023 (Jan - Apr)	122	(70)	2,504	57.4%
Total	308	(209)	2,686	67.9%

Parent company and Consolidated (COPPER)				
Year	Net Exposure (Tons)	Notional Value - Hedge (Tons)	Average Price - Portfolio Swap	% Hedged
2022 (Jul - Dec)	230	(167)	9,469	72.6%
2023 (Jan - Apr)	150	(79)	8,788	52.7%
Total	380	(246)	9,250	64.7%

- Sensitivity analysis table

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

For the sensitivity analysis of commodity transactions, management adopted as a probable scenario the amounts recognized in its books, determined by projected prices disclosed by the LME and exchange rates published by the Brazilian Central Bank at June 30, 2022. As a reference, the depreciation and appreciation of the prices used for accounting records were considered for the other scenarios. The scenarios were estimated with appreciation and depreciation of 25% and 50%, respectively, of prices in the probable scenario.

The methodology adopted for calculating the balances presented in the table below consisted of replacing the closing exchange rate and commodity prices at June 30, 2022 used for the purposes of accounting records with the stressed rates and prices calculated in accordance with the following scenarios.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Sensitivity analysis on results of operations of purchase of commodity swap contracts - Parent company and Consolidated					
Commodity	Volume in metric tons	Settlement price on maturity (USD/metric ton)	Weighted average price on maturity (USD/metric ton)	Total adjustment BRL	Total effect on purchases of commodities BRL
Copper					
50% better		15,506		6,788	(6,788)
25% better		12,921		3,458	(3,458)
Balance sheet date	246	10,337	10,238	128	(128)
25% worse		7,753		(3,202)	3,202
50% worse		5,169		(6,532)	6,532
Aluminum					
50% better		5,255		1,879	(1,879)
25% better		4,379		921	(921)
Balance sheet date	209	3,503	3,538	(38)	38
25% worse		2,627		(997)	997
50% worse		1,752		(1,956)	1,956

The selling rates of the USD published on June 30, 2022, by the Brazilian Central Bank and the metal prices published on the same date by the LME were used.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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

	06.30.2022		06.30.2021	
	Parent company	Consolidated	Parent company	Consolidated
Results of derivatives (exports/imports/loan)				
Provisions				
- Operations on accounts receivable and payable	(2,546)	(2,448)	2,047	2,046
- Operations on IOC	-	-	(651)	(651)
Cash effect				
- Operations on accounts receivable and payable	21,053	21,053	3,552	3,552
Note 29	18,507	18,605	4,948	4,947
Total Derivative Operations- Net Finance Result	18,507	18,605	4,948	4,947
Exchange variations (gains and losses)	(31,778)	(34,178)	(18,099)	(15,938)
Results of derivatives (exports/imports/loan)	18,507	18,605	4,948	4,947
Gross sales	(7,639)	(7,639)	15,608	15,608
Cost of sales	7,562	7,562	(5,780)	(5,780)
Effects of Foreign Exchange Variatons and Financial Instruments on Profit and Loss	(13,348)	(15,650)	(3,323)	(1,163)
Gross result				
Gross sales				
- Settlements with cash effect	(7,639)	(7,639)	15,608	15,608
Cost of sales				
- Settlements with cash effect	7,562	7,562	(5,780)	(5,780)
Total Derivative Operations - Gross Result	(77)	(77)	9,828	9,828
Equity				
Provisions				
- Operations on sales to be made (BS)	(2,189)	(2,189)	3,298	3,298
- Operations on commodities (BS)	342	342	(871)	(871)
Deferred income tax and social contribution	(628)	(628)	825	825
Total Derivative Operations - Equity	(2,475)	(2,475)	3,252	3,252
Provision for unrealized losses and gains on derivatives				
(BS) - Sum of the net balance sheet				
Balance sheet assets	13,107	15,010	10,113	12,869
Balance sheet liabilities	(15,146)	(15,146)	(11,185)	(11,185)
Balance sheet, net	(2,039)	(136)	(1,072)	1,684

Guarantees

The Group had no guarantee deposits relating to these derivative instruments for the periods presented above (June 30, 2022 and 2021).

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

32. Employee benefits

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

For the period ended June 30, 2022, the Company paid to its employees profit sharing of R\$ 22,777 (R\$ 23,923 in the first halfyear of 2021), Parent company, and R\$ 22,837 (R\$ 23,971 in the first halfyear of 2021), Consolidated, based on an agreement made with the workers' union. The employee profit sharing payment followed the rules set forth in the collective labor agreement. That agreement establishes conditions to be met, as summarized herein: i) production goals for a predetermined number of workers; ii) maintenance of the absenteeism level up to previously defined annual average absence rate in relation to standard hours worked; and iii) maintenance of the scrap level up to the previously defined annual average scrap rate in relation to the number of parts produced.

Supplementary pension plan - defined contribution

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

The Group contributed to the private pension plan an amount of R\$ 1,354 on June 30, 2022 (R\$ 1,012 on June 30, 2021).

33. Insurance

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

For the fiscal year 2022, the insurance coverage for operational risks (property damages and loss of profits) is USD 1,099,770 equivalent to R\$ 5,210,490 (2021: R\$ 5,740,440).

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

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

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

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

The impacts of the application of NBC TG 42 (CPC 42) / IAS 29 Financial Reporting in Hyperinflationary Economies on the parent company and consolidated financial statements as at June 30, 2022 are shown below:

	<u>2Q2022</u>	<u>1H2022</u>	<u>2Q2021</u>	<u>1H2021</u>
Reconciliation of result adjustments				
Gain on monetary position of investments from parent company - reflex recomposition	42,008	69,039	20,479	40,796
Gain on monetary position of investments from subsidiary - reflex recomposition	330	557	168	333
Loss on monetary position of subsidiary MAHLE Argentina S.A.	<u>(18,546)</u>	<u>(29,418)</u>	<u>(9,400)</u>	<u>(15,780)</u>
Gain on monetary item, result (consolidated)	23,792	40,178	11,247	25,349

The statement of income for the first half of 2022 was adjusted for inflation and subsequently translated using the exchange rate at the end of each quarter.

MAHLE Metal Leve S.A.

Notes to the interim financial statements

(in thousand of reais)

Board of Directors

Principal members

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

Alternate members

Dimas Lazarini Silveira Costa
Camila Pagliato Ferreira
Flávio Venturelli Helú
Juliana Gonçalves Soares
Luiz Tarquinio Sardinha Ferro

Executive Board

Sergio Pancini de Sá - Diretor Presidente e de Relações com Investidores
João Vitor Zanesco - Diretor

Fiscal Conciul

Principal members

Axel Erhard Brod
Hélio Carlos de Lamare Cox
Michael Lehmann

Alternate members

José Gomes Rodrigues da Silva
Marcio de Oliveira Santos
Massao Fábio Oya

Audit Committee

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

Technical specialist

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

* * *

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

Representation by officers on the parent company and consolidated financial statements

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

REPRESENTATION

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

They have reviewed and discussed, and agree with, the parent company and consolidated financial statements of MAHLE Metal Leve S.A. for the year ended June 30, 2022, and thus authorize their completion.

Mogi Guaçu, August 09, 2022.

Sergio Pancini de Sá
CEO

Nathan John Quye
Finance director

(A free translation of the original in Portuguese)

MAHLE Metal Leve S.A.

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

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

REPRESENTATION

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

They have reviewed and discussed, and agree with, the opinion expressed by KPMG Auditores Independentes, on the parent company and consolidated financial statements of MAHLE Metal Leve S.A. for the year ended June 30, 2022.

Mogi Guaçu, August 09, 2022.

Sergio Pancini de Sá
CEO

Nathan John Quye
Finance director