

VALE S/A (VALE3)

1T26 Earnings Results

April 29th, 2026

Conference Call Transcript

Operator: Good morning, ladies and gentlemen. Welcome to Vale's first quarter 2026 earnings call.

This conference is being recorded, and the replay will be available on our website at vale.com. The presentation is also available for download in English and Portuguese from our website.

To listen to the call in Portuguese, please press the globe icon on the lower right side of your Zoom screen, and then choose to enter the "Portuguese room". Then select "mute original audio" so that you won't hear the English version in the background.

We would like to inform that all participants are currently in a listen-only mode for the presentations. Further instructions will be provided before we begin the question-and-answer section of our call.

We would like to advise that forward-looking statements may be provided in this presentation, including Vale's expectations about future events or results, encompassing those matters listed in the respective presentation. We caution you that forward-looking statements are not guarantees of future performance and involve risks and uncertainties. To obtain information on factors that may lead to results different from those forecast by Vale, please consult the reports Vale files with the U.S. Securities and Exchange Commission (SEC), the Brazilian Comissão de Valores Mobiliários (CVM) and, in particular, the factors discussed under "Forward-Looking Statements" and "Risk Factors" in Vale's annual report on Form 20-F.

With us today are:

- Mr. Gustavo Pimenta – CEO,
- Mr. Marcelo Bacci –Executive Vice President of Finance and Investor Relations,
- Mr. Rogerio Nogueira –Executive Vice President, Commercial and Development,
- Mr. Carlos Medeiros – Executive Vice President of Operations, and
- Mr. Shaun Usmar – CEO of Vale Base Metals

Now I will turn the conference over to Mr. Gustavo Pimenta. Sir, you may now begin.

Gustavo Pimenta:

Hello everyone, and thank you for joining Vale's first quarter 2026 conference call.

I would like to start by briefly reinforcing our strategy and our ambition to create superior value for our shareholders. This strategy is grounded in a relentless focus on

operational excellence, combined with disciplined capital allocation and the development of highly accretive growth opportunities, particularly in copper and iron ore, leveraging Vale's unique asset base and endowment.

Recent geopolitical events and the volatility they have introduced to the market only reinforce the importance of building a resilient and competitive business that can perform across a wide range of market conditions. This is exactly what we are doing at Vale.

Despite near-term uncertainties, I am very excited about our Q1 performance and very optimistic about delivering another great year. I'm highly confident about Vale's future and in our ability to navigate the current environment, while delivering robust, value-accretive growth over the long run.

With that in mind, I would like to now turn to the highlights of our first quarter performance.

Safety is a core value at Vale and remains at the center of everything we do.

In the first three months of the year, we safely removed two additional structures from any emergency level, reaching an 80% reduction since 2020.

These achievements reflect disciplined governance, continuous investment in monitoring and engineering solutions, and a strong safety mindset across the organization.

This journey goes beyond procedures and systems. It is fundamentally about culture, accountability, and leadership at every level of the organization.

By consistently advancing safety, we not only protect our people and communities, but also reinforce Vale's position as a trusted partner.

Now, let me turn to our operational performance.

In Iron Ore, our focus on operational excellence, combined with the flexibility of our product portfolio, once again translated into solid performance this quarter.

Production grew 3% year-on-year, supported by record output at S11D and Brucutu, as well as the successful ramp-up of the Capanema and Vargem Grande projects.

At the same time, we continue to make solid progress on the Serra Sul +20 project. It has now reached 86% physical completion and remains on track to start-up in the second half of the year. Once delivered, Serra Sul +20 will further strengthen our operational flexibility and add incremental volumes to one of the most competitive iron ore assets in the world.

Sales volumes increased by 4% year-on-year, reflecting higher production and supported by healthy global demand.

Importantly, this volume growth leveraged our flexible product portfolio, allowing us to improve price realization, with all-in premiums increasing by US\$2.6 per tonne quarter-on-quarter. This translates into around US\$ 800 million in annualized revenue, reinforcing the value of our commercial strategy.

Let me now turn to Vale Base Metals.

At Vale Base Metals, we continue to deliver strong operational performance, with double-digit production growth in both copper and nickel.

In Copper, production reached 102 thousand tons in the first quarter, the highest level since 2017 and 13% higher year-on-year. This performance was supported by record output at Salobo and Sossego as well as a solid contribution from our Canadian polymetallic operations, especially at Voisey's Bay.

In Nickel, production also grew strongly, increasing 12% year-on-year, the best first-quarter performance since 2020. This reflects the stable production from the Voisey's Bay Mine Expansion project, along with the successful commissioning of the second furnace at Onça Puma, bringing total production to 49 thousand tons.

During the quarter, we also announced an agreement to form a consortium for the Thompson operations. This transaction is part of our strategic review of assets and supports our broader objective of strengthening the competitiveness of VBM's global mining portfolio, while positioning these operations for long-term value creation.

To that end, I would like to also highlight the release of new standalone asset reports post our VBM day held in March. These initiatives reinforce our commitment to transparency and to providing the market with greater visibility into the quality, scale, and potential of our base metals portfolio. We firmly believe that this increased transparency will support a better understanding of the strategic importance and value-creation potential of Vale Base Metals.

Finally, I would like to highlight a pioneering initiative that reinforces Vale's leadership in innovation and decarbonization. In April, we announced an unprecedented agreement to introduce the world's first ethanol-powered, ocean-going vessels, with operations expected to begin in 2029.

These next-generation Guaibamax vessels have the potential to reduce carbon emissions by up to 90%, marking a major milestone for decarbonization in global maritime transportation. Combined with advanced efficiency technologies and wind-assisted rotor sails, this approach delivers environmental impact, operational flexibility and energy security.

This initiative reinforces our commitment to reducing Scope 3 emissions, and positions Vale as a leader in shaping a more sustainable and competitive future for the industry.

Now, I will turn to Marcelo Bacci to talk about our Financial Performance. I'll be back for closing remarks before the Q&A session.

Marcelo Bacci:

Thanks, Gustavo, and good morning, everyone.

In the first quarter of 2026, our Proforma EBITDA reached US\$ 3.9 billion, representing a 21% increase year-on-year.

This strong performance was primarily driven by another very solid operational execution in our three commodities, benefiting from higher volumes and improved price realization.

Vale Base Metals' EBITDA more than doubled compared to last year, reaching US\$ 1.2 billion in the quarter. This is yet another demonstration of the significant value being unlocked in this business. VBM's EBITDA would have been even higher absent the approximately US\$ 140 million negative impact of provisional price adjustments made at the end of the quarter. Based on today's forward curves, this impact would have been positive, implying a potential reversal in Q2.

In Iron Ore, EBITDA reached US\$ 2.9 billion, with a flat but solid performance year-on-year, supported by higher sales volumes and better all-in premiums, more than offsetting the appreciation of the BRL during the quarter.

Now, let's take a closer look at our cost performance.

In the quarter, our C1 cash cost, excluding third-party purchases, reached US\$ 23.6 per ton, an increase of 12% year-on-year. As expected, this increase was mainly driven by the BRL's appreciation, combined with the effect of inventories' consumption carried from the previous quarters at higher costs.

The all-in cash cost, in turn, increased by 8%, with stronger all-in premiums and a solid performance in freight, helping to partially mitigate cost pressures.

While external variables such as exchange rates and oil prices can introduce volatility to our cost structure, they further reinforce the importance of our ongoing focus on efficiency, productivity, and operational excellence. Assuming market consensus estimates for 2026 of an average BRL of 5.25 and average oil prices of US\$ 90 per barrel, we are working to achieve the top end of our original guidances on a 61%Fe basis. In this slide, you can see different sensitivities for our C1 and all-in costs for iron ore.

Through disciplined execution and a strong focus on controllable cost drivers, we remain confident in our ability to progressively and structurally reduce our cost base, supporting competitiveness and value creation across the cycle.

Turning now to Vale Base Metals, both copper and nickel once again delivered solid and consistent reductions in all-in costs.

Starting with Copper, all-in costs once again reached negative territory, declining by 1.8 thousand dollars per ton year-on-year, reaching minus US\$ 0.6 thousand per ton. This very strong result was mainly driven by robust by-product revenues, supported by higher prices and increased gold volumes.

In Nickel, all-in costs declined by 48% year-on-year, reaching US\$ 8.2 thousand per ton. This improvement reflects stronger by-product revenues from our polymetallic assets, benefiting from favorable pricing, as well as cost-optimization initiatives at Voisey's Bay. Fixed-cost dilution, driven by a 12% increase in production volumes, also further supported results.

Looking ahead, we expect Vale Base Metals to continue delivering operational improvements, beyond the contribution from by-product prices. In nickel, our focus is

now on maximizing cash flow generation, leveraging on continued cost efficiencies and on the polymetallic nature of our assets.

Now, let's talk about our cash generation.

Our recurring free cash flow generation reached US\$ 813 million in the quarter, representing a 61% increase year-on-year. This stronger performance was primarily driven by solid EBITDA combined with the settlement of currency-swap and oil-hedging programs. The more negative working-capital variation reflected higher inventory levels and an increase in accounts receivable, with collections expected over the coming quarters.

Despite the volatility that oil prices can introduce to the cost structures, we remain well positioned thanks to our risk-management strategy, which helps protect and stabilize our cash flow. Our oil hedge program was designed to limit exposure to tail scenarios through the use of zero-cost collar instruments. These hedges provide Brent crude oil price protection above 80 dollars per barrel for around 70% of our bunker oil demand in 2026, supporting greater visibility and stability in cash generation.

Finally, I would like to highlight the strength of our cash position and our continued commitment to shareholder returns. In the first quarter, we distributed US\$ 2.7 billion in dividends and interest on capital, while we also repurchased nearly 5 million shares under our current share-buyback program.

As you can see on the next slide these distributions resulted in a seasonally expected increase in expanded net debt, which reached US\$ 17.8 billion in the quarter.

Our target range remains unchanged at 10 to 20 billion dollars, with a clear objective of operating around the midpoint of this range. Important to say that under the current price environment for iron ore, copper and nickel, we are increasingly confident on the possibility of paying extraordinary dividends and on further executing on our buyback program throughout the year.

Before passing the floor back to Gustavo for his closing remarks, I would like to reinforce that we are building a company designed to be resilient through the cycle. Our flexibility, cost discipline, and capital-allocation approach are key pillars of this strategy. With these elements in place, we expect to continue benefiting from the strength of our iron-ore portfolio, while fully unlocking the potential of our base metals business, consistently delivering value to all our stakeholders.

Gustavo, please.

Gustavo Pimenta:

Thanks, Marcelo. I would like to highlight the key takeaways from today's call:

First, safety remains a core value at Vale, and we continue to make consistent progress in strengthening our safety culture and performance.

Second, we continue to execute with discipline across our three business lines, maintaining a strong focus on operational excellence.

Third, we are persistently pursuing cost efficiencies to preserve competitiveness and build resilience in the face of ongoing external cost pressures.

Fourth, we remain fully committed to our sustainability agenda and our 2030 goals, advancing innovative solutions that support our decarbonization and sustainability targets.

And lastly, our disciplined approach to capital allocation remains unchanged, enabling us to generate strong cash flow and deliver attractive returns to our shareholders.

Now, let's open for the Q&A session. Thank you.

Operator: We are now going we are now going to start the question-and-answer section of the call.

Our first question comes from Leonardo Correa with BTG. You can open your microphone.

Gustavo Pimenta: We are talking.

Operator: I believe Leonardo is having some problems with the connection. We are going to go ahead with Alexander Pearce with BMO. You can open your microphone, sir.

Alexander Pearce: Great, thanks. Can you hear me?

Gustavo Pimenta: Yes, we can hear you.

Alexander Pearce: Excellent. My question is just around the iron ore market. You redirected pellet feed to Brazil, given Oman is offline at the minute. Is there any knock-on impact to product mix and cost? And then the second part of the question is, can you provide an overview of what you're seeing in terms of demand for the premium products at the minute?

Rogério Nogueira: Thanks, Alexander. Let me start by giving you our view of the impact of the conflict in Iran and specifically what happens to Oman, and then I can give you a broader view on the market. Okay.

So the way we see it is the steel production remains stable globally. In the Middle East specifically, as per your question, steel production is also stable because they're keeping production based on scrap and pellet inventory. This is despite a contraction in Iran crude steel production. So as you know, Iran crude steel production has been halted, but the rest of our clients in the region, they're still producing. Okay.

Important to say that in terms of pellet production, Bahrain, which is an important pellet plant in the region, has been mothballed because they had difficulties in receiving pellet feed. This pellet feed has been diverted to other markets, essentially for China and Asia in general. But there's actually, this additional supply has been offset by no exports from Iran in terms of iron ore. So our view on the market, specifically out of the conflict is

neutral. There has been a neutral impact on the global iron ore supply with the conflict in Iran.

Also, just maybe to take the opportunity to highlight that looking forward, we believe that with the conflict, the cost curve has shifted upwards. And if we calculate, it has shifted forwards between \$5 to \$10 per ton. We also notice that this shift upwards is actually asymmetric with some marginal players in the cost curve being more impacted, being impacted actually by more than \$10 per ton, which actually supports a bit of the prices that we're seeing today. Okay this is more general aspects of the conflict in Iran. Marketing itself, I think you asked about the high-quality iron ore, high-quality pellet feed. We do expect the market to be stable for pellets, even with an eventual increase in supply, net of supply of high-grade pellet feed and demand of high-grade pellet feed.

So, coming the next quarter, we expect pellet premiums to be stable or even with a slight increase. Probably on the general market, I think it's just a broader overview. We also see the broader market stable despite the conflict in Iran. China, as we see, crude steel production is stable according to independent institutes. As a proxy, we always look into blast furnace utilization and blast furnace utilization is at about 90%, which is extremely positive and high. We still believe and see continual analyzed steel exports at a number of 100 million per ton in 2026. Infrastructure and manufacturing offsetting a weak property sector that's still actually a challenge sector for China.

Another important point is when you look into iron ore port inventories, they actually reached 166 million tons, which is an increase on quarter-on-quarter. But I'd like to highlight that our inventories of Vale ores have decreased about 10 million tons quarter-on-quarter. This is extremely important, right? And the days to cover on the whole value chain remains at about 30 days. Ex-China, we see a stable overall market. There's a variation by region, but it is stable. And all in all, we see a supply-demand balance and the price outlook is also balanced.

Operator: Thank you. Our next question comes from Leonardo Correa with BTG You can open your microphone.

Leonardo Correa: Yes. Okay, everyone. Yes. So, very sorry for the technical difficulties I had before. Yes. So, a couple of questions on my side. First one on the cost side, specifically for Iron Ore, right? I mean, when we look at the C1 costs, clearly a lot of debates on trends and on what you reported, right? It was about \$23 per ton with about 10% inflation year-over-year, right? So, I guess the question we've been receiving over the past hours is how you feel your guidance at this point? How comfortable are you with your guidance at these levels considering what you're seeing and so many moving parts with some cost inflation items, right? I think the guidance for the year is \$21. You just delivered 23. So, just wanted to see how confident you are on that guidance. That's the first one.

The second one, I can't not ask about CMRG and all the implications, right, for the Iron Ore markets. We've been seeing this back and forth with BHP I think several observers in the market, they think that there could be some pressure from those inventories at Chinese ports, mainly Jimblebar fines and some other specifications moving back into the market and potential implications. I think that's one point. But more importantly, we've been seeing other companies also settle with CMRG, right, Fortescue, I think, also announcing some deals. I wanted to hear from Vale's perspective, right, if anything changes. I know that Vale already has about, I think, 10% of shipments in Yuan settled in

China. So, I just wanted to hear how the relationship is with CMRG and what Vale has been doing with the group over the past weeks and implications. Those are the questions. Thank you so much.

Marcelo Bacci: Well, this is Marcelo speaking. I'll take the first question on cost guidance. As you saw on our presentation, the main effect on costs come from seasonality, which is always the case on the first quarter of the year and also in the second quarter as a consequence of higher costs on the first one, FX and oil prices. If you take the forward curves that we see today on the market for oil and if you take the projection for FX that we see on the FOCUS report from the Brazilian Central Bank, which is currently at 5.25, so if oil converges to 90 and FX at 5.25, we should be able to deliver the top end of our guidance in C1 for the whole year. Second quarter is not going to be too different from first quarter, but we should see a second half better than the first half in a way that we deliver the top end of the guidance for year-end. It's important to mention that the external factors are the main factors behind the cost inflation, and they impact everyone in the industry. It's not a Vale specific situation. But we're confident that if the market goes in the direction that the futures markets are indicating today, we should be able to deliver the top end of the guidance.

Rogério Nogueira: Now, on CMRG, I think acknowledging what you just said, they are talking to all the major players. And as you mentioned, they've talked to BHP now, trying to come to an agreement with Fortescue. They have reached an agreement with Hancock, and there will be probably a negotiation with Rio. Same happened to us. We keep a collaborative dialogue with them.

We're always seeking efficiencies, and that has to be the basis for us to negotiate. Also important to say that they understand the corrective nature of our iron ore grades and also the physical and metallurgical properties of our iron ore, which actually differentiates us a little bit. So what we're doing with them is that we are working together to design the way we can collaborate to develop well-suited blends for the Chinese steel industry. So it's a bit of a different focus, trying to find efficiencies, as I just mentioned. And ultimately, just to highlight the prices, we do believe the prices will be set up based on the supply demand, which is the ultimate driver.

Operator: Our next question comes from Liam Fitzpatrick with Deutsche. You can open your microphone.

Liam Fitzpatrick: Good morning. Hopefully you can hear me. It's Liam Fitzpatrick from Deutsche Bank. I've got two questions. Firstly, on the buyback, how do you want us to think about the pace of buybacks through the year? Because you're still somewhere above the midpoint of your net debt range, but you did repurchase some shares in Q1. So should we think about the pace picking up as net debt falls, or will this be more opportunistic around the share price levels?

And then the second question is just on costs. I think you've answered most of it, and you touched on it in your previous comments, but curious as to where you currently see marginal costs for the industry landed into China at current diesel and freight rates. Thank you.

Marcelo Bacci: Thank you. This is Marcelo. I'll take the first question. We not only look at the look at the current state of the expanded net debt, but most importantly, to the trend. And the first quarter, it is always, because of the dividend payment that we make,

seasonally, it's always a quarter where the net debt goes up. But our decision to start buying back again has to do with the outlook that we have for the year. As we mentioned before, we did have an impact on costs, but the price is more than compensated that impact in a way that margins are going up. So we have a positive view for cash flow generation for the year.

And as a consequence of that, we have decided to start buying back again. And as we mentioned before, if we are in a situation where net debt trends below \$15 billion, we should be deciding to distribute more to our shareholders in the form of a combined situation between extraordinary dividends and buybacks. So this is what you can expect for the coming months and quarters.

Rogério Nogueira: Liam, on the impact of diesel and bunker freight, ultimately, on the cost curve, I think as I mentioned, we believe that the industry cost curve has shifted upwards, as I just mentioned, from US\$5 to US\$10 per ton. But this is not symmetric. Some of the players who sit on the less quartile of the cost curve are more impacted, for example, for distances. So what we view is that this asymmetric impact in the cost curve might actually shift it to the less quartile by about \$10 per ton. So it's a significant impact on the less quartile of the cost curve.

Gustavo Pimenta: Liam, Gustavo here. I'll just add to this last question that Rogério answered that this only reinforces that the strategy that we have for long-term affreightment is the right one and it's paying off, right? Because we've been able, I think one of the things Rogério has done recently is to increase the level of upgradation for our fleet. We decided to do this last year for this year. So this year, for example, we are mostly contracted close to 100%. So the increase that we've seen in time charter, for example, we haven't been able - we're not impacted - plus the hedges that we put on bunkers. So we've been able to manage some of that impact to our own operations, and I think that is very important to highlight.

Operator: Next question from Daniel Sassoon with Itaú BBA. You can open your microphone.

Daniel Sasson: Hello, everyone. Thank you so much for taking my questions. My first question is actually related to the cost front, also, but more specifically, with the macro changes that you've already discussed, the changes in effects, oil costs, how do you think that it has changed Vale's relative competitive position versus the Australian guys and maybe versus the junior miners in Brazil or the smaller players in Brazil? Because in the end of the day, it's a matter of what weighs more, right? Iron ore prices have actually increased more than the negative effect of higher costs because of the higher oil prices and stronger BRL and so on and so forth. So if you could guide us on how you are thinking about your relative cost position versus the Australian guys or the main players, that would be great.

And the second thing, you also mentioned a little bit about the strong performance you had in copper volumes in the first quarter. We know that you have an important maintenance stoppage of Sossego throughout the year and therefore, maybe it would be too optimistic to believe that you would be able to exceed your 350,000 to 380,000 tonne copper production guidance for the year. But whether you think it's feasible or likely that it could stay somewhere closer to the upper range of this guidance. So how are you thinking about the evolution of your base metals division throughout the year, considering the maintenance stoppages? I guess the question is that. Thank you.

Rogério Nogueira: Thank you for the question. Look, I think dividing between the Australian miners and the Brazilian miners, I think in regards to Australia, we have a disadvantage of the distance. And in absolute terms, when a bunker oil increases specifically, we have a disadvantage. Right? But having said that, we have been able to offset a lot of the disadvantage by our hedge program. As Gustavo mentioned, we've reduced our exposure to the TC market. We had previously operated with between 25% to 30% spot exposure. This year, we're operating with less than 5%, especially to Asia, which is a great advantage. And also we have, as Marcelo Bacci talked in the beginning, a program that we are hedging about 70% of our exposures to the oil, to the bunker market. So this actually has helped us to offset this logistics and geographic distance disadvantage. You will see more of this coming on the next quarter, but you shouldn't expect a full impact of a bunker oil prices increase in our relative competitiveness. In regards to Brazilian players, I think we're really well positioned because we have done all the hedging that I just talked about. We're shipping larger vessels which are more efficient and they do rely on spot market prices. Relative to the other Brazilian players, we have increased our competitive position.

Gustavo Pimenta: Daniel, Gustavo, before passing on to Shaun, I'll just add to this question the positive effect of premiums as well. If you look at our price realization, on quarter we have also improved substantially, \$2.6 per tonne. IOCJ premiums have improved, BRBF. This is also to a certain extent offsetting some of the impacts that Rogério was saying. When you look at the overall margin of the company, it has expanded in fact, so more than offset the cost increase that we faced.

Shaun Usmar: Daniel, hi, it's Shaun. I think firstly, the Q1 results for the portfolio as a whole really set us up well to answer your question directly. It was important for both the polymetallic or nickel part of the business that contributes meaningful amounts of copper as well as the copper side to deliver well this quarter and they've done that. Just to highlight that point. Sossego, I think it's the best performance since 2008. It was an 81% year-on-year increase.

Even Solobo with lower grade did the same mine movement with 30% longer haul distances, slightly lower grade and had 4.6% better recoveries and were able to actually increase copper output. I was at site two weeks ago. They're knocking it out of the park, so they're doing well, but we've got that 110-day shutdown, as you've mentioned, at Sossego. We're going to remain very focused and disciplined on that. Then in the polymetallic side that contributes, Gustavo and Bacci commented on the performance overall, but Voisey's, where we get meaningful copper, that was a 64% year-on-year increase and they've hit record production. Across the board, of what we control, I think the team is setting us up well to do exactly what you said, but we're going to remain cautious and we'll update the market as we go through the PMP.

Operator: Next question from Rafael Barcellos with Bradesco BBI. You can open your microphone.

Rafael Barcellos: Hello, good morning. Thanks for taking my questions. My first question is on your commercial strategy. Can you give us more color on your strategy around the medium grade Carajás going forward? I mean specifically what is the outlook for growing these product shares in your mix and to what extent does that come at the expense of the IOCJ volumes? I'm particularly asking these because we have seen the 65-62 spread improving recently.

And then moving to VBM on copper, I would say that Alemao appears to be your most important project at VBM I know that you published your new reserve report recently but my understanding is that the full potential of the project hasn't been fully disclosed yet, right, given that the drilling and exploration is only now being initiated in the 2Q, so probably as we speak, right, so can you give us a sense of what we can expect from this drilling and exploration initiative and more important I would say that when should we expect that the exploration plan will be concluded? Thank you.

Rogério Nogueira: Rafael, no, thanks for the question. Rogerio. On the on the product portfolio. I think just restating what Gustavo has just mentioned, our fine premiums has actually been very positive this semester. \$4.1 per tonne versus \$1.9 per tonne in the fourth quarter 2025. This is just on the fines, not accounting for pellets, right. This has to do with some factors.

The first one, and as you mentioned, is that we have seen a very good acceptance of our mid-grade Carajas globally. We're actually planning to increase it because the market has not only appreciated the product from a chemistry point of view, but also from a metallurgical performance. We're actually moving to have 50 million tons to 55 million tons of this product into the market, which is actually, quite frankly, beyond our expectations because the market accepted it so well and there's a huge demand for the product. So, just to add some other points on the portfolio, which helps our realized premiums. The other one is a very good acceptance of our China concentrate. It is really becoming a standard product and this year we expect to have an annual sales of about 40 million tons of the Chinese concentrate product. It's very good for us, very good for the market.

Last but not least, I think the control as we look into the mid-grade Carajas, we can control, we can adjust the volumes of Carajas that we have, stand-alone Carajas that we have in the market, and that actually defines the premiums. So, we're always trying and looking into how to optimize it, shifting from mid-grade to high-grade Carajás to achieve the best result. And again, not the best result only on price realization, but as we have always been talking about, it's about maximizing total contribution, total margin contribution, optimizing production costs, price realization. But again, this semester we've been able to do it all and still increase price realization, okay.

Shaun Usmar: Raphael, hi, it's Shaun. Yes, I was actually at the project at Alemão a couple of weeks ago with the team. And look, they're making incredible progress. Just to remind you, we published, you remember, just around VBM Day MRMR statements. We are roughly doubling where we already doubled last year, our exploration in Para. A lot of that is going to be concentrated around all our projects and sites. So we'll keep, as we get through probably a year from now, we're looking to target over 20% increase, as you recall, from 2024 in our mineral inventory. And the real focus is on increasing NPV, and so you can expect that not just on Alemão, but on our projects as a whole.

When I was at the site, we were just in the process of removing a very small alligator from an old exploration adit and starting the dewatering process to actually focus on some of that exploration drilling at that project. And just to reorient you again, remember, we've changed the mining method there. It's about \$0.5 billion of CAPEX improvement. We're on track. And the real focus at the moment is on the permitting timeframes and progressing the study. So, we'll have updates probably by Vale Day and certainly on the exploration, similar time next year.

Operator: Our next question comes from Marcio Farid with Goldman Sachs. You can open your microphone.

Marcio Farid: Thank you. Morning, everyone. A couple of follow-ups on my side. I think the first one on Simandou, but not only the view on volumes, we've seen a real reporting a couple of weeks ago. So I think that's relatively clear, but if you have any views in terms of expectations for ramp-up, but also obviously Simandou, everybody's got their own views. Also, obviously Simandou, everybody sees it as a high-grade Fe content, right? Above 65%, but at least the grades we've seen so far also show a high alumina content as well, which is interesting, right? So, it seems like Vale is still one of the few producers at a scale that can offer the low alumina product. Just want to check with you on that, and how you see Simandou obviously affecting the premium market in terms of Fe grade, but how can Vale be positioned for that scenario with the current portfolio that you guys have?

And maybe secondly, quickly, maybe to Gustavo and to Shaun, in terms of base metals, VBM, IPO, there has been some news suggesting that you guys want to be IPO ready, just, and we got a question a lot from investors, so it's probably good opportunity to have a view in terms of how to think about a business IPO, when, why, and why not. Thank you.

Rogério Nogueira: Hi, Marcio. Rogério. On Simandou, I think you're absolutely right. In the first quarter of 2026, the reported production was 1.5 million tons. So, there's going to be, as we're seeing, a gradual ramp-up. The numbers for the years, again, the official from them is from 10 to 15 million tons. So again, it's gradual, as we expected, right?

To your point on the chemistry side, yes, it is indeed high alumina relative to silica, which is a very important parameter for blast furnaces, and that means that for this ore to be used effectively in blast furnaces, they need to have a blend with complementary ores, which have silica higher than alumina, silica ratio to alumina higher. So, and again, the one who has this kind of iron ore in scale is Vale. So that actually positions us in the whole portfolio strategy to provide the ores that make the blend the ultimate optimizer of blast furnace performance. And we are looking into this and thinking about how to design and where to sell our ores on a product market strategy.

Gustavo Pimenta: Marcio, Gustavo. Here, on the VBM IPO question. What we've been sharing and discussing with our shareholders in the market is that the company had initially the goal to stabilize operations. I think Shaun and the team have been able to achieve that as you've seen in the performance Q1, it's been very strong. And it's been strong in the last several quarters. So that has shown that the carve out has worked. And the next step is to make sure we can grow the business.

So we see an enormous potential to grow, particularly the copper business. We have a goal to double the size of our copper business. The more we drill and the more we explore, especially in Carajas, the more excited Shaun and the team get. So, this is certainly a key priority. Any strategic market transaction will depend on market conditions, if it is necessary for us to achieve that future. But the priority today is to make sure we continue to operate our assets well and we can grow the business. So that's exactly what the team is working on. The good thing of the carve out is that it gives us optionality. So, we can do many things, but I always say the IPO, potential IPO, it is a means to an end. It's not an objective in itself, and we continue to think that way.

Shaun Usmar: And, Marcio, if I can add to Gustavo's comments. You know, our job, I think, from the beginning was to take a platform that was invisible and wasn't creating value and position it where, essentially, Vale, say, Manara have choices. I've mentioned before, I think we're probably two years ahead of what I thought the team could deliver. And I think you would have seen in our VBM day, which is part of also just revealing the value potential that I think was invisible.

I think Marcelo pointed out that where the business had traditionally contributed maybe 10% or 15% at EBITDA to Vale, it was on track for, say, 30% to 35%. And you can see this quarter, we're over 30% on EBITDA, and we have further to go. And I think, as Gustavo said, it's about maintaining that performance, but then also creating possibilities. We do not need the funding for our growth at this stage. I think if we deliver and prices remain, even this year, we'll be around zero net debt in this business, and we can self-fund. So it's more a strategic question for our owners at the right time.

Operator: Our next question comes from Carlos de Alba with Morgan Stanley. You can open your microphone.

Carlos de Alba: Yes, thank you very much. Just wanted to ask a follow-up on the excess cash and return to shareholders. And given the earlier comments by Marcelo, what do you think, Marcelo, where your preference is between buybacks and dividends? And you clearly are already paying a regular dividend. So does that mean, or is it fair to assume that maybe excess cash return to shareholders would be more on the buybacks than special dividends?

And then on the second question, I don't know, Gustavo, if you can provide, please, an update on the railway discussion with the government. Clearly, it seems that you're back on the negotiating table, and maybe that is a good indication. But I don't know, any color in terms of timing, what are they asking? Anything that you can provide to give us more certainty on the potential outcome.

Marcelo Bacci: Carlos, last year, we gave a clear preference for dividends because of the change in taxation that came at the year-end. This year, the situation is different, and we tend to be more balanced between buybacks and dividends, of course, depending on where share price is. But I would say the answer is a balanced approach between buybacks and extraordinary dividends.

Gustavo Pimenta: So, and Carlos, thanks for your question. So, on the railway concession discussions, just to recap, everybody, we had signed an agreement, non-binding agreement in 2024. We're not able to conclude, but to your point, we have resumed conversations with the several governmental entities early this year and I'm hopeful that we'll be able to conclude this in a way that works for everybody, everybody including Vale. So, we are working hard and hopeful that we'll be able to conclude this discussion this year still.

Operator: Our next question comes from Marina Calero with RBC. You can open your microphone.

Marina Calero: Good morning, thanks for the call. I have a follow-up question on cost. Can you clarify whether the sensitivities you presented today include the impact of your hedges on the currency and the fuel? And maybe as an extension of that, have the recent developments in the Middle East changed the way you're thinking about your hedging strategy for 2027?

Marcelo Bacci: Thank you, Marina. The sensitivities do not include the hedging policy because the percentage of hedging that we have at different points in time is different. But specifically for 2026, we have a significant hedging position on oil and also some of the FX exposure that is partially compensating, but the result of that comes as a financial result and not as part of our EBITDA or included in the C1 or all in cost calculations.

And we tend to be balanced and also careful when talking about the hedging for 2027. I think for 2026, what we have in our portfolio is already very significant. And we discussed at this moment what we're going to do for 2027 in terms of affreightment, in terms of oil exposure, and also FX. The market gives us some opportunities. The market in oil, for instance, is very much inverted and we are looking at the markets and deciding what to do.

Marina Calero: Okay, thank you.

Operator: Our next question comes from Alfonso Salazar with <Scotiabank>. You can open your microphone.

Alfonso Salazar: Hello, can you hear me well?

Gustavo Pimenta: We can, yes.

Alfonso Salazar: Thank you. Just a quick question for Rogerio. Rogerio, regarding production of domestic concentrates in China, there were some targets to expand that capacity. It hasn't materialized. So just wondering what is your expectation for the future years regarding the production in China? in China and also your expectations regarding more scrap use in China for steel iron units. So that would be interesting to hear your thoughts.

Gustavo Pimenta: Hello Alfonso, thank you. Domestic concentrate in China these days because of not being impacted so much by freight, they've gained some relief. But longer term, it's really challenging because it's low-grade iron ore in the ranges of lower than 20% Fe content. A lot of the mines are underground, they're smaller operations. So, our perspective is that currently they're producing about 260 million tons per year and they're going to come down to about 160 million tons. So that's our view, our expectation for the future, which is a decline in domestic iron ore production in China of concentrate. So, this is one of the trends.

In terms of scrap, in the past we had a sort of more sort of optimistic view. Today we believe the scrap is going to increase gradually from the level they are operating about 300 million tons of scrap per annum, but this is going to be very gradual and it's going to be absorbed naturally within the system. So, nothing that would create a major impact or disruption in the iron ore supply, seaborne imports.

Operator: Thank you Alfonso Salazar, from Scotiabank, for your question. Now we're going to go ahead with our next question from Yuri Pereira with Santander.

Yuri Pereira: Hi guys, thank you. Back to Nogueira, please back to the cost topic. Regarding your comment about high cost producers having a cost impact of more than \$10 per ton, do you have it in terms of volumes? I mean, what's the negative impact on iron ore supply? I remember you guys talking about roughly 150 million tons, if I'm not mistaken, impact with spot prices below \$90 per ton. So just trying to figure out this. So how about now considering that \$100 is the new 90s, right? Thank you.

Rogério Nogueira: No, Yuri, this is a good question. You know, with this dislocation, we've actually done a sort of initial calculation, okay, with players would actually be on the anchor point of the cost curve. And our estimate is that prices reduced by \$10 with the current other elements such as freight and this, freight and diesel staying the same, there will be more than 50 million tons of iron ore production that is going to be out of the market with negative margins. This is our preliminary assessment.

Operator: Our next question comes from Igor Guedes with Genial. You can open your microphone.

Igor Guedes: Good morning, everyone. Can you hear me?

Gustavo Pimenta: We can.

Igor Guedes: Yes, thank you. Thank you for the opportunity. We have seen an increase in expenses related to iron ore, both in terms of the TFRM, the royalty rate, and the distribution costs, given the concentration of volumes in Chinese ports. More specifically regarding royalties, we note a recent decision by the Federal Attorney General's Office overturning the preliminary injunction that deducted the CFM calculation basis using the TFRM payments. I'd like to get your guys' perspective on what you expect from this standpoint regarding royalty regulation and also on the level of distribution costs we have seen, which rose like 40% quarter over quarter, even as the volume declined sequentially. How can we model these expenses going forward? Thank you very much.

Marcelo Bacci: Igor, thank you for your question. Those are two different subjects. On the concentration part, I think this has to be seen as difficult to model on an isolated way because it is part of a portfolio strategy. So this will tend to vary depending on how our commercial team is looking at the market and the different products that we're going to offer to the market. And you're going to see always the flip side of these costs on the margin, and that changes, and it's a dynamic decision. So it's going to be difficult to model as an expense.

When it comes to royalties, there is a continuing discussion with the different authorities. It's difficult to make comments about decisions that may come from justice, but we are always working towards trying to reduce those costs. But there are some things that don't depend on us.

Rogério Nogueira: And then, Igor, on the second part of your question, we have started this strategy of concentration in China, especially because in one side, it increased costs for the concentration processing. It reduced recovery, but it does increase our realization price. So net, it is net zero or positive impact, but that has a very important impact on our product. our product portfolio. But specifically to your question, we're actually improving this because sometimes we have concentrated volumes in certain regions and we need to redistribute in China to find markets with better demand. So, this is a cabotage within China and we have many initiatives in place to do that without incurring this redistribution cost. So, you should see an improvement.

Operator: Our next question comes from Caio Ribeiro with Bank of America. You can open your microphone.

Caio Ribeiro: All right. Good morning, everyone. Thank you for the opportunity. So, I wanted to once again touch on the subject of your expanded net debt concept

particularly as the proportion of non-financial liabilities within that metric drops significantly from 2027 onwards. I wanted to see if you can give us some color on how you think about that range, if you would consider increasing it, if you can give us some color as to what levels you could be contemplating and assuming you change it to say a level closer to \$15 billion, \$25 billion, what that means for extraordinary dividends, particularly as you had been looking at that \$15 billion dollars as that anchor to dictate these decisions to pay extraordinary dividends or not. And then secondly, shifting gears here to the nickel front, there were some important changes recently in Indonesia in the past six months to the mining quotas, to the reference price upon which royalties and taxes are calculated. So, I wanted to see if you could discuss from your point of view the implications that that has for your business and whether the price surge that we've seen on the nickel side of things since those measures were announced, if that compensates for that higher cost of operating in the country. Thank you, gentlemen.

Marcelo Bacci: Caio, on the expended net debt, today around a third of our expended net debt is related to the present value of the commitments related to reparation, which is a more, which is a part of our debt that is not manageable. You cannot roll over, you cannot do anything other than pay. This number is going to reduce significantly between 2026 and 2027 as we pay the commitments that we have. So, I would say that for this year and next year, it is not in our plans to change the rule that we follow or to change the criteria or the range, but as the number of the expanded part of the net debt gets smaller in the future, we probably are going to review this, but not till the end of 2027.

Shaun Usmar: Caio, it's Shaun. I think to your point, we started seeing late last year the impacts of the Indonesia's Ministry of Energy and Minerals adjusting those RKAB quotas. I think they said, what, 250 million tons to 260 million tons, whereas it was at, say, 379 million tons in the prior year. And I think, given that they're responsible now for about 65% of global nickel supply, and I think, are realizing, the impact of, probably similar to what you see with the DRC and Cobalt, we did see the market respond. I think what you're seeing at the moment is a combination of that effect, but also given that something like 90% of the sulfur supply, particularly impacting MHP and HPALs in Indonesian nickel production, come from the Middle East. And so, the sulfuric acid and the sulfur supply going in there is having, I think, quite a significant impact on cost of production. And I think we're seeing some early signs of curtailment of the supply for some of those areas.

I think, on our numbers, you could see if these things sustain something like about a US\$3,000 to US\$4,000 a ton increase in the cost of MHP, if this persists. And I think we're looking at about 5,000 to 6,000 tons of nickel in MHP should be produced in 2026. So, a fairly significant impact. For us, we're net long sulfuric acid and sulfur. We're benefiting, I guess, from, the higher pricing environment, which is obviously good news. And I think we're all just making sure we can control costs and be as agile as we can. And our supply from PTVI of our MHP, they currently have enough sulfur supply. So, that's not a concern for us. But we're definitely seeing, I'd say, the combination to your point of both that curtailment, but also some of the cost increases to producers in the country.

Operator: Thank you. This concludes today's question-and-answer session. Vale's conference is now concluded. We thank you for your participation. The event has ended.