# 4Q24 and FY2024 Nexa's Transcript Earnings Call and Q&A

**Participants:**

**I - Mr. Ignacio Rosado** – CEO of Nexa Resources
**J - Mr. José Carlos del Valle** – CFO of Nexa Resources
**R - Mr. Rodrigo Cammarosano** – Head of IR & Treasury of Nexa Resources
**L - Mr. Leonardo Coelho** – Senior VP of Mining Operations of Nexa Resources
**O -** Operator

**O –** Good morning and welcome to Nexa Resources Fourth Quarter and Full Year 2024 Conference Call. [Operator Instructions].

I would now like to turn the conference over to Mr. Rodrigo Cammarosano, Head of Investor Relations, for opening remarks. Please go ahead.

**R –** Good morning, everyone, and welcome to Nexa Resources' fourth quarter and full-year 2024 earnings conference call. Thank you for joining us today. During this call, we will discuss the company's performance as outlined in our earnings release issued yesterday. We encourage you to follow along with this on-screen presentation through the webcast. Before we begin, I would like to draw your attention to slide number 2, where we outline our forward-looking statements about our business. Please refer to the disclaimer regarding these statements and their associated conditions. Now, it is my pleasure to introduce our speakers. Joining us today, is our CEO, Ignacio Rosado, our CFO, José Carlos Del Valle, and our Senior Vice President of Mining Operations, Leonardo Coelho. With that, I will turn the call over to Ignacio for his comments. Ignacio, please go ahead.

**I –** Thank you, Rodrigo, and good morning, everyone. Thank you for joining us today as we review our fourth-quarter and full-year 2024 results. Let's move to slide number 3, where we highlight our main achievements for the year.

As we close out 2024, we are very pleased with our performance. We achieved the second-highest Adjusted EBIDTA in our history and, for the first time since initiating the investment cycle in Aripuanã, generated positive consolidated cash flow. Our financial position also improved, with a notable increase in our cash balance, a reduction in the gross debt, and an improvement in our net leverage ratio from 2.2x in the third quarter to 1.7x. In the fourth quarter, Adjusted EBITDA reached US$197 million, a 79% increase from the US$110 million reported in the same period last year. For the full year, Adjusted EBITDA totaled US$714 million. This strong performance was driven by several key factors, including higher by-product contribution, increased zinc prices, lower environmental liabilities, and foreign exchange gains.

On the operational front, we continued to make steady progress, meeting our 2024 production and cost guidance while accelerating both revenue growth and margin expansion. Total consolidated net revenues for the fourth quarter reached US$741 million, up 18% compared to 4Q23 and a 4% increase compared to 3Q24 in terms of mining production, zinc output decreased by 11% quarter-over-quarter, while lead and silver production increased by 2% and 1%, respectively, driven by higher grades. Copper production saw a slight decrease compared to the previous quarter but was in line with our mine sequencing plan. Regarding Aripuanã, I will share more details shortly, but I would like to highlight that the operation made a fully positive contribution to our adjusted EBITDA in 2024. Aripuanã has been a very challenging project to build, and as previously mentioned, we approved the purchase of a fourth tailings filter, which will enhance utilization capacity given that the 3 filters in place have limited capacity and present operational issues. With this fourth filter, the plant will achieve its maximum capacity.

In terms of zinc metal and oxide sales, we saw a minor 1% dip quarter-over-quarter, though sales increased by 6% year-over-year. Throughout 2024, we made significant progress in optimizing our portfolio and successfully executing strategic divestments, including the sale of the Morro Agudo Complex, the Pukaqaqa project, and our non-operational Chapi mine in Peru. These divestments allow us to concentrate on our high-return assets. In line with this strategy, I am proud to announce that the first phase of the Cerro Pasco integration project has been officially approved. This phase includes the implementation of tailings pumping and piping system and represents an important milestone extending the life of this mining complex. I will provide more details later in this presentation. Now let's move to slide number 4 to discuss our operating performance.

Turning to the operating performance of our mining segment, zinc production in the fourth quarter of 2024 reached 74 thousand tonnes, down 19% compared to 4Q23. This decrease was primarily driven by lower output at Cerro Lindo, El Porvenir, and Vazante, as well as the absence of contributions from Morro Agudo. These impacts were partially offset by higher production volumes from Aripuanã and Atacocha. Compared to 3Q24, zinc production decreased by 11%, mainly due to lower volumes at Cerro Lindo, Vazante, and Atacocha. However, this was partially offset by increased output from Aripuanã. Zinc production was 2% lower compared to the full year 2023. In terms of our guidance, we met our annual production guidance for zinc, lead, and silver, while copper production exceeded the upper range of our guidance.

Looking at cash costs, in the fourth quarter, our mining cash cost significantly dropped to zero cents per pound compared to US$0.44 per pound in the same period last year. This sharp reduction was mainly driven by higher by-product contribution, lower treatment charges, and reduced operational costs, partially offset by lower zinc volumes in the period. Compared to the third quarter, mining cash cost slightly increased by US$0.01 per pound due to lower zinc volumes, which was partially offset by higher by-product contribution, particularly at Cerro Lindo, due to stronger LME price and lower operational costs. For the full year, our cash cost remained in line with our updated 2024 guidance, which we revised down by 64% in October 2024. These results reflect our disciplined cost control measures, operational improvements, consistent execution of our mining plans, and foreign exchange gains, particularly from our Brazilian operations.

Our cost per run-of-mine in the quarter was US$44 per tonne, a 6% decrease year-over-year. This improvement was mainly due to lower maintenance and personnel expenses, reductions in energy and material costs, along with foreign exchange gains. These benefits were partially offset by lower treated ore volumes following the cessation of mining operations at Morro Agudo. For the full year, cost per run-of-mine averaged US$46 per tonne, remaining within our guidance range. Now, let's move to slide number 5.

Turning to our smelting segment, total sales in the fourth quarter reached 152 thousand tonnes and increased by 6% year-over-year. This growth was primarily driven by higher production volumes at Cajamarquilla and a sales backlog from the third quarter, which resulted from demand adjustments in our domestic market. Compared to the previous quarter, total sales decreased by 1%, mainly due to reduced production at Três Marias, especially for zinc oxide, due to lower demand. In 2024, total sales amounted to 591 thousand tonnes, in line with the mid-range of our annual guidance and relatively stable compared to 2023.

Looking at costs, consolidated smelting cash cost in the quarter was US$1.26 per pound, up from US$1.00 per pound in the same period last year. This increase was mainly due to higher raw material costs, driven by increased zinc prices and lower TCs, as well as higher operating costs. These effects were partially offset by higher sales volume and favorable foreign exchange variations. Compared to the third quarter, cash cost increased by 8%, mainly reflecting higher zinc prices, which impacted concentrate purchases and lower by-product contribution. However, these effects were partially offset by lower operational costs and foreign exchange gains. Our conversion cost for the fourth quarter was US$0.30 per pound compared to US$0.29 per pound in 4Q23. This slight increase was mainly due to higher variable costs but partially offset by lower energy expenses at Cajamarquilla, favorable foreign exchange variations, and increased sales volume. Compared to the third quarter, conversion cost decreased by 6%, driven by lower variable costs, including energy expenses and maintenance expenses, along with foreign exchange gains and lower third-party expenses. It's worth highlighting that both conversion cost of US$0.30 per pound and cash cost of US$1.15 per pound remained within our guidance range for the year. Now, let's move to slide number 6, where we will begin discussing Aripuanã.

In the fourth quarter, Aripuanã reported higher production of zinc, lead, and silver compared to 3Q24, while copper production declined, driven by lower grades in the period. Adjusted EBITDA remained positive. The quality of concentrates remained stable and within commercial specifications, while metallurgical recoveries performed close to or at target levels. Additionally, the talc-related challenges faced in the third quarter were effectively addressed. The feed rate remained stable, contributing to the overall performance. In November, we conducted a scheduled five-day maintenance shutdown to replace the mill lining. Additionally, above-average rainfall during the period led to an 8% reduction in treated ore volumes compared to the previous quarter. During the quarter, we also approved the acquisition of a fourth tailings filter – a critical step in enhancing our filtering capacity and supporting full production.

As previously disclosed, this investment will significantly improve operational efficiency. We expect the filter to be delivered and installed in 2025, with commissioning planned for the first quarter of 2026. Looking at the full year 2024, Aripuanã significantly improved its performance. Annual zinc production increased by 43% compared to 2023, while copper rose by 24%, lead grew 106%, and silver production more than doubled, growing 114%. This performance is attributed to the commitment and hard work of our teams. Let's move to slide number 7 to discuss the latest advancements in the Cerro Pasco integration project.

On this slide, I would like to highlight our progress with the Cerro Pasco Integration Project. As we have discussed in previous calls, this project has the potential to unlock substantial value for Nexa. During the quarter, we made important strides across multiple work fronts, including the approval of the tailings pumping system – a crucial step in enhancing operational efficiency. This phase involves the construction of a tailing treatment plant at El Porvenir and the building of a 6 km tailings pipeline to connect El Porvenir's plant to the Atacocha tailings storage facilities. The detailed engineering has been completed, and construction is set to begin in the second quarter of 2025.

Beyond the tailings pumping system, phase I also includes investments to raise the El Porvenir tailings dam, which is already underway, as well as future investments to increase Atacocha's tailings storage capacity. The ultimate goal of this phase is to significantly extend the operational capacity of the tailings storage facilities, ensuring the long-term sustainability of operations at the Cerro Pasco Complex. Meanwhile, studies of phase 2, which includes the underground connection of the mines and the El Porvenir shaft upgrade, are progressing well. We expect these studies to be completed by the third quarter of 2025. Now, moving to slide number 8, where I will provide details on our exploration upside.

As explained in the previous slide, the strategic rationale of the Cerro Pasco Project includes the improvement of the tailings storage capacity, aiming to extend the asset's operational life significantly, the connection of the underground mines of Atacocha and El Porvenir, and the upgrade of the El Porvenir ore shaft. The execution of these milestones will enable the access to a substantial volume of high-quality mineral resources from the Atacocha underground mine, significantly enhancing the assets flexibility, increasing its mineral base, and extending the life of the mine complex. Furthermore, our exploration focus remains steadfast on the integration target. This area boasts high geological potential and presents a promising and highly attractive upside for the project. We aim to unlock additional value and ensure long-term success for the Cerro Pasco Complex. Now, let's move to slide number 9.

On this slide, I would like to emphasize the continued progress of our exploration program. Our 2024 plan has yielded positive results across both brownfield and greenfield activities. At Cerro Lindo, the exploration program remained focused on expanding known ore bodies southeast of Cerro Lindo, with drilling targeting the extensions of the mineralized zones in ore bodies 8B and 8C. In Aripuanã, efforts were concentrated on the Massaranduba target, aiming to identify new mineralized areas. In Vazante, the brownfield exploration program continues to focus on expanding the mineralized zones near the mine. Finally, at Cerro Pasco, as mentioned before, the exploration program delivered notable results, particularly around the integration target.

I will turn the call over to José Carlos Del Valle, our CFO, who will walk us through our financial results. José, please go ahead.

**J –** Thank you, Ignacio. Good morning, everyone. I will now continue with slide number 10. Starting with the chart on the upper left, we can see that total consolidated net revenues for the fourth quarter increased by 18% year-over-year. This was mainly driven by higher metal prices (except for lead), and higher smelting sales volume. These gains were partially offset by lower net premiums. Compared to the 3Q24, net revenues grew by 4%, supported by higher zinc, silver, and gold prices. For the full year 2024, consolidated net revenues reached US$2,766 million, an 8% increase compared to 2023. This growth was mainly driven by favorable metal prices, higher copper and lead sales and higher silver and gold payables from our mining operations. Moving on to profitability, our consolidated adjusted EBITDA for the fourth quarter reached US$197 million, reflecting a strong 79% increase year-over-year. This performance was primarily driven by higher by-products contribution, increased metal sales volume, higher zinc prices, and foreign exchange gains. Compared to the 3Q24, Adjusted EBITDA also grew by 8%, as the impact of higher zinc prices was partially offset by higher variable costs. For the full year 2024, consolidated adjusted EBITDA totaled US$714 million, a significant 76% increase compared to 2023 – making it the second highest annual Adjusted EBITDA in Nexa's history. This was mainly supported by favorable metal prices, foreign exchange benefits, higher by-products contribution, and ongoing improvements in both operational and financial management. Finally, it is worth noting that our consolidated adjusted EBITDA margin reached 26% in 2024, 10 percentage points better than the previous year. Now, let's move on to slide number 11.

Looking at the top left of the slide, we can see that in 2024, we invested US$277 million in capex, with nearly all of this amount directed toward sustaining activities, including mining development and tailings storage facilities. Our total capex investment for the year came in below our revised guidance from October 2024, which had already been adjusted downward by US$11 million as part of our portfolio optimization efforts. With respect to mineral exploration and project evaluation, we invested a total of US$64 million in 2024. Of this amount, US$37 million was specifically allocated to mineral exploration and mine development, fully aligned with our annual plan to support ongoing exploration activities. Now, let's move on to the next slide, where I will discuss our cash flow generation for the year.

Starting with our US$714 million of Adjusted EBITDA net of non-operational items, we can see that Nexa generated a strong operating cash flow before working capital variations, totaling US$514 million for the year. From this amount, we paid US$175 million in interest and taxes and invested US$265 million in total capex across our operations. As part of our liability management strategy, loans and investments had a positive net impact of US$98 million. This was mainly driven by our new bond offering, a debenture issuance, and the BNDES credit line, all executed in the second quarter of 2024. Included here is also a cash dividend received from Enercan. These cash inflows were partially offset by Loans and financing, Lease liability payments, and Premium paid on our bond repurchase program, including cash tenders for a portion of our bonds maturing in 2027 and 2028.

Additionally, we paid US$16 million in contractual dividends to non-controlling interests. Another impact was related to foreign exchange variations, which had a negative impact of US$11 million on our cash and cash equivalents, primarily due to the depreciation of the Brazilian real against the U.S. Dollar. Finally, working capital had a positive contribution of US$18 million, as our initiatives to optimize Nexa's working capital cycle throughout 2024 successfully reversed the negative impact seen in the first nine months of the year. Combining all these factors, our total free cash flow generation in 2024 reached US$163 million. Now, let's move to slide number 13.

As you can see, our liquidity position strengthened during 2024, which allows us to continue to maintain a solid balance sheet and an improved and extended debt maturity profile. At the end of 2024, our available liquidity stood at approximately US$960 million, including our undrawn US$320 million sustainability-linked revolving credit facility. Looking at our debt profile, the average maturity in 4Q24 was 5.6 years, with an average cost of debt of 6.4%. More importantly, as of December 31st, our total cash position was sufficient to cover all obligations maturing over the next 5 years.

In terms of leverage, our net debt to Adjusted EBITDA ratio significantly improved quarter-over-quarter and year-over-year, dropping from 2.2x and 3.3x to 1.7x, respectively. These improvements were primarily driven by higher Adjusted EBITDA and by a reduction in net debt over the last twelve months. I want to emphasize that we continuously evaluate opportunities to further optimize our capital structure, diversify our funding sources, and strengthen our liquidity. As I have mentioned before, maintaining a debt maturity profile that is aligned with the long life of our assets, while securing the most competitive financing costs is always a top priority. In line with this, we always explore strategic initiatives to extend maturities, reduce the average cost of debt, and assess financing alternatives. The goal is to further enhance our financial position and long-term resilience. Moving now to slide number 14.

Regarding the zinc market fundamentals, it's important to note that in the fourth quarter, the LME zinc price averaged US$3,050 per tonne, reflecting a 22% increase year-over-year, and a 10% increase compared to the third quarter. Despite macroeconomic and geopolitical uncertainties, including concerns over U.S. Trade protectionism, potential tariff hikes, and risks of trade wars, zinc market fundamentals remain solid, providing positive support for prices. These fundamentals are driven by a still constrained concentrate supply, which led TCs to remain at very low levels throughout the second half of the year. As a result, global refined metal production decreased by 2% in 2024 compared to 2023, tightening inventory levels even further. Since the beginning of the fourth quarter, spot TCs in China have slowly started to recover, as illustrated in the lower part of the slide. However, they remain at historically low levels, continuing to pressure smelter margins due to higher raw material costs. Looking ahead, we believe these market conditions are unlikely to ease in the short-term, leading us to expect continued price support for zinc. Moving now to slide number 15.

During the last quarter, the LME copper price averaged US$9,193 per tonne, up 13% from the fourth quarter of 2023, but marginally down by 0.2% compared to 3Q24. Despite macroeconomic challenges, copper demand is expected to remain resilient in the short-term, driven by strong activity across the energy, technology, and infrastructure sectors globally. As for silver, the LME price averaged US$31 per ounce in the fourth quarter, up 35% year-over-year and 7% quarter-over-quarter. Short-term fundamentals for silver are also positive, largely driven by concerns over future silver availability. Since the majority of silver is produced as a by-product of other metals, the industry is dependent on new mine projects to come online. Nexa is a significant global silver producer, producing 12 million ounces in 2024. Looking ahead, copper and silver prices are likely to remain volatile as markets react to shifts in U.S. Trade policies and China's economic stimulus measures. Now, I will hand the presentation back to Ignacio for his final remarks.

**I –** Thank you, José Carlos. As we conclude today's call, I want to highlight the recent adoption of our new dividend policy. This policy is designed to enhance transparency, provide consistent returns to shareholders, and maintain the financial flexibility needed to support our growth targets. In 2024, both S&P and fitch reaffirmed Nexa's investment-grade rating with a stable outlook. Additionally, last November, S&P assigned Nexa Recursos Minerais, our Brazilian subsidiary, its first-ever rating, also investment-grade with a stable outlook. This rating underscores the expectation of resilient operations in Brazil in the coming years. Last week, S&P conducted its annual review and once again reaffirmed Nexa's investment-grade rating, maintaining a stable outlook. This recognition highlights our commitment to the financial discipline of the company.

I also want to emphasize that in 2025, safety will remain a top priority. We are fully committed to strengthening our safety culture and continuously improving our protocols to ensure our employees' well-being. 2024 was a year marked by resilience and innovation, and as we move into 2025, we expect revenue growth supported by positive contributions from pricing and volume expansion. Our disciplined approach to capital allocation remains unchanged. We will prioritize Capex investments in enhancing production capacity, extending the life of our mines, and ensuring long-term sustainable growth. Before we close, I want to express my gratitude to our exceptional team of dedicated professionals and our shareholders for their trust and support. Thank you for your attention. We truly appreciate your engagement and now look forward to your questions. Operator, please open the line for questions.

## Q&A Session:

**O –** We will now begin the questions and answers session. [Operator Instructions] The first question today comes from Camilla Barder with Bradesco.

**Question –** I have two questions. First, just some follow-ups on Aripuanã. You mentioned you expect higher contribution in terms of EBITDA and free cash flow from Aripuanã this year. So, I was just wondering if you can share any quantitative estimates on that? And on the tailing filter, do you have an estimate on Capex for the filter? And after it's implemented next year, how much potential do you see for a capacity increase in Aripuanã?

And the second question here on Cerro Pasco, as you mentioned in the call, the project is moving ahead, first phase was approved and second phase study to be concluded in the second semester. So, I am just wondering if you can share any additional details on the project Capex, if you see any risk for start-up and more details on finance, it would be helpful.

**I –** I hope if you can listen to me, I was telling you that the total Capex of Pasco is around US$140 million, US$85 million comprises the implementation of pumping system of El Porvenir to Atacocha. What happens here is that the life of mine of the tailings dam of El Porvenir is getting towards the end of its life of mine. So, the idea is to pump all these tailings to the Atacocha dam that has many, many, many years going forward. This is, as I said, a project cost $85 million. And the rest of the Capex comprises the interconnection of the 2 mines in the underground. This is very important because it will allow us to access all these resources that are in Atacocha that we will be able to extract through the infrastructure of El Porvenir. And for that, not only we need the interconnecting the 2 mines by ramps, but also upgrading the shaft of El Porvenir to accommodate also the ore of Atacocha. So, this project is between 2 and 3 years. We already approved the pumping, as we said. This pumping is going to be for 2 years. We are starting the civil work in the second quarter of the pumping, and we have already ordered some equipment. So, in the next year, this will finish. And then in parallel, this upgrade of the shaft and interconnecting the mine will come probably in 2026, depending on how the studies go. That is regarding Cerro Pasco.

Regarding Aripuanã, it's very difficult to project EBITDA or cash flow, yes, because it will depend on prices. I will tell you this. The Aripuanã project has been a very difficult one to implement. I mentioned this many times. There were several factors that involve some flaws on the implementation of the project, COVID, an isolated area to develop this project, et cetera. So, the project in 2024 really advanced in terms of operational performance. But the problem is that we have mainly a bottleneck in the tailings filters because the capacity of the 3 filters that we have is not taking us to 100% of the production. So to give you an idea, in the dry season, we can have 140,000 to 150,000 tons, but the capacity could be 170,000 to 180,000. So you don't know this until you stabilize the operation, and we started to see that only in June 2024. Having said that, in October, we're starting to do all the tests to order a different filter. It's a filter that is from a different provider. It's a more automated filter and the capacity of the fourth filter is much higher than the rest of the 3. The idea is we order already that filter. It's not an easy implementation because it's a new area and that has a lot of civil works and infrastructure. So towards the end of the year, we will have the filter in the area. And then the commission, as we said, is going to be during the first quarter of next year. With this additional filter, we will achieve the capacity.

So when we tell the market that, let's say, the projection on production on Aripuanã has delayed a year. This is mainly because of this. And I mean, it's difficult for us to digest this because these were filters that were ordered many years ago. These were filters that don't have a capacity and didn't perform, yes. But the good part is that in 2026, we will be at full capacity and having all this upside on exploration on the reserves that we have today, this new mine is going to be very profitable going forward. So, we have to look forward. Aripuanã, as I said, it was a difficult project to build, but we are towards the end of these stages and 2026 is going to be much better than this year. What I can say this year is that we will have positive cash flow, and the EBITDA is going to be positive as well, and we believe that it's going to be higher than in 2024.

**O –** And the next question comes from Carlos De Alba with Morgan Stanley.

**Question –** Ignacio, just to confirm what you just said at the end of the last answer, do you expect Aripuanã to have positive EBITDA in 2025 and be higher than 2024. Did I get that right?

**I –** Yes, yes. And this is, I would say, simple mathematics. We will have higher production. The costs are still high because we are not diluting fixed cost in this limitation of the throughput. But the costs are going to be lower than in 2024. The production is going to be higher, and Capex should be similar. The new filter is costing us US$14 million more or less, yes. But yes, with these prices and the production that we have and with the Capex, yes, we believe that EBITDA and cash flow should be higher than in 2024.

**Question –** Right. Makes sense. My second question is regarding the dividend policy. I just want to make sure that I get what it means basically is minimum of 20%, so not a minimum, but a 20% of free cash flow with a minimum payment of US$0.08 per common share. And so basically, if I just look at our forecast of cash from operations minus Capex, that amount, that free cash flow times 20% is what you would pay. Is that right?

**I –**Yes, I'm going to turn to José Carlos, so he can explain better this. José Carlos, please?

**J -** Sure. Yes, the minimum is US$0.08 per share. So, what we wanted to do is, well, first of all, as you know, we have this new policy that we have already approved, and it's US$0.08 per share so that we put a floor on the dividend payment that in a way that is transparent and more predictable. And the idea will be to pay 20% based on the cash flow that we generate each year, which is basically after sustaining Capex, right? So, we pay 20% on that free cash flow that internally we call pre-event that you would have a more predictable and consistent dividend flow over the years, and this is effective as of 2024 results.

**Question –** Okay. So basically, it's the cash from operations minus your sustaining Capex, 20% of that.

**J –** Right.

**Question –** Okay. And what is the sustaining Capex that you're expecting for 2025?

**J –** This year, we are about US$270 million in 2025 is that plus what we have on Cerro Pasco because at the end of the day, the tailings pumping system is part of the sustaining Capex. If I remember correctly, it's about US$330 million. So that will be a slight change compared to the Capex that we have in 2024. And obviously, what we have to take into consideration is that we don't know what prices are going to be in 2025. But assuming that we have prices that are similar to 2024 based on the improved performance that we expect from Aripuanã and the continuous improvement from our operations, we expect a positive trend in our cash flow generation going forward. So therefore, that should benefit dividends that we're going to pay as well.

**Question –** Fair enough. And so the total sustaining Capex expected in 2025 is around US$330 million?

**I –** Right. I can confirm that number. It's around that neighborhood.

**R –** Sorry, this is Rodrigo here. Just confirming the sustaining Capex for 2025 is going to be US$316 million, right? This is the number that we released in our guidance on the beginning of February.

**Q –** Okay. US$316 million. Okay. Good. All right. Excellent. And then my last question is on working capital. Obviously, big swings throughout the year. How should we think about working capital in Q1, Q2, Q3, Q4, just given how significant the volatility is?

**I –** Yes. I can comment on that, Carlos. We don't expect a different trend from what we saw in 2024 and 2023. There is a seasonality in how our working capital behaves throughout the year. But on average, going forward, I would say that it will be safe to assume that working capital effects should be close to neutral on an annual basis. However, we would still see that volatility quarter-to-quarter as we have seen in the last 2 years.

**O –** We will now take questions from the webcast. I'd like to hand the call back over to Rodrigo.

**R –** Thank you, operator. We have some follow-up questions from the audience here in the webcast. I would start with the one, well, Ignacio already mentioned about the fourth filter in Aripuanã. There's one question from Henrique from Morgan Stanley. So, in terms of adding more color on why they're developing the fourth filter now. I believe this was already answered. And there is another question, one question from Hernan Kisluk from MetLife. What should we expect in terms of cash flow generation for 2025? And what are your plans for capital allocation? José, can you address this one?

**J –** Yes, yes. I mean we have somehow addressed the cash flow question. I mean, without knowing exactly what prices are going to be, our expectation is that our performance is going to continue to improve in 2025, even though we won't have the Aripuanã filter in place yet, there is an expectation that our performance there will be better. We always have this constant initiative to control our costs. As you remember, from 2024, we were within guidance. So, on those aspects that we control, we expect that we will have better performance. And depending on prices, if prices are better, obviously, that will translate into better cash flow generation. So, the expectation is positive.

In terms of capital allocation, I think we have mentioned before that we have a very clear strategy of, obviously, first, focusing on extending the life of mine of our mines. Secondly, I would say, the reduction of gross debt is not just a matter of reducing leverage or net debt but also reducing gross debt so that we can also reduce our interest expense obligations. And then we also have this newly approved dividend policy so that we can also provide a consistent return to shareholders over time. I would say that those are the pillars.

**R –** We have one question from Omar from Compass Group. So actually, there are 3 questions. The first one, are there any other assets you are willing to sell? The second question is regarding Aripuanã. What is the cost of the additional filter? And when do you expect the plant to work at nameplate capacity? And the last question is to comment on the status of Magistral project.

**I –** Yes. As we said, we sold mostly all the assets that we wanted to get rid of because there were no transformational assets. They were small assets for us. And that part of the strategy is to make sure that the 4 mines that we have got developed, increase the life of the mine, and we operational executed them in the best way possible. But the growth will come from a new project that we have to look for in terms of M&A. It has to be an advanced brownfield project or a producing mine. As we said before, mainly copper and zinc. So, we are not willing to sell any other.

Regarding Aripuanã, I already said that the additional cost is US$14 million. The full capacity will come in the second quarter of next year.

And regarding Magistral, as we know, the MEIA was disapproved, environmental impact study was disapproved. It was disapproved because we had problems with the community, especially in the pandemic that blocked all these roads and all these areas, and there were some costs not allocated to Nexa. Now we are negotiating with ProInversion, that is the entity from the government on what are our next steps. And this is going to take some months. Having said that, we are still very interested in Magistral. But Magistral, as we have already said also in other calls, is a project that has to compete with other projects that we might have in our radar because we want to make sure that we build the most profitable mine. So, Magistral has to compete in that regard. We will update the market in these conversations and negotiations with the authorities. And we believe, as I said, that they will come in the next months.

**R –** We have one question from Rodrigo Murrieta from AFP Integra. So based on the guidance provided at the beginning of February, El Porvenir and Atacocha for the midterm are including a part of the Pasco integration project mineralization in the guidance?

**L –** Rodrigo, thank you for the question. We are not considering yet the mineralization of the integration area. The guidance considers only the reserve base that we have currently, and we expect to publish some resources by this year and to convert into reserve by next year. And then you can assume a part of it in our plan.

**O –** This concludes our question-and-answer session. Now we will hand the call over to Ignacio for his final remarks.

**I –** Thank you. Thank you very much all for attending this call. We appreciate very much your interest in the company. We had a very good 2024 year regardless of the problems in Aripuanã. We still believe Aripuanã is going to be a fantastic mine going forward. We are very committed to achieve our challenges for 2025. 2025 is going to be still a challenging year, but we have a very important group of people committed and clear in the strategies that we have to follow. Thank you very much, and we look forward to speak to you in the closing of the first quarter of 2025. Have a great weekend.

**O –** The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

## Participants of the Q&A:

**Camila Barder** – *Bradesco BBI*

**Carlos De Alba** – *Morgan Stanley*

**Henrique Braga** – *Morgan Stanley*

**Hernan Kisluk** – *Metlife*

**Omar Avellaneda** – *Compass Group*

**Rodrigo Murrieta** – *AFP Integra*

(Call Duration: 50 Minutes)