

# 2Q25 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 Second Quarter 2025 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' second quarter 2025 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 the 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, are our CEO, Ignacio Rosado; our CFO, José Carlos del Valle; and our Senior Vice President of Mining Operations, Leonardo Coelho. I will turn the call over to Ignacio for his comments. Ignacio, please go ahead.

**I** – Thank you, Rodrigo. Good morning, everyone, and thank you for joining us today. Before we dive into our second quarter and first half of 2025 financial results, I would like to begin by highlighting the key business catalysts driving Nexa's long-term growth and performance. Let's move to slide number 3.

As we continue to execute our strategy, four major business catalysts are shaping the path toward sustainable cash generation and long-term value creation. Starting with Aripuanã, which remains our top priority, the installation of the fourth tailings filter is progressing on schedule. Once operational, this will unlock the operation's full production capacity and improve both efficiency and cash flow. Aripuanã is a cornerstone asset in our portfolio, with a mine life of 15 years based on reserves, and over 25 years when including resources. It is a highly competitive asset, and well positioned in the cash cost curve. The Cerro Pasco Integration Project is a key component of our strategy in Peru. With more than 15 years of life of mine and potential upside in net smelter return, it leverages the area's rich mineral endowment. In mineral exploration, in addition to the potential at Aripuanã, we continue to achieve promising results. At Cerro Lindo, with extensions near its current infrastructure. At Pasco, drilling in the integration area reinforces our confidence in the mineral potential, with attractive zinc grades, and at Vazante Sucuri Norte is also delivering promising results. Lastly, the integrated mine-smelter business model continues to be a core competitive advantage. It reduces exposure to market volatility and enhances margins in positive pricing environments. With Aripuanã and Cerro Pasco under development, we are further strengthening our platform for sustainable cash flow. With that, let's now turn to slide number 4, where we will review our performance this quarter.

Market conditions remained dynamic, with metal prices showing mixed trends. Zinc and lead came under pressure, while copper and silver prices strengthened, supporting a sequential improvement in our financial results. Nexa delivered solid quarterly performance, driven by disciplined execution, and continued progress across our strategic priorities. We reported net revenues of US\$708 million, up 13% compared to the first quarter of 2025, and Adjusted EBITDA of US\$161 million, a 28% sequential increase. This performance reflects higher sales volumes, especially in our smelting segment, and the benefit of stronger by-product prices. Our free cash flow was US\$17 million, an improvement over the previous quarter, supported by better working capital management. On the operating front: Our mining segment produced 74 thousand tonnes of zinc, up 9% quarter-over-quarter, as Aripuanã and Vazante are recovering from disruptions in the first quarter of the year. Our smelting segment also delivered solid results, with total zinc sales reaching 145 thousand tonnes, a 12% increase versus the first quarter. Looking ahead, we are revising our full-year production and cost guidance to reflect our operational challenges in the first quarter, in Aripuanã and Vazante, which also impacted our smelters in Brazil. We continued to strengthen our financial position through proactive liability management initiatives completed early in the quarter, successfully extending debt maturities at competitive rates. These efforts, along with improved working capital, reinforce our investment-grade profile and enhance our financial flexibility amid ongoing market volatility. On the strategic front, phase I of the Cerro Pasco Integration Project is progressing well. Key milestones, including final engineering, permitting, and contractor mobilization, have been achieved. As I mentioned a moment ago, we remain on track with the acquisition and installation of the fourth tailings filter at Aripuanã in the coming months, and commissioning is expected in the first half of 2026. This is a crucial step to unlock full capacity and support long-term operational stability in this important asset. With that, let's move to slide number 5, to discuss our operating performance in more detail.

Turning to our operating mining segment's performance, zinc production in the second quarter totaled 74 thousand tonnes, up 9% quarter-over-quarter, mainly driven by higher treated ore volumes and better grades at our Peruvian operations. Compared to the first half of last year, zinc production was down 14%, mainly due to lower output at Vazante and Aripuanã, partially offset by stronger production at Atacocha and El Porvenir. During the second quarter, Vazante continued to face limited access to higher-grade zones, while Aripuanã was still impacted by operational constraints in the tailings filter capacity, related to excessive rainfall and maintenance challenges. Both mines are projecting better performance for the remaining of the year. Looking at costs, our consolidated mining cash cost net of by-products decreased to US\$(0.11) per pound in 2Q25, a significant improvement from US\$0.11 per pound in 1Q25 and US\$0.02 per pound in 2Q24. The sequential improvement was driven by higher by-product contributions and increased sales volumes. Year-over-year decrease also reflects lower operational costs at our Peruvian mines and lower treatment charges. For the first half of 2025, cash costs were in line with our full-year guidance. Our cost per run-of-mine stood at US\$50 per tonne, up 4% in year-over-year and quarter-over-quarter, mainly reflecting higher costs associated with stabilization efforts at Aripuanã. Excluding Aripuanã, run-of-mine cost was 8% lower than in the 2Q24 and remained broadly stable versus 1Q25. Overall, the first half of 2025 cost per run-of-mine came in slightly below our revised guidance. Now, let's move to slide number 6.

Turning to our smelting segment, total sales reached 145 thousand tonnes in 2Q25, up 12% quarter-over-quarter, driven by higher production at Cajamarquilla and Juiz de Fora, along with stronger zinc oxide sales in Três Marias. Year-over-year, sales volume declined 2%, and was down 4% in the first half, in line with our sales guidance for the year. On the cost side, our consolidated smelting conversion cost stood at US\$0.39 per pound, up 19% quarter-over-

quarter and 30% year-over-year, mainly due to higher maintenance expenses, third-party services, and input costs. Our cash cost in 2Q25 was US\$1.23 per pound, compared to US\$1.17 per pound in 1Q25 and US\$1.19 per pound in 2Q24. The increase versus the previous quarter reflects higher operational costs, while the year-over-year increase was driven by higher costs at our Brazilian smelters and lower treatment charges, partially offset by lower LME zinc prices. For the first half of 2025, our conversion cost was US\$0.36 per pound and our cash cost was US\$1.20 per pound, both within our revised full-year guidance. Let's move to slide number 7, where we will begin discussing Aripuanã.

During the second quarter of 2025, our plant faced increased downtime due to corrective stoppages caused by heavy rainfall in the first quarter, which impacted our tailings filter capacity. Our three tailings filters were refurbished and went through general maintenance during the months of May and June, which limited plant capacity. With the three filters fully operational, we are seeing more stable production in July, which should extend for the rest of the year. Recovery rates across all metals were at targeted levels, demonstrating operational consistency. We also saw a strong contribution from by-products, mainly copper, driven by higher volumes and prices, as well as improved silver and gold prices compared to the first quarter. In response to the disruptions experienced in the first half of 2025, we revised our 2025 production and cost per run-of-mine guidance. However, it's worth noting that our C1 cash cost guidance remains unchanged, reaffirming Aripuanã's competitive cost position. Despite all of these operational challenges, the asset continues to sit in the second quartile of the all-in sustaining cash cost curve, reflecting its long-term value potential. On the exploration front, our results from the first half of the year continue to highlight the strong geological potential of our assets. We are seeing ongoing confirmation of new mineralized zones, which increases our confidence in the future expansion of the life of our operation. Looking ahead, we expect continued improvement in plant performance, with monthly feed rates surpassing 130kt, a level already achieved in July. Our efforts remain focused on addressing the current limitations in the tailings filter circuit. For the second half of 2025, we expect to deliver higher Adjusted EBITDA, supported by higher production, ongoing cost reduction initiatives, and margin improvements. As previously announced, we have procured the fourth tailings filter, which is currently in the manufacturing phase. We anticipate delivery and installation in the second half of 2025, with commissioning scheduled for the first half of 2026. This investment will enhance utilization capacity and operational stability further. In summary, despite early-year challenges, we remain confident in the strong fundamentals of Aripuanã, its strong geological potential, combined with efficiency improvements, reinforces our ability to deliver long-term value for our shareholders. Let's now move to slide number 8 to walk you through the most recent developments in the Cerro Pasco Integration Project.

On this slide, I would like to highlight our progress in our Cerro Pasco Integration Project. This quarter marked significant progress in phase 1, which focuses on the tailings pumping and piping system. Key achievements include the completion of detailed engineering for the tailings infrastructure at both El Porvenir and Atacocha, construction licenses secured for both sites, procurement of major equipment packages, with manufacturing currently on schedule, and the start of construction activities, following full site mobilization, with earthworks and civil works, which began in July. Preparatory work for phase 2 is also progressing, including technical assessments of the Picasso shaft and the planned underground integration. As mentioned before, phase 1 is a critical enabler for the long-term sustainability of Cerro Pasco, as it will significantly expand tailings storage capacity and support future production plans. Let's move to slide number 9, where we will highlight our exploration program achievements during the first half of the year.



On this slide, I would like to highlight the ongoing progress of our exploration program, which delivered positive results in the first half of 2025. At Cerro Lindo, the program remained focused on expanding known ore bodies in the southeast region, with drilling activities targeting the extensions of mineralized zones in ore bodies 8B and 8C. In Aripuanã, our activities were centered on the Massaranduba target, where we continue to confirm new mineralized areas, reinforcing the long-term potential of the district. At Vazante, our brownfield exploration efforts continued to advance, focusing on the expansion of mineralized zones in closing proximity to the existing mine infrastructure, where mineralization at target was confirmed. Finally, at Cerro Pasco, the exploration program delivered positive results, mainly around the integration target, which remains a key focus area for future development.

With that, I will turn the call over to José Carlos Del Valle, our CFO, who will walk us through the 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, total consolidated net revenues for the second quarter increased 13% quarter-over-quarter. This growth was mainly driven by higher smelter sales volume and stronger by-product contribution, partially offset by lower zinc prices. However, when compared to the second quarter of 2024, net revenues declined by 4%, mainly reflecting lower zinc, copper, and lead prices, as well as by lower smelting sales volume. On a year-to-date basis, net revenues for the first half of 2025 remained broadly in line with the same period a year ago. Moving on to profitability, our consolidated Adjusted EBITDA for the second quarter reached US\$161 million, representing a 28% increase compared to the previous quarter. This performance was largely driven by higher smelter sales volumes and by increased by-product contribution, again partially offset by lower zinc prices. Compared to the same quarter a year ago, Adjusted EBITDA declined 22%, mainly due to higher operational costs and lower smelting sales volume, partially offset by stronger by-product contribution. For the first half of 2025, Adjusted EBITDA totaled US\$286 million, down by 15% compared to the same period a year ago. Finally, our consolidated Adjusted EBITDA margin for the quarter was 23%, up 3 percentage points from the previous quarter and 5 percentage points below the margin recorded in the second quarter of last year. Now let's move on to slide number 11.

Looking at the top left of the slide, the bar chart shows that we invested US\$137 million in Capex during the first half of 2025, with the vast majority allocated to sustaining activities, including mine development, maintenance, and tailings storage facilities, represented by the orange and light gray segments. Specifically, in the second quarter alone, we invested US\$87 million, in line with our expectations. In addition, investments related to phase 1 of the Cerro Pasco Integration Project amounted to US\$17 million during the quarter, bringing the year-to-date total to US\$18 million, in line with our plan. As previously disclosed in our annual guidance, total investment for this project in 2025 is expected to reach US\$44 million. Accordingly, our 2025 Capex guidance remains unchanged at US\$347 million, with major disbursements expected in the second half of the year. Now looking at the lower part of the slide, we see that US\$32 million was invested in mineral exploration and project evaluation in 1H25. Of this, US\$16 million was invested in the second quarter, mainly allocated to mineral exploration and mine development, supporting our ongoing exploration activities across our portfolio, as shown by the dark gray and orange bars. We expect an acceleration in disbursements in these areas over the coming quarters, in line with the execution schedules of our projects. For that reason, we





are reaffirming our 2025 guidance for exploration and project evaluation at US\$88 million. Now, let's move on to the next slide to discuss our cash flow generation for the quarter.

Starting with our US\$161 million of Adjusted EBITDA, and after excluding non-operational items, Nexa generated a healthy operating cash flow before working capital variations of US\$175 million in the quarter. From this amount, we paid US\$63 million in interest and taxes and invested US\$87 million in Capex across our operations. Additionally, as part of our liability management strategy, we can see that loans and investments had a positive net impact of US\$13 million. This reflects the new US\$500 million bond offering and US\$40 million in new short-term debt, partially offset by loan and financing repayments, including the full redemption of our 2027 notes and the partial repurchase of our 2028 notes. Furthermore, we paid US\$26 million in dividends. Of this amount, approximately US\$13 million was distributed to Nexa shareholders through share premium reimbursement, and another US\$13 million was paid as contractual dividends to non-controlling interests. We also recorded a positive foreign exchange impact of US\$3 million, primarily due to the appreciation of the Brazilian real against the U.S. Dollar. Finally, we experienced a positive working capital variation impact of US\$3 million, a significant improvement compared to the negative US\$265 million in the first quarter. We remain committed to initiatives to optimize Nexa's working capital cycle, including improvements in receivables and payables management, to further strengthen our liquidity and financial flexibility. Combining all these factors, our total free cash flow generation in 2Q25 was US\$17 million. Now, let's move to slide number 13.

As you can see, our liquidity position remains healthy, allowing us to maintain a solid balance sheet and an improved and extended debt maturity profile. At the end of 2Q25, our available liquidity stood at approximately US\$738 million, including our undrawn US\$320 million sustainability-linked revolving credit facility. Looking at our debt profile, the average maturity at the end of 2Q25 was 7.7 years, a meaningful improvement compared to the 5.3 years observed in the previous quarter. This is the result of the successful execution of our liability management strategy during the quarter. Consequently, our debt now carries an average cost of debt of 6.3%. It is important to note that as of June 30th, our total cash position, excluding the RCF, was sufficient to cover all obligations maturing over the next 3 years. As previously disclosed, we successfully raised US\$500 million through the issuance of a 12-year bond that carries a competitive 6.600% coupon rate. This transaction supported our proactive liability management efforts, enabling the full redemption of our 2027 notes through an any-and-all tender offer, followed by a make-whole call and the repurchase of approximately 72% of the 2028 notes through an any-and-all tender offer. These transactions marked a significant milestone for Nexa, as they extended our debt maturity profile, enhanced our financial flexibility, reinforced our solid credit metrics and investor confidence, and reduced near-term refinancing risk. Additionally, taking advantage of favorable market conditions and to further strengthen our short-term liquidity, we secured a new US\$40 million short-term loan. In terms of leverage, our net debt to Adjusted EBITDA ratio slightly increased from 2.1 at the end of 1Q25 to 2.3 times at the end of 2Q25. This slight increase was primarily attributed to a decline in Adjusted EBITDA over the last twelve months, and to a lesser extent, to a slight increase in net debt. We continue to evaluate opportunities to further optimize our capital structure, diversify our funding sources and strengthen our liquidity. As I mentioned before, maintaining a debt maturity profile that is aligned with the long life of our assets, while preserving our investment grade rating and securing the most competitive financing costs, remains a top priority. Despite this temporary increase in leverage, we remain committed to our deleveraging and gross debt



reduction strategy. We also expect a gradual reversal of the negative working capital trend seen year-to-date, along with an increase in our cash flow generation capacity in the second half of the year. Now, moving to slide number 14.

In the second quarter, the LME zinc price averaged US\$2,641 per tonne, marking a 7% decline, both year-over-year and quarter-over-quarter. In April, zinc prices dropped in response to U.S. Tariff announcements and ongoing macroeconomic uncertainty. However, prices later stabilized as the market digested the impact of temporary exemptions on certain imports. Despite recent volatility, zinc market fundamentals remain resilient. On the supply side, concentrate inventories declined over the quarter, reaching their lowest level since 2023. This likely reflects lower metal production, as low TCs continue to pressure smelter margins. Spot TCs rebounded from negative levels observed in late 2024, reaching approximately US\$104/t in June. Still, current levels continue to challenge less competitive smelters, which could lead to further reduction in metal production, positively impacting prices and metal premiums. Looking ahead, we remain positive on the medium to long-term outlook for zinc, given its critical role in energy transition and infrastructure development. Moving now to slide number 15.

During the second quarter, the LME copper price averaged US\$9,524 per tonne, down 2% year-over-year but up 2% quarter-over-quarter. From April to June, price movements were largely driven by a severe short squeeze and by declining exchange inventories. This volatility extended into July, when the announcement of U.S. Tariffs led to a surge in copper shipments to American warehouses, further exacerbating visible inventory declines. Despite this volatile environment, copper market fundamentals are expected to remain supportive. Turning to silver, the average LME price during 2Q25 reached US\$34 per ounce, representing a 17% increase both year-over-year and quarter-over-quarter. Looking ahead, metal prices are expected to remain volatile amid ongoing trade negotiations and persistent macroeconomic uncertainty. However, a structural supply gap, driven by mine supply constraints and critically low inventories, continues to provide price support.

I will now turn the presentation back to Ignacio for his final remarks.

**I** – Thank you, José Carlos.

Before we conclude, I would like to reflect on the broader context and reaffirm our priorities for 2025. We continue to make solid progress on our long-term strategy, guided by our business catalysts. The Cerro Pasco Integration Project is advancing well and is a key pillar of our growth plan, with additional mine life and nav upside potential. It represents a strong value-creation opportunity. Aripuanã still presents short-term challenges, but it remains a long-life, high-potential asset, positioned in the second quartile of the cost curve. Our ongoing efforts to increase production and reduce operating costs are expected to support Nexa's sustainable cash generation. On the exploration front, we have seen encouraging results in all our mines. These developments reinforce our zinc integration, strategy, and support life of mine extensions. In ESG, we are actively tracking our public commitments and making steady progress across multiple fronts. Financially, we continue to extend the maturity of our balance sheet through liability management and deleveraging to improve flexibility and resilience. Despite the current volatility in zinc prices, the long-term outlook is positive, supported by structural demand from sectors such as the energy transition and possible lack of mine supply. Recent U.S. Tariffs may affect global trade flows, but Nexa's direct exposure remains very limited.



Lastly, it is with great sadness that I acknowledge the loss of a senior colleague who passed away during the quarter. Although the incident occurred outside of our operations and during a leisure weekend, our thoughts are with his family, friends, and teammates. At Nexa, safety and care are core values. We remain deeply committed to fostering a respectful and supportive environment for all. Thank you all once again for joining us today. We appreciate your continued support and confidence in Nexa. Operator, please open the line for questions.

### **Q&A Session:**

**O** – [Operator Instructions]. Our first question comes from Lawson Winder from Bank of America.

**Question** – Can you just confirm that you can hear me?

**O** – Yes. Yes, we can hear you.

**Question** – Okay. Fantastic. If I may, I'd like to ask you about the guidance or the change in the guidance for several of your metals. And just asking from the point of view that a number of the issues that you highlighted that led to the downgrade in production actually occurred in Q1 and in April, so prior to Q1 2025 result, at which time you obviously held your guidance at that point. So, when you look back, I mean, at that point, what held you back from reducing guidance in Q1? Was there some potential catch-up that you saw happening? Or is there something else that happened in the quarter that contributed to what it already was impacting production in Q1 and April?

**I** – Yes. Thank you, Lawson. Very good question. If you look at the guidance we are giving has been affected mainly by Aripuanã and Vazante. So, the sill pillar collapse in Vazante happened in March, which means that this tonnage that we lost with high grade was being affecting the second quarter. We didn't know until late in the second quarter how we were going to recover, if at all we were going to recover this tonnage and didn't happen. So later in the quarter was the case for Vazante. In the case of Aripuanã, we told the market that at the end of the first quarter, we had this heavy rainy season and that impacted the filters. And we didn't expect the condition of the filters to be in a very poor condition. So just in May, we made a diagnostic. And we decided, as we said in this call, to refurbish them and to give a general maintenance in June and July. So, with this with the result of these actions, we wanted to be careful in projecting the rest of the year. And that's why we are only forecasting for the rest of the year today. And that's why the guidance has changed a little bit, and that's why this is the time we want to tell the market for the rest of the guidance for the rest of the year. If you see that the other mines, the guidance has not changed. And the problem has been that given that Aripuanã and Vazante provide for Três Marias and also for Juiz de Fora in the case of Aripuanã, the impact of them, we have also seen or was translated in the second quarter. So, this has been the case.

**Question** – Okay. Understood. And then if I could drill down on Vazante a little bit. You mentioned geotechnical challenges that limited the grade. Could you just describe that in terms of whether that was unstable ground conditions that was impacting productivity. And so, you just weren't getting to high grades? Is it dilution or some combination of that and maybe some other factors?

**I** – Yes. Leonardo, please.

**L** – Yes. Can you hear me well?

**I** – Yes, we can.

**L** – Yes. The pillar has constrained the mining production at the secondary lanes. So usually, we mine the primary lanes and then you access the secondary lanes. And the constraint that brings the failure of a part of a pillar make us to decide to suspend the other areas until we realize, and we make sure that the conditions are safe for the other similar lanes. Unfortunately, we had put a lot of efforts to prepare some of those lanes that were higher-grade lanes. And as a cautious action, we decided to slow it down until we make sure that we are being able to produce. This is why we are forecasting by the second half of the year we're going to be able to increase production. If you look in the general overview of the mine, there is not an issue in terms of geotechnical conditions. This is an event that has occurred in a specific area, but we are taking cautions and actions to make sure that the mine doesn't have such similar conditions for the coming year.

**Question** – And then just looking at it from a cost point of view, it sounds like what you're saying is that you're not anticipating any sort of increase in cost of mining associated with additional ground support like rock bolting, or shotcreting, or anything along those lines?

**L** – Yes. For the short term, no. In Vazante, we are shotcreting more or less 6% of the whole mine development. We are assessing if there is the need to increase this for the rest of the mine. It's not need yet, but we are not seeing any need for the short term yet.

**Question** – Okay. Okay. I guess we'll watch that. And then just finally, I mean, on the exploration results that you put out earlier this week, there were some really spectacular intercepts at Aripuanã and Vazante. Do you anticipate replacing reserves mine this year, first of all. But then when you think about those two assets, Aripuanã and Vazante and vis-a-vis these exploration results, do you expect to incorporate those exploration results into your year-end resource? And what does it mean for the outlook for the year-end resource?

**I** – Yes. Let's say, the grades that you have seen in the presentation, I would say, yes, they are not spectacular. But as we said, they showed potential for mineralized areas. If you look at Vazante, we have been replacing the life of the mine every year, okay, at least in the last 3 years, but I've seen also in the past. And the idea is that we start mining an area that is called BBMG. I think we mentioned this to you before. This is an area that is projected in the high grade. So, we are aiming to do in general in Vazante is to increase the 7 years to more than 9 to 10 and start replacing them from there, okay? The fact that Sucuri Norte, which is what we are presenting is showing these results. Actually, we wanted only to highlight that mineralization is extended. Based on your comment, what we are going to do is we're going to make sure that we flag more on this process of replacing reserves, okay? In the case of Aripuanã, as we said, 15 years, it's the same comment. I mean, we don't need to drill Aripuanã a lot because 15 years in the short term is enough, and we are restricted on CapEx. But what we will do is show these intersects that also bring more mineralization. And that's why we're saying that at least we have 25 years based on the resources. The conversion of resources into reserves is very high. So, what we're going to do is we're going to show you how this process goes and make sure that we are clear in terms of replacing reserves and extending reserves, okay?

**O** – Our next question comes from Stefan Weskott from Citi.

**Question** – Yeah, thanks for taking my question. So my first question regarding Aripuanã fourth filter installation. How long it should take for the ramp-up or initial estimates after the commissioning on the first half of next year? And regarding my second question, despite the first half lower production impacted by rains and also lower zinc prices impacted by Liberation Day, leverage remaining pretty much under control at 2.2x average



for the first half. And with free cash flow expected to improve going forward on improving production and higher zinc prices, how do you guys are seeing the balance between deleveraging dividends and product disbursement going forward?

**I** – Okay. So I'm going to go through the Aripuanã question, and then I'll let José Carlos and Rodrigo Cammarosano go through the other part. So, in the case of the filter, as we said, it's right on track. The filter is being fabricated now and it's going to be ready before the year-end. All civil works are also on time and on budget as well. So, the commissioning should happen towards the end of March and April. We expect that the new filter will be up and running in the second quarter of next year. So, it shouldn't be a lot of time. We have made a lot of tests, and we have done a lot of work in order to make sure that we speed up all this process. So with these 3 filters with a limited capacity that as we know, and we know them better now, and we are maintaining them better now, and that's why we are reflecting a better production for the second half with these filters accommodating 70% of the capacity and the new filter accommodating the rest, we should be able to have a full run rate in the second quarter of 2026. We don't expect any delays on that. And we will keep you updated on the advancements from now to the date of commission, okay? The other questions, please, José?

**J** – Thank you, Ignacio. Can you hear me well?

**I** – Yes.

**J** – Excellent. So, on the second question, you asked about how we see deleveraging evolving with the expectation that our second half will be better than the first half in terms of results and cash flow generation. That is true. We expect more stable performance, more favorable prices and also taking into consideration the typical seasonality, we see higher cash generation towards the end of the year compared to the first half of the year. So, we would expect an improvement in terms of our deleveraging. Obviously, unless something unexpected happens in terms of prices or in the macroeconomic environment, so that we see a favorable trend. Our priorities continue to be the ones we have mentioned before as part of our capital allocation framework, obviously, extending the life of mine of our mines, so investing in our own operating units, which is the most efficient way of using our capital. Then reducing gross debt. We would like to have a lower leverage level that gives us more of a buffer to go through the different cycles, and also to recover some of the financial flexibility that we had in the past, also thinking about what growth opportunities that we may have in the future. So first, before that, we need to lower our gross debt, reduce the amount of interest expense that we pay every year. So, we would feel more comfortable with leverage levels in the neighborhood of around 1.0x. So, I'm not sure if I missed something, but I think that answers the bulk of our question. If I miss something, please let me know.

**O** – Our next question comes via phone. Please state your name and company before asking your question [Operator Instructions].

**Question** – This is Orest Wowkodaw from Scotiabank. Can you hear me?

**O** – Yes.

**Question** – Just a follow-up on Aripuanã. I feel like your languaging around the timing for the commissioning around the filter press is a little bit later than previous. And I'm wondering if this current timing will impact your '26 guidance at Aripuanã 50,000 to 65,000 tonnes of zinc? Or should we start thinking that, that may have to come down to accommodate the commissioning timing, which I think you said is March, April time frame for the new equipment?

**I** – No, no, thank you for the question. No, no. The dates are the same. March, April is the case. I mean, April is in the second quarter. So that's why I'm saying that. But I mean, we are very confident that those dates are not going to move and the guidance on 2026 hasn't been moved is the same. So, we can reiterate that, Orest.

**Question** – Okay. And just a follow-up. I mean, there was a very significant negative working capital change in the first quarter. How many quarters, like based on where we are now, how many quarters do you think it's going to take to make meaningful progress to reverse that?

**J** – I can answer that, Orest. This is an ongoing cycle that we see. I think we've seen this, at least since I joined the company. Typically, there's a negative working capital impact in the first quarter that has to do with a number of large payments that have to be made mainly in Peru, but also some of them in Brazil and as a result of also of the high level of investment that typically takes place in the fourth quarter and that is paid in the first quarter. So those are probably the two main drivers. So, we see that typical cycle repeating itself year after year and then gradually recovering throughout the rest of the year. So, nothing different this year. On average, though, for the year as a whole, we expect to have a stable level of working capital. So not an investment, not a disinvestment, just on average, give or take, it should be zero impact on working capital going forward. That's what you can expect.

**Question** – So, are you suggesting you think you can reverse the entire negative from Q1 by the end of the year?

**J** – Yes, that is correct, just as it happened in 2024 and in 2023.

**O** – [Operator Instructions] This does conclude our Q&A session. I would now like to hand the call over to Mr. Ignacio Rosado for his closing remarks. Please, Mr. Rosado, please go ahead.

**I** – Thank you. Thank you all for attending. We are aware that we had a very difficult first quarter impacted by Aripuanã. That is still a challenge and that we are working on that and making sure that the 3 filters that we have today work properly and the fourth filter comes right on time, on budget. We are confident that happening this, the fundamental value of Aripuanã is going to come, and we are working very hard towards that. We are also working hard on our Pasco project, and making sure that we deliver this pumping and piping system towards next year. And then that we work on the other fronts to make sure that this Pasco region also projects a long life of mine and good profitability. With that, we would like to thank you for the time. We will keep you posted in any changes. We look forward to speaking to you at the end of third quarter. Thank you very much and have a good day.

**O** – Thank you. This concludes today's conference call. We appreciate your participation and interest in Nexa. You may now disconnect, and have a wonderful day.

#### **Participants of the Q&A:**

**Lawson Winder** – *BofA Securities*

**Orest Wowkodaw** – *Scotiabank*

**Stefan Weskott** – *Citi*

(Call Duration: 52 Minutes)