

3Q26 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 Third Quarter 2026 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' third quarter 2026 earnings call. Thank you for joining us. Today we'll walk through the results we released yesterday. The presentation is available through the webcast, if you would like to follow along. Before we begin, please take a moment to look at slide number 2 which contains our forward-looking statements disclaimer. We encourage you to review it along with related risk factors. Here with me today are Ignacio Rosado, our CEO; José Carlos del Valle, our CFO; and Leonardo Coelho, our Senior Vice President of Mining Operations. Ignacio, over to you.

I – Thank you, Rodrigo, and good morning, everyone. Let me start on slide number 3. The third quarter marked another step forward for Nexa. Adjusted EBITDA reached US$301 million – our highest of the year – up 62% from a year ago and 5% from the second quarter, with a 32% margin. We generated US$73 million in free cash flow, and net leverage decreased to 1.2 times, from 1.4 times in June and 2.2 times a year ago. On the bottom line, we reported a net loss of US$47 million, mainly due to a US$124 million non-cash impairment of our Juiz de Fora and Três Marias system units in Brazil, the latter including the Vazante mine. It has no impact on cash, and José Carlos will provide you with more details in a few minutes. So, what drove the quarter? Three things. First, higher zinc prices and, compared with last year, a much stronger by-product contribution, especially from silver and copper. Second, our Peruvian operations continued to normalize, and Aripuanã stepped up, with the fourth tailings filter operating as expected. And third, Cajamarquilla operated normally throughout the quarter after the May fire, and sales volumes recovered. In mining, zinc production reached 85 thousand tonnes, up 7% from the second quarter, driven mainly by Aripuanã. In smelting, production jumped 28% to 159 thousand tonnes, as Cajamarquilla processed most of the cathode inventory built up after the fire. Sales grew 9% to 146 thousand tonnes – slower than production, as part of the output was allocated to fourth-quarter sales. Looking ahead, three factors support the fourth quarter. At Aripuanã, plant utilization averaged 84% for the quarter and reached 90% in September. We expect utilization to continue to improve in the next quarter. In smelting, the metal inventory at Cajamarquilla positions us to meet seasonally stronger demand in the fourth quarter. And at Cerro Pasco, the Integration Project is on track for mechanical completion in December. On guidance, we raised our 2026 capex to US$420 million, mainly to advance mine development at Aripuanã, bring forward investments at Cerro Pasco, and reflect the stronger Brazilian real. We also updated our cost guidance to reflect higher metal prices and a stronger real. Our production

and sales guidance for the year remains unchanged. Now let's move to slide number 4, for a closer look at mining.

Zinc production rose 7% from the second quarter to 85 thousand tonnes, on higher throughput and grades. Aripuanã, Vazante, and El Porvenir drove the increase, with higher zinc production. Compared with last year, production was up 1%. Our production guidance for all metals remains unchanged, and we expect the fourth quarter to be our strongest quarter of the year. For copper, given the lower grades at Cerro Lindo, we expect to finish at the lower end of the range. On costs, cash cost net of by-products was negative US$0.64 per pound, better than both the second quarter and last year. Versus the second quarter, which reflects mark-to-market adjustments on lead and copper concentrates, lower costs, and higher zinc sales at Aripuanã. The year-on-year change is mainly driven by a stronger by-product contribution. We lowered our 2026 cash cost guidance, reflecting much higher by-product prices. So far this year, we are negative at US$0.45 per pound – toward the lower end of the new range. Cost per tonne of run-of-mine was US$54, down 5% from the second quarter and up 7% from last year. We adjusted the guidance mainly due to the stronger Brazilian real and higher costs at Aripuanã. For the first nine months, we are at US$55.7, near the top of the range, and we expect this to improve in the fourth quarter with higher volumes. Financially, mining had a strong quarter. Net revenues were US$454 million, and Adjusted EBITDA was US$236 million, up 7% from the second quarter and 44% year over year. Margin reached 52%, up 10 points from the second quarter. Now let's move to Aripuanã, on slide number 5.

Aripuanã had a very good quarter. Treated ore reached a record 471 thousand tonnes, up 18% from the second quarter, and zinc production rose 48% to 13 thousand tonnes – matching its best quarter – driven by higher throughput and better grades. The fourth filter is performing well. It handled 61% of all the tailings filtered in the quarter. Plant utilization averaged 84%, up from 71% in the second quarter, and reached 90% in September. For the fourth quarter, we expect higher utilization and improved recoveries. Zinc production should remain stable, as higher throughput offsets lower grades in the mine plan. We are also accelerating mine development at Aripuanã, to open more mining fronts and support higher throughput in 2027. Now, to Cerro Pasco, on slide number 6.

At Cerro Pasco, Phase I construction is advancing as planned. During the quarter, we completed all civil works, the major equipment assembly, the access road, and the raise of the Atacocha dam. Pre-commissioning and commissioning are already underway. We expect mechanical completion in December, followed by commissioning activities in the first quarter of 2027. The operating authorization for the pumping system is expected in the second quarter, and we expect to start pumping in the early third quarter of 2027, as planned. On permitting, the environmental impact study modifications for El Porvenir and Atacocha are still under review by SENACE, and we now expect approvals in March and April 2027. On capex, we invested US$15 million in the quarter and US$31 million so far this year. We raised the project's 2026 budget to US$41 million, up from US$31 million, as we bring forward investments. Let's move to smelting, on slide number 7.

In smelting, production reached 159 thousand tonnes, up 28% from the second quarter and 8% from last year, driven by the recovery at Cajamarquilla and the processing of the cathode inventory built up after the fire. Sales were 146 thousand tonnes, up 9% from the second quarter. Compared with last year, sales were down 2%. The inventory we built at Cajamarquilla, together with seasonally stronger demand in the fourth quarter, supports our unchanged full-year sales guidance. By-products are becoming more important for this segment. Sulfuric acid sales rose 18% from the second quarter to 178 thousand tonnes, and silver and copper cement

sales were both up 14%. On costs, cash cost net of by-products was US$1.65 per pound, up 15% from the second quarter, as higher zinc prices raised the cost of the concentrate we purchase. We raised the guidance range, considering higher zinc prices and a stronger real, partly offset by higher by-product prices. For the nine months, we are at US$1.50 per pound, within the new range. Conversion cost was US$0.36 per pound in the quarter and US$0.35 for the first nine months. We adjusted the guidance mainly for currency and higher fixed costs. Higher volumes in the fourth quarter should dilute fixed costs and keep us within the new range. Financially, the segment generated net revenues of US$696 million and Adjusted EBITDA of US$65 million, which was broadly stable from the second quarter and nearly three times higher than a year ago. The year-over-year improvement was mainly driven by by-products, higher zinc prices, and higher realized treatment charges. The EBITDA margin was 9%. With that, I will hand it over to José Carlos, our CFO, for the financials.

J – Thank you, Ignacio, and good morning, everyone. Let's go to slide number 8. Net revenues totaled US$937 million, up 3% from the second quarter and 23% from the same period last year. Versus the second quarter, the increase came from higher smelting sales and higher zinc and copper prices, partly offset by lower silver prices and lower mining sales volumes. Versus last year, the improvement came from higher zinc prices and from a US$65 million higher by-product contribution. Adjusted EBITDA was US$301 million, up 5% from the second quarter, with a 32% margin. Higher zinc prices, the recovery in smelting sales and stronger by-products more than offset higher raw material costs that resulted from a larger share of third-party concentrates in our smelter feed, as well as a lower cash dividend from Enercan. Versus last year, quarterly Adjusted EBITDA was up 62%, as higher zinc prices and by-products more than offset higher operating costs, a stronger Brazilian real and lower smelting sales. At the bottom line, we reported a net loss of US$47 million, or US$0.47 per share. The main driver was a US$124 million non-cash impairment related to our combined Juiz de Fora and Três Marias system. It mainly reflects lower long-term treatment charge assumptions in a tighter concentrate market, as well as a stronger Brazilian real, which more than offset the benefit of higher long-term metal price assumptions. It has no cash impact and is excluded from Adjusted EBITDA. Excluding this and other items, adjusted net income was US$144 million and adjusted earnings per share were US$0.87. Let's move to investments, on slide number 9.

We raised our 2026 CapEx guidance by 10% to US$420 million. There are three drivers: higher mine development at Aripuanã; higher investment in tailings facilities - as we bring forward investments at Cerro Pasco that were originally planned for 2027 - and the stronger Brazilian real. We invested US$111 million in the quarter and US$272 million so far this year – about 65% of the new guidance – so we expect that spending will increase in the fourth quarter, in line with prior years. In exploration and project evaluation, we invested US$21 million in the quarter, up 24% from the second quarter, with a faster pace of drilling. We are at about 62% of our full-year budget of US$86 million, which remains unchanged. Now to cash flow, on slide number 10.

Operating cash flow before working capital was US$306 million, up 7% from the second quarter and up 50% from last year. Working capital and other variations consumed US$58 million, primarily reflecting inventory buildup. This included zinc metal inventories at Cajamarquilla to support fourth-quarter sales as well as higher zinc concentrate inventories, as part of our El Niño preparedness strategy. We expect the metal inventory at Cajamarquilla to unwind with fourth-quarter sales. This line also includes a US$16.7 million payment to SUNAT made in August, related to tax contingencies for fiscal years 2016 and 2017 under the Cerro Lindo tax stability agreement. No further installments

remain for those years. This payment preserves our right for the admissibility of our appeal before the tax court and does not represent acceptance of SUNAT's position. Furthermore, we continue to believe that our technical and legal position provides a strong basis for the future recovery of these amounts. After the US$63 million in interest and taxes, and the US$112 million in capex, free cash flow was US$73 million. As a reminder, free cash flow is defined as net operating cash flow minus capex. On the capital structure side, debt and lease payments, net, totaled US$25 million. Other cash components are dividends to minority shareholders and the US$17.5 million share premium reimbursement, net of the dividend received from Enercan, which totaled US$23 million. Overall, cash and cash equivalents increased by US$25 million, to US$405 million at the end of the quarter. Let's move to slide number 11, to talk about liquidity, indebtedness and credit rating.

Our liquidity position remains solid. We ended the quarter with US$735 million available, including our undrawn US$320 million revolving credit facility. Our debt profile is long-dated: only 8% of our debt, or US$136 million, matures through the end of 2027, and the average maturity is 6.8 years, at an average cost of 6.70%. Net leverage continued to come down, to 1.24x, from 1.40x in June and from 2.21x a year ago, driven by last twelve months Adjusted EBITDA of almost US$1.2 billion. On credit ratings, in August, Fitch placed our BBB- rating on Rating Watch Negative, after the Boliden transaction announcement, citing limited visibility on our ties with the future controlling shareholder. Earlier this week, S&P lowered Nexa's long-term issuer and senior unsecured notes ratings to BB+ from BBB-, removing them from CreditWatch Negative, where they had been placed in July 2026. At the same time it assigned a stable outlook and affirmed its A-3 short-term issuer credit rating. According to S&P, the downgrade reflects its view that, although Nexa will remain a strategically important subsidiary of Boliden, the perceived support level is one category lower than what it was with Votorantim. As a result, the change-of-control provisions of the 2028 notes will become applicable upon closing of the transaction. On the other hand, change of control provisions under the 2034 and 2037 notes will only become applicable if another downgrade takes place. Going forward, our priorities remain the same: free cash flow generation, disciplined capital allocation and gross debt reduction. With that, I'll hand it back to Rodrigo for an overview of market fundamentals.

R – Thank you, José Carlos. Let's turn to the markets, starting with zinc and copper, on slide number 12. Zinc prices reached their highest level since 2022, driven primarily by a deepening shortage of concentrate. The LME zinc price averaged US$3,825 per tonne in the quarter, 35% higher than a year ago. For smelters, however, margins remain under pressure. Imported spot TCs in China (CIF) averaged negative US$127/t in September, nearly double the June level. What cushions that pressure is by-products, especially sulfuric acid and silver. And that is where we are well positioned, as a net producer of sulfuric acid with significant silver production. Refined metal inventories also play an important role in the current price environment. Combined LME and Shanghai Exchange inventories cover only about one week of global consumption. As a result, we expect tight fundamentals to continue supporting zinc prices, while treatment charges remain under pressure through year-end. In copper, the LME price averaged US$14,104 per tonne, up 44% from a year ago, and hit a record in September, supported by tight supply and U.S. stockpiling ahead of a tariff decision. The key near-term uncertainty is Section 232 decision, but demand should remain structurally strong, driven by power grids, renewables, energy storage and AI-related infrastructure. Now, let's turn to slide number 13 for a look at precious metals.

Silver averaged US$62.6 per ounce in the third quarter, up 59% from a year ago but down 14% from the second quarter. After closing June at US$58.8 per ounce, it recovered and held around US$65 per ounce from August onwards, despite rate hikes in September by the Fed, the European Central Bank and the Bank of Japan. Looking ahead, higher real rates and a stronger U.S. dollar could weigh on silver, while demand from solar, electrification and AI should remain supportive. This matters for us: with 10 to 11 million ounces expected this year, Nexa is a significant silver producer. Gold prices averaged US$4,262 per ounce, up 23% from a year ago and about 5% below the second quarter. Investment demand, central bank buying and geopolitical uncertainty continue to support prices, while higher bond yields raise the relative cost of holding gold. Together, silver and gold by-product credits keep lowering unit cash costs at our polymetallic operations.

Finally, on slide 14, a few takeaways from LME Week in London, earlier this month. The macro backdrop was a constant theme with persistent inflation, geopolitical tensions and tariffs contributing to a more cautious market sentiment. Even so, sentiment on base metals remained constructive, particularly for copper and zinc. Copper captured the headlines, but zinc drew a lot of attention, and there was broad consensus that its fundamentals are supportive and should stay that way for longer. Why? First, supply. The concentrate market is tight: major producers are facing lower ore grades, some polymetallic miners are prioritizing copper production, disruptions continue, and there is limited new supply coming. Demand is modest, but it is backed by infrastructure investment and, to a lesser extent, the energy transition. Second, treatment charges. With concentrate this tight, the market expects the 2027 benchmark to settle below this year's US$85 per tonne. Third - and this was the standout topic - by-products. Sulfuric acid is at multi-year highs and, together with silver, it has become a key part of smelter margins. Smelters with recovery capabilities are the ones best placed to absorb lower treatment charges. And with refined inventories at low levels, further smelter production cuts may become increasingly likely, creating upside risk for premiums and leading to more frequent arbitrage opportunities.

On slide 15, you can see what we will be watching most closely, and where Nexa stands. On treatment charges, lower levels pressure smelters but benefit our mines, so our integration helps offset the impact. On by-products, our recovery capabilities, especially in sulfuric acid, allow us to capture that value. On prices, zinc is holding above roughly US$3,700 per tonne, supported by tight concentrate and low stocks. On supply, older mines are declining and new supply seems limited, while Aripuanã is adding more concentrate to our own system. And on trade, the volatile geopolitical landscape reinforces our strategic position as a leading zinc producer in the Americas. In short: a tight concentrate market supports our mines, and by-products support our smelters. That's where our integrated model pays off. Now, let's move to our ESG agenda, on slide 16.

We continued to advance our ESG priorities in the quarter.

On safety, our recordable injury frequency rate improved to 1.34, from 1.50 a year ago. While this is an important improvement, we remain vigilant. Year-to-date, we are still above last year's level, so we are reinforcing controls on critical risks – including fatigue monitoring at the Cerro Pasco Complex and the "Line of Fire" campaign at El Porvenir and Atacocha. In our communities in Peru, we continued our health campaigns and higher education scholarships, and launched a new Community Contact Channel. On circular economy, we are advancing new uses for jarosite, Waelz aggregate and pyrite, and the fourth filter expanded dry-stack tailings capacity at Aripuanã. On climate, we are closely

monitoring El Niño. There was no impact in the quarter, and, with the support of a specialized consultancy, we have reviewed our preparedness plans. In Peru, we are building inventories of critical materials and reinforcing drainage and geotechnical inspections. In Brazil, we are focused on water management and wildfire prevention. With that, I will hand it back to Ignacio for the closing remarks.

I – Thank you, Rodrigo. Before we open for questions, let me close on slide number 17 with our priorities. First, the transaction. In August, Votorantim signed a definitive agreement to sell its controlling stake in Nexa to Boliden. We continue to work constructively with all parties toward closing, which is expected in the first quarter of 2027, subject to customary approvals. Until then, Nexa continues to operate as an independent company, and our strategy, capital allocation priorities and commitments to our stakeholders are unchanged. Second, Aripuanã. With the plant at 90% utilization in September and mine development accelerating, we are preparing the operation to support higher throughput in 2027. Aripuanã is one of the key pillars of our long-term cash generation. Third, Cerro Pasco. Phase I is on track for mechanical completion in December, with pumping expected to start in the early third quarter of 2027. This is a high-potential polymetallic district, and the project strengthens our integrated position in the district. Fourth, exploration. We have completed about two-thirds of this year's drilling program, which is focused on extending the life of our mines. Underpinning all of this are the same priorities: operating safely, generating free cash flow, allocating capital with discipline and reducing gross debt – always with a view to creating long-term value for our shareholders and the communities where we operate. We are entering the last quarter of the year with stronger operations, a healthier balance sheet and a clear set of priorities. With that, let's open the line for questions.

Q&A Session:

O – [Operator Instructions]. Our first question comes from Pedro Mello from Citi.

Question – First, congratulations on the strong results and on stabilizing the 4th tailings filter at Aripuanã, which helped plant utilization reach 90% in September. So how should we think about the quarter-over-quarter ramp-up pace going forward, supported by the additional mine development CapEx? And how should we expect the asset's cost ROM and unit cash cost to evolve as higher processing volumes dilute fixed costs? And second, regarding the Cerro Pasco Project Integration, you raised the CapEx guidance to US$41 million and maintained the target for mechanical completion by this year-end. But could you provide your view on the key operational or risks to starting up tailings into next year?

I – So good questions. Thank you very much. I will start with Cerro Pasco. As we said, the pumping system is already finishing now in December, and the ramp-up is going to be starting in January. We don't see any risks here because we have been following construction very closely. And we have some months in our current tailings dam also that is a cushion for the overlap of the new system. So, we don't see any risks here. And as we said in the presentation, permits are also on time, and we don't expect any negative news on permits. So, Cerro Pasco is going really well. And for us, this is the first phase. This is an operational phase that brings, I would say, stability to El Porvenir in terms of still producing and having a new tailings dam that is the Atacocha tailings dam. For us, what is more important in Cerro Pasco is the future, which is all the mineral that we are finding, how are we going to accommodate it in the next phases. And this is things that

are coming in 2027 and 2028, okay? So, Pasco is something that is going really well, and we have recovered from the previous 3 years and it's going to be strong in 2027.

Regarding Aripuanã, as you said, we are at 90% capacity today, very important because the fourth filter is performing really well. It's an automated filter. It's a different technology and has been built in a very efficient and specific way. With this filter and the ones that we had before, we expect to deliver 100% of capacity in the coming months. If you remember, the summer that is a rainy season was a difficult season for us. But given the capacity of the filter and the filtration we get from the tailings, we don't expect any impact on production. So coming months, first quarter, we're going to be at full capacity. Cost is still a tricky one because some of the problems that we face is that this operation is far away from any other city and the costs related to bringing all these materials to the operation are higher. And then finding the right people to work in Aripuanã is key for us and the rotation is high. So, it's a process for us, and that's why costs have been higher. Having said that, with the full throughput and the measures we are taking to mitigate all these things that are affecting cost, we are expecting to start reducing the cost in the third quarter and in the next year. This operation towards the end of next year should be similar to the other Brazilian operations, to Vazante, but it's going to be a process for us. So having said that as well, if you see this, all this operating performance of Aripuanã. Aripuanã is now a mine. If you see any KPI of mine development, of the plant, of recoveries, of quality of concentrate, of quality of tailings, is really, really getting there. And it's been a process. It's been a very difficult process, but now we are starting to have a normal mine. Now we are working on profitability, on reducing the costs, and we are on the right track to do that. And again, with all the potential that Aripuanã has, we believe that in the next 2, 3 years, Aripuanã is going to bring a lot of profitability. So, it's a solid advance that we have, and we are expecting this solid profitability in the next 3 years.

O – Now I would like to turn the call over to the company for the webcast questions. Please go ahead.

R – Thank you, operator. We have one question from the audience. It comes from Alex Emery from S&P Global. So, the question is production of most metals was down year-over-year at Nexa's Peruvian operations. So apart from lower grades at Cerro Lindo, were there other factors that constrained output in Q3 and the company expects operations to return to normal levels in Q4?

I - Yes. Thank you for the question again. Yes, Cerro Lindo is having lower grades, and this is expected in the life-of-mine plan and in the reserves. And specifically in the third quarter, we have some development problems that reduce a little bit the tonnage that we extract from the mines. This is not going to be the case in the fourth quarter. Fourth quarter is going to be a strong quarter. And this combined with a stronger quarter also in Cerro Pasco, we believe that we are going to be right on track on the projections that we have. And that's why we convey the message that the fourth quarter in the Peruvian mines and in the Brazilian mines are going to be much stronger.

O – This concludes our question-and-answer session. I would now like to hand the call over to Mr. Ignacio Rosado for his closing remarks. Mr. Rosado, please go ahead.

I – Again, thank you all for attending the call. This has been still a very challenging quarter, but we have been delivering as expected. As we said before, the fourth quarter is going to be a stronger one. That combined with the current prices, we believe that our cash flow generation is going to be also in the projections very strong. I would like to comment also that we are starting to interact in general terms with the senior management of Boliden. We know them very

well. They are very senior and very talented. And this closing process is going as expected. We believe it's going to close in the first quarter of next year. And we are looking forward to start interacting with them more and to start integrating with this know-how of them, our know-how and all of these quality teams altogether working for the benefit of Boliden and Nexa as well. So, thank you very much. Thank you. We will speak in the first half of next year regarding our closing results for the year. Have a good day.

Participants of the Q&A:

Pedro Macedo Ferreira de Mello - *Citibank*

(Call Duration: 40 Minutes)