

Nemak

4Q25 Earnings Conference Call

Tuesday, February 25, 2026

Speakers

- Armando Tamez, Chief Executive Officer
- Alberto Sada, Chief Financial Officer
- Denise Reyes, Investor Relations Officer

Denise Reyes: Good morning, everyone, and welcome to Nemak's fourth quarter 2025 earnings webcast. I am Denise Reyes, Nemak's Investor Relations Officer, and I am pleased to host today's call, along with Armando Tamez, Nemak's CEO, and Alberto Sada, CFO, who are here this morning to discuss the Company's business performance and answer any questions that you may have. As a reminder, today's event is being recorded and will be available on the Company's Investor Relations website.

Armando Tamez, our CEO, will lead off today's call by providing an overview of business and financial highlights for 2025, and the Company outlook for 2026. Alberto Sada, our CFO, will then discuss our financial results in more detail. Afterwards, we will open for a Q&A session, which participants may join live or submit written questions using the Q&A function.

Before we get started, let me remind you that information discussed on today's call may include forward-looking statements regarding the Company's future financial performance and prospects, which are subject to risks and uncertainties. Actual results may differ materially, and the Company cautions you not to place undue reliance on these forward-looking statements. Nemak undertakes no obligation to publicly update or revise any forward-looking statements, whether because of new information, future events, or otherwise.

I will now turn the call over to Armando Tamez.

Armando Tamez: Thank you, Denise. Hello everyone, and welcome to Nemak's Fourth Quarter 2025 Earnings webcast. I will begin with an overview of our 2025 results and strategy execution, before moving on to our 2026 Guidance.

Throughout 2025, Nemak remained focused on strategic and financial objectives, demonstrating resilience amid an increasingly complex trade environment. Supported by a solid commercial position, the Company successfully navigated shifting external conditions while continuing to advance financial priorities. Given the slower pace of electrification, Nemak leveraged opportunities in the ICE powertrain segment, while also maintaining steady progress in the e mobility, structure, and chassis applications segment, ensuring a balanced and adaptable market position.

Full-year EBITDA was within our guidance range at 591 million dollars, reflecting the Company's continued focus on operational discipline and profitability. The topline remained stable at 4.9 billion dollars, supported by resilient customer demand despite the changes in the global trade

landscape. Continued efforts to enhance operational efficiency contributed to generating positive cash flow and reducing our gross debt by 130 million dollars year-over-year.

A key highlight of 2025 was the announcement of the agreement to acquire Georg Fischer Casting Solutions. This acquisition is a milestone and represents a significant step forward in strengthening Nemak's long term strategic position. The business brings highly complementary capabilities in lightweighting, enhances our skills in high pressure die casting, and expands our offering of complex aluminum and magnesium components for the e mobility, structure, and chassis applications segment. In addition, the acquisition broadens our global footprint and customer reach, particularly by providing meaningful access to leading Chinese manufacturers.

Building on this strategic step, in February 2026, the acquisition received full regulatory approval and closed successfully. I would like to extend a warm welcome to all GF Casting Solutions employees joining Nemak. We are excited to bring together two highly talented and complementary teams. With the transaction now completed, we are fully focused on executing a disciplined integration plan, which is essential to realizing the full value of this acquisition. Effective integration will allow us to align operational processes, capture cost synergies, accelerate technology sharing, and ensure continuity and service excellence for our global customers. By combining the strengths of the two organizations, we are positioned to unlock meaningful operational, commercial, and innovation opportunities in the years ahead.

Another important remark for the year is the successful ramp-up of production at our new facility in the Czech Republic, dedicated to e-mobility components. This plant incorporates advanced joining and assembly technologies and is now manufacturing highly complex engineered components that support our customers' electrification programs. This achievement underscores our ability to adapt to evolving market needs, strengthen our global footprint, and expand our advanced manufacturing capabilities.

In 2025, we secured 440 million dollars in annual revenue from awarded business across our global operations, of which 85% corresponded to ICE powertrain programs and 15% to e mobility, structure, and chassis applications. The significant amount of ICE business awarded underscores the extended lifecycle of this segment, while still capturing opportunities in e mobility and structural components. Importantly, most of these programs will utilize existing assets, reinforcing our disciplined approach to capital allocation and helping drive a meaningful reduction in CAPEX.

In parallel, we are pursuing a robust pipeline of approximately \$1.9 billion dollars in new business, positioning ourselves to capture future growth opportunities across our key segments. We remain firmly committed to delivering competitive and cost-effective solutions to our customers, reinforcing our focus on operational excellence and long-term value creation.

Moving on to innovation: throughout the year we continued to build on our technological capabilities, advancing key initiatives to enhance process efficiency and expand our technical toolkit. Across our operations, we made meaningful progress in improving the high pressure die casting process, implementing efficiency and cost optimization measures, and scaling these improvements across additional facilities to broaden their impact.

We also enhanced our real time shop floor information system, adding an AI powered layer designed to transform complex operating data into actionable insights. This reflects our ongoing commitment to leverage advanced technologies to strengthen process control and improve our competitive position.

Moving on to sustainability: I am pleased to share that Nemak achieved an A minus rating from the Carbon Disclosure Project for the second consecutive year, once again placing us within the Leadership Band, which is the highest tier of CDP's scoring system. This recognition reflects the Company's strong environmental governance, our comprehensive and science based actions to reduce emissions, and our commitment to transparent climate disclosure. We are proud to see our efforts consistently recognized at this level. Once again, we pledge our long term dedication to responsible operations and climate stewardship.

In addition to progress on climate initiatives, Nemak was again recognized for its commitment to people and workplace excellence, earning Top Employer certification in Brazil, Germany, Mexico, Poland, and the United States. Notably, Nemak ranked in the Top 5 certified companies in Brazil. This distinction reflects the strength of our people focused practices, including talent development, organizational culture, and employee well being. Achievements such as these underscore the importance we place on creating an environment in which our teams can grow, innovate, and contribute to long term value creation. We recognize the key role our employees play in advancing the Company's strategy, and despite our high marks, we continually seek to improve.

This concludes my initial remarks. Thank you for your attention, I will now hand the call over to Alberto.

Alberto Sada: Thank you, Armando, and good morning, everyone. I will begin with an overview of Nemak's business performance for the full year and fourth quarter of 2025, followed by a summary of industry developments and financial results.

During 2025, we continued to prioritize free cash flow generation through sustainable margin improvements and disciplined capital allocation. On the results front, both the fourth quarter and the full year 2025 had a high comparison base versus the same periods last year, due to customers' one-time compensation.

During the year we saw stable industry performance across our main markets, as global light-vehicle sales increased 3% to 91.7 million vehicles, while light-vehicle production increased 4% to 92.9 million units.

From a regional perspective, during the fourth quarter, the seasonally adjusted annual rate for light-vehicle sales in the US was 15.7 million units, 5% lower than last year mainly due to the rollback of the EV tax credits. For the full year 2025, this metric increased 2% to 16.4 million units, as consumers continued showing resilience amidst affordability concerns, partially offset by OEM incentives.

Light-vehicle production in North America during the fourth quarter decreased 2% year-over-year to 3.6 million units, amid cautious production schedules, and certain supply chain disruptions, with inventories stable at 46 days of sales. For the full year 2025, production was 15.2 million units, 1% below the 15.5 million units in 2024, due to the same factors.

In Europe, light-vehicle seasonally adjusted annualized sales increased 7% in the fourth quarter to 17.4 million units, due mainly to increased imports and higher sales of entry-level vehicles, supported by stable macroeconomic conditions. For the full-year, light vehicle sales were 16.4 million units, up 2% year-over-year, driven by similar dynamics.

During the fourth quarter, light-vehicle production in the region decreased 2% year-over-year to 3.8 million units, due mainly to reduced export demand, as well as supply chain constraints, particularly microchip shortages. For the full year 2025, light-vehicle production totaled 15.4 million units, 2% lower than last year, due to the same factors.

In China, the seasonally adjusted annual rate of light-vehicle sales declined 4% year-over-year in the fourth quarter to 27.2 million units due mainly to the expiration of local government incentives. For the full year, light-vehicle sales in China were 27.1 million units, 6% up compared to the previous year. This is attributed to intense competition among local OEMs and government trade-in incentives, as well as export activity.

In terms of light-vehicle production, China posted 1% and 10% year-over-year increases for the fourth quarter and full year 2025, respectively, amounting to 9.6 million and 32.7 million units, driven by domestic and export demand.

In Brazil, the seasonally adjusted annual rate of light-vehicle sales for the fourth quarter and full year 2025 was 2.9 million and 2.6 million units, respectively, reflecting steady growth in the quarter and a 3% year-over-year increase for 2025, on resilient consumer behavior.

South America's light-vehicle production experienced a 4% decrease year-over-year in the fourth quarter of 2025, amounting to 0.8 million units, due to calendar effects. On a full year basis, light-vehicle production in the region increased 2% year-over-year to 3.0 million units, due mainly to stable local demand and higher exports.

Turning to our financials. Volume increased 2% and decreased 3% compared to the fourth quarter and full year 2024, totaling 9.2 million and 38.4 million equivalent units, respectively. This was due mainly to customer inventory management strategies associated with geopolitical pressures and the declining e-mobility adoption rates among our customers during the year. Despite this, full-year volume exceeded the high end of our guidance of 37 million units.

Revenue in the fourth quarter of 2025 totaled \$1.2 billion dollars, 1% higher than during the same period of 2024 due to higher volume and higher aluminum prices. For the full year, revenue was \$4.9 billion dollars, stable year-over-year; lower volume was partially offset by higher aluminum prices, the carryover effect from repricing achieved in previous years, as well as favorable effect from the euro appreciation.

During 2025, we continued to navigate alongside our customers the transition between ICE and electric powertrains, relying on our talent, footprint and technology, which enable us to deliver solutions independently of the propulsion system of the vehicle. Our electric mobility, structure and chassis applications segment accounted for 9% of our total revenue, highlighting our ability to adapt across different electrification scenarios.

EBITDA for the fourth quarter and full-year 2025 decreased 25% and 7% year-over-year, totaling \$117 million and \$591 million dollars, respectively. This reduction was related to extraordinary

launching expenses and currency effects in North America, in addition to high comparison effect from commercial negotiations recorded in the fourth quarter of 2024. In turn, EBITDA per equivalent unit for the fourth quarter and full year were \$12.8 and \$15.4, respectively, down 26% and 4% year-over-year, respectively.

During the fourth quarter we recorded impairments and reorganization expenses for \$85 million dollars, related to footprint optimization initiatives. This included the write-off of assets in our facilities in Monclova, Mexico, and Most, in the Czech Republic, where we are ramping-down and ceasing operations and will reallocate production to nearby facilities, respectively. This amount compares against \$83 million dollars in 2024.

All this said, during the fourth quarter the company recorded a \$56 million dollar operating loss, compared to \$39 million loss in the same period of last year, related to the aforementioned impairments and reorganization expenses. For the full-year, operating income was \$97 million dollars, which compares to \$145 million dollars in 2024, due to the same factors.

During the quarter Nematik recorded a net loss of \$100 million dollars, compared to a \$51 million loss in the same period of the previous year. Net result for the year was a \$116 million loss, compared to a \$25 million profit in 2024, mainly due to the combination of the aforementioned impairments and foreign exchange losses mainly related to the effect on our liabilities of the appreciation of the euro against the US dollar. Excluding this non-cash effects of impairments and foreign exchange losses, the net result for the full year would have been a \$75 million profit.

Turning to our financial position, our net debt at the end of the quarter was \$1.4 billion dollars, a sequential improvement of \$190 million dollars, and 9% lower year-over-year. Cash flow generation during the quarter was strong, driven by extraordinarily favorable seasonal net working capital dynamics. Our cash balance, as of the end of December was \$516 million dollars.

Our net debt-to-EBITDA ratio was 2.4 times, stable versus 2.4 times in the previous year. In turn, the interest coverage ratio improved to 5.5 times from 4.9 times at the end of the same period of last year.

Capital expenditures in the fourth quarter and full year 2025 were \$99 and \$306 million dollars, respectively, a 9% and 21% reduction compared to the same periods of 2024. We remain committed to streamlining our capital investments.

Moving to our regional results during the quarter.

In North America, revenues declined 1% year-over-year to \$653 million dollars, due to high comparison base, associated with one-time commercial negotiations in the fourth quarter of 24. EBITDA was \$43 million dollars, compared to \$121 million dollars in the same quarter of 2024. The year-over-year reduction reflects extraordinary operating expenses of approximately \$30 million dollars in the fourth quarter of 2025, primarily related to production ramp-ups and the appreciation of the Mexican peso, combined with the high comparison base from one-time commercial negotiations recorded in the fourth quarter of 2024.

In Europe, revenue increased 5% year-over-year to \$410 million dollars despite lower volume, due to the translation effect of the appreciation of the Euro. In turn, EBITDA in this region was

\$55 million, compared to \$19 million in the prior year, reflecting improved operating efficiencies and a favorable currency translation effect.

Revenue in the Rest of the World was \$160 million, up 2% compared to the fourth quarter of 2024, due mainly to favorable volume and product mix. EBITDA in this region increased to \$20 million dollars, benefiting from the same factors.

Related to capital allocation, during 2025, we repurchased around 68 million shares, and by the end of December 2025, the shares held in treasury represent approximately 6.8% of our total outstanding shares. We will propose the cancellation of these shares in an Extraordinary Shareholders' Meeting, whose date we will announce in due time. As a reminder, our Annual General Meeting will take place on Wednesday, March 4th. We kindly invite you as shareholders, and to ensure your shares are represented. For any questions or inquiries, please contact our investor relations department.

As recently announced, we successfully closed the acquisition of GF Casting Solutions' automotive business for an enterprise value of \$336 million dollars on a cash-free and debt-free basis. The upfront closing payment amounted to \$216 million dollars, funded with existing cash. This reflects the agreed base purchase price, the inclusion of \$113 million of cash at closing and customary adjustments, including the assumption of \$44 Million dollars of financial liabilities. The remaining consideration consists of holdbacks and a portion of vendor financing, to be paid over a 5-year term.

We are very pleased with the successful completion of this transaction, which strengthens our strategic positioning, expands our technological capabilities, and enhances our overall business profile. We will start consolidating GF Casting Solutions operations effective February 1st, 2026.

As our product portfolio has significantly evolved over the years — from primarily cylinder heads in the 1990s to a broader range of products including engine blocks, transmission components, structural parts, battery housing assemblies, and now additional materials such as magnesium and other alloys through the integration of GF Casting Solutions — the relevance and comparability of our historical “equivalent volume” metric has diminished. Given the increasing diversity of our products and materials, calculating a meaningful “head equivalent” measure has become less representative of our business. Accordingly, starting this year, we will discontinue reporting equivalent volume and instead provide further visibility into our revenue by segment. Our financial guidance will focus on revenue, EBITDA, and capital expenditures, which we believe better reflect the performance and strategic direction of the company.

In summary, during 2025 we continued executing our disciplined financial agenda, reducing net debt, streamlining capital investments, and strengthening free cash flow generation. With the integration of GF Casting Solutions, we are reinforcing our competitive position and advancing our ability to create sustainable long-term value for our stakeholders.

This concludes my remarks. I will now turn the call over to Armando.

Armando Tamez: Thank you, Alberto. I will now provide an update on our outlook for this year. We expect to see a resilient industry environment, with stable volumes across our main regions. Trade dynamics will continue to play a relevant role throughout the year; however, we are well

prepared to face these developments, as we will continue to rely on our solid commercial foundation, prudent financial decisions, and close communication and collaboration with our longstanding customers.

Effective consolidation of GF Casting Solutions began in February and is incorporated accordingly in our full-year guidance. This integration strengthens our portfolio and further positions us to meet customer needs across regions.

Nemak will maintain a selective and strategically focused investment approach, consistent with our capital allocation priorities. In parallel, the incorporation of GF Casting Solutions will require additional capital to advance the completion of the new manufacturing facility in the United States.

Given these considerations, I would like to announce our guidance range for 2026:

Revenue in the range of 5.3 to 5.5 billion dollars; EBITDA in the range of 630 to 650 million dollars; and Capex ranging from 385 to 395 million dollars.

As we close, I would like to briefly address the leadership transition announced earlier this year. After 42 years at Nemak, including 13 years serving as Chief Executive Officer, I will be concluding my tenure in this role by the end of March. This planned succession reflects our commitment to long term value-creation and strategic execution, and I am confident that Nemak is well positioned for the road ahead. The Board has appointed Hervé Boyer as CEO effective April 1, 2026. Hervé brings extensive global experience in the automotive industry, and I am certain he will provide strong leadership as Nemak enters its next chapter.

I want to express my appreciation to our entire team, customers, shareholders, financial analysts, and all stakeholders for their trust and partnership throughout my tenure. It has been a privilege to work together to advance Nemak's strategic priorities and strengthen our position in the industry. My passion for the automotive industry remains strong, and I look forward to watching Nemak thrive.

With that, we conclude our presentation and would now like to turn the call over to Denise to open the Q&A session.

Denise Reyes: Thank you, Alberto. We are now ready to move on to the Q&A portion of the event; If you would like to ask your question live, please press the 'Raise Hand' button at the bottom of your screen. When it's your turn to ask a question, you will be granted permission to speak. Questions will be addressed in the order that they are received, calling the name of the next person on the line.

You may also place a written question using the Q&A function, also located at the bottom of your screen. Questions will be addressed in the order they are received. We will now open the floor for questions.

Denise Reyes: Thank you, Armando. We are now ready to move on to the Q&A portion of the event; If you would like to ask your question live, please press the 'Raise Hand' button at the bottom of your screen. When it's your turn to ask a question, you will be granted permission to speak. Questions will be addressed in the order that they are received, calling the name of the next person on the line.

You may also place a written question using the Q&A function, also located at the bottom of your screen. Questions will be addressed in the order they are received.

We will now open the floor for questions.

Denise Reyes: The first question is from Alfonso Salazar from Scotiabank. Alfonso, please proceed with your question.

Alfonso Salazar: Thank you, and Armando, first of all, congratulations for all these years in Nemak. You will be missed, without any question, but it has been a great job in very challenging times, that apparently will continue.

The first question that I have... I have seven questions. I will not, you know, use my time with that many; I will have only a few. The first one is: if I understand correctly, you mentioned that you will not report volumes anymore. Is this correct? Because definitely, we need to have a measure or metric on volume going forward to understand what's going on in the company. So, I just want to clarify that point.

The second is if you can provide some color on what happened with working capital in 2025. It was very strong, so I just want to understand what drove that. Apparently, part of that was working capital, and what are your expectations for the first half of the year, maybe? And finally, any comment on the USMCA renegotiation outlook? This is very important, as you know. In July, we have to see if there is any conclusion to this process that's going to start. What is your view on how this could drive the North American business unit of Nemak, especially if there is no agreement? And with that, I will stop my questions for now.

Armando Tamez: Thank you, Alfonso, for your kind words. Related to volumes, one of the things, and this has a lot to do with the recent acquisition of GF Casting Solutions is that, as we had mentioned before, the company, the acquired company, is producing a lot of different components that are, for instance, even in different materials, including aluminum, magnesium, and iron. And it was very, very difficult to homologate those to the current, let's say, parts that we're making. So, for that reason, we are deciding to only report revenues, EBITDA, and CAPEX going forward. We tried several exercises, but it was almost impossible to really homologate what we are doing today.

Alberto Sada: Yes, and Alfonso, this is Alberto. Related to your second question on working capital, certainly we had a very favorable closing of the year on the working capital accounts. And as you know, I mean, as a company, we are always looking for ways to optimize our cash needs. In this particular end of the quarter, we had extraordinary benefits on the working capital side that would most likely revert in the first quarter.

So, around the entire, let's say, turnaround of working capital which normally, on a seasonal basis, is lower at the end of the year about \$60 million would most likely be reversed in the first quarter of 2026. So, part of it is temporary; another part is part of our push toward improvements in working capital.

And then, related to your third question on USMCA, we'll have to see how everything evolves. I think it's also important to highlight that our products are all compliant. Everything that we do in Mexico that gets exported to the U.S., either directly or indirectly, is fully compliant with USMCA rules. So, as long as everything stays the same, we shouldn't see any impact on the development of our business in North America. But we'll certainly stay close to the administration to make sure that everything is correctly incorporated into the negotiations.

Alfonso Salazar: That's very clear, thank you very much, and... but yes, the volume thing, we need to talk later about it, because we really need to have some metric to work with.

Alberto Sada: For sure, Alfonso, but it's, as Armando highlighted, it becomes very difficult to give a head equivalent measure. In the past, one or two products were fine, but now with multiple products with multiple value-adds. The weight relationship doesn't have any more correlation with the revenue. But we'll give a little bit more color on different segments on the revenue side, so I hope that that can help. Better, on your models, going forward.

Alfonso Salazar: Okay, thank you very much.

Denise Reyes: Thank you, Alfonso. We will proceed with the next question. The next question is Jonathan Koutras from J.P. Morgan. Jonathan, please proceed.

Jonathan Koutras: Yes, thank you again, Denise. Good morning, good afternoon, everyone. I also have three questions on my side, so please bear with me. The first one: of the \$85 million in charges in the quarter, right, if you could walk us through how much of this is recurring, and if you expect these markdowns to continue in the coming quarters or years. This has been impacting results in the last three years or so, as you know, so I just wanted to understand where we are in this process of reassessing assets.

And the second question, on gross margins: the fourth quarter is historically softer, given seasonality, and there were no commercial negotiations or tailwinds in this quarter. So, should we assume the last two quarters of gross margin at around 9% is somewhat the new normal for Nemak post these one-offs, or do you see it recovering back to the 11% level in the next quarters or so? And if that is the case, how come? And the third one, last one as well, on CAPEX: the full year came in slightly above the guidance range, so if you could shed some light on this as well, please. Thank you.

Alberto Sada: Yes, thanks, Jonathan, for the questions. Related to the first one on the impairments and extraordinary charges that we registered this year, these are fully aligned with the need to realign and reallocate capacity where we have volumes and where we have capacity. So, based on that, we had to take certain footprint decisions to optimize our operations.

And therefore, we had to write off a few of those capital assets on our books. We do that all the time. We had a similar figure last year, when we had to write off certain EV assets. In this case, there were other ones. And yes, going forward, as of now, we see smaller figures, but we will obviously have to assess how everything develops.

And yes, based on how some of the volumes move, we will see if there's a need to do something else on the impairment side or not. But for now, I think most of it was done.

Related to your second question on margins: yes, as you correctly point out, last year, particularly in the fourth quarter, it was heavily influenced by one-offs, commercial claims that we closed with certain customers, meaning 2024. In 2025, there was less activity on that front. So, in the end, the EBITDA margins that we're expecting should fall in the 12% range going forward on average, based on revenue.

And that essentially takes care of all the combined effects that we see going forward. On one side, we saw extraordinary expenses this last quarter related to special costs in our North America operations. But also, there are things that may have both positive and negative effects related to the evolution of the exchange rate, as well as mix effects. So, I think on an EBITDA basis, around 11.5% to 12.5% is what we would expect for the year.

And last, on the CAPEX guidance: on the CAPEX side, it is certainly calendarization effects. It's hard, really, to pin it down to the last million. I think, at the end, we closed pretty much within the guidance, plus or minus a few million. So, if we are a little bit higher or a little bit lower, most of it has to do with calendarization of the context.

Jonathan Koutras: Got it, thank you.

Alberto Sada: Thank you, Jonathan.

Denise Reyes: Thank you, Jonathan. We will proceed with the next question from Andres Cardona from Citi. Andres, please proceed with your question.

Andres Cardona: Thank you, good morning. Regarding EBITDA, CAPEX, could you give us a sense of how much of the EBITDA is coming from the recently closed acquisition, so we can have also a picture of the legacy business. Thank you.

Alberto Sada: So, your question, Andres, is on the capex for guidance?

Andres Cardona: No, the EBITDA, like, how much of the EBITDA is coming from the new business, how much is coming from the legacy business?

Alberto Sada: Well, yes, I mean, we will certainly give you a little bit more color around how everything evolves in 2026. As indicated, it's both the EBITDA from Nematik and 11 months of Georg Fisher. So, at this point, we're not breaking down the EBITDA on a, let's say, on both effects. We'll certainly be sharing a little bit more color about that on a regional basis as we move along the year. But you can easily make, probably a little bit of calculations, based on what we performed last year, perhaps a little bit less of associated claims, and then everything on top of the number that we're giving is associated with Georg Fisher.

Andres Cardona: Thank you.

Denise Reyes: Thank you, Andres. Thank you, Alberto. The next question is from Alejandro Azar from GBM, Alejandro, please proceed with your question.

Alejandro Azar: Thank you, Denise, good morning. Alberto, Armando, before my questions, just to add my congratulations to Armando on an outstanding 42 year run at the company. Wishing you the best in your next ventures, Armando.

Now, switching to my questions, and I have three, the first is a follow-up on working capital, Alberto. How much of the benefit is structural and sustainable versus timing-related? and potentially reversing in 2026. That would be the first one. The second one is on GF casting solutions integration. If in your guidance you are accounting for synergies you already notice, and if not, if you can share with us, you know, the top two, three levers that we should see, and how should we expect synergies to show up in EBITDA, maybe in 2026, or perhaps 2027.

And my last one is on... on AI and automation. If you can share a bit more color on where... where are you most advanced? on these topics across your footprint, and if you are seeing meaningful productivity or cost benefits yet, any examples would be really helpful, guys. Thank you.

Alberto Sada: I'll take the first question, Alex, related to working capital. As we have seen in previous years, there is seasonality in how working capital moves up and down, and what we see normally at the end of the year is the reflection of, let's say, reduced activity at our customer plants as they stop for holidays, and they do scheduled maintenance and something like. So, portion of that seasonality ticks up again in the first quarter, so we will see a reversal, as we have seen in previous years. And on top of that, we will see about 60 million additional, let's say, of those extraordinary elements that we saw in December reversing, most likely in the first quarter. So, on a seasonal basis, we see a recovery in working capital, and then part of that, or let's say on top of that, we will see a little bit of, these one-offs that we saw in December, coming back.

Alejandro Azar: So, for the full 2026, you have you expect to require additional amounts of working capital?

Alberto Sada: For the full 26, at least the 60 that we saw on an extraordinary basis, unless there is any extraordinary happening at the end of, or let's say during the year. We will see, yes, at least 60 million, let's say. It's a benefit that we saw this year.

Alejandro Azar: Very clear, Armando. Very clear, Alberto. Thank you.

Armando Tamez: Yes, thank you, Alex, for your nice words. I appreciate it.

Related to the GF integration and synergies, this is a very important point for us, Alex. We hired a firm that has been helping us in the past with major acquisitions that we have made, to really focus on a very dedicated team and plan to get the best integration possible. We are true believers that the integration of acquired companies is key. We already, for instance, contracted or hired this external advisor with a lot of experience, not only in the industry but also with Nematik. And we already started, actually, since last year, to plan ahead what the main potential synergies could be. We visited all the GF Casting Solutions plants they have in Europe, as well as in China, and the facility that is under construction and planned to be launched this summer in the U.S. And certainly, that has a cost, but we are also expecting, in the midterm, to reach synergies in the

range of about \$30 to \$40 million. We are fully committed—the company is fully committed—to achieving those synergies. Of course, it will take some time.

The main drivers for those synergies are related to sharing best practices and improving productivity, as well as best practices and engineering on the commercial front. How we can, for instance, get better pricing with some customers, as well as better contracts. Also, CAPEX avoidance, which I think is very important in this industry, especially to better use existing capacity. So those are some of the areas Alex, that we are targeting.

Of course, there will be some additional synergies, and if we find any redundancies, certainly we will try to become leaner. So, you will see, again, in the midterm, expected synergies, as I indicated, in the range of \$30 to \$40 million that will add value, in addition to building relationships with very important Chinese OEMs and improving our market position.

Related to your last question on AI, this is an area where Nemak has devoted a lot of technical resources, and we are making very good inroads and very solid progress. In terms of using AI, we have invested heavily over the last, probably 14 years in installing a monitoring system with real-time data availability. We can, for instance, monitor every single facility and every single product line with real-time information on the products that we are making. That has helped us a lot, because we have many different parameters that we need to control, and it has certainly helped us improve quality, productivity, and so on.

With the help of artificial intelligence, what we are now doing in some of the plants is using these techniques and systems to help us predict potential issues that we may face in operations. This has already been deployed in some of our facilities in Europe as well as in North America.

And certainly, we are planning to install a similar approach in our facilities in China, as well as in the new facilities that we are acquiring from George Fisher. So those are some of the areas where we are taking advantage of these capabilities. This is on the operational side. In addition to that, on the administrative side, we are also using AI to help us perform some of the activities we normally do much faster, which is helping us reduce costs and optimize resources.

Alejandro Azar: If I may go back, Armando, the 30 to 40 million synergies, do you think it's better to think that as free cash flow, given you talked about capex?

Armando Tamez: I think it's a combination of both, CAPEX avoidance, as well as, for instance, also improving our productivity, improving our cost position, and improving our commercial front, so it will be a combination of both, increasing EBITDA in the midterm, as well as reducing CAPEX.

Alejandro Azar: Okay, thank you. That's all from my end.

Denise Reyes: Thank you, Alex, and thank you, Armando. We will move on to the written questions. We have one question from Pablo Dominguez, from ION Group. The question reads: how does the 2026 CAPEX guidance include the upfront payment of the GF acquisition? Also, does it include the additional capex needed for GF U.S. plant under construction? And if not, how much capex will the plant require during 2026?

Alberto Sada: Yes, the CAPEX guidance for 2026 is only associated with the capital expenditures of both the Nemak legacy business and George Fisher. So, it includes the investments that

George Fisher has for the new or let's say, the old George Fisher has for the new facility in the U.S., in Augusta. The payment for the acquisition is not included in the CAPEX guidance.

Denise Reyes: Thank you, Alberto. We received another live question from Isaac Gonzalez from GBM. Isaac, please proceed with your question.

Isaac Gonzalez: Hello, thank you. I have a last question. I'd like to ask you, by taking out volumes from the revenue, are you willing to open by segment, by EV/SC and ICE? Is it possible?

Alberto Sada: Yes, Isaac, thanks for the question. As I highlighted before, I think that, in order for everyone to get a little bit more granularity on how the business develops, we'll share the revenue on a per-segment basis. So, I think that will help see how the business is evolving. With the incorporation of George Fisher, that segment grows significantly, so you'll start seeing how the revenue develops, both in the legacy business as well as in the new segments.

Isaac Gonzales: Thank you.

Alberto Sada: Welcome.

Denise Reyes: Thank you. The next question is from Alfonso Salazar from Scotiabank. Alfonso, please proceed.

Alfonso Salazar: Yes, thank you. Just a follow up well, one, this is more than a question; it's a request. Years ago, Nemak had very interesting guidance on how, you know, the breakdown of future sales between the legacy business, ICE, and EV markets would unfold over time. It was very helpful; I mean, it was very important for us to understand, in the end. The situation, the market situation was very different from what you were expecting, and from what we all were expecting. But it would be a great way to understand, especially with the integration of GF Casting, to see, you know, or to have some sense of where Nemak is going from here, and what your expectations are regarding future growth, both in the legacy and new business lines. So that is more than a question; it's a request that would be very interesting to see. The second question is only regarding dividends. We see buybacks, but are there any comments on, you know, when dividends would be back?

Armando Tamez: Yes, thanks for the question, Alfonso. I think in the past, certainly, we were informing on a quarterly basis, for instance, how our EV and structural components portfolio was growing. I think we will need to recalculate, based on certain volume reductions that we have seen in different regions of the world. As I indicated, we are seeing a significantly higher appetite in the industry overall for ICEs, so I think we will need to recalculate and also add the fact that around 80% of the revenues coming with the acquisition of GF are for new products, or EV and structural components, while only 20% are in the powertrain.

So, I think the team will certainly be able to recalculate and provide certain guidance on the two main components that the company is making. So, certainly, we will share that.

Alfonso Salazar: That would be fantastic, really helpful. And any comment on the dividend?

Armando Tamez: Yes, I think the company, certainly before the pandemic, was giving a substantial amount of money in terms of dividends. Now, I think the entire board and the management team have been a little bit more prudent in terms of, again, first looking at how we

can reduce our leverage, and then, of course, once the company is at a more reasonable leverage, which is below two times net debt divided by EBITDA, I think the company will be in a position. And certainly, in our projections, we are looking at the company being able to generate enough free cash flow to reduce our debt, as well as pay dividends but not this year.

Alfonso Salazar: Understood, thank you.

Armando Tamez: Thank You.

Denise Reyes: Okay, thank you. The next question is from Hinden Barredo from PGIM Group. Hinden, please proceed with your question.

Hinden Barredo: Hey, how's it going? Just two quick ones for me. Can you remind us how much the closing payment is for the GF acquisition? And also, are you planning on issuing possibly new debt for the new manufacturing plant, or are you just thinking about generating that with internal cash flows? Thank you.

Alberto Sada: Yes, hi, Hinden. Yes, just to remind us, as it was highlighted before, the payment that we did for Joe Fisher was \$216 million. It was a little bit higher than what we had said before because we acquired the company with cash on their balance sheet and also acquired a little bit of the loans that they had on their balance sheet. And then on your second question, can you just repeat that, please?

Hinden Barredo: Great, thanks for that. And yeah, the second question is: for the new manufacturing plant in the U.S., are you planning on maybe issuing new debt for that, or are you just going to fund that with internal cash flows?

Alberto Sada: Yes, no, good question. With the capex that we have in our guidance, we should be able to cover that with our own cash generation for the company. So, no, we will not issue any substantial debt, other than maybe some liability management here and there.

Hinden Barredo: Great, thank you.

Alberto Sada: Thank you.

Denise Reyes: Thank you, we will move on to another written question that we have from Diego Garza. Hello everyone. What is the expected free cash flow in 2026? And, with a market value of less than \$600 million, are you expecting to ramp up on buybacks?

Alberto Sada: Yes, well, thanks for the question, Diego. We don't give any guidance on free cash flow for the year. We expect it, obviously, to be positive, and for that reason, we'll continue with our share buyback in the same way that we did in 2025. We'll present that at our next General Assembly for approval, but it will be consistent with what we have done in the past.

Denise Reyes: Thank you, Alberto. There are no further questions at this time, and with that, we conclude today's event. I would just like to take this opportunity to thank everyone for participating. Please feel free to contact us if you have any follow-up questions or comments. This does conclude today's earnings webcast. Have a great day.