

Nemak

1Q26 Earnings Conference Call

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Speakers

- Hervé Boyer, Chief Executive Officer
- Alberto Sada, Chief Financial Officer
- Denise Reyes, Investor Relations Officer

Denise Reyes: Good morning, everyone, and welcome to Nemak's first quarter 2026 earnings Webcast. I am Denise Reyes, Nemak's Investor Relations Officer, and I am pleased to host today's call, along with Hervé Boyer, 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.

Hervé Boyer, our CEO, will lead off today's call by providing an overview of business and financial highlights for the quarter. 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 Hervé Boyer.

Hervé Boyer: All right, thank you, Denise, Hello everyone, and welcome to Nemak's First Quarter 2026 Earnings webcast. It is a privilege to address you today in my first earnings call as Nemak's CEO. I am honored by the Board's confidence in appointing me to this role, and I look forward to building on the Company's strong strategic and operational foundation. I would also like to recognize Armando Tamez for his long tenure and the solid base he helped establish for Nemak's ongoing development and success.

Throughout the transition period and in my initial days as CEO, my focus has been on listening and gaining a deeper understanding of the business by spending time across our operations, visiting different Nemak sites, and engaging with our teams and

customers. What stands out is the high level of commitment across the organization, the depth of our operational capabilities, and the quality of our long standing customer relationships.

From a strategic perspective, our focus at this stage is clear: to deliver a seamless integration of the recently acquired Georg Fischer Casting Solutions operations. From a financial standpoint, our objectives are clearly defined and embedded in our day to day activities. Our priorities remain unchanged: disciplined execution, profitability, cash flow generation, and deleveraging. These goals are supported by a prudent and selective approach to capital allocation, ultimately maximizing shareholder return. Such principles are well understood across the Company and guide decision making process throughout the organization.

I would also like to thank our investors and the financial community for your continued engagement and interest in Nemak. We value the ongoing dialogue and the opportunity to discuss our performance and priorities with you.

Now I would like to turn to our first quarter 2026 results and give you an overview of our performance during the period.

During the quarter, our top line increased by 15%, outperforming the underlying market. This growth, primarily reflected in Europe and the Rest of the World, was driven by the integration of GF Casting Solutions' Automotive business, which was effective on February 1st of this year. EBITDA declined 15%, mainly reflecting extraordinary effects, including a reduction in one-time commercial compensations, extraordinary expenses in North America, and the impact of the Mexican peso's appreciation against the U.S. dollar. Nonetheless, as these extraordinary effects subside, we remain highly focused on translating revenue growth into improved profitability, while continuing to strengthen free cash flow generation, and deleveraging.

Turning to a key strategic milestone, in February the acquisition of GF Casting Solutions' Automotive business received full regulatory approval and closed successfully. With the transaction complete, our focus is now on disciplined integration, ensuring continuity for customers, and executing on the value creation priorities of the acquisition.

As we integrate GF Casting Solutions into Nemak, we are pleased to welcome 2,500 highly skilled employees. Their talent, expertise, and deep industry experience strengthen our organization and knowledge base. Following this acquisition, Nemak's global manufacturing footprint has expanded to a total of 53 sites worldwide. The addition of operations in Austria, Germany, Romania, China, and the United States enhances our presence in key automotive regions and strengthens proximity to customers, supporting disciplined execution across our global operations.

These additional facilities also support the ongoing evolution of our product portfolio, with growth in the e mobility, structure, and chassis applications segment, roughly doubling its revenue contribution from 9% to approximately 18%. The complementary nature of Nemak and GF Casting Solutions' capabilities expands our reach and our ability to support customers across a broader range of vehicle architectures. The development of our product portfolio further strengthens our positioning in higher value segments and supports long term growth opportunities.

In parallel, the acquisition enhances our material capabilities, with advanced solutions across aluminum, magnesium and other materials. We are now able to address an even wider range of customer requirements, from lightweighting and structural performance, to strength, precision, and efficiency, using the most appropriate material for each application.

Building on these combined strengths, Nemak now offers a unique range of advanced casting and assembly solutions across multiple processes and applications. Our capabilities span high pressure and low pressure die casting, proprietary technologies, ductile iron casting, and integrated assembly. In particular, within high pressure die casting, the combined platform provides broader capabilities for complex giga castings used in structural components and battery housings.

As we move forward, we are working diligently to capture the synergies associated with the acquisition as quickly as possible. This effort involves structured and detailed workstreams across the organization focused on cost efficiencies, operational alignment, and leveraging the combined platform to expand our reach and value proposition with both existing and new customers. As these initiatives advance, they are expected to progressively support profitability, free cash flow generation, and long term value creation.

Turning to new business, we continue to pursue a robust pipeline of approximately \$1.9 billion in annual revenue from potential opportunities across our key segments. This pipeline reflects ongoing customer engagement, and positions us to capture future growth in a disciplined manner. In parallel, we are continuing to see extended ICE powertrain contracts, supporting the long term use of existing assets and reinforcing the cash generation profile of the business.

During the period we advanced several strategic programs that reflect the strength of our product portfolio and our presence in the e-mobility, structure, and chassis applications segment. For BMW's Neue Klasse platform, Nemak is a key supplier supporting multiple components, including the Battery Management System bottom and the stator sleeve, leveraging our high-pressure and gravity casting processes to support BMW's new engineering designs. These programs incorporate advanced sustainability features, including production with 100% green energy. In parallel, we have begun producing a longitudinal member for the Porsche Cayenne EV, marking our first application of this

component for Porsche, and reinforcing our position in premium vehicle architectures for high pressure die cast body in white parts.

Moving on to sustainability, Nemak continues to be recognized by the Carbon Disclosure Project, having achieved an “A minus” company rating, placing us once again within the Leadership Band. In addition, I am pleased to share that Nemak earned an “A” score in CDP’s Supplier Engagement Rating, reflecting our strong engagement with suppliers on climate related risks and emissions reduction initiatives.

Moreover, we remain well on track with the objectives established under the Science Based Targets Initiative to reduce green house gas emissions by 2030. For scope 1 and 2, our target is a 28% reduction in emissions, while for scope 3 we are aiming for a 14% reduction. Together, these actions underscore our commitment to disciplined execution and long term value creation through responsible operations.

As I look ahead, I am highly encouraged by what I see at Nemak. Spending time with our teams, visiting our operations, and engaging closely with customers has really reinforced my confidence in the strength of our capabilities and the depth of talent across the organization. I have been particularly impressed by the commitment, resilience, and problem-solving mindset of our people, who continue to deliver in a dynamic and demanding environment.

From an operating perspective, I have also been very positively impressed by the range and sophistication of the production processes and technologies across the Company. The wide set of manufacturing capabilities we have developed across casting, machining, joining and advanced assembly, represent a clear and valuable competitive advantage in the market. This depth of know-how allows us to support customers with greater flexibility, scale solutions across regions, and consistently deliver complex, high-value products. With this foundation, I am confident that Nemak is well positioned to navigate challenges and continue building long term value.

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

Alberto Sada: Thank you, Hervé. Good morning, everyone. I’ll begin with an overview of light-vehicle sales and production across our key regions, followed by a review of our consolidated and regional financial results for the first quarter of 2026.

During the period, we delivered a favorable topline performance, demonstrating resilience in an evolving demand environment and the integration of GF Casting Solutions. However, EBITDA declined year over year, reflecting a high comparison base from commercial compensations recognized in the prior year, foreign exchange headwinds from the appreciation of the Mexican Peso, and extraordinary expenses in certain North

American facilities. We made solid progress integrating GF Casting Solutions, as we are aligning processes, commercial practices, and operating standards across the expanded footprint. While the quarter included seasonal and ramp-up dynamics, we remained focused on cost actions and operational initiatives to support performance in the coming periods.

Turning to the automotive industry. In the United States, light-vehicle sales were approximately 15.7 million units on a SAAR basis, 5% down year-over-year. This reflects a high comparison base, driven by pull ahead sales in anticipation of reciprocal tariffs in early 2025. Underlying demand continues to be supported by a healthy labor market and sustained consumer interest.

North America light-vehicle production totaled approximately 3.7 million units, 3% below year-over-year, as OEMs maintained disciplined inventory management in response to evolving demand signals. Importantly, USMCA-compliant production continues to benefit from the exclusion of parts tariffs—an advantage that supports Nemak’s North American operations.

In Europe, light-vehicle sales were approximately 16.9 million units on a SAAR basis, 3% up year-over-year, driven by increased demand in EVs and supported by higher imports. Regional production was approximately 3.9 million units, 3% below the same period of last year due to lower export activity and changes in product mix.

OEMs continue to adapt their product strategies by expanding hybrid offerings and adjusting powertrain roadmaps in response to the evolving regulatory environment, including the expected review of the 2035 ICE transition timeline. Nemak’s European operations are well positioned to support customers across powertrain technologies.

In China, light-vehicle sales reached a SAAR of approximately 21 million units, 12% below the first quarter of 2025 reflecting a seasonally soft February and a recalibration of purchase incentives. Production totaled approximately 6.5 million units 10% below year-over-year, though continued government support through trade-in subsidies, and purchase incentives through 2027 supports a constructive medium-term outlook.

In South America, we saw a strong quarter with light-vehicle sales growing 25% year-over-year, to 2.8 million units, supported by favorable lending activity, and fleet renewals with production up approximately 4% to around 700 thousand units.

With a global light-vehicle production forecast at approximately 92.1 million units for 2026, and against a backdrop of energy-price volatility and evolving trade policy, the industry has proven resilient, and Nemak’s diversified geographic and technology footprint positions us well to navigate the environment.

Turning to our financial results. Please note that 2026 includes the consolidation of GF Casting Solutions, effective since February.

In the first quarter of 2026, Nemak's revenue was 1.4 billion dollars, up 15% year over year, reflecting the incremental effect from the acquisition, as well as higher aluminum prices, and a positive foreign-exchange effect from the appreciation of the euro. During the quarter, ICE Powertrain revenue totaled 1.2 billion dollars, while E-Mobility, Structure and Chassis revenue was 189 million dollars, supported by the consolidation of GF Casting Solutions beginning in February. E-Mobility, Structure and Chassis represented 14% of consolidated revenue in the quarter. As highlighted during our previous conference call, from now on we will provide segmented revenue information to provide more color on the development of our business.

EBITDA was 128 million dollars, compared to 149 million dollars in the first quarter of 2025. The year over year decline reflects a high comparison base, which was benefited by commercial compensations, increasing the comparable base. The contribution from GF Casting Solutions was more than offset by extraordinary expenses associated with higher production in certain North American facilities, the adverse impact of the Mexican peso appreciating against the U.S. dollar, and increased expenses, partly related to the integration costs.

Operating Income was 18 million dollars, compared to 50 million dollars in the same period last year, primarily due to the lower EBITDA.

In turn, Net Income was 21 million dollars, compared to a net loss of 16 million dollars in the same period last year, supported by a 16 million-dollar non-cash effect from foreign-exchange gains related to the euro's appreciation, and income-tax adjustments related to positive deferred taxes.

Turning to the balance sheet, net debt was 1.79 billion dollars at quarter-end, compared to 1.6 billion dollars at the end of the first quarter of last year. Current debt levels reflect the seasonal effect of working capital, as well as the acquisition, which was funded with a mix of cash, vendor financing and assumed debt.

With no significant near-term maturities, we maintain financial flexibility as we navigate the current macroeconomic environment. Cash and cash equivalents were 256 million dollars. On a pro forma basis, our net-debt-to-EBITDA ratio was 2.8 times versus 2.5 times at the end of March 2025, and our interest coverage ratio was 5.5 times compared with 5.0 times a year ago.

Capital expenditures totaled 113 million dollars in the quarter, compared to 64 million dollars in the first quarter of 2025. The increase primarily reflects investments to support the ramp-up of our Augusta, Georgia facility.

Over the course of the year, we will continue to evaluate opportunities across our regions to improve profitability and utilization, including consolidating volumes and, where

appropriate, adjusting our footprint. This reflects our commitment to operating excellence and more streamlined global operations.

We initiated actions to optimize our European footprint, including the intention to end production within the next 12 months at the Herzogenburg facility in Austria, which was part of the GF Casting Solutions acquisition. This decision follows a review of market developments and persistently low production volumes at the site, which have negatively impacted its outlook. As part of this process, remaining products and customer programs will be relocated to other Nemak facilities, in close coordination with our customers. We are committed to managing this transition responsibly, supporting involved employees, and ensuring continuity for our customers throughout the process.

While we continue to prioritize deleveraging, our most recent annual general shareholders' meeting approved up to 1 billion Mexican pesos—approximately 57 million dollars—for share repurchases. We intend to continue buying back shares, as we believe the current price does not reflect the company's intrinsic value. As of today, the shares held in treasury represent close to 7% of shares outstanding, which we plan to cancel at an extraordinary shareholders' meeting to be convened later this year.

Moving to our regional results. In North America, revenue was 676 million dollars, up approximately 5% year over year, driven by higher aluminum prices and product mix. EBITDA was 54 million dollars, compared to 69 million dollars in the same period of last year, primarily due to higher labor costs related to the appreciation of the Mexican peso, a high comparison base related to commercial negotiations and extraordinary costs associated with increased production in certain product lines..

In Europe, revenue was 524 million dollars, up approximately 27% year over year, reflecting the consolidation of GF Casting Solutions, and aluminum price dynamics. EBITDA was 50 million dollars, down approximately 17% year over year, reflecting a high comparison basis due to customer negotiations last year, which more than offset the contribution of the acquired business, and the favorable impact from the appreciation of the Euro.

In the Rest of the World, revenue was 199 million dollars, up approximately 26% year over year, driven by the incorporation of Chinese operations from the recent acquisition, and improved product mix. EBITDA was 23 million dollars, up approximately 17% year over year, supported by operating initiatives and the incremental contribution from the acquisition.

As we move forward, Nemak is well positioned to capture the growth opportunities created by the integration of GF Casting Solutions. Our focus remains on disciplined execution, accelerating the capture of synergies, and leveraging our expanded platform to pursue new commercial opportunities. At the same time, we continue to prioritize

operating efficiency, free cash flow generation, and a prudent approach to capital allocation. These priorities underpin our confidence in our ability to enhance profitability and create sustainable long term value for our stakeholders.

This concludes my remarks, thank you for your attention. I will now hand the call over to Denise.

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

Alfonso Salazar: Thank you. First of all, Hervé, welcome, and we wish you all the best as the new CEO of Nemak. I have a number of questions here, but I will refrain myself and ask only 3 of them.

The first one has to do with the outlook in Europe. I think Hervé can give us all his expertise regarding the European market, especially for your operations and for the auto industry, keeping in mind what we see is a flooding of Chinese new brands, you know, entering the European market. And that could have an important concern with the operations of your key clients there, so anything that you can't, you know, shed light on what's the situation in Europe, that would be very helpful.

The second question that I have is regarding the American market, the U.S. market. We have seen over the past quarters how V8 engines, you know, the demand for large engines has been very supportive for you, to your operations there. Is there a change, given the fuels, the high fuel prices? You expect, or your clients are anticipating any change in demand for V8? Is this going to be more hybrid? So, going forward, are we seeing delays from your clients because of the uncertainty?

And the final question is regarding what you mentioned about the footprint. If I understand correctly, for now, you are looking for opportunities to adjust the footprints by, you know, reviewing which operations you can, you know, maybe shut down or close and move production to other ones, so that you have more efficient way of operating going forward. Is that correct, or are you also thinking about potential divestments, you know, to improve your footprint globally? Those are the three questions. Thank you.

Hervé Boyer: Alright. Thank you, Alfonso, and thank you for your best wishes and your questions. So I will take them one by one. So, the situation on the European market, yes, we see that China and Chinese OEMs are really targeting Europe as a key market. That, we see, the increase of the market share of the Chinese OEMs, so that's definitely something we are, carefully, looking at.

That's also something that can now create an opportunity for us. That's a challenge for our base and, our legacy customer base. This can be an opportunity because with the integration of, Georg Fischer Casting Solutions, we are also now adding new customers. In our customer portfolio, BYD, for instance, and we're already in talks with Chinese OEMs in order to assess the possibility to support them outside of China; Europe, South America is also part of the discussion.

One thing that can also influence Europe is definitely some discussions at the European community level, right? Those guys, they are trying to come with a common view, which is definitely, apparently, a challenge. For, imposing a certain level of local content. for the Chinese OEMs to, produce locally, and, or to sell cars in, Europe, without, with moderate tariffs. And this is also something that can potentially, influence, positively, our ability to, further penetrate, those Chinese OEMs.

When it comes to the U.S. market, yes, definitely, the demand for, big blocks, V8, 6 cylinders, is, has been quite high, and is still high. So we have not seen any inflection, any reduction in the demand so far. We are still producing at the maximal capacity level for the Detroit Free, General Motors, Ford, and Stellantis.

When it comes to the footprint, I would appreciate that Alberto can also compliment my answer. So, definitely, that's a constant exercise for us to assess the adequation between the capacities that we have and the market situation. So we, are assessing and also already implementing. We recently announced some plant closures, so we will definitely adjust the footprint as needed. Meanwhile, we're also working on lowering the break-even point of each of the sites in order to make them more competitive and increase the level of sustainability. So, yes, the footprint adjustment is on the agenda of this company, and, We're actively working on it.

Alberto, maybe you can compliment?

Alberto Sada: Yeah, sure. Hi, Alfonso. Just to further complement what Hervé just mentioned, I think, as you may have seen on some recent news, that we're working on that direction. And as everybody mentioned, we are constantly evaluating the current footprint and the operating levels that we're working at different facilities, to look for opportunities to adjust our operations. And our focus has been on reassigning, potentially, volume capacity from plants from one plant to the other one, but we are not considering

any divestment of operating facility. At some point, we might divest real estate and assets, but we're not thinking of divestment of any of the facilities.

Alfonso Salazar: That's very helpful, thank you.

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

Andrés Cardona: Hi, Denise. Good morning, everyone. I have two questions. Regarding the new disclosure, for me in particular, the equivalent unit was a very useful tool. I was wondering if there is a metric to follow nowadays, is the EBITDA margin to try to forecast the company.

The second question is if you have seen any impact from the Middle East conflicts in, I don't know, fuel prices, electricity prices, gas prices; perhaps you are more exposing the European side of the business.

And the third one is if you could share the number of the extraordinary costs to consolidate GF casting.

Alberto Sada: Thanks, thanks for the question, Andres. Yeah, as you correctly point out, and as we commented on our last call, we discontinued the equivalent unit metric, because it becomes truly difficult to calculate one equivalent component after incorporating. First, after growing on the structure and EV segment, and second, with the integration of Georg Fischer, it just becomes a metric which, at some point, doesn't really make too much sense.

So that's why we are discontinuing that, but we are giving more, disclosure on the segmented revenue side. So to your point, going forward, I think the best metric to project would be EBITDA margin. And certainly, we'll provide guidance on the different elements that move margin up and down, either by further activity, or aluminum prices, or something else. So, I mean, I hope that that supports the case better, and I think the real driver of the business value creation will be how fast or slow we can continue growing on the new segment, as you will be probably seeing, on, this segmented information.

Related to your second question about the impact on the Middle East conflict, certainly, we're monitoring the situation very closely. At this point, we have had no effect on any of our facilities, no meaningful one. The only, let's say, consequential effect that we're seeing on that front is the, as we are aware, the increase in energy prices, particularly in Europe. But in our European operations, most of them have already firm contracts on price of energy at the facilities for the majority of the consumption. So, for at least for 2026 and a portion of 27, most of those energy costs are hedged in that operation. So, there may be some marginal effect, but not meaningful at this point in time.

And certainly, what's important to continue monitoring is the potential consequential effect on potential vehicle sales, which at this point hasn't had any effect. As long as the oil prices remain on a temporary basis, at high level, we should not see any effect, but certainly, if that level stays on a fairly long basis, then we'll have to see how the market in general reacts. But so far, we have not seen anything else.

And related to your last question about the cost of the integration of Georg Fischer, I mean, certainly, we have been moving along on a very careful process to, integrate the facilities. We started that since before the actual approvals, with all the right limits that we could do before getting the formal approval from the antitrust authorities, but we had already started working on a PMI, which helped us do a very smooth transition on day one. So the expenses that we have incurred are associated with legal expenses, as well as the cost to set up the new systems, images, and continued support from third parties. So those expenses during the quarter were, mid to low single-digit amounts, so not really meaningful, amount versus the value and synergies that we'd expect from the Georg Fischer operations.

Andrés Cardona: Thank you.

Denise Reyes: The next question on the line is from Jonathan Koutras from J.P. Morgan. Jonathan, please go ahead with your question.

Jonathan Koutras: Thank you, Denise, and hello, Hervé and Alberto. Thank you for your time, and good luck to Hervé in your role. I had two questions on my side.

First one, for Hervé, if you could shed light on what is your main objective or mandate for the next 12 months slash year ahead, or where you expect to spend most of your time; will it be on cost discipline and capturing the potential revenue pipeline that you mentioned earlier in the call, of the \$1.9 billion? If that's the case, what would be the timeline for capturing this? Or will it be integrating GF? So, what will you be most focused on?

And the second question to Alberto, if you could shed some more light on the higher costs in the quarter that has gross margin; how recurring are they, and what will be the normalized level of gross margin for Nematik, given the volatility of recent quarters, right? You had the one-off compensations last year, now GF Casting, and that should be a tailwind, given its richer mix, but when should we expect the normalization? Or an improvement flowing through the results, as in the first quarter, you had these, extraordinary expenses related to higher volumes in North America.

So these two questions, thank you.

Hervé Boyer: All right, thank you, Jonathan, and thank you for your wishes. So, when it comes to my personal agenda for the next 12 months, I think, I would mention two words, or three. One is continuity. Definitely, and I want to make sure that, as I'm getting more familiar with, with the company, I get a chance to, listen, to our people, better understand

the company, and also listen to the customers. The third element, and that was part of the presentation today, is definitely this integration of Georg Fischer Casting Solutions. This is something which is really strategic for the company, and which can be really transformative when it comes to the ability to step-by-step change the product portfolio of what we do produce and keep growing the top line of this company. So, definitively, this integration, the first phase was really to secure the continuity, which was done successfully. I could appreciate all the work which has been done up front before the closing, and since then, with a very structured program management integration, which is supported by a third party. And the objective is to maximize the level of synergies that we can extract out of this operation in order to benefit the long-term run rate profitability of the company. And last but not least, obviously, within a year, we expect as well, I expect as well, with the team, to, potentially adjust and revisit the strategy plan of the company in order to keep transforming the company and positioning it, for the future.

Alberto Sada: Yeah, and Jonathan, related to your second question about the financials of the quarters. Yeah, as you correctly indicated, and as I highlighted on my initial talks, 2026 first quarter was affected by a certain number of items. We had on one side a high comparison base in 2025, because we had still certain one-time commercial negotiations that materialized at that time. But this quarter, we also have, unfortunately, extraordinary expenses, related to this very high run rate of large engine applications, particularly in operations in North America, and the integration costs that I just, mentioned. So altogether, these extraordinary expenses are in the neighborhood of close to \$15 to \$20 million in the quarter, so it's quite a significant amount. And as we gradually stabilize operations in Mexico with those higher demands, those are a big portion of those elements should be phasing out in the rest of the year. We may still have a little bit of extraordinary costs on the second quarter, because the demand has been way higher than what our facilities can cope with, but we're doing all the adjustments to our operations to make sure that we can cope with that increase in demand.

So yeah, so those are the main drivers on the, on the results, which, unfortunately, that, was compensated, or was partly, compensated, or that's why you don't see so much of the effect of the acquisition contribution in the quarter.

Jonathan Koutras: Thank you, Alberto, Hervé.

Alberto Sada: Thank you.

Hervé Boyer: Welcome, Jonathan.

Denise Reyes: Thank you. The next question on the line is from Emilio Fuentes from GBM. Emilio, please proceed.

Emilio Fuentes: Hi, thank you for taking my question. My question is regarding whether you've heard or foresee any stop-start production requests from North American or

European customers related to the inability to source memory chips or other electronic components. Do you see any risk on that side, similar to what we saw coming out of the pandemic? Thank you.

Hervé Boyer: Yeah, Emilio, Hervé speaking. No, so at this stage, we don't see anything of that. As I said, we see the demand of the customers being very strong, and remaining very strong in North America for what we do supply over there. It is clear that we're also in a very dynamic environment, so nobody knows exactly what can happen, and since COVID, we have seen that uncertainty was certainly one of the key elements of our industry, but so far, we don't foresee anything when it comes to the level of activity, coming from a potential shortage of microprocessors.

Emilio Fuentes: Thank you, very clear

Hervé Boyer: Thank you

Denise Reyes: Thank you. Our next question is from Pablo Dominguez from Depth Wire. Pablo, please proceed.

Pablo Dominguez: Hi, good morning. Thank you for taking my questions, and also congratulations, Hervé, on the appointment. Oh, I have a very brief follow-up on the comments on the divestments, and then three questions on GF operations and the transaction.

The follow-up is, if you could remind us, what those, around 26 million, in assets held for sale referred to.

And then, regarding the GF, out of those, \$189 million in revenue, for the e-mobility structure and chassis segment in 1Q26, how much does, that corresponds to, GF? Then, regarding the GF debt, if I recall correctly, in the previous call, you mentioned that you were assuming \$44 million in debt, from GF, but, looking at the BMV report, I'm seeing that, you are disclosing around \$63 million in George Fischer debt, plus, \$17 million in debt related to the Georgia plan, so that would, amount to \$80 million. So I'm wondering if those 80 million is the final amount of that you eventually assume, or is that after the closing of the transaction, and through the end of the quarter, you increase related to George Fisher?

And then lastly, I'm wondering whether, I saw in the balance sheet the line short-term and long-time other provisions, amount the combination of those two amount to around \$140 million as of the end of March, compared to only \$10 million as of the end of December. So I'm wondering whether, you are including there the remaining installments, for the acquisition of GF, and if so, whether that's, nominal value or, discounted at present value, and if it's not there, where you are accounting for those, future payments. Thank you.

Alberto Sada: Thanks, Pablo, for your questions. Yeah, the, what you see on the balance sheet as assets here for sale, those are certain operations that we have already, discontinued, particularly one operation in Mexico, which was became idle, and we moved part of that production to our office facilities in Monterrey. So, part of that is the real estate that we have there, plus other, other assets that we are also, keeping, from other facilities that, or other facilities that will be also being sold, in the next months. But again, these are all real estate and other assets, within, within those facilities that are in the process of being closed.

Related to your question about the assumed debt, as you correctly point out, and as we discussed, the \$80 million debt, the \$44 million of debt is what we assumed from the integration of Georg Fischer. There is also vendor financing associated with the transaction, so that amount adds to the total amount that you see there on the balance sheet.

Out of the, your second question related to the other revenues, or revenues of structurals and EVs that were reported, that 189, the amount of that that corresponds to, Georg Fischer acquisition stands at levels close to \$100 million. Of, the, new component sales of the acquired entity.

And last but not least, you correctly point out these, other provisions; that's where we included those, other, amounts that, are pending with the seller. If you recall, we highlighted that we'll be holding certain amounts for any type of, contingency that could happen in the future. Those amounts will be released on a yearly basis for five-year periods, depending on those contingencies not materializing, so most of the account relates, or a big portion of that account relates, to that.

Pablo Dominguez: So, Alberto, can we assume that the amounts that appear in the balance sheet under other provisions and liabilities are cash that the company will be disbursing, or simply that, if no contingencies emerge, they will disappear from the balance sheet with no cash flow related to them?

Alberto Sada: Exactly. If no contingency happens, we will release them. If there is a contingency, we will keep part of that. But it's not the entire 140. I mean, that includes other accounts as well, operating ones, but there is a portion of that that relates to those holdbacks that will be released if no contingency happens.

Pablo Dominguez: Okay, I see. And a follow-up on the business from GF. So, you said that around \$100 million are coming from GF, which would imply around \$90 million for Nemak legacy e-mobility, structure, and chassis, compared to \$110 million in the same quarter of last year. So, what was the reason for that decrease?

Alberto Sada: Yeah, maybe that \$100 million might be around 90, 95, around. I mentioned a small amount, but the, yeah, the corresponding effect of, the Nemak side is

fairly stable, maybe a small reduction of 10 million, and that's essentially the way some production schedules are being laid out in the year. So, the amount of ICE/EV of the legacy business part is relatively stable from last year to this year.

Pablo Dominguez: Okay, perfect, thank you very much.

Alberto Sada: You're welcome.

Denise Reyes: The next question on the line is from Chelsea Collon from Nuvin. Chelsea, please proceed with your question.

Chelsea Collon: Hi, thank you. I have three questions. The first one, just following up on the last one on GF, can you disclose how much EBITDA came from GF in the quarter?

Alberto Sada: Hi, Chelsea, how are you? We're not disclosing the exact amount of EBITDA from Georg Fischer, as it is embedded in the overall business. However, what we can tell you is that their EBITDA contribution is pretty much aligned with what we were expecting on a yearly basis. If you recall, at the EBITDA level, the company was expected to contribute between \$70 million and \$80 million, which is broadly aligned with what we are seeing for the two months during which we have been consolidating the business. Certainly, that number should continue to improve as we ramp up Augusta and as we continue developing the business in both Europe and Asia.

Chelsea Collon: Okay, great. And secondly, can you clarify whether there is any impact at all from the change in aluminum tariffs in the U.S. and aluminum-related products?

Alberto Sada: No, there is no impact to us on that front. The components that we deliver to the U.S. are not subject to the tariffs under Section 232 related to aluminum.

Chelsea Collon: Okay, so your components are exempt, is that because you're sourcing the aluminum from, like, the approved trade partner countries?

Alberto Sada: Well, it's two components. On one side, you have that Section 232, which is this special investigation on the imports of primary aluminum.

And our products don't qualify for any of those products listed under Section 232. And then second, under USMCA, our components, by meeting the regional minimum content, those get no tariff associated with the reciprocal tariffs that were enacted

Chelsea Collon: Right, I just thought that there was a change in the past few weeks to the 232.

Alberto Sada: Yeah, but yeah, but our products are not part of the annex of the products listed on that, on the section.

Chelsea Collon: Okay. Okay, got it.

Alberto Sada: Yeah, the change was to add tariffs not only to the aluminum portion of those items listed there, but the entire value. But it did not increase the list of items. Well, at least not our products were not included in the list, because our products are high value-added types, so they are not, yeah, products that, may be disguised as products, but then actually end up being just primary Lumen.

Chelsea Collon: Okay, great. Understood. Thanks for the clarification. And then lastly, in terms of capital allocation, you know, you mentioned that you plan to continue on share repurchases. And your leverage has ticked up a bit, so, I'm just wondering how we should think about capital allocation going forward, in terms of, you know, prioritizing deleveraging versus share buybacks versus growth.

Alberto Sada: Yeah, we will continue. I mean, certainly, the main focus of our capital allocation is to assign capital for our strategic opportunities that we have. We anyhow keep a very tight control on the capital spend.

The numbers this year, as it was guided in the previous conference call, increased because, certain acquisitions, certain investments that we're doing in the U.S. for, the Georg Fisher operations, but we are not planning to increase that any further. And, with the cash that we are generating from the business, we should be able to self-fund those investments, and any remaining cash will be used partly to buy some shares, as we have done in the past.

As we indicated, we have already an approved program of up to \$50 million of buybacks of shares. We're not expecting to use everything, but we'll certainly continue doing in a similar manner as what we have done in the past. So that gives us still some room to, continue deleveraging. By generating some extra cash, and as well as the effect of the EBITDA contribution on our leverage. So I would say that in order is first the strategy of the business, but the very good, or let's say with a very strict. Objective to keep that to the minimum, and then use the remaining balance to primarily deliver, and a little bit of share buybacks.

Chelsea Collon: Okay, great. Thank you.

Denise Reyes: Thank you. The next live question is from Andres Cardona from Citi. Andres, please go ahead.

Andrés Cardona: Thank you, Denise. I just wanted to get some ideas of how you are thinking about the USMC negotiation. What are you hearing from your advisors, consultants about what change may be more regional content, perhaps introduction of a USA content type of thing, so I just wanted to hear from you. What are you hearing? What are you thinking of how it could affect your business?

Hervé Boyer: You know. Thank you, Andres. Hervé speaking, I'm gonna take this one and give a shot. I mean, the way, we see it, I see it, and I'm quite fresh in this business,

but I have a quite long experience in this automotive industry, and in the U.S. in particular, I think we're really on the safe side. So nobody knows exactly what this new USMCA rule could be, but when we look at the nature of our business.

We have a setup which is largely production in region for region, and we have local forces of material, so I do not expect any negative impact coming from the renegotiation of the new USMCA rule in 2026. Once again, seeing is believing, let's see what comes out of those negotiations, but so far. All the indications that we have received are rather positive and confirm that this is gonna continue as it has been so far, without any impact for us.

Andrés Cardona: Thank you

Hervé Boyer: Welcome

Denise Reyes: Okay, there are no more live questions, so we will move on to the written questions. We have two questions from Dicklan Handlund from Santander. The first one refers to the extraordinary expenses and commercial compensations, which were already addressed.

The second question reads, please discuss the level of working capital cash usage in the first quarter.

Alberto Sada: Yeah, let me reply that second question. As you know, the seasonality of working capital is quite high during the year. Normally, the working capital drops by the end of the year, associated with the reduction in activity from our customers, and then picks up as that production, picks up further. So this quarter was no exception, with, let's say, a fairly large, increase in working capital. Part of that is associated because we have extraordinary positive working capital situation in the end of 2025. So, part of that growth that we saw is associated with the normal cycle, and another part is the normalization of the extraordinary positive element that we saw on the last quarter of 2025.

Denise Reyes: Thank you, Alberto. The next question is from Javier Garza Lozano from Citi. How would a sustained rise in aluminum prices affect the company's sales and margins in 2026 and beyond?

Alberto Sada: Well, certainly, we have seen aluminum prices increasing, particularly because of the situation that we saw on the Middle East.

Some of you may be aware, some of the primary smelters located in the area were affected by some of the military actions that were seen there. So that unfortunately trimmed a little bit the capacity globally of primary aluminum, and that, together with the energy prices, has pushed the aluminum prices to a higher level. But remember that, in all our cases, aluminum is pass-through.

To essentially pass on the price effect of aluminum to our customers through the formulas that we have, with an adjustment period normally standing at about one month. So, every

month, we adjust those prices. We just have a temporary effect while the price gets adjusted, but that gets normalized quite quickly. So, we don't see ourselves with any, let's say, net effect associated with the higher aluminum prices, other than we will see an uptick in revenue for that reason, with no bottom line real bottom line effect.

And certainly, that may drive a little bit of lower perceived margins when you look at it on a percentage of sales basis. But we will certainly be disclosing that as we move along, but for now, the impact on the net margins is, on the absolutes, very, very small, only a little bit of metal lag. But when you look at the margins, there may be a little bit of a reduction on the percentage, but not on the absolutes.

Denise Reyes: Thank you. The next question is from Rodrigo Sanhueza from Santander. Can you give some color on your net leverage target? What are the main upside-downside risks to that number, and how are you thinking about handling the upcoming debt maturities?

Alberto Sada: Yeah, just to highlight, as you saw, the leverage ratio increased a little bit in this quarter, and that was mainly associated with the acquisition of Georg Fischer, which we booked in February this year.

So we will see a slight uptick from the 2.4 times that we have been trading in the last year to levels of close to 2.8 times. This should gradually be reducing to levels closer to what we had last year, not there, maybe a little bit higher. But we should be reducing that leverage ratio as we move along the year and generate cash. Our targets remain the same. We're looking for eventually achieving something close to the two times net debt to EBITDA, which should happen within the next two years, if everything goes well.

And as we continue focusing ourselves on the deleveraging by both cash generation as well as increasing EBITDA. As some of you may be aware, we have no major maturities for the next two years, so from now until the summer of 2028, there are no major amortizations. Our first amortization happens in the summer of 2028. And for that specific amortization, we are actively looking for opportunities on how to address that amortization. We'll certainly be sharing with the financial community once we take decisions on how to proceed.

But we will act as prudent as we can in terms of the refinancing of that facility. So we will be working on that diligently. That's something that most likely will happen at some point this year, but certainly provided that the market is at favorable levels.

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 good day.