



2Q'22 HIGHLIGHTS

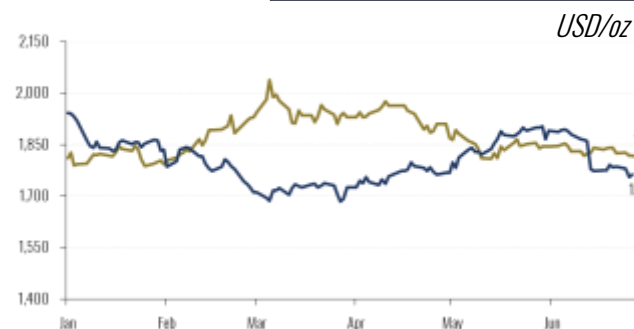


PEÑOLES

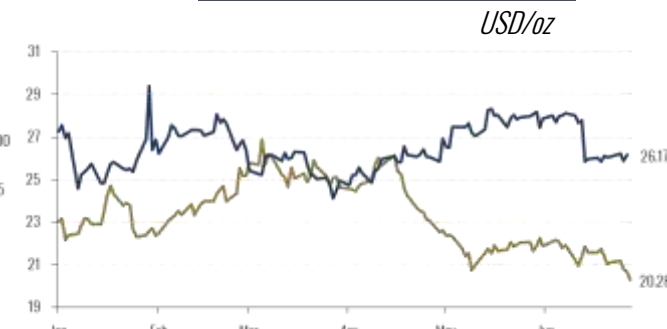
**EVOLVING TOWARD A
SUSTAINABLE FUTURE**

- » During the second quarter of 2022 absenteeism due to Covid-19 decreased compared to the previous quarter, nevertheless, towards the end of the period positive cases increased with the arrival of the fifth wave. We continue implementing strict sanitary tests and protocols at all our facilities to prevent the spread of the disease, as well as supporting the national vaccination campaign in coordination with the authorities.
- » Globally, concerns about inflation and a possible recession caused volatility in the markets, coupled with uncertainty about the monetary policies of the major economies, new confinements in China due to Covid-19, and the effects of the prolonged war between Russia and Ukraine. In this context, average metal prices had a mixed performance: **silver declined** sharply (-15.5%), and **copper decreased** to a lesser extent (-2.0%), while **zinc increased** significantly (+34.3%) and **lead** (+3.4%).

GOLD London



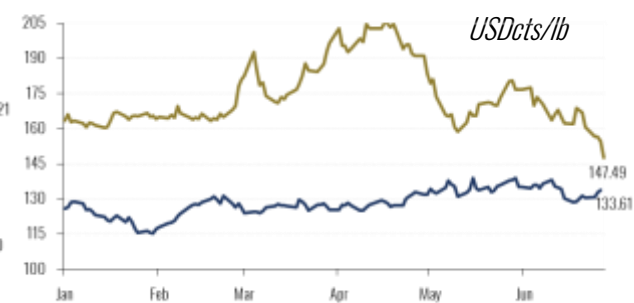
SILVER Comex



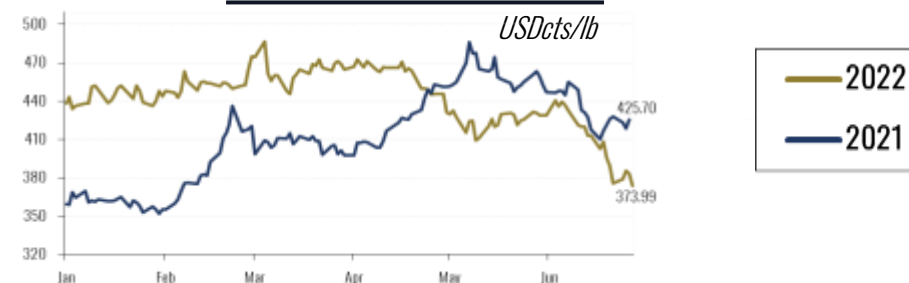
LEAD LME



ZINC LME SHG



COPPER LME



METAL PRICES

Perid	Gold (US\$/Oz)	Silver (US\$/Oz)	Lead (UScts/lb)	Zinc (UScts/lb)	Copper (UScts/lb)
1Q'21	1,797.80	26.29	91.65	124.63	384.58
2Q'21	1,816.49	26.78	96.48	132.26	440.47
YTD Avg. 2021	1,807.14	26.54	94.07	128.44	412.53
1Q'22	1,877.16	24.13	105.92	170.27	453.46
2Q'22	1,870.58	22.62	99.74	177.56	431.49
YTD Avg. 2022	1,873.95	23.37	102.91	173.83	442.74
%Chng 2Q'22 vs 2Q'21	3.0	-15.5	3.4	34.3	-2.0
%Chng 2Q'22 vs 1Q'22	-0.4	-6.3	-5.8	4.3	-4.8
%Chng 2022 vs 2021	3.7	-11.9	9.4	35.3	7.3

INFLATION AND EXCHANGE RATE

	2Q'22	2Q'21	%Chng	YTD 2022	YTD 2021	%Chng
Inflation rate¹ for the Period (%):	1.57	1.06		4.04	3.43	
Exchange Rate (peso-dollar):						
Close	19.98	19.80	0.9			
Average	20.04	20.05	0.0	20.28	20.18	0.5

Production ¹	2Q'22	2Q'21	% Var	YTD 2022	YTD 2021	% Var
Ore Milled (mton)	3,997	4,073	-1.9	7,881	7,985	-1.3
Ore Mined ² (mton)	7,988	8,013	-0.3	13,994	15,198	-7.9
Gold (oz)	177,068	213,896	-17.2	342,758	458,113	-25.2
Silver (koz)	17,710	17,466	1.4	34,415	32,983	4.3
Lead (ton)	20,821	21,656	-3.9	39,337	42,548	-7.5
Zinc (ton)	69,808	69,121	1.0	137,020	138,808	-1.3
Copper (ton)	2,914	2,813	3.6	5,344	5,812	-8.0
Copper Cathodes (ton)	524	745	-29.7	1,199	1,639	-26.8

Notes: 1/Includes 100% of Fresnillo plc production. 2/ Herradura, Noche Buena (open-pit mines) and Milpillas.
mton: thousand tons; oz: troy ounces; koz: thousand troy ounces; ton: metric tons.

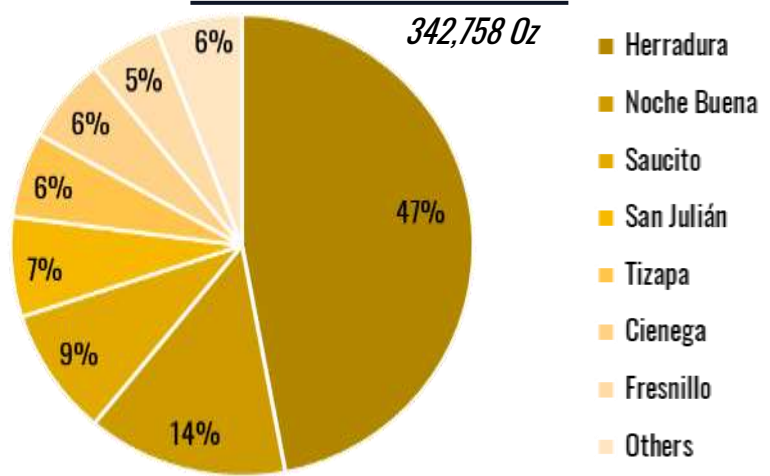
MINING BUSINESS

- » **Gold** (-17.2%): mainly due to lower recovery at Herradura and the expected decrease in the volume of ore processed at this mining unit.
- » **Silver** (+1.4%): mainly due to the contribution of ore from Juanicipio that continues to be processed at the Fresnillo and Saucito facilities, and, to a lesser extent, the higher volume processed by Fresnillo with better recovery.
- » **Lead** (-3.9%): due to lower volume of ore processed with lower grade at Saucito, which was partially mitigated by ore from Juanicipio, and to a lesser extent by Fresnillo with higher volume of ore beneficiated and better grade, as well as Sabinas, with better grade.
- » **Zinc** (+1.0%): thanks to higher volumes, grades and recoveries from Fresnillo and Juanicipio, better grades and recoveries from Sabinas and Tizapa, which offset the lower production from Saucito due to lower ore volume and lower grade.
- » **Copper** (+3.6%): Copper production was favored by grade and recovery at Capela, which compensated Sabinas for the opposite situation (lower grade and recovery).

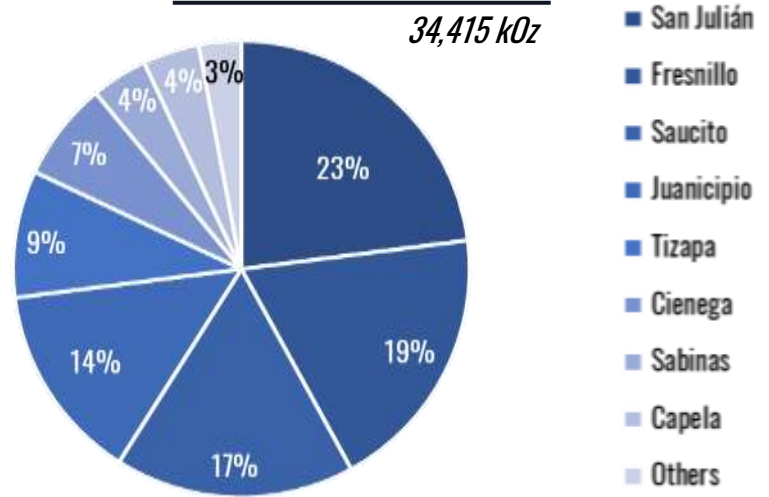
CONTRIBUTION BY MINE¹ – YTD



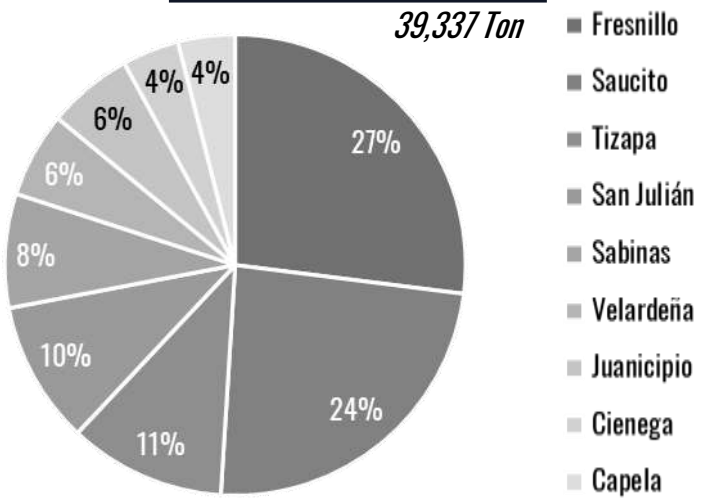
GOLD



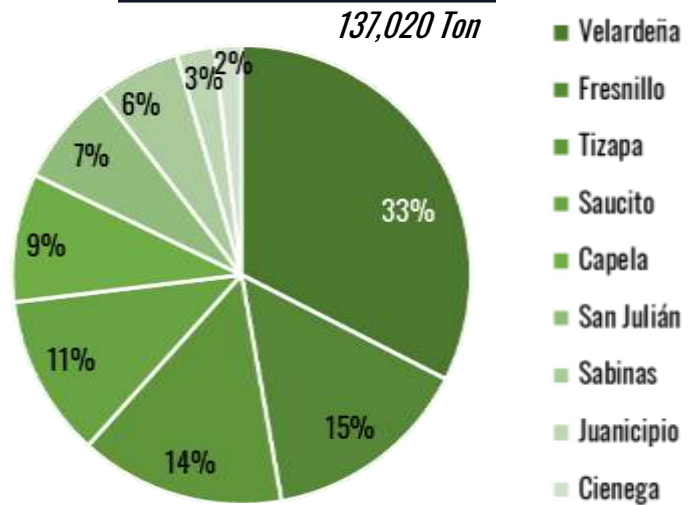
SILVER



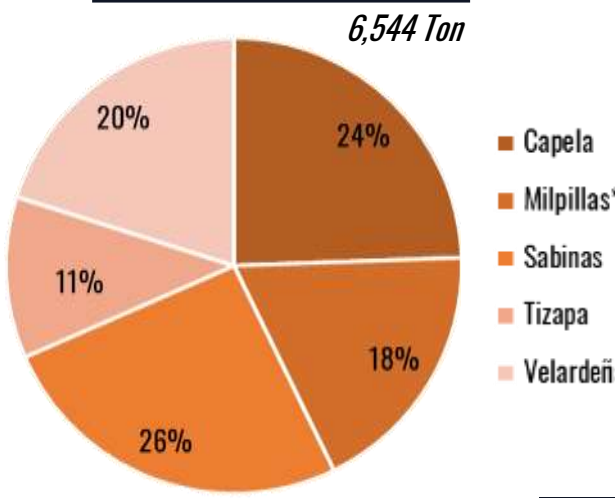
LEAD



ZINC



COPPER*



Notes: 1/ Includes 100% of Fresnillo plc production, */Includes copper cathodes

METALS BUSINESS

- » In the lead-silver circuit there was lower gold production mainly due to the lower output at Herradura described above. Silver and lead also had lower production volumes, due to failures in the sintering process at the Smelter that caused unscheduled shutdowns, resulting in lower bullion production and treatment at the lead-silver Refinery. In the latter, the necessary repairs are being carried out on the ponds due to a breakage in the previous quarter.
- » In the zinc circuit, the lower refined zinc production was due to unscheduled shutdowns of the roasters due to failure of the power backup system, low load in electrolysis to adjust deposit times, and failures in pickling machines

Production	2Q'22	2Q'21	% Var	YTD 2022	YTD 2021	% Var
Gold (oz)	258,169	290,340	-11.1	513,279	604,892	-15.1
Silver (koz)	19,114	19,742	-3.2	36,910	38,411	-3.9
Lead (ton)	29,224	32,217	-9.3	55,596	63,583	-12.6
Zinc (ton)	50,852	64,365	-21.0	112,083	131,208	-14.6

CHEMICALS BUSINESS

- » The quarterly output of sodium sulfate was lower, as the production rate was adjusted due to high inventories resulting from the low availability of hoppers for transportation. Magnesium oxide continued with good production levels due to the resurgence in demand from the construction and automotive industries, while the good level of magnesium sulfate production continued due to demand from the agricultural sector.
- » The ammonium sulfate by-product, on the other hand, recorded lower production, due to the lower availability of sulfuric acid from the Smelter.

Production	2Q'22	2Q'21	% Var	YTD 2022	YTD 2021	% Var
Sodium sulfate (ton)	186,959	191,711	-2.5	380,336	376,497	1.0
Magnesium oxide (ton)	22,234	21,692	2.5	45,026	40,862	10.2
Ammonium sulfate (ton)*	41,406	45,243	-8.5	89,187	89,359	-0.2
Magnesium sulfate (ton)	17,540	16,490	6.4	32,142	30,716	4.6

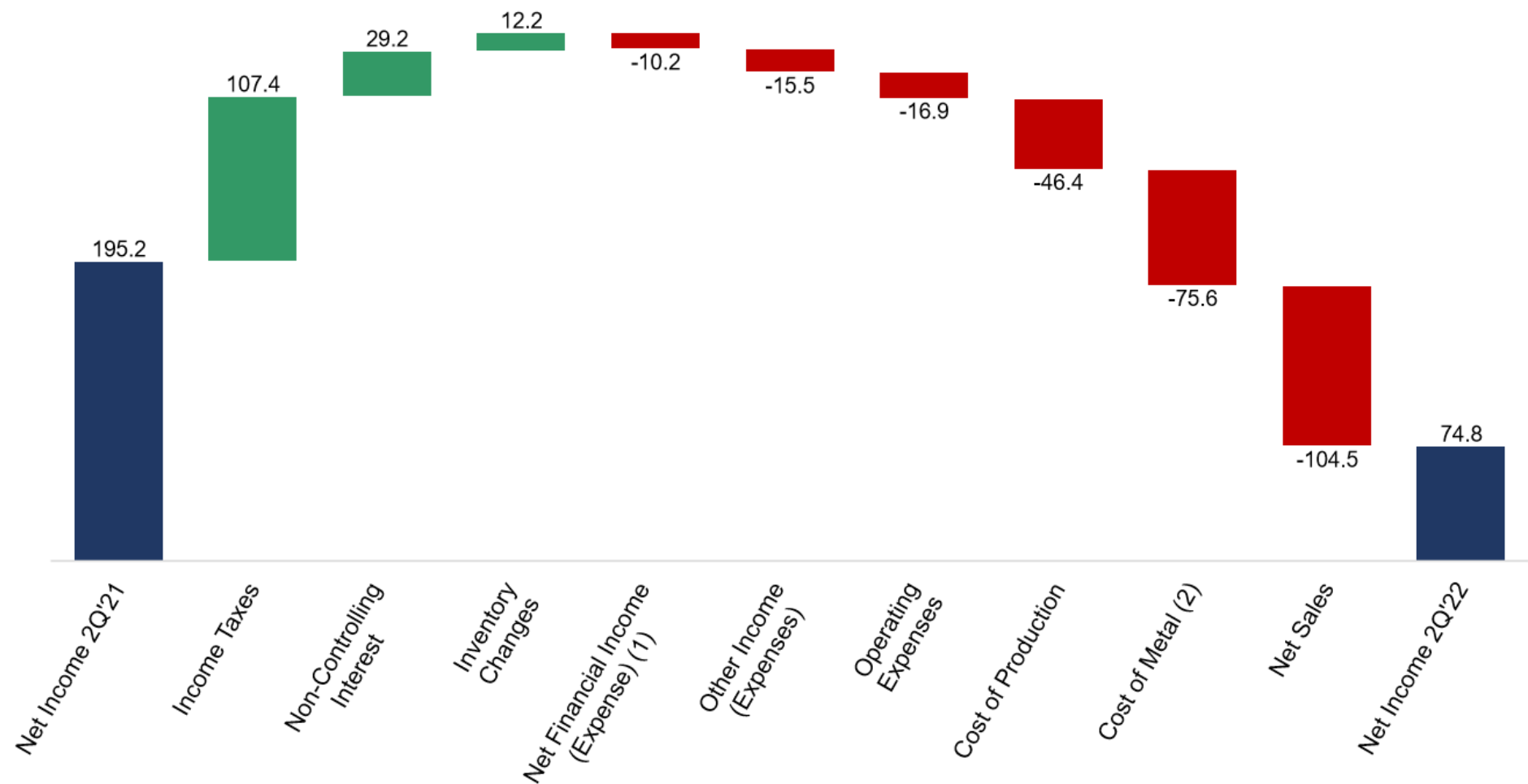
*Does not include maquila.

(Million dollars)	2Q'22	2Q'21	% Chg	YTD 2022	YTD 2021	% Chg
Gross Sales	1,475.3	1,598.7	-7.7	2,889.4	3,168.5	-8.8
Net Sales ⁽¹⁾	1,469.7	1,574.2	-6.6	2,876.2	3,122.3	-7.9
Gross Profit	301.3	515.7	-41.6	685.0	945.1	-27.5
<i>Gross Margin</i>	<i>20.5%</i>	<i>32.8%</i>		<i>23.8%</i>	<i>30.3%</i>	
EBITDA ⁽²⁾⁽³⁾	298.2	549.6	-45.7	700.8	1,030.1	-32.0
<i>EBITDA Margin</i>	<i>20.3%</i>	<i>34.9%</i>		<i>24.4%</i>	<i>33.0%</i>	
Operating Profit ⁽³⁾	133.2	364.5	-63.5	372.9	660.8	-43.6
<i>Operating Margin</i>	<i>9.1%</i>	<i>23.2%</i>		<i>13.0%</i>	<i>21.2%</i>	
Other Income (Expense) ⁽⁴⁾	- 4.7	10.8	n.a	- 6.9	5.4	n.a
Financial Income (Expense)	- 44.7	- 34.5	-29.5	- 85.8	- 61.8	-38.9
Controlling Interest on Net Income	74.8	195.2	-61.7	145.5	341.9	-57.4
<i>Net Margin</i>	<i>5.1%</i>	<i>12.4%</i>		<i>5.1%</i>	<i>10.9%</i>	
<i>Earnings per share</i>	<i>0.19</i>	<i>0.49</i>	<i>-61.7</i>	<i>0.37</i>	<i>0.86</i>	<i>-57.4</i>

INCOME STATEMENT HIGHLIGHTS

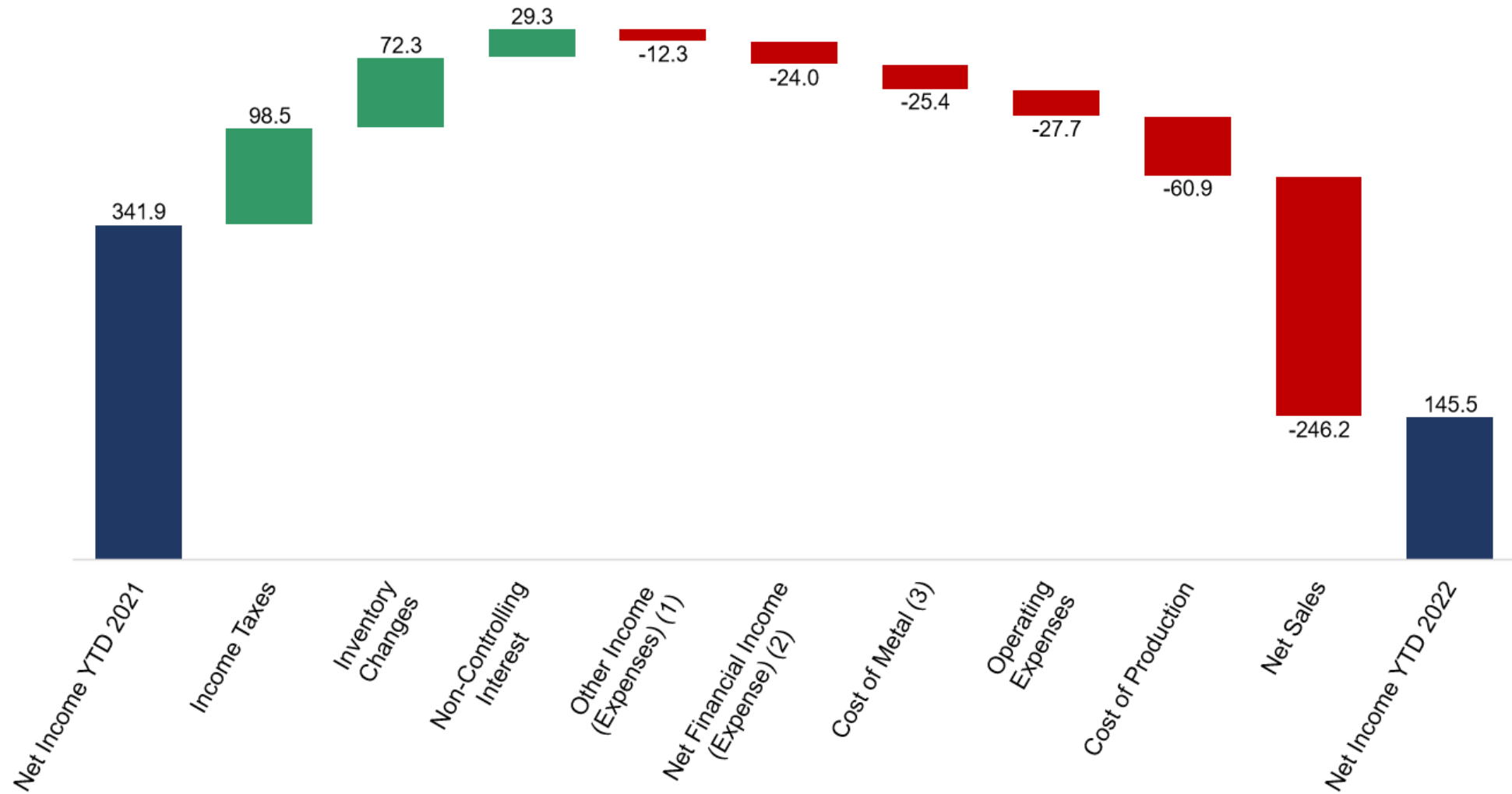
- » In 2Q22 financial results, **revenues** declined to the previous year due to lower volumes sold, especially gold, zinc and concentrates, which was partially mitigated by higher metal prices (except for silver).
- » **Cost of sales** increased, mainly due to the cost of metal sold, as a result of higher volumes purchased from third parties for processing in the metallurgical plants and higher average prices and higher production costs, due to higher material consumption in our operations, the inflation of our cost inputs, as well as higher maintenance and repairs. This was partially offset by a credit for inventory movement derived from the increase in in-process inventories.
- » **Operating expenses** were higher than those recorded in the same quarter of the previous year, mainly in exploration, whose activities were reduced the previous year due to restrictions imposed by the covid-19 pandemic.
- » There were higher **financial and exchange expenses** and lower **provision for income taxes**. In the latter, mainly due to a favorable adjustment to current and deferred accumulated taxes, the effect of higher inflation that originates a benefit of certain assets for tax purposes, as well as the tax benefit of mining operations in the border zone.

FINANCIAL HIGHLIGHTS – QUARTERLY NET INCOME ANALYSIS



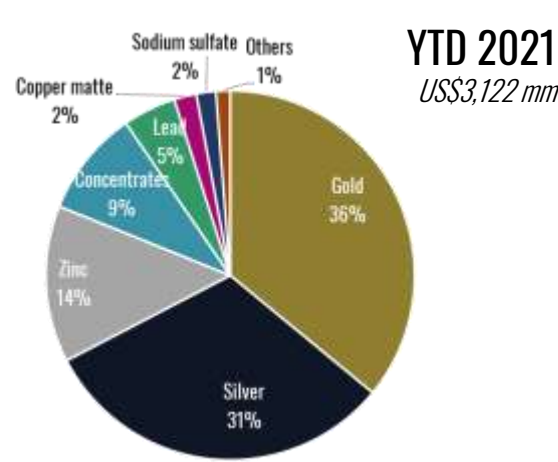
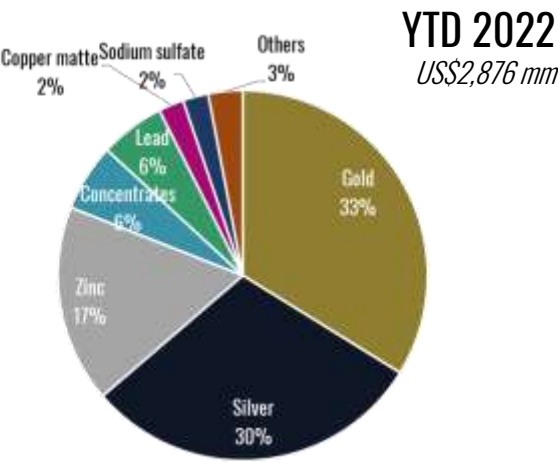
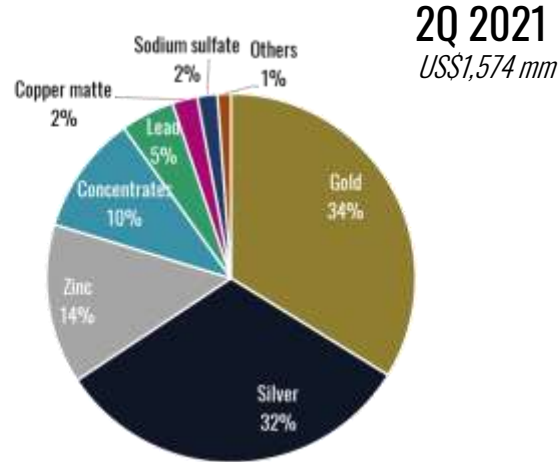
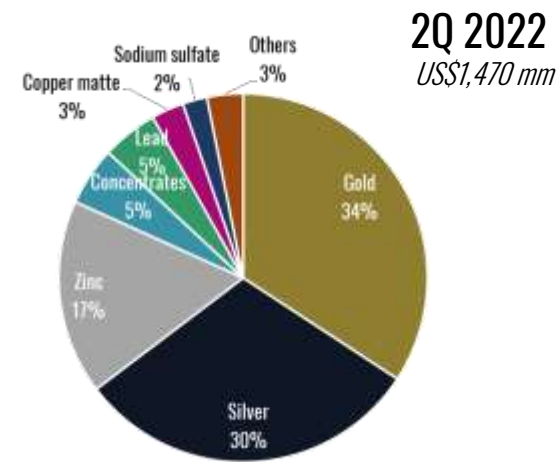
Notes: 1/ Financial expenses include Exchange result.2/Net of Revenue from Treatment Charges, Income on inventories and other items.

FINANCIAL HIGHLIGHTS – YTD NET INCOME ANALYSIS



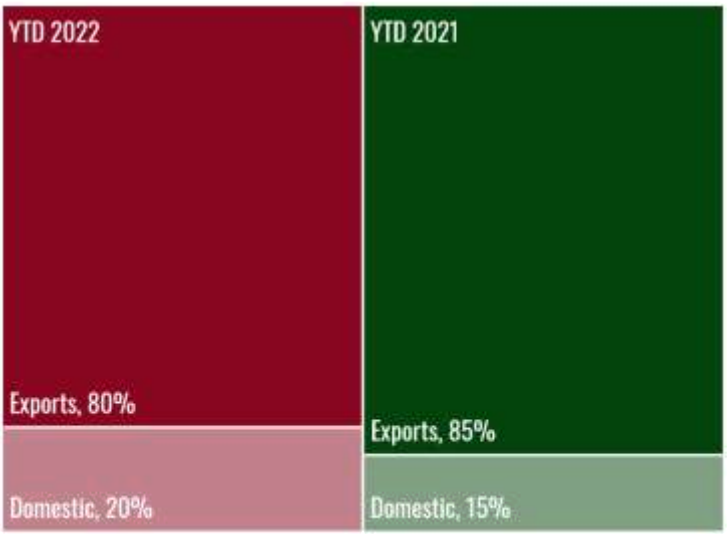
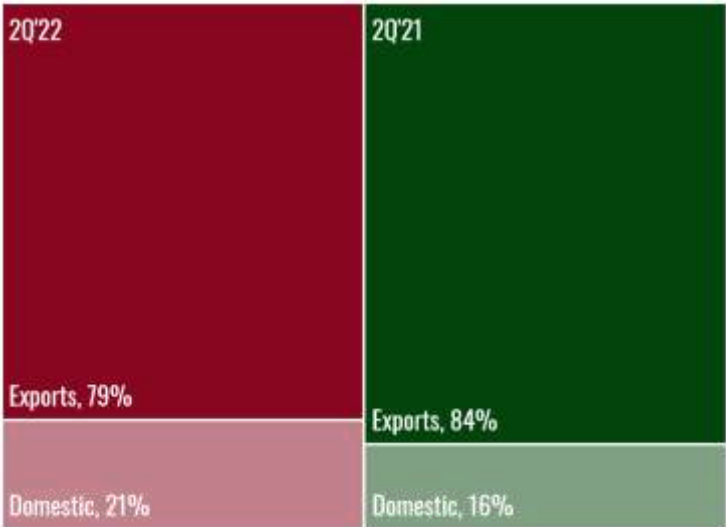
Notes: 1/ Other expenses include impairment losses. 2/ Financial expenses include Exchange result. 3/ Net of Revenue from Treatment Charges, Income on inventories and other items.

NET SALES BY PRODUCT



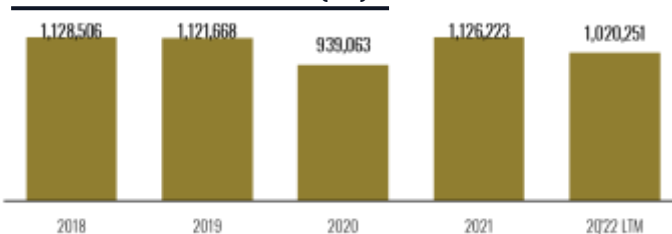
Notes:

NET SALES BY MARKET



FINANCIAL HIGHLIGHTS

GOLD (Oz)



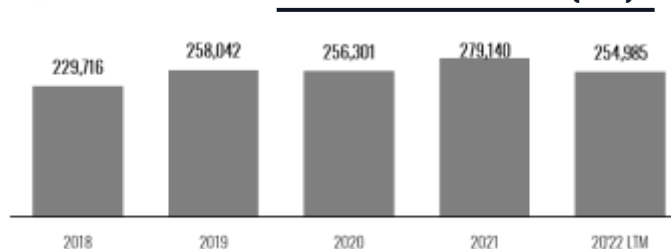
SILVER (koz)



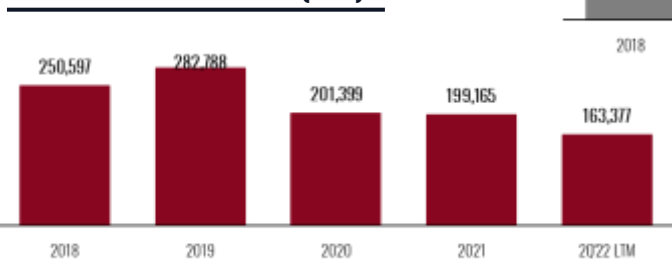
LEAD (Ton)



ZINC (Ton)



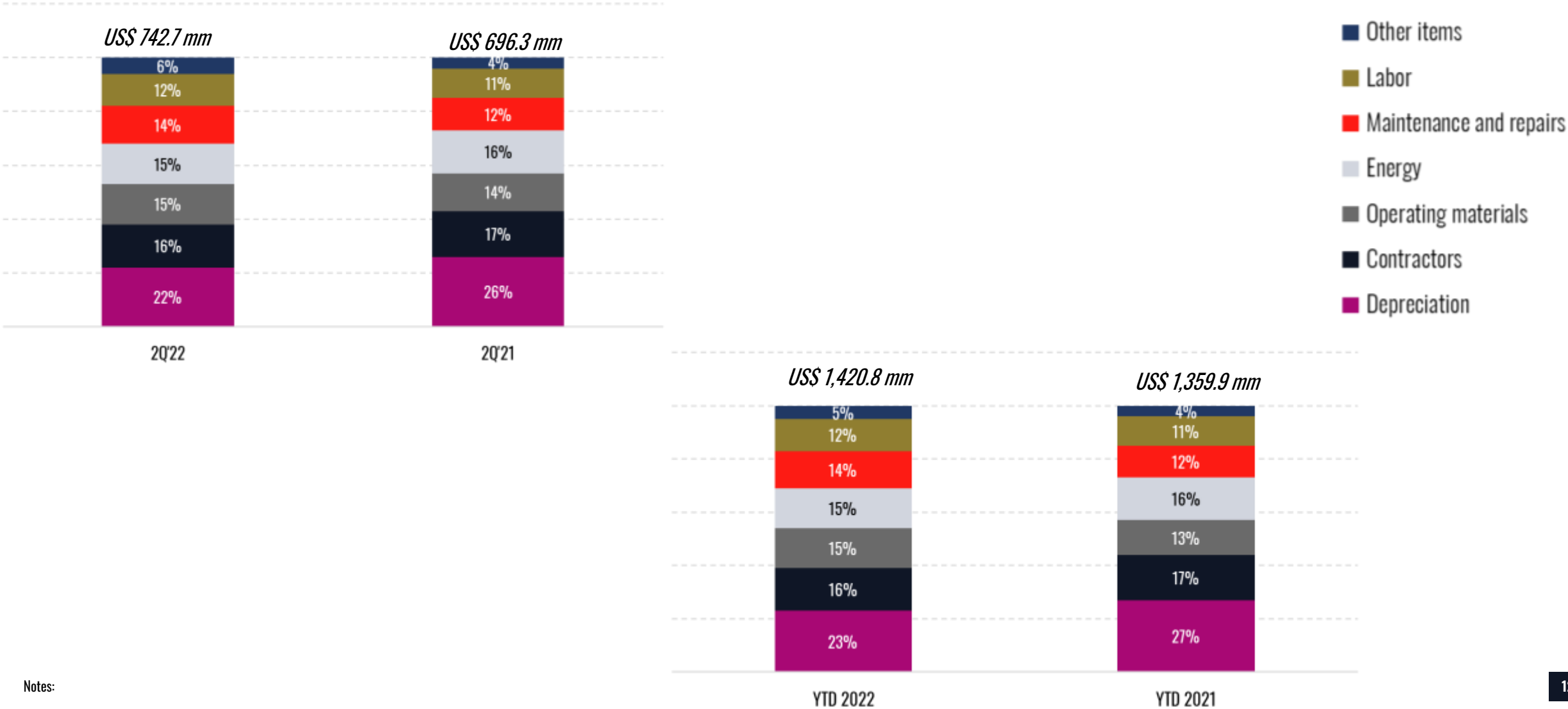
CONCENTRATES (Ton)



SALES VOLUMES

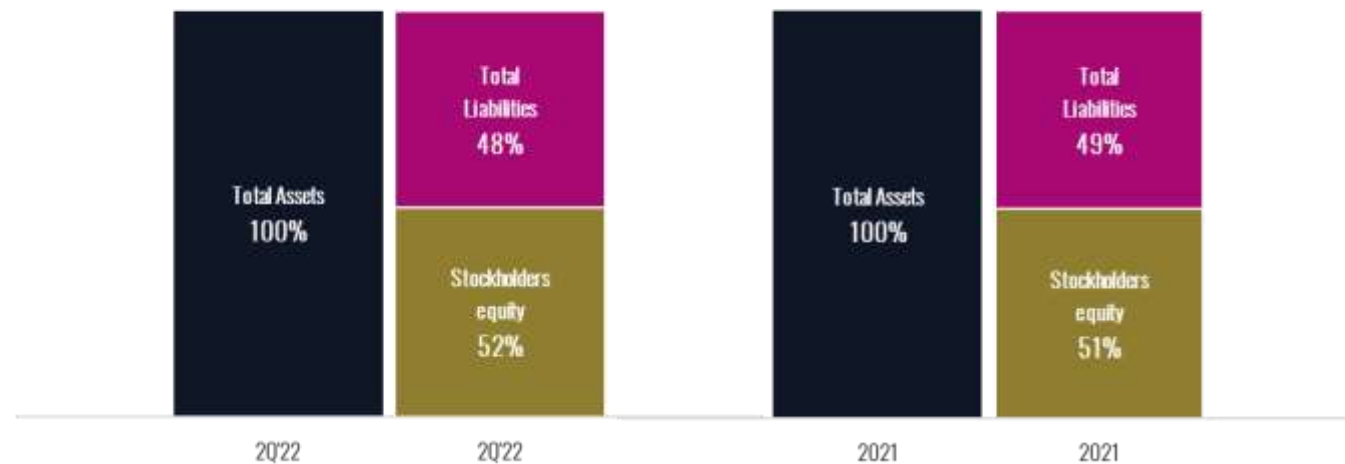
	Units	2Q'22	2Q'21	%Chng	YTD 2022	YTD 2021	%Chng
Gold	Oz	261,039	294,686	-11.4	511,319	617,290	-17.2
Silver	Koz	18,984	18,773	1.1	36,075	36,875	-2.2
Lead	Ton	26,907	31,005	-13.2	59,516	62,018	-4.0
Zinc	Ton	57,513	72,705	-20.9	120,860	145,014	-16.7
Copper	Ton	576	866	-33.5	1,180	1,948	-39.4
Copper matte	Ton	5,906	3,642	62.2	7,915	6,513	21.5
Concentrates	Ton	35,234	52,585	-33.0	70,396	106,184	-33.7
Sodium sulfate	Ton	179,506	199,538	-10.0	373,421	394,498	-5.3
Magnesium oxide ¹	Ton	19,172	20,391	-6.0	37,401	42,151	-11.3
Ammonium sulfate ²	Ton	35,942	42,337	-15.1	79,158	99,679	-20.6
Magnesium sulfate	Ton	17,592	15,972	10.1	31,993	30,599	4.6

COST OF PRODUCTION BREAKDOWN



FINANCIAL HIGHLIGHTS – BALANCE SHEET

BALANCE SHEET	YTD 2022	2021	% Chg.
Cash and cash equivalents	1,711.1	1,817.1	-5.8
Inventories	1,961.4	1,809.7	8.4
Trade and other current receivables	680.7	723.8	-5.9
Property, plant and equipment	4,738.7	4,707.3	0.7
Deferred taxes	394.9	281.0	40.6
Other current and non-current assets	581.8	454.4	28.0
Total Assets	10,068.6	9,793.3	2.8
Suppliers	541.2	623.6	-13.2
Short Term Financial Debt	136.7	81.0	68.6
Long Term Financial Debt	2,852.3	2,855.8	-0.1
Other current and non-current liabilities	1,340.4	1,209.0	10.9
Total Liabilities	4,870.6	4,769.4	2.1
Retained earnings	3,652.5	3,507.8	4.1
Other	1,545.5	1,516.1	1.9
Total equity	5,198.0	5,023.9	3.5
Dividends per share	0.0	0.1258	-100.0



DEBT RATIOS¹

~ 0.93x Net Leverage Ratio as of 1H'22

~ 0.66x Net Leverage Ratio as of 2021

Notes : 1/Net Leverage Ratio is defined as Net Financial Debt/EBITDA for LTM.
Figures are expressed in millions of US dollars, except dividends per share that are in US dollars.

FINANCIAL HIGHLIGHTS – CASH FLOW

CASH FLOW	YTD 2022	YTD 2021	% Chg.
Operating activities			
Net Income	216.5	442.5	-51
D&A Expenses	327.8	369.3	-11
Change in Working Capital	-151.9	-201.0	24
Tax payments	-195.9	-309.5	37
Other items	175.7	233.3	-25
Cash Flows from (used in) Operating activities	372.2	534.7	-30
Investing activities			
Property, plant and equipment	-352.8	-305.4	-16
Intangible Assets; Net	-5.1	-6.1	17
Capital Contributions	10.1	0.0	*
Interest received	11.0	9.6	15
Other inflows (outflows)	-10.3	43.2	-124
Cash Flows from (used in) Investing activities	-347.1	-258.7	-34
Financing activities			
Borrowings; Net	40.0	-35.1	214
Payments of lease liabilities	-11.1	-12.4	11
Dividends paid	-80.9	-62.8	-29
Interest paid	-76.3	-59.8	-28
Other inflows (outflows)	-2.1	16.6	-113
Cash Flows from (used in) Financing activities	-130.5	-153.6	15
Change in cash and cash equivalents	-105.3	122.4	-186
Effect of exhcange rates on cash and cash equivalents	-0.7	2.6	-128
Cash and cash equivalents at the beginning of the year	1,817.1	1,592.7	14
Cash and cash equivalents at the end of the period	1,711.1	1,717.6	0

Notes: Figures are expressed in millions of US dollars. */ Figure exceeds 4 digits



Project	Juanicipio
Location	Zacatecas
Description*	11.7 moz of silver 43.5 koz of gold
Ownership	56% Fresnillo plc 44% MAG Silver
Investment (US\$ Million) ^E	440**
Startup ^E	3Q 2022



Notes: */Expected annual production, on average. **/ Juanicipio started processing ore at Fresnillo’s Plant (Jun 2020) and will start processing it at its own flotation plant (3Q2022)

ENVIRONMENTAL SOCIAL GOVERNANCE

OUR APPROACH

Governance framework aligned to:

- International Commission on Large Dams (ICOLD)
- Canadian Dam Association (CDA)
- Canadian Mining Association (MAC)
- International Council on Mining and Metals (ICMM)

Future milestones:

- Board Policy and Commitments to Responsible Tailings Management (*preliminary draft*)
- Compliance with the Global Mining Industry Standard on Tailings Management (*subject to resource availability*)

We have:

- 15 operational tailing dams
- 55 out of operation
- Grouped into 40 complexes

KEY ACTIONS



Establishment of Independent Tailings Dam Review Panel:
reviews mechanisms and onsite inspections of conditions.



Creation of a Corporate Tailings Dam Department:
establishes internal guidelines on management and governance, and coordinates activities of the Independent Panel.



Creation of seven Regional Tailings Management Departments:
applies and ensures governance guidelines in site selection, design, construction, operation, closure and post-closure.

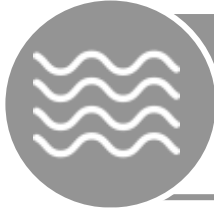


Creation of a Tailings Review Committee:
ensures application of most appropriate practices for tailings management and deposits.



Creation of monitoring system:
follows-up on recommendations of independent reviews, progress made toward improving the design, construction, operation and closure.

Our guidelines:



Minimize water consumption and wastewater discharges

Optimize water use to reduce our freshwater consumption: ~ 69% is recirculated from our processes and ~ 11% comes from municipal wastewater



Properly handle, dispose and reduce waste

Monetize residues and reprocess them into products, byproducts, or recycle them through third parties
Our tailing dams are managed through international benchmark standards and guidelines



Prevent and control air pollution

Clean technologies represent ~ 40.7% of our power consumption and we aim to achieve 100% in 2028
Our lead and SO₂ emissions are well below permitted limits; we capture and process SO₂ into byproducts



Avoid damage to flora and fauna

Mitigate the impacts of operations through campaigns such as rescue and relocation of wildlife, reforestation and mine reclamation



Prevent incidents and be prepared for emergencies

Focus on prevention has led to no environmental accidents for +20 years

OUR PEOPLE



Safety

We design safe facilities, processes and operations to guarantee the physical integrity of our personnel



Health

We pursue a zero occupational illnesses and accidents' goal, through a prevention and control culture



Human Resources

We place a high priority on retaining, developing and recognizing our personnel

OUR COMMUNITIES



Education

We improve educational performance with focus on STEM & human development



Environment

We build awareness and carry out campaigns to mitigate impacts and promote environmental-prone behavior



Self-development

We develop skills to achieve self-sustainability and encourage the creation of small businesses



Family

We promote health, dietary habits, self improvement, sports and recreation



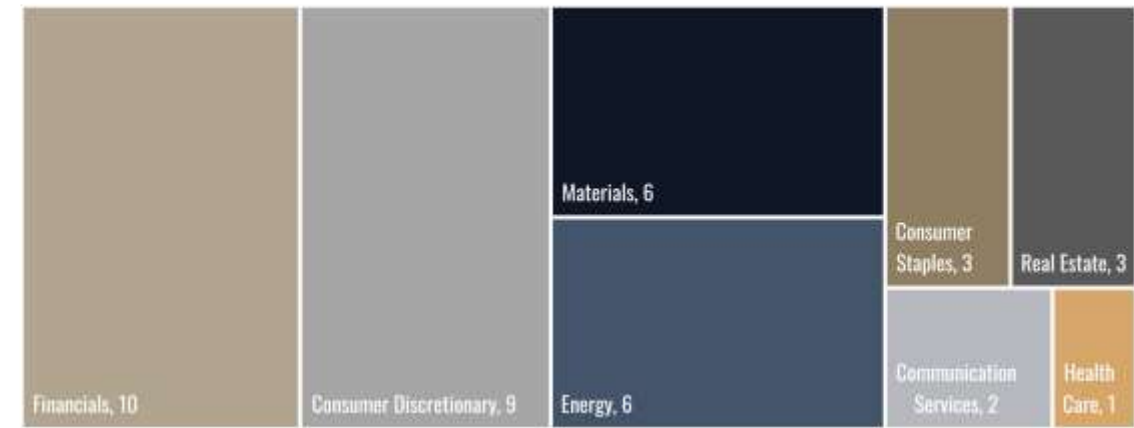
Infrastructure

We share a vision and management of public services

Expert Management Team¹



Board of Directors Experience²



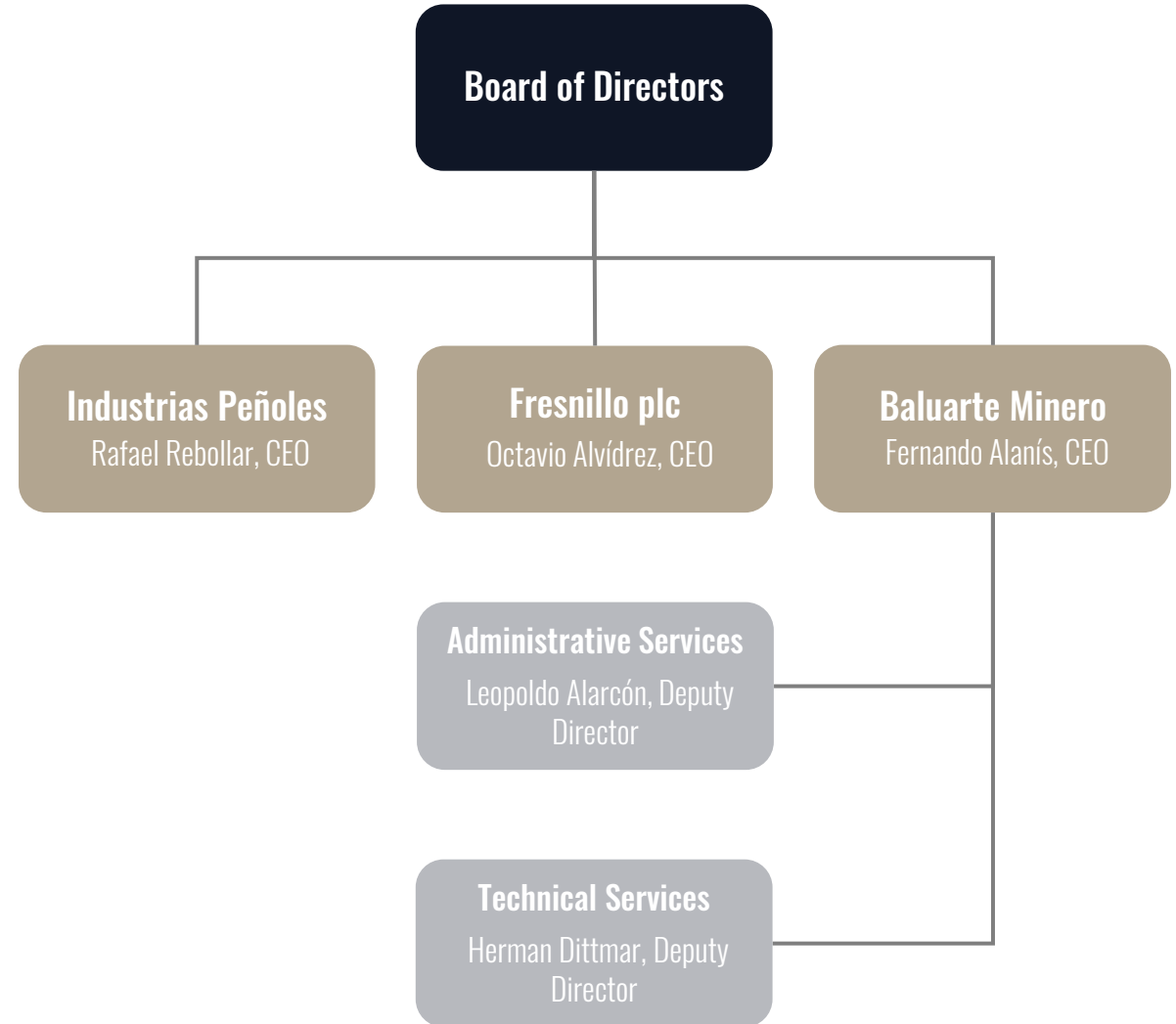
Corporate Governance



- Adherence to the Code of Principles and Best Practices of Corporate Governance (94.6% compliance)
- Comprehensive Non-Discrimination Policy that applies to all the levels of the Company. Two women Alternate Directors
- Risk Monitoring Framework
- Nine Independent Directors (33%, above the Mexican Securities Law requirements)

Notes: 1/ Effective January 1, 2021. 2/ Includes proprietary board members' experience as current board members or executives for for-profit organizations, excluding SMEs and companies with limited responsibility. Sector according to GICS Industrial classification.

- Effective January 1st, 2021, a transformation was launched by the Chairman of the Board, creating Baluarte Minero, an **independent unit that provides shared administrative and technical services**.
- The objective is to improve the preparedness of the Company to face adverse conditions and to benefit from opportunities on a rapidly changing/ uncertain environment.
- The reorganization is based on three principles:
 - enriching the strategy of our mining companies;
 - restructuring the organization; and,
 - improving the culture.
- The first two promote collaborative work and will allow the company to work as an “ecosystem”, recognizing the dependence between different areas of responsibility.
- The third aims at promoting greater accountability to meet objectives and results in order to drive growth in new areas of focus.
- **Peñoles** and **Fresnillo** will continue to operate as **autonomous entities** focused on their businesses, seeking greater efficiency, higher productivity and operational excellence.



About Peñoles

Peñoles, founded in 1887, is a mining group with integrated operations for the smelting and refining of non-ferrous metals and the manufacture of chemical products. Peñoles is one of the two largest global producers of refined silver; Latin America's leading producer of gold and refined lead, and among the world's leading producers of refined zinc and sodium sulfate.

Our Mission

To generate value from non-renewable natural resources in a sustainable manner.

Our Vision

To be a company of excellence worldwide with extraordinary results, a leader in its sector with safe and sustainable operations, driven by its agility and capacity for transformation, in harmony with its environment and society.

Our Purpose

To generate opportunities and wellbeing by providing essential resources in a sustainable manner.

For further information about this report please contact us or visit our web page:

Investor_Relations@penoles.com.mx

<http://www.penoles.com.mx>

Disclaimer

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