

# CORPORATE PRESENTATION

AS OF SEPTEMBER 2023

OVERCOMING  
CHALLENGES TO  
ACHIEVE OUR  
VISION





## MINING

- » **Juanicipio's beneficiation plant** successfully completed its safe ramp-up, and it's now running at nameplate capacity. This milestone reflected in the growth of **silver**, **lead** and **zinc** production.
- » Lower **gold** production, mainly attributable to Noche Buena's closure process and the electrical failure at Herradura, which reduced the ore processing.
- » Milpillas' **copper cathode** production increased, thanks to the restart of operations by mid 2022.

## METALS

- » **Gold** production decreased mainly due to lower production at Noche Buena and Herradura. **Silver** and **lead** increased production due to a higher volume of concentrates treated versus 3Q22, when corrective stoppages were carried out in furnaces.
- » In the **Zinc** plant the annual shutdown for preventive maintenance was carried out in August, whereas in 2022 this process took place in May. This, coupled with several equipment failures after the shutdown, negatively affected the volume of treated concentrates and quarterly zinc production.

## CHEMICALS

- » The production of **sodium sulfate** decreased due to lower demand from the detergent sector and logistical problems in railroad distribution.
- » **Magnesium oxide** production declined due to lower demand due to the economic slowdown in Europe and China, while **magnesium sulfate** contracted, affected by lower demand.
- » The by-product **ammonium sulfate** increased due to the higher availability of sulfuric acid from the Smelter.

SALES

US\$ 4,457.7 mm  
YTD 2023

US\$ 5,832.4 mm  
LTM

EBITDA

US\$ 563.4 mm  
YTD 2023

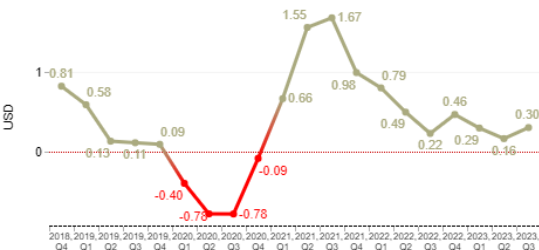
US\$764.8 mm  
LTM

Cash Flow from Operations

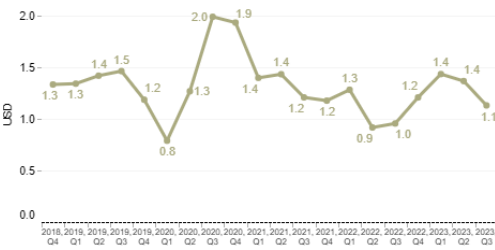
US\$ 231.4 mm  
YTD 2023

US\$ 292.5 mm  
LTM

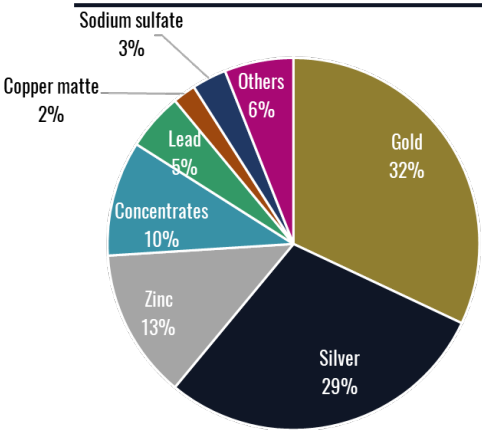
EPS



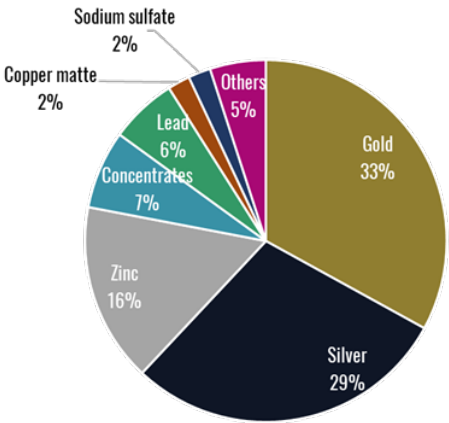
P/BV



REVENUE BY PRODUCT AND MARKET<sup>3</sup>



YTD 2023  
US\$4,458 mm



FY 2022  
US\$5,523 mm



Notes: 1/Net Leverage Ratio is defined as Net Debt/EBITDA for LTM. 2/Coverage Ratio is defined as EBITDA/Int Expense for LTM. 3/Includes Hedging results.

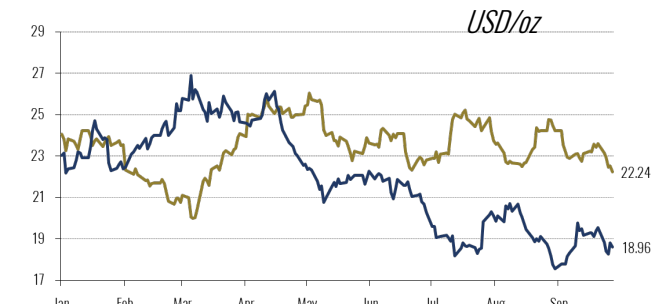
» Average prices of most metals increased in 3Q23 versus 3Q22: **Silver** (+23.4%) and **gold** (+11.5%) stood out, followed by **lead** (+9.8%) and **copper** (+7.9%). However, **zinc** experienced a marked decrease in its price (-25.8%).

» While concerns over inflation prevailed in 3Q23, it has been declining in several regions compared to 3Q22, in an environment of high interest rates and economic slowdown, but with less fears of a recession as in 3Q22. The strength of zinc in 3Q22 is explained by the stoppage of refineries due to the high cost of energy by the time.

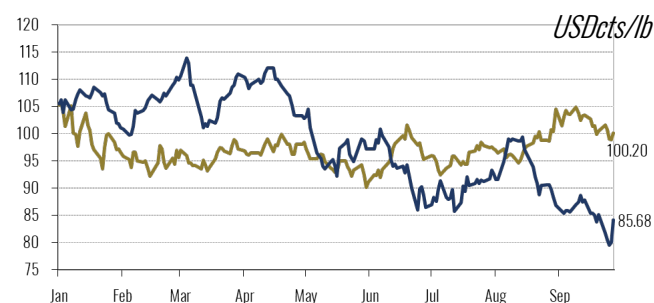
## GOLD London



## SILVER Comex



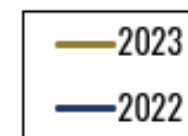
## LEAD LME



## ZINC LME SHG



## COPPER LME



	3Q'23	3Q'22	%Chng	YTD 2023	YTD 2022	%Chng
Inflation rate for the Period (%):	1.49	2.07		2.88	6.19	
Exchange Rate(peso-dollar):						
Close	17.6195	20.3058	-13.2			
Average	17.0601	20.2403	-15.7	17.8282	20.2682	-12.0



# OPERATING RESULTS

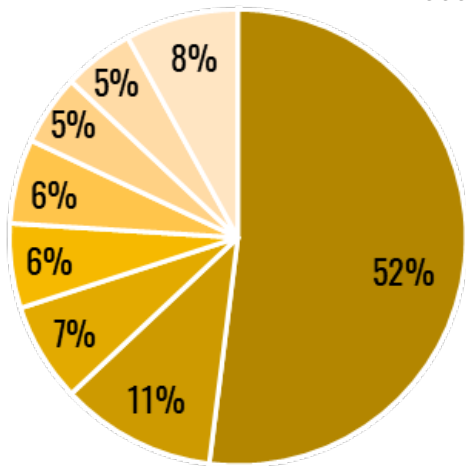




# CONTRIBUTION BY MINE TO METAL PRODUCTION (AS OF 3Q2023)<sup>1</sup>

## GOLD

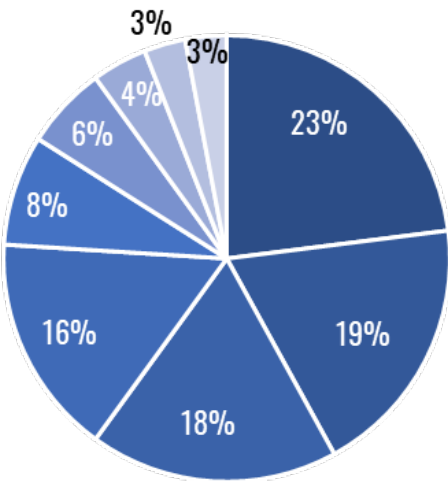
505,977 Oz



- Herradura
- Saucito
- Noche Buena
- San Julián
- Tizapa
- Fresnillo
- Ciénega
- Others

## SILVER

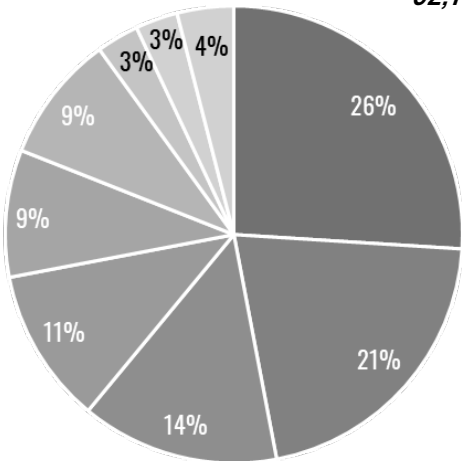
54,007 kOz



- Juanicipio
- San Julián
- Fresnillo
- Saucito
- Tizapa
- Cienega
- Sabinas
- Capela
- Others

## LEAD

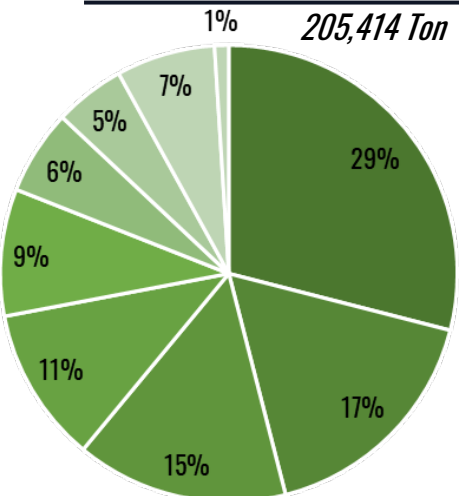
62,133 Ton



- Fresnillo
- Saucito
- Juanicipio
- Tizapa
- San Julián
- Sabinas
- Ciénega
- Velardeña
- Capela

## ZINC

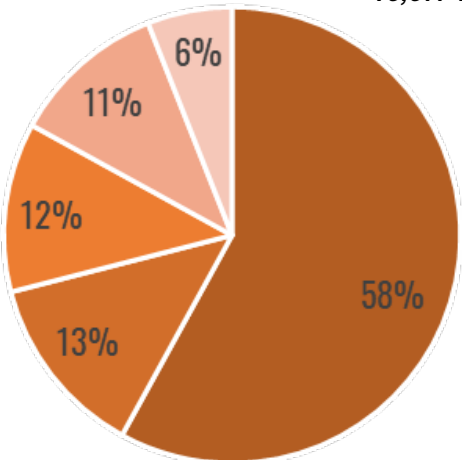
205,414 Ton



- Velardeña
- Fresnillo
- Tizapa
- Saucito
- Capela
- Sabinas
- San Julián
- Juanicipio
- Cienega

## COPPER\*

16,677 Ton

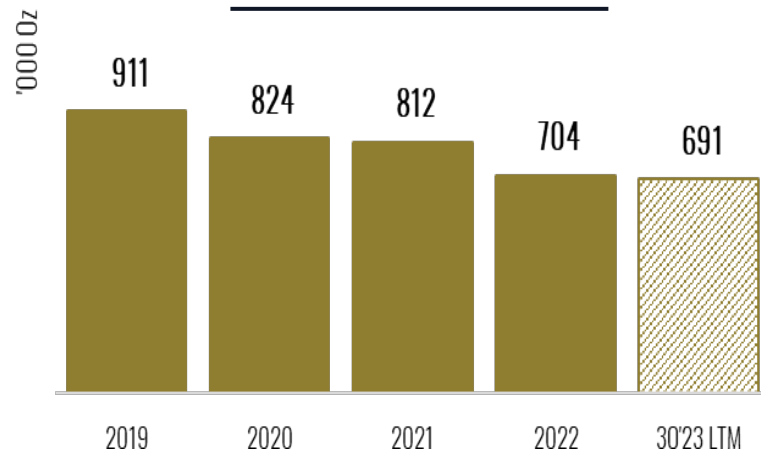


- Milpillas\*
- Velardeña
- Sabinas
- Capela
- Tizapa

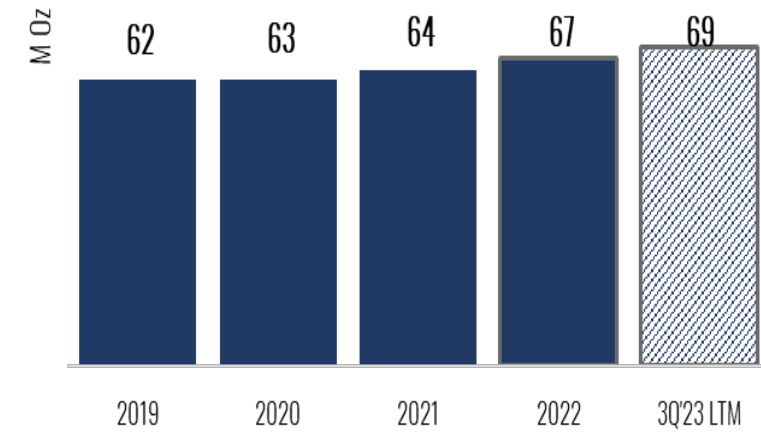
Notes: 1/ Includes 100% of Fresnillo plc payable production, \*/Copper cathodes

# HISTORICAL MINE PRODUCTION

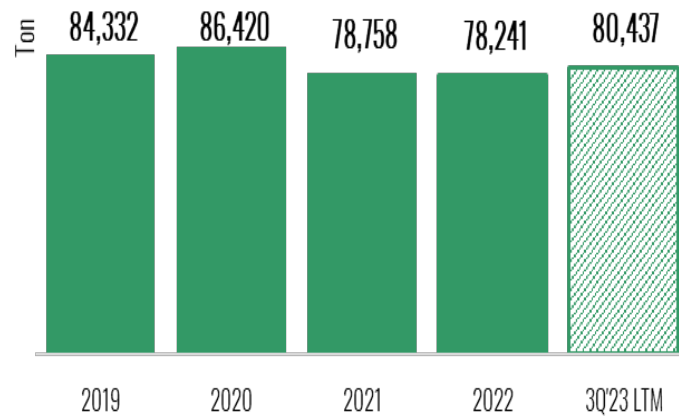
## GOLD



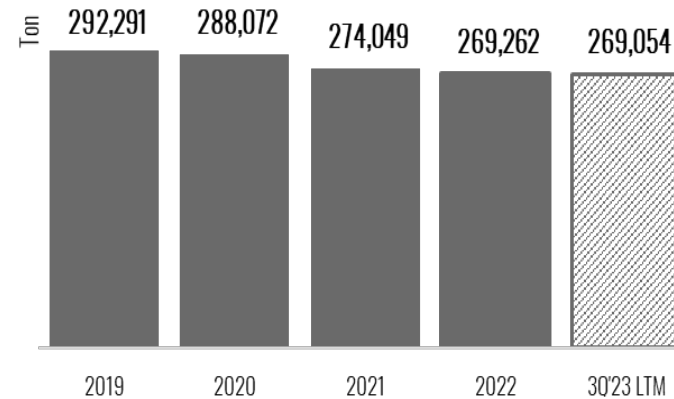
## SILVER



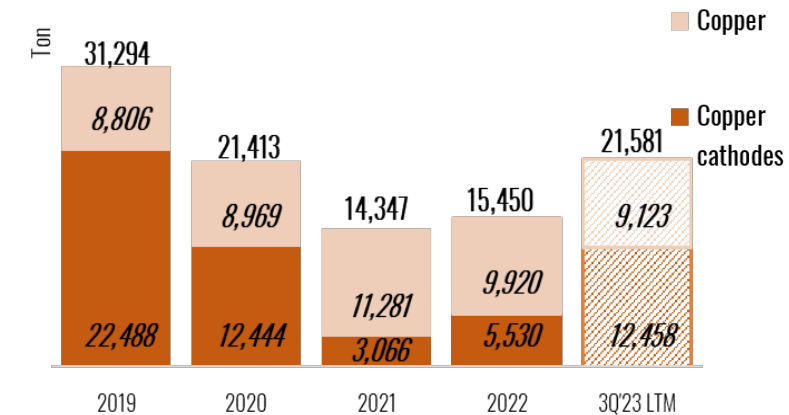
## LEAD



## ZINC



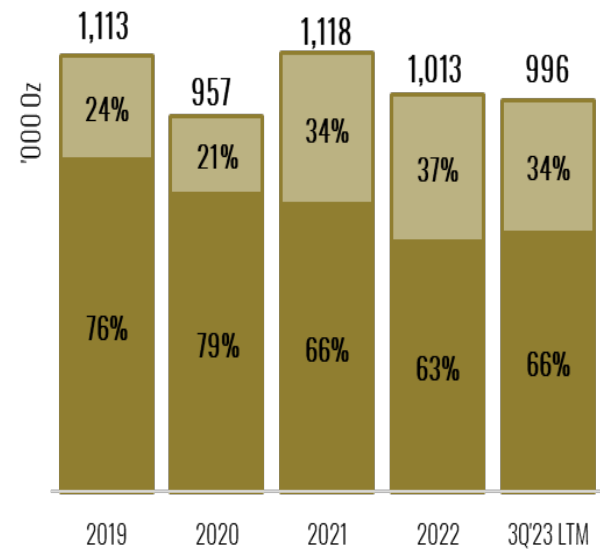
## COPPER



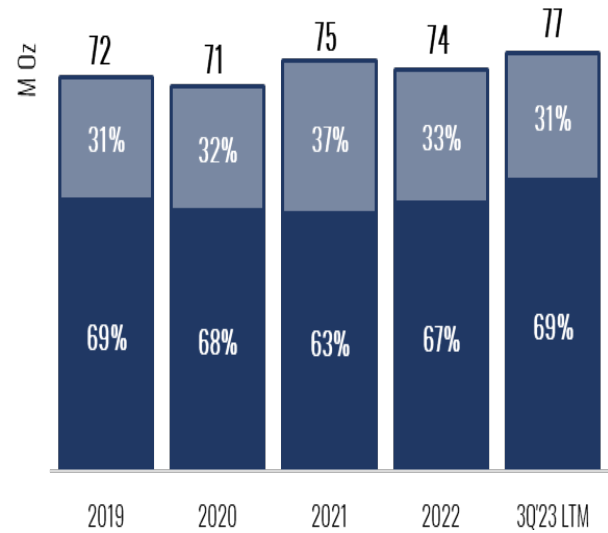
# HISTORICAL REFINED PRODUCTION



## GOLD



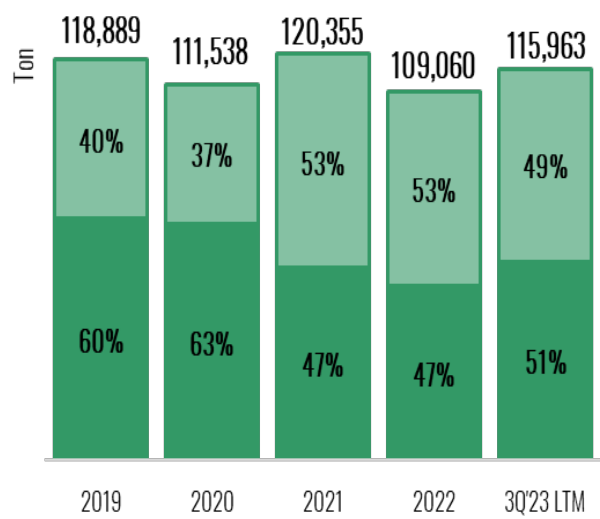
## SILVER



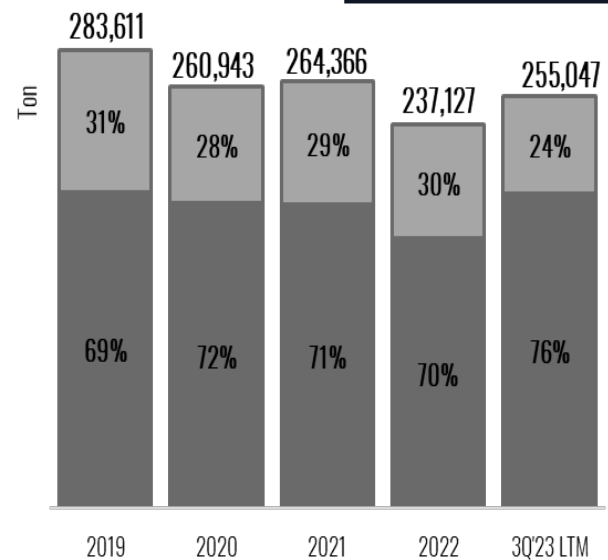
Contribution to refined production from:

- Third Parties
- Peñoles

## LEAD

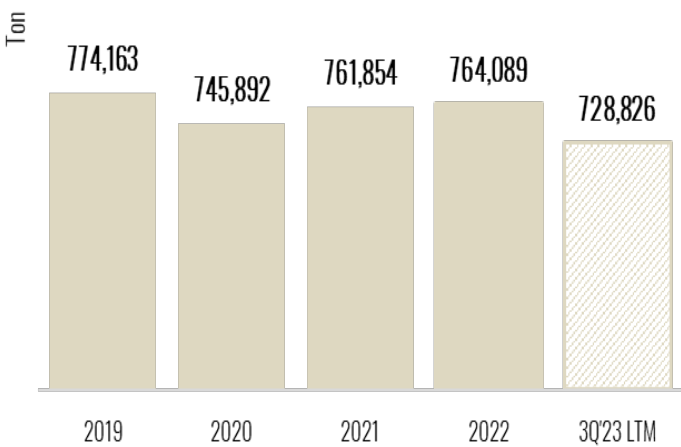


## ZINC

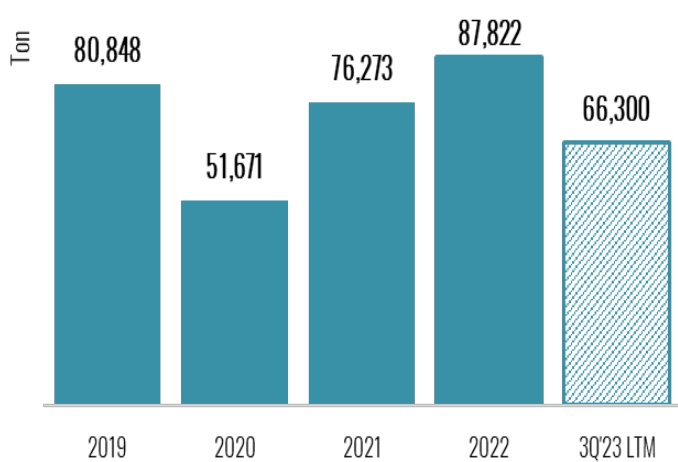




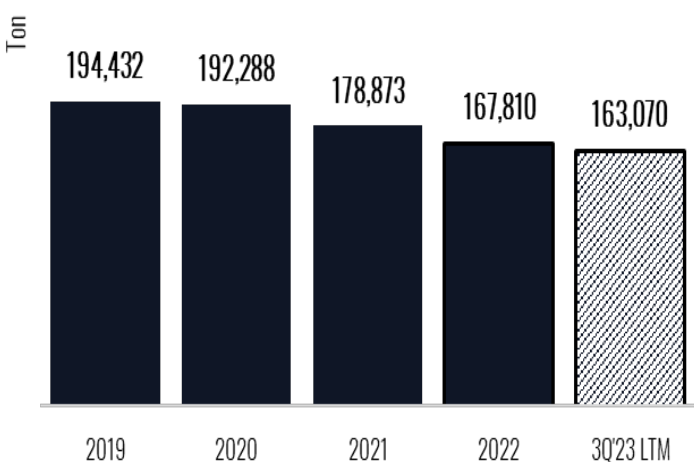
SODIUM SULFATE



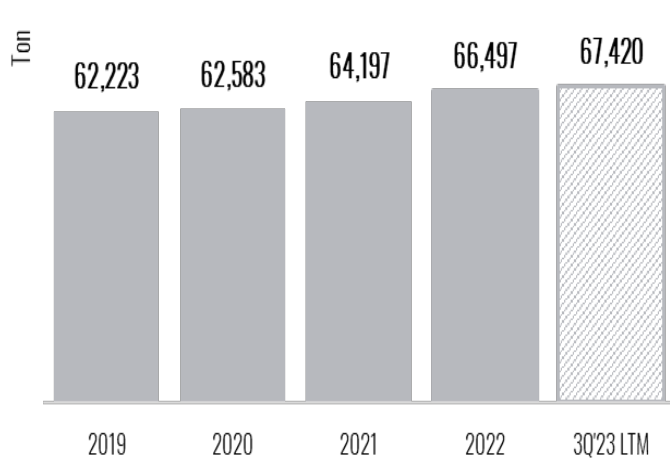
MAGNESIUM OXIDE



AMMONIUM SULFATE<sup>1</sup>



MAGNESIUM SULFATE



Notes: 1/Maquila not included.





# FINANCIAL RESULTS

---



# FINANCIAL HIGHLIGHTS – INCOME STATEMENT

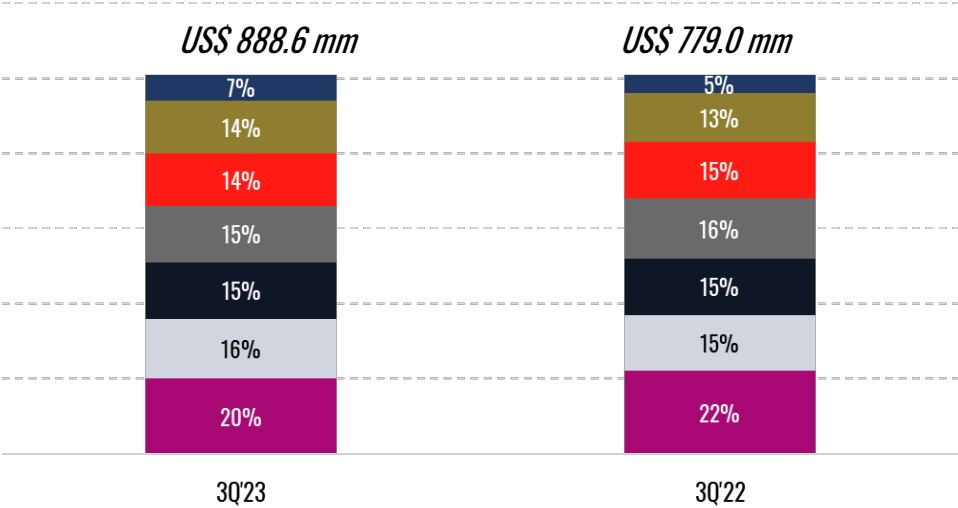


INCOME STATEMENT	3Q'23	3Q'22	% Chg.	2023 YTD	2022 YTD	% Chg.
+ Gross sales	1,505.9	1,265.9	19.0	4,454.7	4,155.3	7.2
+ Hedging results	1.8	6.5	-72.5	2.9	-6.7	144.0
Net Sales	1,507.7	1,272.4		4,457.7	4,148.6	
- Cost of Sales	1,379.6	1,118.0	23.4	3,852.3	3,309.2	16.4
Gross Profit (Loss)	128.1	154.4	-17.1	605.4	839.4	-27.9
- General expenses <sup>(1)</sup>	185.2	162.8	13.7	549.7	474.8	15.8
Operating Profit (Loss)	-57.1	-8.4	-581.6	55.6	364.6	-84.7
+ Net Financial Income (Expense)	-38.0	-23.1	-64.9	-127.6	-108.9	-17.2
+ Profit after Net Financial Income (Expense)	-95.2	-31.4	-202.6	-72.0	255.7	-128.1
+ Other Income (Expense)	-12.8	-8.1	-58.6	-47.1	-15.0	-214.9
Profit (Loss) before Taxes	-107.9	-39.5	-173.3	-119.1	240.7	-149.5
+ Taxes	147.8	18.3	709.8	232.6	-44.3	624.8
After Tax Income (Loss)	39.9	-21.3	287.6	113.6	196.4	-42.2
Non-Controlling Interest in Net Income and Share of Associates and JV	24.2	17.9	35.0	72.2	90.1	-19.8
Controlling Interest in Net Income (Loss)	15.6	-39.3	139.8	41.3	106.2	-61.1
Earnings (loss) per share <sup>(2)</sup>	0.04	n.a		0.10	0.27	-61.1
EBITDA <sup>(3)</sup>	118.8	168.6	-29.6	563.4	869.4	-35.2

## INCOME STATEMENT HIGHLIGHTS 3Q'2023

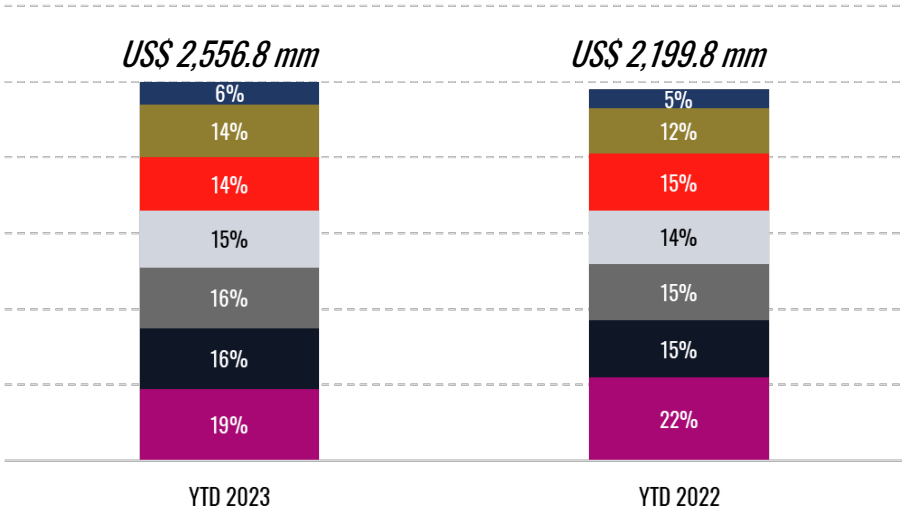
- » **Net Sales** growth from higher metals prices (except for zinc) and higher volumes sold, mainly of concentrates, silver, zinc, copper and lead.
- » Increase in **cost of sales** attributable to the **strong appreciation of the peso** against the U.S. dollar (15.7% on average), which adversely impacts production costs incurred in pesos (approximately 50% of such costs are originated in pesos), the inflationary pressures on our inputs basket for operations, the added costs of the ramp-up of the Juanicipio beneficiation plant, the re-start of Milpillas operation, and the ore stripping ratio for Herradura -which resulted in a higher volume of waste material moved as part of the production cost, while in 2Q22 a higher volume was capitalized-.
- » **Operating expenses** were higher mainly due to the appreciation of the peso and inflation.
- » **Other expenses** increased slightly, mainly due to the loss on the sale of other products and services (which reported income in 3Q22), mitigated by a lower loss on the sale of concentrates.
- » The **provision for income taxes** was favorable, as a result of lower income for the period and the adjustment in deferred taxes due the revaluation of the peso against the US dollar and inflation in Mexico, which originated a benefit of certain assets for tax purposes.

COST OF PRODUCTION BREAKDOWN



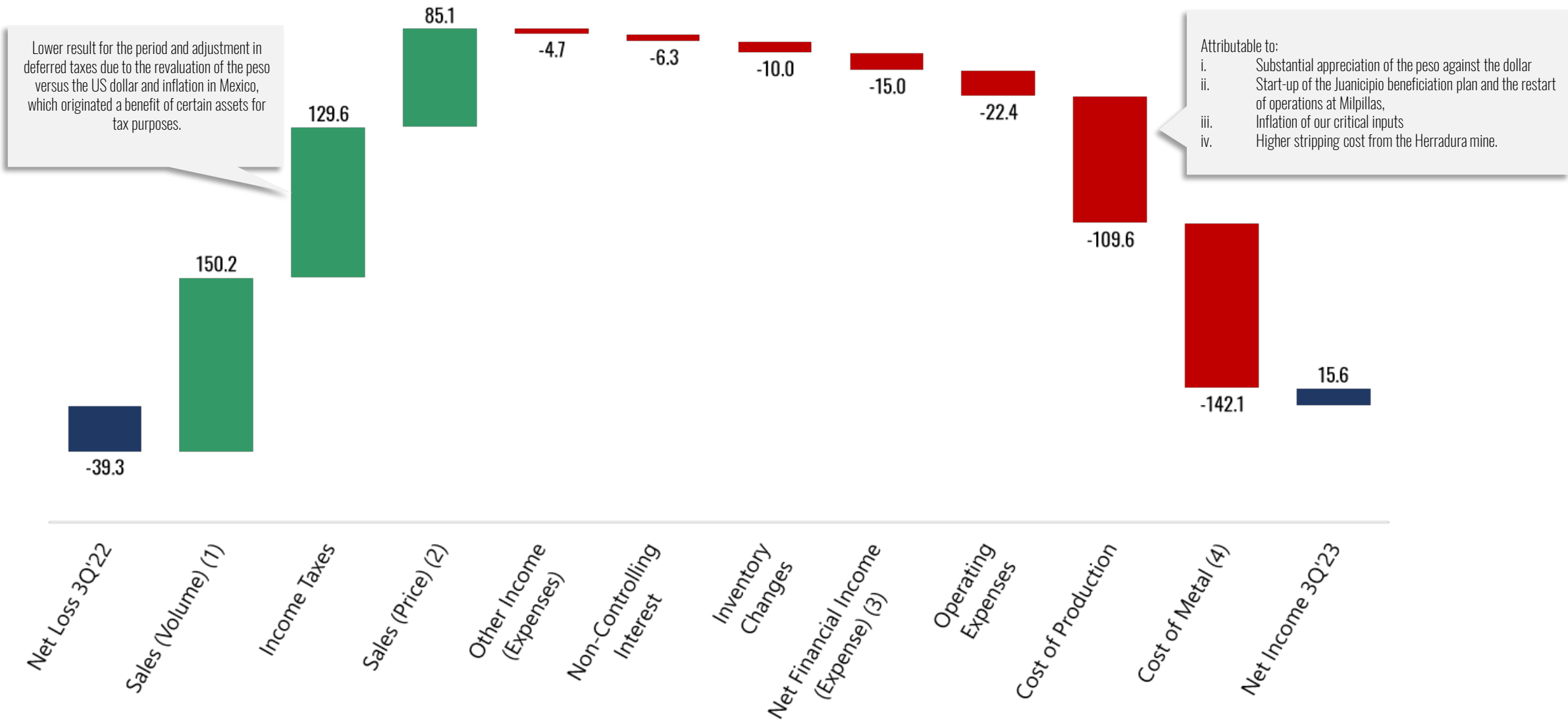
- Other items
- Labor
- Operating materials
- Maintenance and repairs
- Energy
- Contractors
- Depreciation

- » Higher Production Cost in 3Q'23 is derived from:
- i. the substantial appreciation of the peso against the dollar
  - ii. the ramp-up of the Juanicipio beneficiation plan and the restart of operations at Milpillas,
  - iii. the inflation of our critical inputs
  - iv. higher cost of waste material from the Herradura mine.



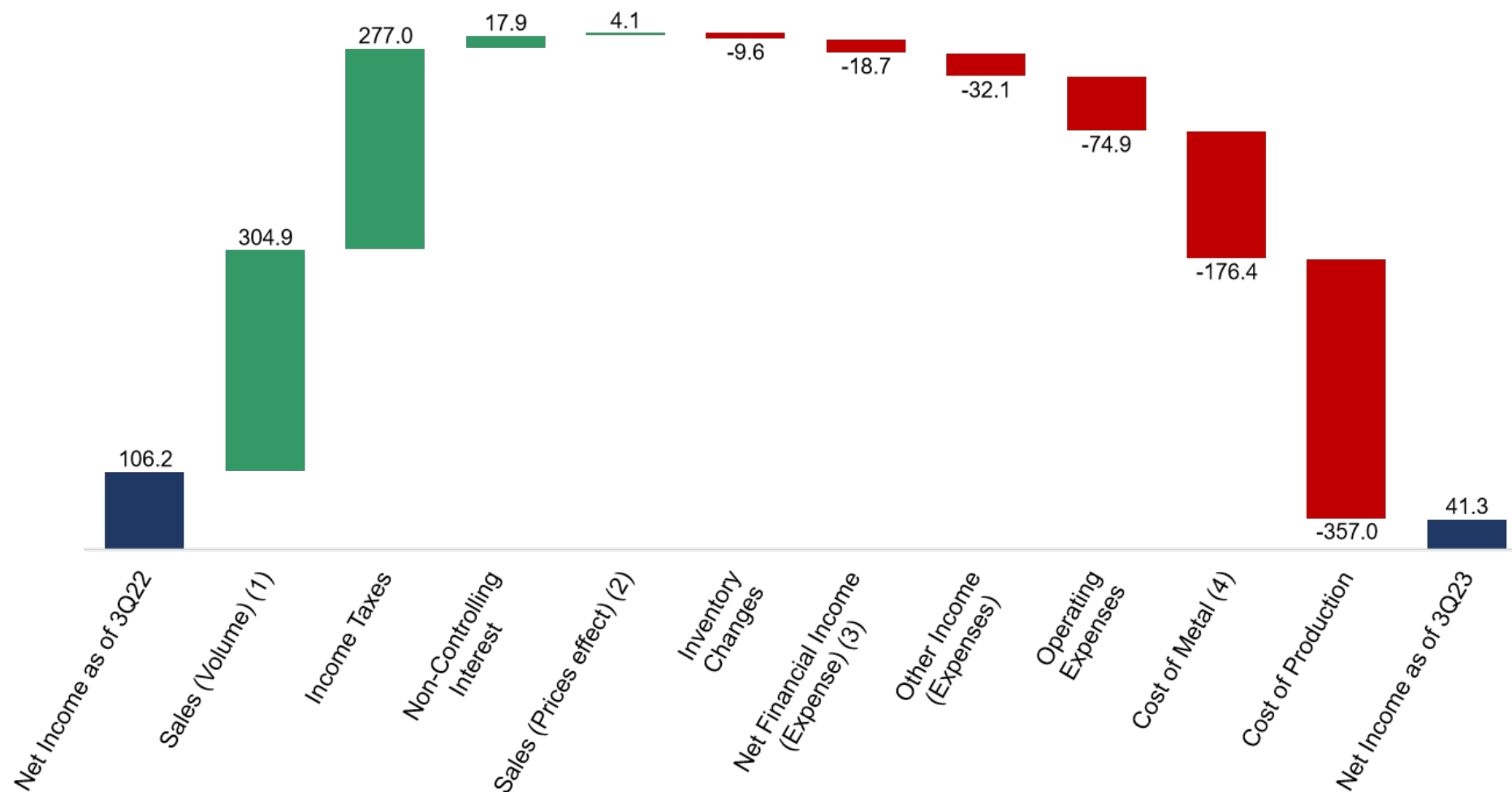


# FINANCIAL HIGHLIGHTS – QUARTERLY NET INCOME ANALYSIS



Notes:1/ Includes variation for other products and services. 2/ Includes variation in hedging results . 3/ Financial expenses include Exchange result. 4/ Net of Revenue from Treatment Charges, Income on inventories and other items.

# FINANCIAL HIGHLIGHTS – YTD NET INCOME ANALYSIS

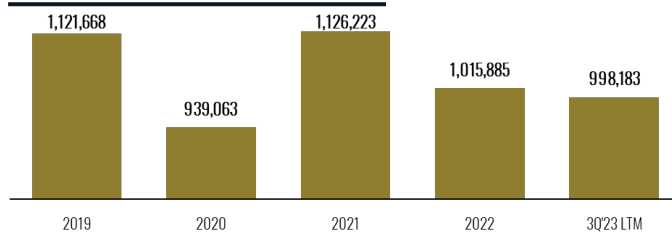


Notes: 1/ Includes variation for other products and services. 2/ Includes variation in hedging results. 3/ Financial expenses include Exchange result. 4/ Net of Revenue from Treatment Charges, Income on inventories and other items.

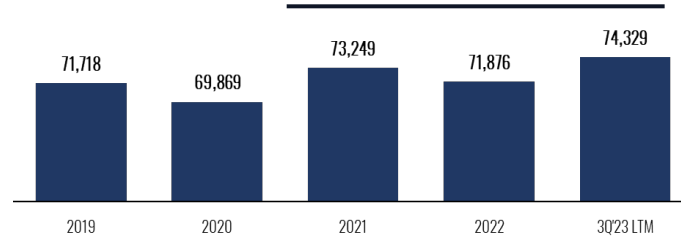


# SALES VOLUME TREND

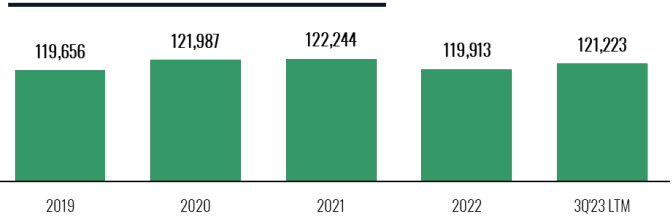
## GOLD (Oz)



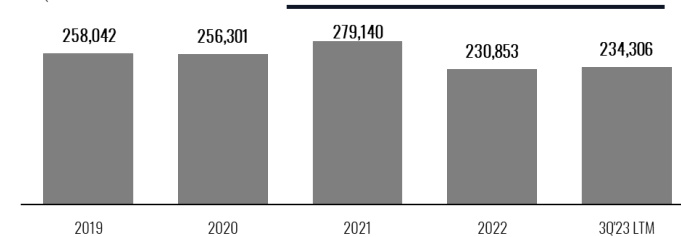
## SILVER (koz)



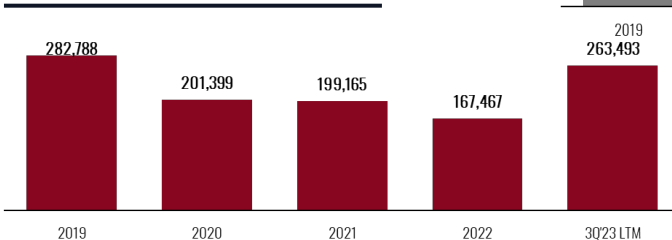
## LEAD (Ton)



## ZINC (Ton)



## CONCENTRATES (Ton)



## SALES VOLUME

	Units	3Q'23	3Q'22	%Chng	YTD 2023	YTD 2022	%Chng
Gold	Oz	222,785	244,436	-8.9	738,052	755,755	-2.3
Silver	Koz	19,273	16,790	14.8	55,318	52,865	4.6
Lead	Ton	29,835	27,076	10.2	87,902	86,592	1.5
Zinc	Ton	53,963	49,209	9.7	173,522	170,069	2.0
Copper	Ton	3,528	1,254	181.4	10,783	2,434	343.1
Copper matte	Ton	5,842	4,777	22.3	11,179	12,693	-11.9
Concentrates	Ton	109,845	61,672	78.1	228,093	132,068	72.7
Sodium sulfate	Ton	176,282	192,515	-8.4	545,735	565,937	-3.6
Magnesium oxide <sup>1</sup>	Ton	16,134	20,147	-19.9	46,599	57,548	-19.0
Ammonium sulfate <sup>2</sup>	Ton	24,272	11,929	103.5	109,788	81,581	34.6
Magnesium sulfate	Ton	13,982	16,684	-16.2	47,692	48,677	-2.0

# FINANCIAL HIGHLIGHTS – BALANCE SHEET

BALANCE SHEET	As of:	Sep'23	Dec'22	% Chg.
<b>Current assets</b>		4,156.3	4,143.7	0.3
Inventories		1,814.9	1,880.6	-3.5
Trade and other receivables		572.0	598.7	-4.5
Cash and cash equivalents		1,320.2	1,468.9	-10.1
Other current assets		449.2	195.5	129.8
<b>Non-current assets</b>		6,194.0	5,898.8	5.0
Property, plant and equipment		4,639.6	4,710.7	-1.5
Deferred tax asset		1,136.3	702.9	61.7
Inventories		69.8	91.6	-23.9
Other receivables		51.0	44.9	13.5
Other non-current assets		297.3	348.6	-14.7
<b>Total Assets</b>		<b>10,350.3</b>	<b>10,042.5</b>	3.1

BALANCE SHEET	As of:	Sep'23	Dec'22	% Chg.
<b>Current liabilities</b>		1,601.3	1,416.4	13.1
Interest-bearing loans		250.3	376.8	-33.6
Other liabilities		803.2	269.8	197.7
Trade and other payables		374.6	488.3	-23.3
Income tax payable		106.6	209.1	-49.0
Lease liabilities		13.3	13.8	-3.3
Other provisions		53.2	58.6	-9.1
<b>Non-current liabilities</b>		3,404.5	3,337.9	2.0
Interest-bearing loans		2,821.5	2,531.2	11.5
Other liabilities	-	186.7	97.6	-291.2
Lease liabilities		93.5	94.2	-0.8
Pensions and other post-employment benefit plans		52.7	49.7	5.9
Deferred tax liability		142.5	132.7	7.4
Other provisions		481.0	432.4	11.2
<b>Total Liabilities</b>		<b>5,005.8</b>	<b>4,754.3</b>	5.3
<b>Capital and reserves attributable to shareholders of the Company</b>				
Share capital		401.4	401.4	0.0
Non -Controlling Interest		1,243.3	1,214.0	2.4
Retained earnings		3,729.0	3,687.7	1.1
Other reserves	-	29.1	14.8	-97.2
<b>Total Capital</b>		<b>5,344.5</b>	<b>5,288.3</b>	1.1
<b>Total equity and liabilities</b>		<b>10,350.3</b>	<b>10,042.5</b>	3.1
Dividends per share		0.0	0.0	

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

# FINANCIAL HIGHLIGHTS – CASH FLOW

CASH FLOW	As of:	YTD'23	YTD'22	% Chg.
Profit for the year		113.7	195.3	-42
Cash generated from operations		442.4	614.9	-28
Income tax paid		-324.6	-208.3	-56
<b>Net cash from operating activities</b>		<b>231.4</b>	<b>602.0</b>	<b>-62</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment		-404.6	-533.4	24
Proceeds from the sale of property, plant and equipment		3.8	11.4	-67
Interest received		58.2	23.6	146
Proceeds from the repayment of advances and loans granted to third parties		3.7	4.9	-23
Others		-6.2	-17.1	64
<b>Net cash used in investing activities</b>		<b>-345.0</b>	<b>-510.6</b>	<b>32</b>
<b>Cash flows from financing activities</b>				
Interest-bearing loans; Net		153.5	9.3	1544
Lease payments		-15.0	-18.5	19
Dividends paid		-41.7	-87.0	52
Capital contribution		9.7	10.1	-5
Interest paid		-166.5	-122.3	-36
Others		19.1	-4.8	497
<b>Net cash generated (used in)/from financing activities</b>		<b>-40.9</b>	<b>-213.1</b>	<b>81</b>
Net increase in cash and cash equivalents during the year		-154.5	-121.7	-27
Effect of exchange rate on cash and cash equivalents		5.8	-2.9	298
Cash and cash equivalents at 1 January		1,468.9	1,817.1	-19
Cash and cash equivalents at 31 December		1,320.2	1,692.4	-22

CASH FLOW	As of:	YTD'23	YTD'22	% Chg.
<b>Adjustments to reconcile profit for the period to net cash inflows from operating activities:</b>				
Depreciation and amortisation		507.7	504.9	1
Income tax expense / (credit)		-232.6	44.4	-624
Net finance cost		96.5	78.8	22
Foreign exchange loss		14.2	21.4	-33
Impairments		0.0	0.0	
(Gain)/loss on the sale of property, plant and equipment and other assets		1.5	-4.5	135
Non-cash movements and other provisions		59.0	61.1	-3
<b>TOTAL</b>		<b>446.3</b>	<b>706.0</b>	<b>-37</b>
<b>Working capital adjustments</b>				
Decrease/(Increase) in trade and other receivables		-192.1	-62.0	-210
Decrease/(Increase) in inventories		56.7	-71.1	180
(Decrease) / Increase in trade and other payables		131.4	42.1	212
<b>TOTAL</b>		<b>-4.0</b>	<b>-91.0</b>	<b>96</b>
Cash generated from operations		442.4	614.9	-28



- » Mauricio García, CFO.  
[Mauricio\\_Garcia@penoles.com.mx](mailto:Mauricio_Garcia@penoles.com.mx)
- » Investor Relations  
[Investor\\_Relations@penoles.com.mx](mailto:Investor_Relations@penoles.com.mx)
- [www.penoles.com.mx](http://www.penoles.com.mx)



### Disclaimer

This presentation contains certain calculations and forward-looking information regarding to Industrias Peñoles, S.A.B. de C.V. (Peñoles) and its subsidiaries that are based on assumptions made by its management. Such information, as well as the statements with respect to future events and expectations are subject to certain risks, uncertainties and factors that could cause the actual results, performance or achievements of Peñoles to be materially different at any time. Due to such risks and factors, actual results may materially differ from the estimates described herein, for which reason Peñoles does not assume any obligation nor responsibility with respect to such variations or to information provided by official sources.