

SOLID

Results with a sustainable vision



We strive to improve the efficiency and sustainability of our operations as we face an ever-changing and uncertain environment, that offers both challenges and significant opportunities.

B

Grupo BAL is a cluster of state-of-the-art companies that incorporates a diversified group of businesses: Profuturo (an Afore pension fund), Grupo Nacional Provincial (insurance company), Peñoles (mining, metallurgical, and chemicals industries), Fresnillo plc (mining), Grupo Palacio de Hierro (department stores), TANE (jewelry business), Solvimás (financial services), Valores Mexicanos (brokerage house), Crédito Afianzador (bonds), AgroBal (farming businesses), Médica Móvil (pre-hospitalization care), Instituto Tecnológico Autónomo de México (education), and ElectroBal (power generation). Each of these companies strives to be at the top of their corresponding industry in terms of profitability. As a whole, the goal of the conglomerate is to create great value for its stakeholders by offering exceptional products and services to clients, supporting the personal and professional growth of employees, and contributing to the development of Mexico.

The solid results for the period reflect our long-term vision and prudent, disciplined management, that enabled us to capitalize on the benefits of a favorable pricing cycle and **improve our long-term growth prospects.**



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The following symbols are used throughout this report:

CAD\$ = Canadian dollars
CO₂ = carbon dioxide
g/t = grams per metric ton
GWh = gigawatts per hour
k = thousand
koz = thousand ounces
kt = thousand metric tons
kWh = kilowatts per hour
lb = pounds
Ml = million liters
Mlb = million pounds
Mm³ = million cubic meters
Moz = million ounces
Mt = million tons
MW = Megawatts
MXN = Mexican pesos
oz = ounce
t = metric tons
tCO₂e = tons of carbon dioxide equivalent
US\$ = US dollars
US¢ = US cents
US¢/lb = US cents per pound
US¢/lbe = US cents per pound equivalent
US\$ M = million US dollars
US\$/oz = US dollars per ounce
US\$/t = US dollars per ton



Company overview

We align our goals and actions with our strategic pillars to consolidate our Vision and fulfill our purpose: generating opportunities and well-being by providing essential resources in a sustainable manner.



Corporate profile

Founded in 1887, Peñoles is a mining group with integrated operations for smelting and refining nonferrous metals and manufacturing chemical products. Peñoles is world’s top producer of refined silver, the leading producer in Latin America of refined gold and lead, and one of the top global producers of refined zinc and sodium sulfate.

Peñoles shares have been trading on the Mexican Stock Exchange since 1968 under ticker symbol PE&OLES.

Vision

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

Mission

To generate value from nonrenewable natural resources in a sustainable manner.

Values

Our actions are guided by the values of Confidence, Responsibility, Respect, Integrity, and Loyalty.

Stakeholders

Our purpose is to generate opportunities and well-being by providing essential resources in a sustainable manner.

At Peñoles our goals are:

Employees

To be the best employment option—one that is a source of pride and dignity—and to offer opportunities for growth, respect, and recognition in a safe and collaborative workplace.

Communities

To have communities committed to their development and to the organization; that thrive and take ownership of their destiny, that value and feel proud of their neighborhood and collaboration with Peñoles.

Authorities

To establish collaborative, mutually beneficial and institutional relationships by promoting an open dialogue with representatives of local, state, and federal governments for the common good.

Clients

To be a strategic partner that offers comprehensive solutions and inspires the trust needed to establish long-term business relationships.

Shareholders

To be the best investment option for the mid -and longterm, with competitive costs, growth, and profitability, while ensuring the company’s continuity.

Suppliers

To be a strategic partner, whose business relationships are based on best commercial practices and a deep ethical commitment, which enables us to establish mutually beneficial long-term relationships.

Corporate structure*

Industrias Peñoles, S.A.B. de C.V.

* Includes the main subsidiaries.



¹ Fresnillo plc is independently listed on the London Stock Exchange (LSE) and the Mexican Stock Exchange (BMV), and has its own management team, management structure, and corporate governance bodies (for more information visit www.fresnilloplc.com).
² Operated by third parties; they supply electricity under long-term supply agreements.

Location of operations

138 years of solid results with a sustainable vision.

Peñoles, a proudly Mexican company with an international presence, generates growth and creates opportunities in the regions where it has been operating for 13 decades.



*Operations for these units are currently suspended.

Strategic plan

1

Efficiency, operational and technological focus

Ensure operations reach their design capacity and maximum efficiency and profitability through:

1. Strict control over processes and costs.
2. Flawless streamlining and execution of investments.
3. Optimization of working capital.
4. Fully leveraging the group's synergies in a work environment that is safe, healthy, and socially and environmentally friendly.

2

Growth in exploration and new businesses

Ensure business continuity and sustainable growth by dynamically identifying and seizing strategic business opportunities with an efficiently managed portfolio of attractive projects.

3

Safety, occupational health, and environment

All our operations are committed to excelling in terms of their safety, occupational health, and environmental performance, by remaining at the forefront of compliance with all internal and industry guidelines adopted by our organization and based on the most rigorous industry standards.

4

Risk management, regulatory compliance, and corporate governance

Strengthen our risk management, compliance, and corporate governance systems, supported by:

1. A management system that ensures effective mitigation actions.
2. An action framework that strengthens responsibility and accountability.
3. A governance structure that establishes policies and procedures, including external regulations.
4. Proper communication throughout the organization.

5

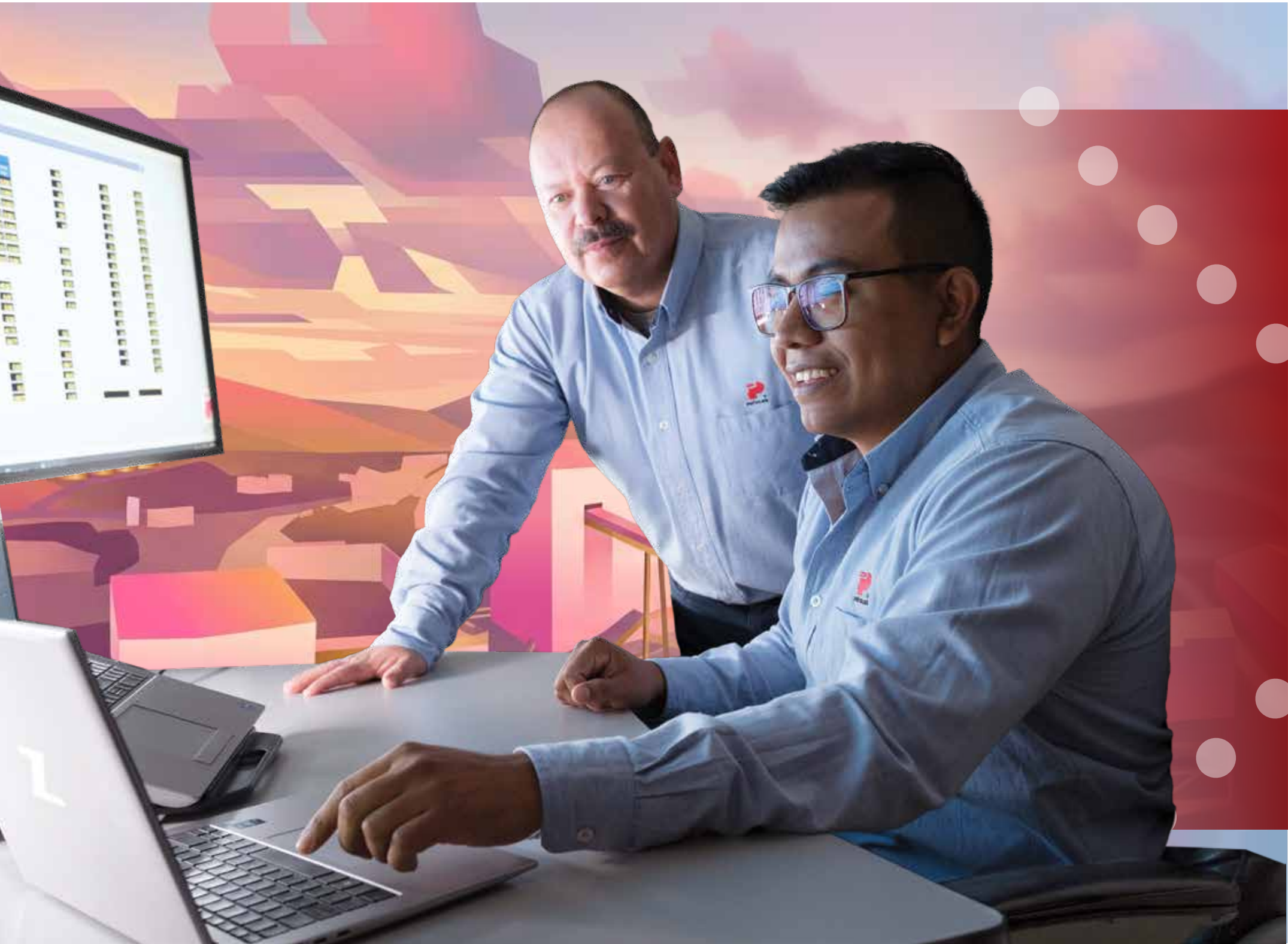
Community engagement and government relations

Ensure that our actions and relationships with communities and governments are carried out within a framework of respect, ethics, and empathy in a favorable environment for the development of our business and value creation for all our stakeholders.

6

Focus on people and leadership

Have qualified and competent personnel, both unionized and non-unionized, who are able to fulfill their responsibilities and achieve individual, team, and business results.



Highlights

The financial results of 2025 reflect the timely leveraging of a favorable market environment for our industry, driven by unprecedented gold and silver prices.

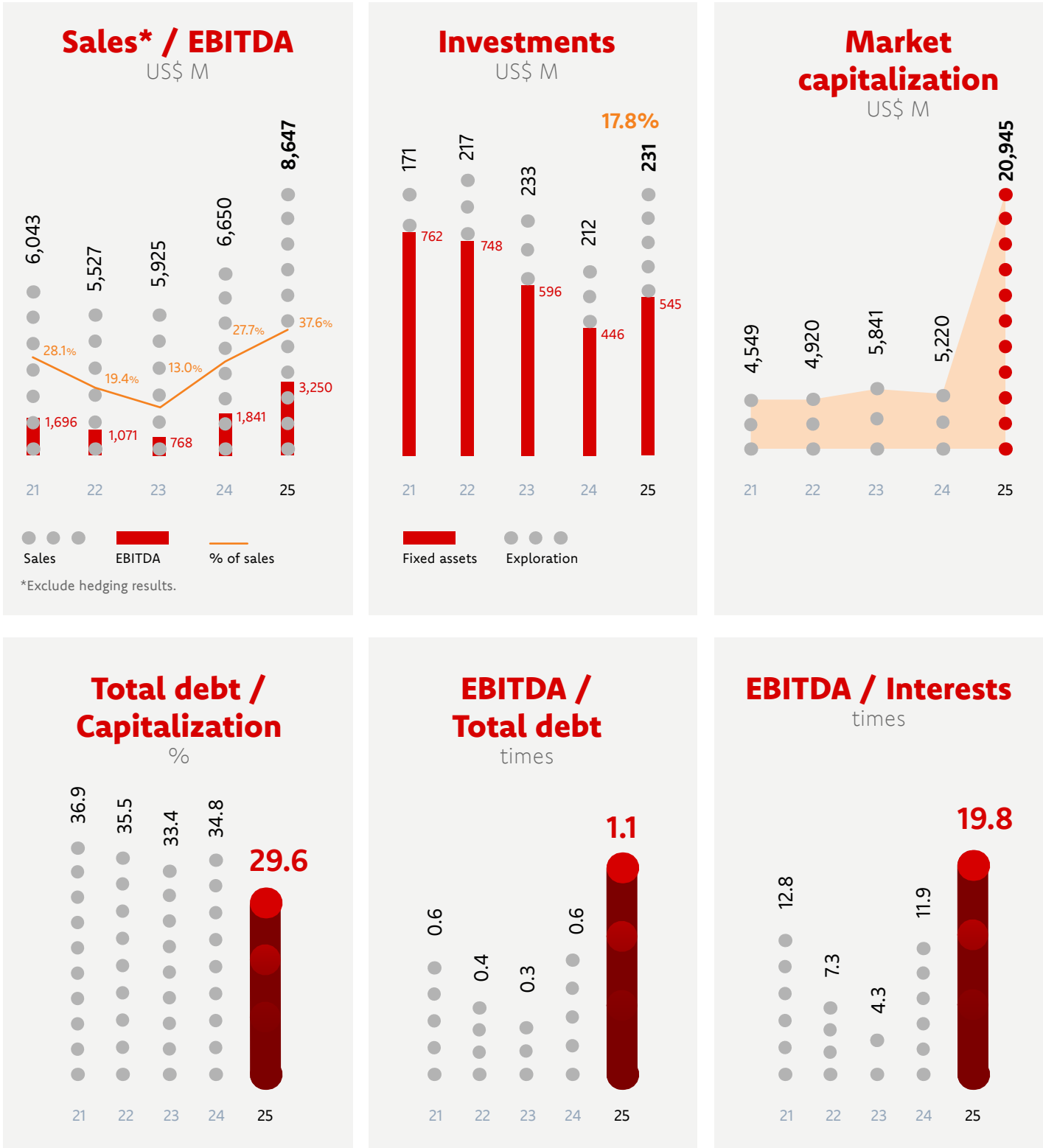
Financial Highlights

US\$ M	2025	2024	% Chg.	2023	2022	2021
Net sales ¹	8,647.3	6,650.1	30.0	5,929.0	5,523.4	5,971.8
Gross profit	3,310.8	1,756.5	88.5	808.2	1,032.5	1,555.8
Exploration expenses	230.9	212.2	8.8	232.7	217.1	170.9
EBITDA ^{2,3}	3,250.5	1,841.1	76.5	768.2	1,070.9	1,695.8
Operating income ³	2,564.7	1,054.4	143.2	77.6	380.3	971.0
Financial and exchange result	107.3	145.1	-26.1	149.8	158.4	152.8
Controlling interest in net income (loss)	1,372.6	73.3	1,773.8	147.1	183.4	391.3
Capital expenditures	545.0	446.2	22.1	596.0	747.5	762.1
Dividends paid to majority shareholders	-	-	-	-	-	49.9
Cash and investments ⁴	3,709.7	1,866.8	98.7	1,040.2	1,468.9	1,817.1
Property, plant and equipment, net	4,086.6	4,219.1	-3.1	4,660.2	4,710.7	4,707.3
Total assets	13,073.8	10,269.3	27.3	9,979.3	10,042.5	9,793.3
Financial debt	3,057.5	3,005.2	1.7	2,758.8	2,908.0	2,936.8
Deferred taxes	-1,003.1	-696.8	-244.0	-1,106.3	-570.2	-196.0
Total liabilities	5,784.4	4,637.0	24.7	4,473.5	4,754.2	4,769.4
Total shareholders' equity	7,289.3	5,632.3	29.4	5,505.8	5,288.3	5,023.9

Figures prepared in accordance with International Financial Reporting Standards (IFRS).

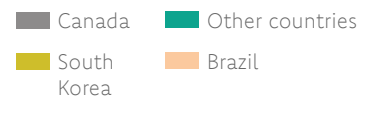
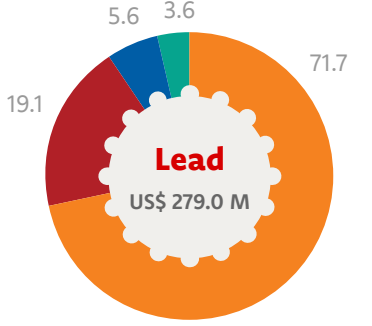
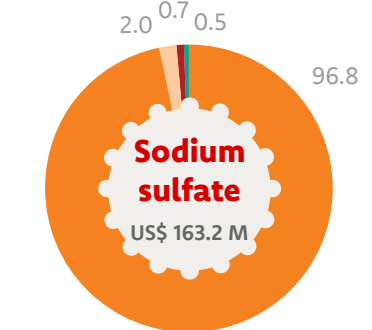
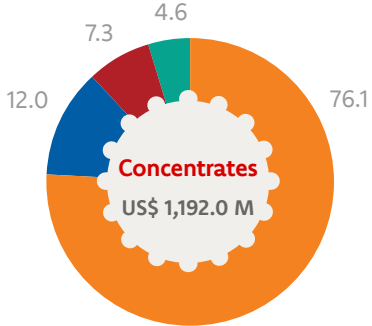
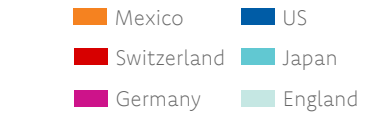
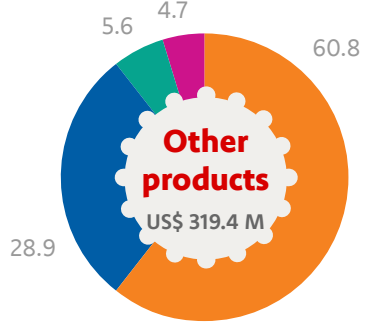
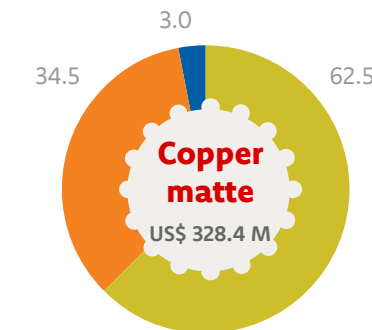
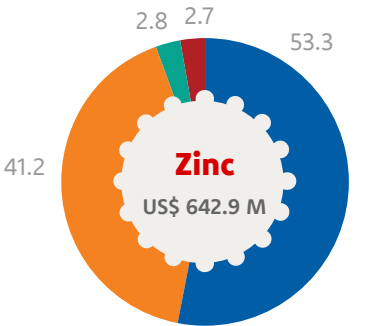
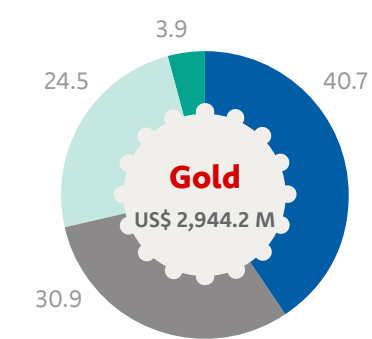
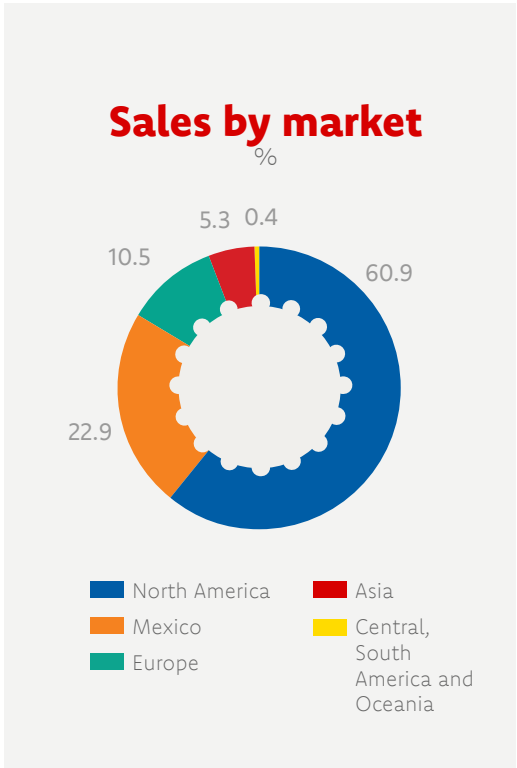
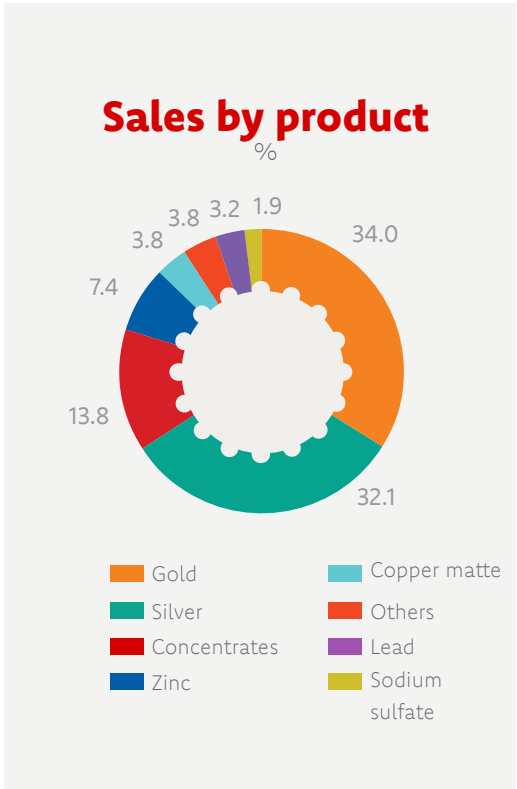
1 Include hedging results.
2 Earnings Before Interest, Taxes, Depreciation and Amortization.
3 Does not include other income, expense and impairment loss.
4 Includes cash, cash equivalents and short-term investments.

Financial indicators

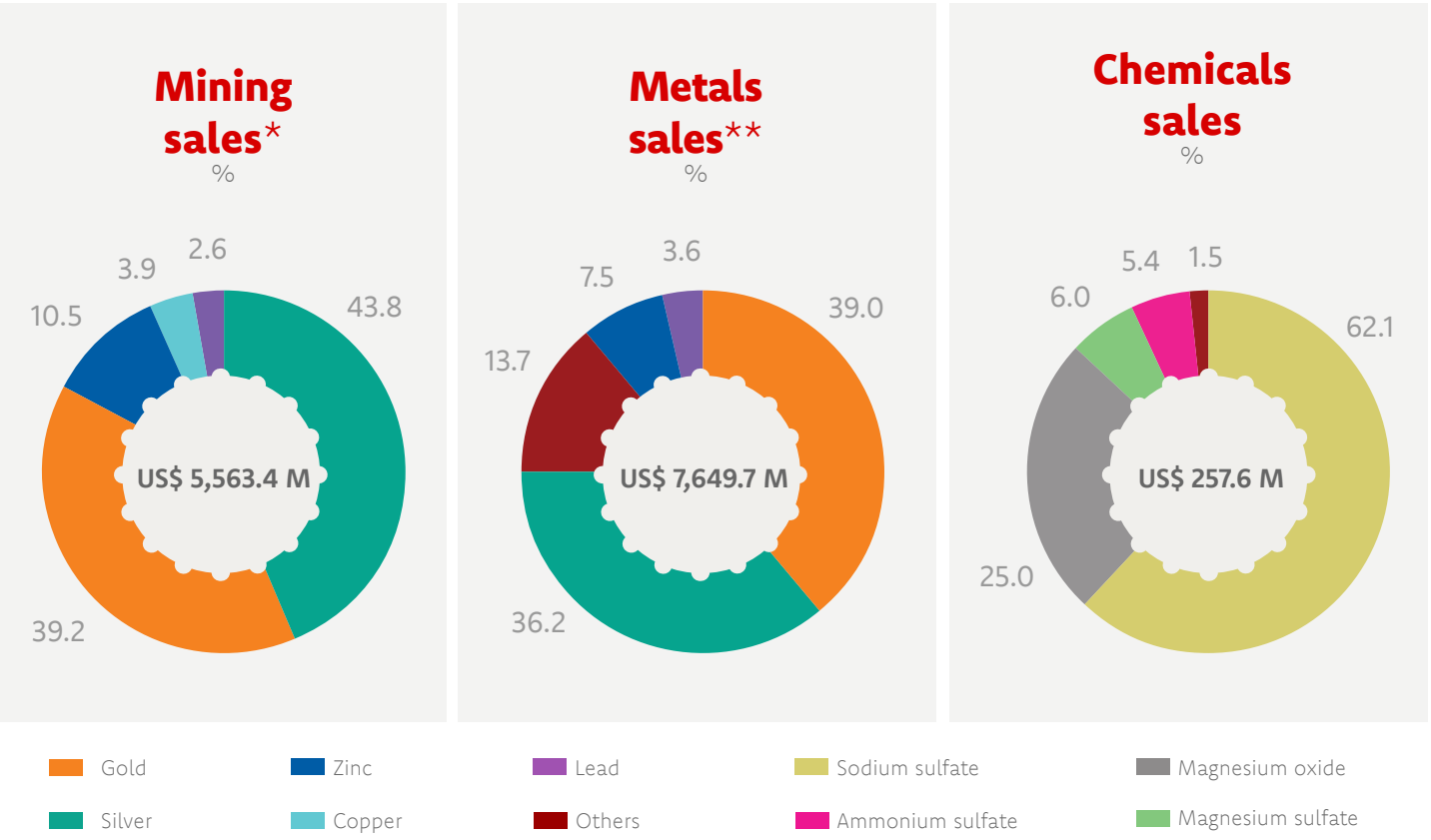


Sales by **product and market**

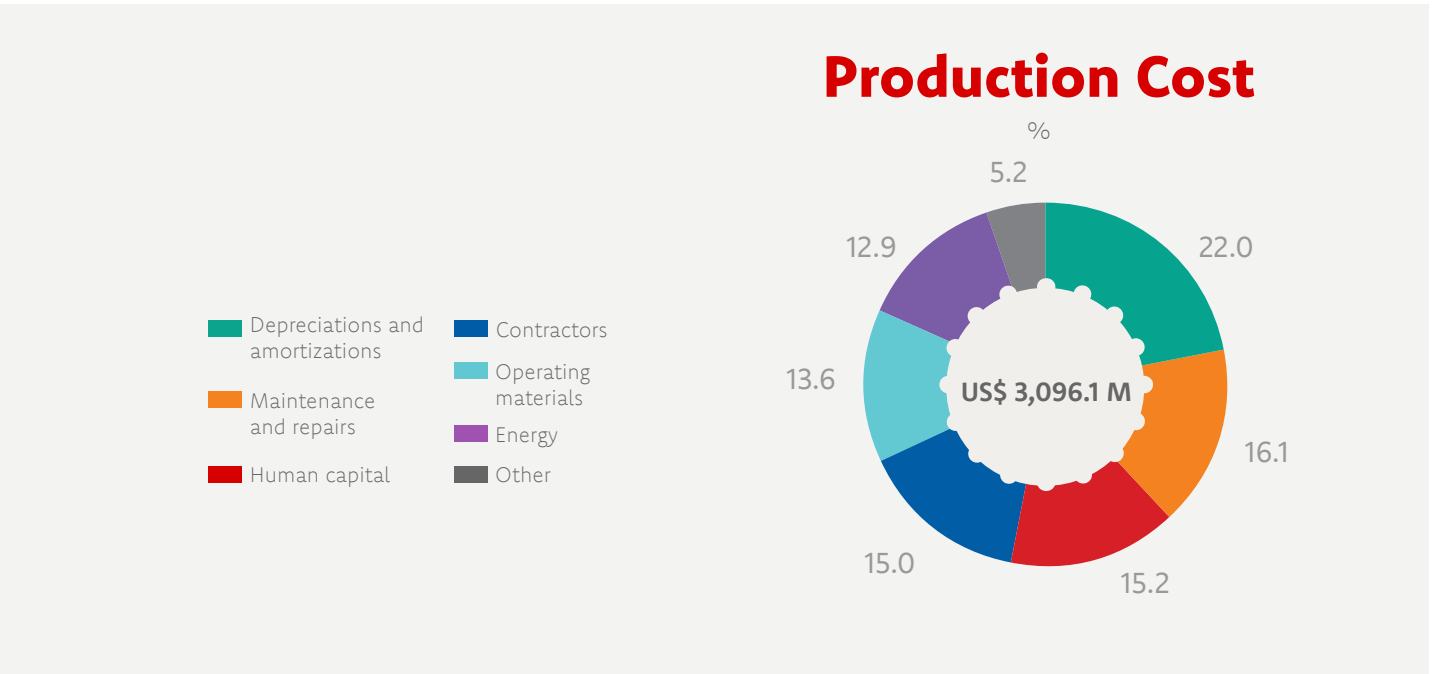
Net sales were **US\$ 8,647.3 M**, of wich 77.1% were exports.



Sales by **division and production costs**



* Does not include hedging results, treatment charges, penalties, or service revenue. Copper includes cathodes.
** Does not include Bal Holdings.

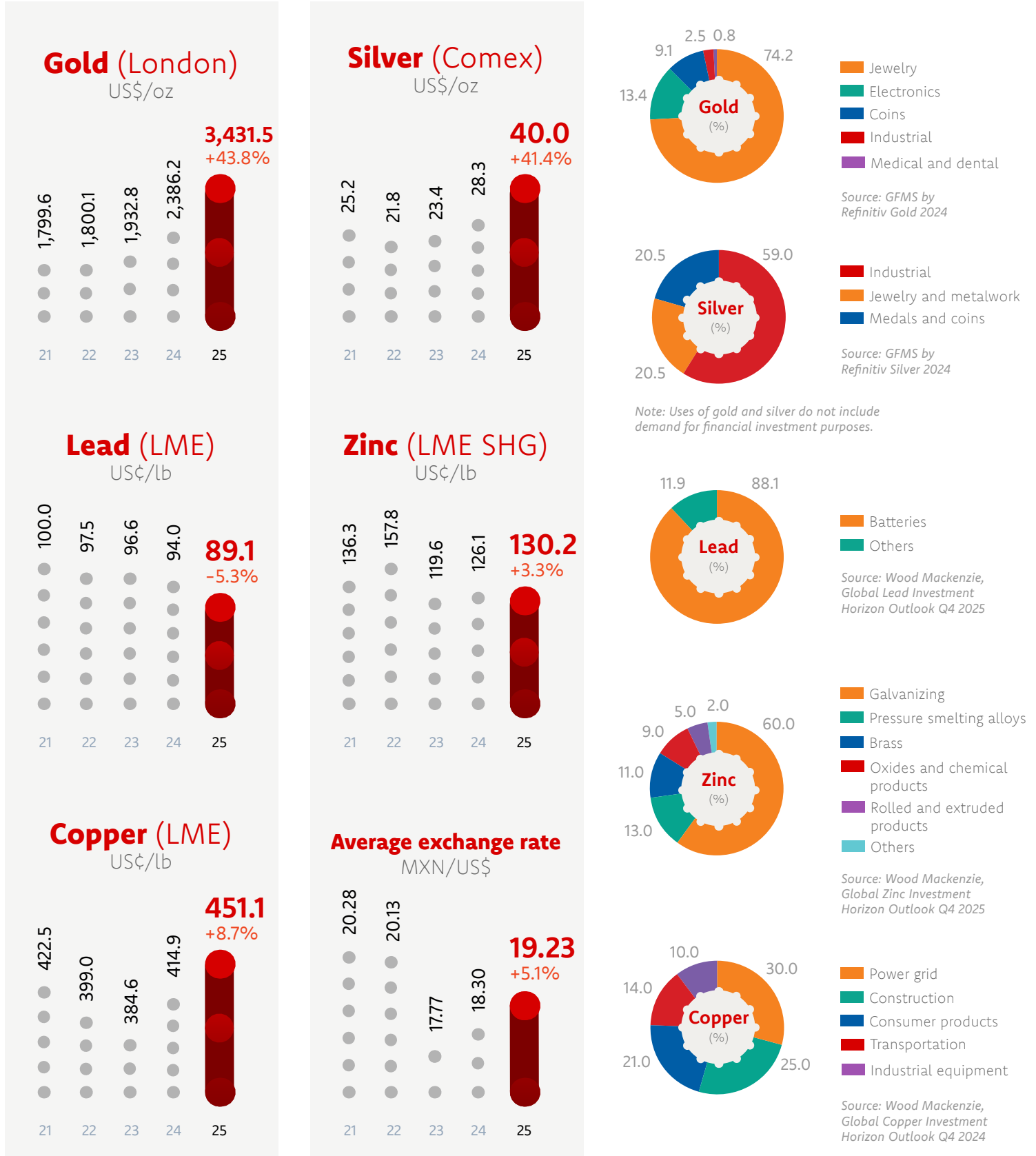


Production and sales volumes

PRODUCTION (k):							
PRODUCT	Unit	2025	2024	% Chg.	2023	2022	2021
Metallic contents (Mining operations)							
Gold	oz	642	680.6	-5.7	675.8	704.0	812.0
Silver	oz	62,400.7	70,586.0	-11.6	72,397.6	66,969.8	64,440.8
Lead	t	85.2	89.7	-5.0	85.4	78.2	78.8
Zinc	t	250.3	270.8	-7.6	282.1	269.3	274.0
Copper	t	10.0	10.7	-6.2	9.3	9.9	11.3
Cathodic copper	t	10.5	12.9	-18.2	13.7	5.5	3.1
Refined metals and other materials							
Gold	oz	884.1	877.9	0.7	973.7	1,013.2	1,118.2
Silver	oz	70,586.1	76,316.8	-7.5	77,834.7	73,818.2	75,230.4
Lead	t	105.1	114.9	-8.5	119.8	109.1	120.4
Zinc	t	199.1	241.2	-17.5	251.8	237.1	264.4
Copper	t	6.9	4.4	57.6	5.2	5.0	5.2
Cadmium	t	2.2	0.7	214.6	0.1	0.0	0.0
Lead bullion	t	121.9	135.7	-10.2	138.7	129.2	144.8
Chemicals							
Sodium sulfate	t	733.3	725.8	1.0	699.3	764.1	761.9
Magnesium oxide ¹	t	76.2	67.1	13.6	64.1	94.4	82.5
Ammonium sulfate ²	t	63.7	105.9	-39.8	159.0	167.8	178.9
Magnesium sulfate	t	65.9	65.9	0.1	63.8	66.5	64.2
SALES (k):							
PRODUCT	Unit	2025	2024	% Chg.	2023	2022	2021
Gold	oz	884.8	882.9	0.2	962.9	1,015.9	1,126.2
Silver	oz	71,270.0	77,318.0	-7.8	76,466.2	71,876.0	73,249.3
Lead	t	112.2	125.3	-10.5	115.7	119.9	122.2
Zinc	t	205.2	257.2	-20.2	229.2	230.9	279.1
Sodium sulfate	t	764.8	731.5	4.5	718.0	762.4	801.3
Magnesium oxide ¹	t	70.6	59.0	19.5	58.3	72.0	76.0
Ammonium sulfate ²	t	47.8	132.2	-63.9	132.9	90.4	133.5
Magnesium sulfate	t	64.2	60.8	5.6	61.0	66.1	64.4
Lead concentrates	t	83.4	67.7	23.1	57.8	60.5	61.2
Zinc concentrates	t	125.2	169.8	-26.3	190.0	57.5	82.2
Copper concentrates	t	57.3	60.9	-5.9	50.4	49.5	55.7

¹ Includes refractory, caustic, electric, electrofused and hydroxide grades.
² Does not include manufactured granules.

Metal prices and uses



MANAGEMENT REPORTS

Annual report from the
**Board of Directors
to the Shareholders
Meeting**

For fiscal year 2025



The announcement by our subsidiary Fresnillo plc of its acquisition of Probe Gold Inc. is significant. This transaction will enable the company to add high-quality gold exploration projects located in Quebec, Canada, to its strategic growth portfolio. Diversifying into a top-tier mining jurisdiction represents a historic step in the internationalization of our precious metals mining business.

To our shareholders:

In my capacity as Chairman of the Board of Directors of Industrias Peñoles, S.A.B. de C.V. (the “company”), and on its behalf, I hereby present this report, based on an analysis of the information provided by the Chief Executive Officer in his Annual Report, on the company’s performance and its financial and operational results for fiscal year 2025. This report also covers relevant aspects of safety, health, and the environment; our engagement with the communities where we operate; and our corporate governance practices, along with a summary of the Board of Directors’ main activities.

In 2025, global economic growth remained moderate and resilient. Heightened uncertainty resulting from geopolitical tensions and tighter tariff barriers exacerbated financial volatility and unpredictability, affecting trade flows and supply chains. In addition, amid easing inflation, central banks continued to reduce interest rates.

Under these conditions, precious metals performed exceptionally well. Gold and silver prices—traditionally viewed as safe-haven assets in uncertain times—reached record highs. Improvements in industrial metal prices were less pronounced, except for lead, supported by interest rate cuts and a weaker US dollar but limited by sluggish industry dynamics.

Domestically, the federal government’s Plan Mexico designates mining as a strategic sector for the country’s growth and for supplying critical inputs to industry and the energy transition. In acknowledgement of this designation and to promote professional, technical, and scientific training in areas related to the sector, the Mining Education Committee (Comité Educativo de Minería) was established in partnership with universities, authorities, and industry.

The company’s financial results for 2025 were outstanding, driven by a favorable gold and silver price environment, continued operational and financial discipline, cost and expense controls, and prudent, responsible investment management.

The announcement by our subsidiary Fresnillo plc of its acquisition of Probe Gold Inc. is significant. This transaction will enable the company to add high-quality gold exploration projects located in Quebec, Canada, to its strategic growth portfolio. Nonetheless, Fresnillo plc will continue to focus its investments primarily in Mexico. Diversifying into a top-tier mining jurisdiction represents a historic step in the internationalization of our precious metals mining business.

Investments in fixed assets totaled US\$ 545 million and were focused mainly on sustaining operations, developing mining infrastructure, acquiring and replacing critical assets, and strengthening the technological network.

In 2025, we invested US\$ 231 million in exploration, an 8.8% increase compared to the previous year. This generated favorable results in both operating mines and their areas of influence, as well as in the portfolio of advanced domestic and international projects, through the identification of ore resources and the updating of economic projections.

Investments in fixed assets totaled US\$ 545 million, 22.1% higher than in 2024, and were focused mainly on sustaining operations, developing mining infrastructure, acquiring and replacing critical assets, and strengthening the technological network.

Production of metallic contents decreased compared to the previous year, mainly due to a reduction in the volume of processed ore resulting from the depletion of the San Julián disseminated ore body and the workers' strike at Tizapa during the first half of 2025. Annual gold volume totaled 642,000 ounces, a decrease of 5.7%, while silver production decreased 11.6% to 62 million ounces. In terms of base metals, lead production totaled 85,000 tons and zinc production reached 250,000 tons, representing reductions of 5.0% and 7.6%, respectively. The volume of copper concentrates was down 6.2%, and copper cathodes from Milpillas registered an 18.2% reduction.

Metallurgical operations faced several operational and market challenges. For the second consecutive year, the international fees that Met-Mex charges for

treating concentrates and refining silver decreased markedly. In addition, operational continuity at the zinc plant was affected by several corrective stoppages. However, the increase in precious metal prices and the reinforcement of the inventory reduction program helped minimize the adverse effects of these challenges on the margins of this business. Annual refined gold production, at 884,000 ounces, was similar to 2024, while refined silver volume, at 71 million ounces, was down 7.5%. Refined lead production totaled 105,000 tons, an 8.5% decrease. Finally, refined zinc production decreased 17.5%, to 199,000 tons.

Inorganic chemicals performed well during the period, highlighting a recovery in demand for magnesium oxide and margin improvements resulting from efficiency measures and cost controls.

In financial terms, in millions of US dollars, net sales rose to US\$ 8,647, representing 30% growth over 2024. This significant increase in revenue was mainly due to higher gold and silver prices. Likewise, EBITDA was up 76.5%, to US\$ 3,250. Net income for the year was US\$ 1,373, an increase of 1,773.8%. The net debt-to-EBITDA ratio improved from 0.6 times in 2024 to -0.2 times in 2025, confirming the strength of the company's financial structure.

At Industrias Peñoles, sustainable operations are one of the pillars of our business strategy and a natural extension of our Vision. In line with our commitment

The health and well-being of our people remain our top priority; consequently, we continue to reinforce industrial safety management with a preventive approach.

to environmental stewardship, this year we held a bidding process for our long-term electric power supply as part of our decarbonization initiatives, which will include a greater share of renewable energy.

The health and well-being of our people remain our top priority; consequently, we continue to reinforce industrial safety management with a preventive approach and the active participation of all levels of the organization. Likewise, we continue to foster cordial and harmonious relationships with the communities whose development, well-being, and prosperity we actively support. In 2025, we invested US\$ 16 million in social programs and initiatives.

The Board of Directors adheres to solid corporate governance practices. To fulfill its responsibilities, the Board relies on the support of several committees and operates in alignment with the recommendations of the Code of Principles and Best Practices in Corporate Governance (Código de Principios y Mejores Prácticas de Gobierno Corporativo). In 2025, the Board met four times. The most important topics discussed and approved during these meetings included the following:

- 1. Reinforcing occupational safety and environmental programs.
- 2. Monitoring compliance with operational objectives.
- 3. Implementing measures to improve efficiency and financial discipline.
- 4. Advancing the strategic plan and decarbonization strategy.

- 5. Updating and monitoring the risk matrix.
- 6. Analyzing investment and financing programs, metals and foreign exchange hedging, as well as financial projections.
- 7. Complying with the obligation to disclose sustainability-related information.
- 8. Reviewing the 2025 budget and setting up the 2026 budget.

The following are the most relevant activities carried out by the committees, whose members are listed in the Corporate Governance section of this Annual Report:

- The Executive Committee reviewed the budget, along with the operational and financial performance of all business units, including matters related to safety and environmental stewardship. It validated the progress of the strategic plan and the corresponding adjustments, as well as the implementation of the environmental, social, and corporate governance strategy.
- The Audit and Corporate Governance Committee reviewed performance on internal control, operational and financial results, performance metrics, and the internal audit and compliance plans. It also evaluated external audit services, confirmed compliance with regulatory requirements, and reviewed the risk matrix, accounting policies, and related-party transactions. Additionally, the committee monitored key legal matters reported by management.

- The Finance and Planning Committee monitored financial projections, the implementation of cost-reduction measures, and the company’s overall financial position.
- The Nominations, Evaluation and Compensation Committee conducted its annual performance evaluation of senior management in accordance with company policies and approved salary and benefit adjustments. The compensation package for senior management includes a base salary, all legally mandated benefits, and additional components in line with common practice in the national industrial sector.

In accordance with the provisions of the Mexican Securities Market Law (Ley del Mercado de Valores), the Audit and Corporate Governance Committee prepared its Annual Report, which is presented at this Shareholders Meeting.

The Board of Directors reports to the Meeting on the accounting policies and criteria used to prepare the financial statements. These include, among others, the basis of presentation and consolidation, as well as the accounting policies, which form an integral part of this Report. The financial statements were prepared in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board.

In the opinion of the Board of Directors, the report presented by the Chief Executive Officer to this Shareholders Meeting reasonably reflects the company’s financial position, results, and key developments during 2025.

The company’s solid results for 2025 also reflect our long-term vision and prudent, disciplined management of operations. This approach has enabled us to capitalize on the benefits of a favorable pricing cycle and improve our long-term growth prospects, while maintaining a solid and conservative financial structure. We will continue working to improve the efficiency and sustainability of our operations as we face an ever-changing and uncertain environment that offers both challenges and significant opportunities.

I would like to express my sincere appreciation to the members of the Board of Directors for their dedication and commitment. I also wish to recognize the effort and dedication of our employees, whose daily work is essential to achieving the company’s goals. To our shareholders, I extend my deepest appreciation for the trust they continue to place in us.


Alejandro Baillères
Chairman of the Board of Directors

Report on the company’s performance by the **Chief Executive Officer** to the **Board of Directors,**

For fiscal year 2025

**Mr. Chairman,
members of the Board of Directors:**

In my capacity as Chief Executive Officer of Industrias Peñoles, S.A.B. de C.V. (the “company”), and in accordance with the provisions of the Mexican Securities Market Law, I hereby submit for your consideration the Annual Report on the company’s performance and results for fiscal year 2025. This includes the consolidated financial statements and the accompanying explanatory notes, which outline the principal accounting and reporting policies and criteria used in the preparation of the financial information presented herein.

In 2025, an environment of significant uncertainty prevailed as a result of geopolitical conflicts and regional tensions, with a global impact on market dynamics and investment decisions. Likewise, trade and tariff measures applied globally reconfigured international trade flows and affected supply chains. With the relative easing of inflation, the main central banks began gradual processes to lower interest rates, allowing for modest global economic growth.



Mexico’s Gross Domestic Product (PIB) grew 0.8%, due to both internal and external factors. The Mexican Central Bank (Banco de México) lowered its benchmark interest rate to 7% at year-end, while annual inflation moderated, declining from 4.21% in 2024 to 3.69% in 2025.

Meanwhile, the global weakness of the US dollar favored the appreciation of major currencies, including the Mexican peso, which saw a parity revalue by 11.4% compared to the close of 2024 reaching an end-of-year exchange rate of \$17.97 pesos per dollar. However, the average exchange rate for the year was \$19.23 pesos per dollar, 5.1% higher than the 2024 average.

In an environment of financial volatility, precious metal prices surged significantly, reaching record highs. Gold and silver were driven by demand for safe-haven assets in times of geopolitical and economic uncertainty, regional tensions, and expectations of greater monetary flexibility in the US. Gold particularly benefited from sustained purchases by central banks, which helped strengthen its role as a strategic safe-haven asset. The price averaged US\$ 3,431.54 per ounce, representing a 43.8% increase over the 2024 average. Silver—also driven by strong industrial demand and its correlation with gold prices—rose significantly during the last quarter of the year, averaging US\$ 40.02 per ounce, or 41.5% higher year-over-year.

A record increase in precious metal prices, together with efficiency initiatives and our continued focus on cost and expense controls, had a very favorable impact on the company’s results during 2025.

In terms of base metals, the factors mentioned above, together with supply-demand imbalances, resulted in more moderate price increases, led by copper, whose annual average price rose 8.7% to US\$ 4.51 per pound. The average price of zinc rose 3.2% to US\$ 1.30 per pound. In contrast, lead declined 5.3% to an average of US\$ 0.89 per pound, due to weakness in the automotive sector.

A record increase in precious metal prices, together with efficiency initiatives and our continued focus on cost and expense controls, had a very favorable impact on the company’s results during 2025.

The following are the highlights of our operating, financial, and non-financial results for 2025, as well as the strategies, actions, and main percentage changes compared to 2024. Financial figures are stated in millions of US dollars (US\$), unless otherwise indicated.

Investments in exploration totaled US\$ 231 M. At Reina del Cobre, ore resource estimates increased to 27.8 million tons, and the drilling program was expanded.

Strengthening the High Potential Management strategy to support safe and accident-free work environments is an ongoing effort involving all employees and levels of the organization, as well as specialized service contractors. We updated the critical risk portfolios and established controls and performance standards by modernizing our assessment tools. The Leadership Standard was also updated, and we increased visible leadership in the field with the participation of senior management. We held several events to promote a culture of prevention in safety, occupational health, and the environment.

Investments in fixed assets totaled US\$ 545, 22.1% higher than the previous year, and were mainly allocated to sustaining operations, including infrastructure and mine development; the expansion or construction of tailings storage facilities and leach pads; the acquisition and replacement of critical equipment; and the strengthening of technological infrastructure.

In exploration, investments totaled US\$ 231, an 8.8% increase over the previous year. In precious metals, efforts focused mainly on the districts surrounding Fresnillo plc’s operating mines, as well as on a portfolio of priority advanced projects in Mexico—Orisyvo (Chihuahua), Rodeo (Durango), Tajitos (Sonora), and Guanajuato (Guanajuato)—where progress was made in metallurgical research and in updating economic studies. In international projects, exploration continued at Capricornio in Chile and Chiclayo in Peru.

Additionally, Fresnillo plc signed an agreement to acquire Probe Gold Inc., a Canadian company located in the province of Quebec that explores and develops highly promising gold properties and owns the Novador advanced project—whose resources are estimated at 8 million ounces of gold—and the Detour Gold project, which is in the early stages of development. This transaction, valued at approximately CAD\$ 770 million, equivalent to US\$ 555, will strengthen the company’s portfolio with high-quality exploration projects. It also positions Fresnillo plc among the world’s 10 largest international precious metals mining companies. The transaction is aligned with the long-term growth strategy to diversify our geographic presence in precious metals mining.

Exploration efforts for base metals focused on advanced projects with the highest potential and on the area of influence surrounding the Tizapa mine in the State of Mexico, where drilling resumed after the workers’ strike—which began on August 30, 2024—ended on June 30, 2025. Following positive drilling results at Reina del Cobre in Durango, a polymetallic project near the Velardeña unit, we increased resource estimates to 27.8 million tons of ore with a copper equivalent grade of 2.0%. This allowed us to expand the drilling program to new areas to establish a sufficient volume of inferred and indicated resources and update the economic studies. We also conducted drilling at the Flobar copper project in Sonora and identified high-volume shallow mineralization, which is currently being assessed for integration into ore resource estimates.

In the portfolio of international projects, the Racaycocha copper-gold project in Peru is notable. There, drilling took place in three areas with promising intersections, and we updated potential resources in two areas. We also carried out a fourth parametric drilling campaign at the Yastai copper-gold project in Chile, which enabled us to improve resource quality and define new targets to expand the project’s potential.

Despite having several international exploration projects currently underway, Mexico remains our priority for investment and operations.

At our mining operations, the volume of ore deposited in the leach pads totaled 15.7 million tons, 16.0% lower than in 2024, mainly due to stricter selection of the ore deposited at the Herradura mine to increase the gold grade. At Milpillas, ore extraction, milling, and deposition decreased because of lower equipment availability for mining stopes in the deep area of the mine and subsidence that caused delays in ore mucking.

The volume of ore milled at the mining plants decreased 9.1% to 19.7 million tons due to the conclusion of activities at the San Julián disseminated ore body in November 2024, following its depletion.

Likewise, the volume processed at Tizapa was lower because of a workers’ strike during the first six months of the year. In July, the facilities and mine were assessed and adapted, and we carried out employee onboarding and training. In August, extraction, milling, and processing resumed under a plan for the gradual normalization of operations.

At Sabinas, milling was slightly higher, supported by improved operational continuity following the technical stoppage implemented in 2024 to modify the mining method and reduce dilution, as well as by adjustments to incentives to modify working hours. Even so, silver grades remained below expectations.

Annual gold production totaled 641,993 ounces, a volume 5.7% lower than in 2024. This was mainly due to lower ore grades and reduced ore processing at Fresnillo and Saucito; the lack of production at Tizapa for most of 2025; and lower volume deposited at the Herradura leach pads, which was partially mitigated by higher recovery rate for oxide ore. These reductions were offset by higher production at Juanicipio, driven by higher ore grades and increased milling, and at Capela, due to improved metallurgical recovery and a higher volume of processed ore.

Silver production, at 62.4 million ounces, was 11.6% lower than in 2024. This reduction was mainly due to the stoppage of operations at San Julián (disseminated ore body), a decrease in ore extraction at La Ciénega with lower ore grades, and lower recovery rates at the beneficiation plant. Production also decreased at Tizapa due to the workers’ strike; at Juanicipio, because of lower ore grades; and at Saucito, due to a lower volume of processed ore, as well as lower grades and recovery rates.

At San Julián (veins) and Velardeña, the decrease was due to lower grades in processed ore and lower recoveries. This was partially offset by increased production at Capela, driven by higher volumes of processed ore with higher ore grade and stronger metallurgical recovery at the beneficiation plant. At the pyrites plant of Saucito, production increased as it began treating pyrites concentrates from Juanicipio during the second quarter. Finally, at Fresnillo, ore grades improved and processing of iron concentrates at the pyrites plant was higher.

In industrial metals, production of lead in concentrates was down 5.0%, to 85,163 tons. At Fresnillo, this was due to a lower ore processing with lower grades and recoveries; at San Julián, to the lack of production at the disseminated ore body; at Tizapa, to the workers’ strike; and at Velardeña, to lower ore grade and recovery. This was partially offset at Saucito, by improved ore grade, and at Juanicipio, Capela, and Sabinas, by higher volumes of beneficiated ore, improved ore grades, and better metallurgical recoveries.

Production of zinc in concentrates totaled 250,305 tons, a 7.6% decrease compared to 2024, mainly affected by San Julián (disseminated ore body) and Tizapa, as well as by lower production at Fresnillo, due to a lower volume of beneficiated ore and lower ore grade. At Velardeña and Sabinas, lower ore grades were offset by higher ore processing. In addition, production of zinc concentrates at Ciénega was suspended during the third quarter because of low profitability. These decreases were offset by higher ore grades and metallurgical recoveries at Capela and Saucito, as well as by a higher volume of ore processed at Capela, while Juanicipio also increased its ore processing with higher grades.

The volume of copper in concentrates decreased 6.2% to 10,006 tons, mainly due to the lack of production at Tizapa and lower ore grade and metallurgical recovery at Sabinas. This was offset by production at Capela and Velardeña, where recoveries and ore beneficiation improved. Lastly, copper cathode production at Milpillas was down 18.2%, due to a lower volume of ore deposited in the leach pads, with a lower ore grade.

We also continue to strengthen the safe management of tailings at our mining units. The guidelines for the Tailings Management System were updated, strengthening its governance, operation, and accountability. Investments were focused on 11 projects to expand existing tailings deposits and on developing five new facilities to support operational continuity.

Mining production was below the previous year’s level, mainly due to a lower volume of ore processed resulting from the depletion of the San Julián disseminated ore body and the workers’ strike at Tizapa during the first half of the year.

We continue to strengthen the safe management of tailings. Investments were made in 11 projects to expand existing deposits and develop five new facilities.

The metallurgical division faced operational and market challenges, including significantly lower treatment charges for concentrates, while the inorganic chemicals business performed well.

In line with our strategy to operate state-of-the-art mining operations, we continued to deploy and evaluate new technologies. At Velardeña, we implemented LTE/5G technology, which enables more robust connectivity between devices and significantly reduces transmission latency; the plan is to extend this technology to other mining units. Advanced control systems were also installed in the milling area at Velardeña and the thickening area at Capela to control critical variables and improve processes. Additionally, we reinforced the maintenance culture by implementing the Comprehensive Solution for Asset Management, which incorporates the use of artificial intelligence in decision-making to preserve the safety and reliability of critical equipment.

The metallurgical division faced several operational and market challenges during this year: base treatment charges for concentrates were considerably lower for the second consecutive year, particularly for zinc and lead concentrates.

In the silver circuit, the volume of treated material decreased compared to the previous year, resulting from variations in the quality of the concentrates received, with high copper content and lower silver and lead grades. This was compounded by a limited supply of import concentrates to balance the mixtures fed into the smelter, which led to a decrease in the annual

bullion production and its processing at the silver refinery. To reduce the impact of high gold and silver prices on working capital, we reinforced the program to reduce inventories through the processing and recovery of secondary materials across the circuit, in addition to the sale of concentrates. Refined silver production, at 70.6 million ounces, and refined lead production, at 105,123 tons, were down 7.5% and 8.5%, respectively, compared to the previous year. In contrast, refined gold production, at 884,119 ounces, was similar (+0.7%), mainly due to a reduction of in-process inventory.

In the zinc circuit, operational and equipment failures caused several stoppages and corrective maintenance activities, affecting operational continuity during the period. Likewise, the scheduled annual maintenance shutdown lasted longer than expected. This, together with lower mining production of zinc concentrates and fewer purchases from third-party shippers, affected treated volume and refined zinc production, which totaled 199,109 tons, 17.5% lower than the volume produced in 2024.

In addition, we produced 3.7 million ounces of silver contained in cements, keeping the process' design capacity with an effective recovery rate above 90%. We also continued the program to reduce in-process and finished product inventories, supporting the optimized use of working capital.

The inorganic chemicals business performed well during the period. Annual sodium sulfate output remained stable at 733,348 tons, representing a 1.0% year-over-year increase, while sales grew 5.0%, driven by higher consumption by our clients. Magnesium oxide production, at 76,217 tons, grew 13.6%; production and sales records for magnesium hydroxide are noteworthy, reaching 21,236 and 20,861 tons, respectively. As a result of this achievement, progress is being made on the second engineering phase for the expansion of the magnesium hydroxide plant, which will incorporate an additional production capacity of 17,000 tons per year. Lastly, magnesium sulfate production, at 65,925 tons, remained stable, supported by commercial strategies that secured sales volumes despite competition from Chinese imports.

In energy, we streamlined the allocation of electricity across our operations: 62.2% of annual power consumption came from the Wholesale Electric Power Market (WPM), self-supply portfolio contributed 24.1%, and the remaining 13.7% was purchased from Federal Electricity Commission (CFE).

Electricity generation from our portfolio covered 75.7% of our total consumption, compared to 72.0% the previous year, and consumption from renewable sources rose to 49.9%, compared to 47.5% in 2024. The unit cost of our electricity consumption in 2025 was US\$8.15 per kWh, close to US\$8.11 per kWh in 2024.

Furthermore, to strengthen our commitment to decarbonizing operations and securing a reliable long-term supply of electricity at competitive prices, we conducted a bidding process for our electricity supply for the 2028–2047 period, based on clean power sources.

We also continue to monitor the evolution of emerging technologies, such as biofuels and other clean power generation solutions.

Financial results for 2025, expressed in millions of US dollars, were as follows:

Sales totaled US\$ 8,647, a 30.0% increase compared to 2024, mainly driven by the considerable increase in gold and silver prices. Other contributing factors included higher sales volumes of gold, concentrates, byproducts, and inorganic chemicals, which offset lower volumes of silver, zinc, lead, and copper due to lower production. There were no significant hedging results related to metal prices or exchange rates.

Cost of sales totaled US\$ 5,336, increasing 9.0% for the following reasons: (i) an increase in the cost of metal, particularly due to the effect of higher gold and silver prices on materials purchased from third-party shippers for metallurgical operations, mitigated by lower purchased volumes, lower revenue from treatment charges credited to the cost of metal, and higher charge from the sale of unprocessed

Consumption of electricity from renewable sources grew to 49.9%, compared to 47.5% in 2024. We conducted a bidding process for our long-term electricity supply, based on clean power sources.

EBITDA was US\$ 3,250 and EBIT was US\$ 2,565—both record figures—representing year-over-year increases of 76.5% and 143.2%, respectively.

concentrates and byproducts; (ii) higher inflation in the basket of operating inputs; and (iii) higher maintenance and repair costs. These effects were offset by (i) lower consumption of electric power and operating materials as a result of lower volumes processed at mining and metallurgical operations; (ii) the favorable effect of the average depreciation of the peso against the US dollar on peso-denominated costs, which represent approximately 50% of all production costs; and (iii) a credit for inventory change due to the increase in inventories at the Bal Holdings subsidiary.

As a result, gross profit for 2025 increased 88.5% to US\$ 3,311, while general expenses grew 6.3%, primarily driven by a faster pace of exploration activities, higher communications and information technology expenses, and extraordinary mining rights. EBITDA was US\$ 3,250 and EBIT was US\$ 2,565 —both record figures— representing year-over-year increases of 76.5% and 143.2%, respectively.

Net financial costs decreased by 26.1%, to US\$ 107, due to higher interest income from cash and investments, which offset interest on financial debt and a higher exchange loss. Additionally, other net expenses of US\$ 49 were incurred, an unfavorable comparison with other revenue of US\$ 20 in 2024. This was mainly due to lower revenue from the sale of energy of Fuentes de Energía Peñoles and higher remediation expenses.

Annual income tax provision totaled US\$ 294, a favorable comparison to the US\$ 588 provision in 2024. This was despite higher taxable income, which required a higher provision, and was offset by a favorable deferred tax adjustment resulting from the appreciation of the peso-dollar exchange rate compared to year-end 2024 on net monetary assets. The provision for special mining rights rose to US\$ 213, compared to US\$ 139 in the previous year.

Lastly, the non-controlling interest in annual results totaled US\$ 527, 291.6% higher than the previous year, driven by the improved results of the Fresnillo plc subsidiary. Thus, controlling interest in net income in 2025 totaled US\$ 1,373, significantly above the US\$ 73 recorded in the previous year.

At Peñoles, we promote constructive and collaborative relationships with our stakeholders. We foster an ongoing, open, and transparent dialogue with authorities at all levels of government and with the communities where we operate, grounded in mutual trust and a shared commitment to social well-being. To this end, we work closely with both authorities and communities to strengthen the social fabric through initiatives that promote sports and recreation, support education and healthcare, in addition to developing environmental awareness campaigns. All these actions are carried out within a framework of respect for human rights and cultural diversity.

We are firmly focused on the sustainability of our operations through efficient resource management, ongoing cost control, and the continuous strengthening of our safety, occupational health, and environmental efforts.

By promoting principles of ethics and integrity, we continue to strengthen a culture aligned with our Vision, Values, Code of Ethics and Conduct, and compliance with all applicable laws and regulations. This also extends to the third parties with which we maintain business relationships. We reinforced our due diligence and prevention processes for unethical conduct, with particular attention to awareness-raising and the prevention of workplace and sexual harassment.

Related to climate change, we advanced our Safety, Occupational Health, and Environment Strategy by identifying the main climate-related physical and transition risks and opportunities, in alignment with the requirements established by IFRS S2, Climate-related Disclosures, issued by the International Sustainability Standards Board. In 2025, there were no material climate-related impacts on our operations. We also deployed an internal communication campaign to raise employee awareness and position our decarbonization roadmap.

The solid results of 2025 reflect the timely leveraging of a favorable market environment for our industry, driven by unprecedented gold and silver prices. This enabled us to maximize the value created in the current cycle and improve our growth prospects through the internationalization of our precious metals mining operations. At the same time, we maintain a firm focus on the sustainability of our operations through efficient resource management, ongoing cost control, and the continuous strengthening of our safety, occupational health, and environmental efforts, thereby ensuring responsible and long-term value creation.

I wish to express my sincere gratitude to the Chairman and members of the Board of Directors for their leadership and for the trust they place in the employees who make up this great company. I also reaffirm our recognition and gratitude to our clients, suppliers, contractors, and communities, who make these results possible and contribute to generating opportunities and well-being for all.


Rafael Rebollar González
Chief Executive Officer

Audit and Corporate Governance Committee

ANNUAL REPORT

Mexico City, march 2, 2026.

To the Board of Directors of
Industrias Peñoles, S.A.B. de C.V.
Present.

Dear Board Members:

In accordance with the provisions of Article 43 of the Securities Market Law (Ley del Mercado de Valores, the “SML”), in my capacity as Chairman and on behalf of the Audit and Corporate Practices Committee of Industrias Peñoles, S.A.B. de C.V. (the “Company”), and in compliance with our Rules of Operation and the Code of Corporate Governance Principles and Best Practices, I hereby submit to you the Annual Report on the activities of the aforementioned Committee for the 2025 financial year.

The Committee held four meetings during the financial year in question to review and monitor the performance of the Company, in accordance to the following:

- It was verified that the external audit firm, as well as the lead external auditor and the audit team, complied with and maintained, throughout the provision the external audit services, the required standards of independence and personal and professional suitability, and that they had an adequate quality control system, in accordance to the General Provisions applicable to Entities and Issuers supervised by the National Banking and Securities Commission that engage external audit services for Basic Financial Statements (hereinafter, the “Provisions”).
- The Committee reviewed and monitored the external auditor’s work plan, which included the scope, nature and timing of the audit procedures, the significant processes selected for review, as well as the risks and key matters identified. In addition, follow-up was conducted throughout the year on observations relating to internal control reported in the auditors’ management letters.

- The performance of the audit firm was assessed, concluding that it met the necessary requirements to carry out the assigned work in accordance to the Provisions and that the additional services received fulfilled the objectives that had been established.
- The annual internal audit plan was approved. The Committee reviewed the internal auditor’s quarterly reports, the significant matters identified during the execution of the plan, those that were remedied during 2025, and where applicable, those that remained outstanding.
- The Committee reviewed the communication issued by the external auditors pursuant to Article 35 of the Provisions, through which it was informed of the materiality and tolerable error levels applied in the audit, the significant processes evaluated, the nature and amount of the audit adjustments, as well as the conclusions reached.
- On a quarterly basis, the Committee monitored the Company’s financial information. It also examined the consolidated and individual financial statements prepared by management as of December 31, 2025 and for the financial year ended on that date, as well as the unqualified opinion expressed by the external auditors in their audit report thereon.
- The Committee reviewed the information provided by management regarding the most significant transactions carried out with related parties, the Company’s subsidiaries and other companies within the consortium to which it belongs, which included, among others, the sale of metals, treatment charges, purchase of concentrates, purchase of energy, collection of royalties, provision of services and

income derived from financial instruments. Such transactions were conducted at market prices and are supported by transfer pricing studies prepared by independent specialists.

- Follow-up was conducted on legal, accounting and tax matters (including amendments to mining legislation) presented by management and by the internal and external auditors during the year. The Committee was informed of various internal control matters presented by management and was made aware of management’s strategy, plans and actions to strengthen information security, improve access controls to information technology systems, and the business recovery and continuity plan in the event of system failures, among other matters. Likewise, the relevant insurance policies hired by the Company were also reviewed.
- The main risks to which the Company is exposed were analysed, with particular emphasis on cybersecurity risks, the manner in which the Company manages such risks, and compliance with the most relevant legal and regulatory provisions applicable to the Company.
- Compliance with the Company’s Code of Ethics and Conduct was verified, as well as the complaints received through the mechanism of disclosure of improper acts and protection of whistleblowers, likewise, the reports submitted by the Compliance Office were reviewed.
- The Committee supported the preparation of the Board of Directors’ Report to the Shareholders’ Meeting.

We assessed the report presented by the Chief Executive Officer (“CEO”) in accordance to article 42, section II, subparagraph e) of the SML; we consider that the information contained therein reflects in a reasonable manner the financial position and the results of the Company, due to: (i) the accounting policies and criteria applied in the preparation of the financial information, included in the notes to the audited Financial Statements, are adequate and sufficient, taking into consideration the specific circumstances of the Company; and, (ii) the accounting policies and criteria have been consistently applied. Therefore, the Committee recommends to the Board

of Directors the approval of the consolidated and individual Financial Statements corresponding to the fiscal year 2025, as well as the accounting policies and criteria applied by the Company in the preparation of the financial information.

In several minutes of sessions of the Board of Directors, resolutions were included regarding the activities in which the Committee intervened in accordance with the SML, therefore the Secretary of the Board of Directors certified the resolutions of the Shareholders Meetings and the Board of Directors corresponding to the 2025 fiscal year, which were followed up by the Committee. Likewise, through this certification it was informed that, during this year, the Board of Directors did not grant any waivers to Directors, Relevant Officers or person with Decision-Making Authority to take advantage, for their own benefit or that of third parties, of business opportunities belonging to the Company or to legal entities controlled by it or in which the Company has significant influence.

There was no knowledge that Shareholders, Board Members, Relevant Officers, employees or, in general, any third party, had made observations regarding the accounting, internal controls and issues related to internal or external audit, or of complaints made during 2025 regarding irregularities in the administration.

The Nomination, Evaluation and Compensation Committee of the Company submitted a report to the Committee, in which it stated that, during 2025, it reviewed the performance of the Relevant Officers without finding any remark, and that it examined the compensation packages of the CEO and the Relevant Officers which, in opinion of the Nomination, Evaluation and Compensation Committee, are in accordance with the policy approved by the Board of Directors.

On behalf of the Audit and Corporate Governance Committee,



Mr. Ernesto Vega Velasco
Chairman of the Audit and Corporate
Governance Committee.
Industrias Peñoles, S.A.B. de C.V.

Operating performance

We remained strongly focused on cost management and operational discipline, which, in combination with high metal prices, drove margins and strengthened cash flow generation.



Exploration

Because exploration is the main driver of our long-term growth, we invest continuously throughout price cycles to generate a portfolio of prospects and projects across multiple stages of maturity.

The goal is to identify sufficient gold, silver, copper, and polymetallic deposits to justify the development of mining projects, primarily in Mexico and South America (Peru and Chile), where we hold concessions covering 2.3 million hectares. We also evaluate early-stage acquisition opportunities to form partnerships or participate with other mining companies in the exploration of high-potential projects.



Furthermore, we develop drilling programs in areas neighboring our current mines to increase ore resources and extend their operational life. Information on our exploration of base metals mines—which focuses on replenishing ore reserves consumed by our operations, converting identified ore resources into reserves, and increasing ore resources—is outlined in the Mining section of this Annual Report.

During 2025, resources invested in exploration totaled US\$ 230.9 million, 8.8% higher than our investment in 2024. Of this amount, US\$ 44.6 million was allocated to new copper and polymetallic projects, US\$ 7.6 million to base metals mine exploration, and the remainder to mine operations and precious metals projects at Fresnillo plc.

Base metals exploration focused on four priority projects and the area of influence of the Tizapa mining unit, with a total 105,938 meters drilled across five mining districts. The objective of the work—which included geological, geochemical, and geophysical follow up studies on 45 targets and prospects with potential—was to evaluate and support test drilling. As part of these efforts, we also evaluated 164 relevant external prospects to identify potential acquisition or collaboration opportunities.

Advances in exploration at priority projects are described below:

Reina del Cobre (Polymetallic)

Location: Cuencamé, Durango

This polymetallic skarn project is located 20 kilometers from the Velardeña mining unit. Based on the findings of the preliminary economic study conducted in 2024, we expanded the drilling program along the corridor extending from Reina del Cobre to the San Joaquín area. We also rehabilitated a considerable part of the existing sinkhole to locate exploratory drilling stations and increase the ore resource base by exploring deeper areas of the main Reina del Cobre body.

In 2025, we drilled 41,774 meters, both on surface and inside the mine. This enabled us to increase identified inferred resources to 27.8 million tons of ore, up from 25.2 million the previous year, with a copper equivalent grade of 2.0%. Work will continue in 2026 to identify a sufficient tonnage of inferred resources and update the project’s economic assessment.

Flobar (Copper)

Location: Nacozari, Sonora

This porphyry-type copper project is in the early stages of development and contains deep-lying, high-volume, low-grade resources of more than 2.5 million metric tons of fine copper-equivalent, consisting of copper, molybdenum, and zinc. In immediately adjacent areas, based on geological, geophysical, and geochemical studies, as well as 29,436 meters of drilling, five new shallow ore bodies were identified. These have been drilled and include low-grade disseminated ore, as well as significant volumes with higher-grade areas. Drilling intersected extensions with promising copper-equivalent mineralization, which remains under metallurgical evaluation to integrate the corresponding resource estimation on early 2026. In addition, we will continue drilling new targets, particularly in shallow areas, to further increase resources.

Tizapa (Polymetallic)

Location: Zacazonapan, State of Mexico

At the Tizapa unit, drilling resumed once the workers’ strike ended. A total of 3,340 meters were drilled along the extension of the current mineralized mantles which, in addition to the work carried out on previous years, helped identify four new mineralized areas surrounding the deposit and within the scope of the existing mining works. In 2024, estimates for one of these areas indicated inferred resources of 782,000 tons with a zinc equivalent grade of 15.9%, while in 2025, estimates for the second area indicated inferred resources of 187,000 tons of ore, with a zinc equivalent grade of 12.4%. Metallurgical studies will continue to estimate resources in the third area, as part of the 2026 exploration efforts.

Fortuna del Cobre (Copper)

Location: Pitiquito, Sonora

Parametric drilling performed at this disseminated copper deposit in 2022 determined 62.5 million metric tons of inferred resources, with a copper equivalent grade of 0.48%, and an upper portion containing leachable ore. In 2025, the metallurgical and economic studies were updated, and the process is expected to be finalized in 2026. This will help determine the project’s course.

International exploration

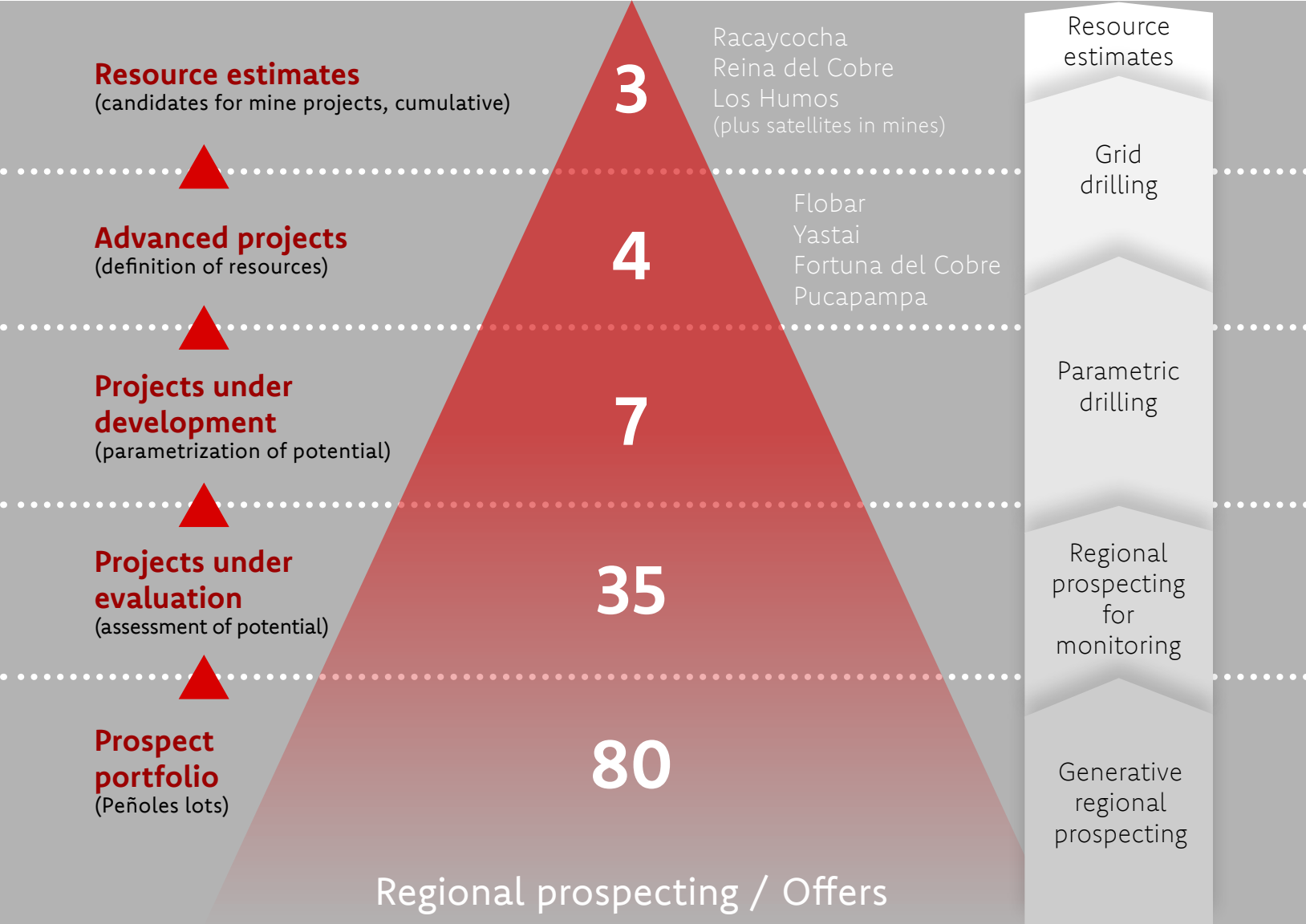
In our international exploration portfolio, the Racaycocha copper-gold-molybdenum project in Peru is particularly relevant. During the year, 19,820 meters were drilled, mainly in the Santa Rosa, Pucapampa, and Santa Cruz areas, yielding several promising intersections. We also updated the potential resources identified in 2024 in the Pucajirca and Santa Rosa areas, incorporating them into the resource inventory. At Pucapampa, drilling identified three main potential bodies, as well as an additional one in Santa Cruz. Both areas have modest grades of copper and molybdenum with good economic potential, requiring low stripping levels.

At the Yastai copper-gold project in Chile, we carried out the fourth parametric drilling campaign, totaling 8,486 meters, which allowed us to improve resource quality and open four new targets with disseminated mineralization, expanding the deposit’s potential and supporting the continuation of exploration work. A preliminary economic assessment yielded positive results. Additionally, geological and geochemical studies remain underway, alongside the management of environmental permits to drill adjacent targets within the deposit extensions, with the objective of commencing the work during the first four months of 2026.





Base metal mining projects
(candidates for mine projects, cumulative)



Fresnillo plc

At Fresnillo plc, where exploration focuses on gold and silver mines and projects, the exploration and operations teams carried out an intensive drilling program. A total of 800,434 meters were drilled, representing an 8% increase compared to the previous year.

The focus remained on brownfield exploration, which accounted for 80% of drilling this year. Advances at the Fresnillo and Saucito mines stood out, followed by the San Julián and Ciénega districts. Results for all these programs were positive in terms of the established priority goals: converting resources from the inferred to the indicated category to increase ore reserves; conducting infill drilling within reserves to confirm mineralized widths and grades in support of operational planning; and searching for extensions of known mineralized bodies and new targets.

In greenfield exploration, the Guanajuato, Rodeo, and Tajitos advanced projects were prioritized, with favorable results in both drilling and metallurgical research to optimize gold and silver recoveries. At Orisyvo in Chihuahua, the pre-feasibility study (Class A) was completed, and progress is being made in studies to further evaluate the project and obtain the required government permits, while strengthening community programs.

In the international arena, exploration in Chile advanced at the Capricornio project, which has numerous drilling targets, and at Pencahue, where

drilling results were marginal. By strengthening community engagement programs in Peru, we made considerable progress at the Supaypacha and La Zarca projects, which are expected to enter the drilling phase in 2026. Given that results for La Pampa project fell short of expectations, it was closed in adherence with responsible environmental and social protocols.

Over the course of the year, regional prospecting programs continued in the three countries where we operate, focusing on the search for new projects, portfolio optimization, and the evaluation of selected third-party opportunities.

In October, Fresnillo plc signed an agreement to acquire Probe Gold Inc., a Canadian company focused on exploring and developing highly promising gold properties in the province of Quebec. Probe Gold owns the advanced Novador project—with resources estimated at approximately 8 million ounces of gold—as well as the Detour Gold project, which is currently in the early stage of exploration.

The transaction, valued at approximately CAD\$ 770 million, equivalent to approximately US\$555 million, will strengthen the company's portfolio by adding high-quality exploration projects. Furthermore, it will position us among the top ten international precious metals mining companies. The transaction is aligned with the long-term growth strategy, as it diversifies the company's geographic presence in precious metals mining.

Mining

At Peñoles, we operate five underground mining units in Mexico. Four of these produce zinc, lead, and copper concentrates: Velardeña in Durango, Sabinas in Zacatecas, Capela in Guerrero—all 100% owned by the company—and Tizapa in State of Mexico, in which Peñoles holds a 51% ownership stake. The Milpillas unit in Sonora, also wholly owned by the company, produces copper cathodes.

Additionally, we consolidate the production of Fresnillo plc, in which we hold a 74.99% equity interest. This subsidiary produces gold and silver in lead and zinc concentrates, dorés, precipitates, and other materials at five underground mining operations: Fresnillo, Saucito, and Juanicipio in Zacatecas; San Julián in Chihuahua; and Ciénega in Durango, as well as at the Herradura open-pit mine in Sonora.



The consolidated mine production of 2025 positions us as the leading producer of zinc metal content and the second-largest producer of lead in Mexico. Furthermore, thanks to our subsidiary Fresnillo plc, we remain the world’s top producer of primary silver and the leading gold producer in the country.

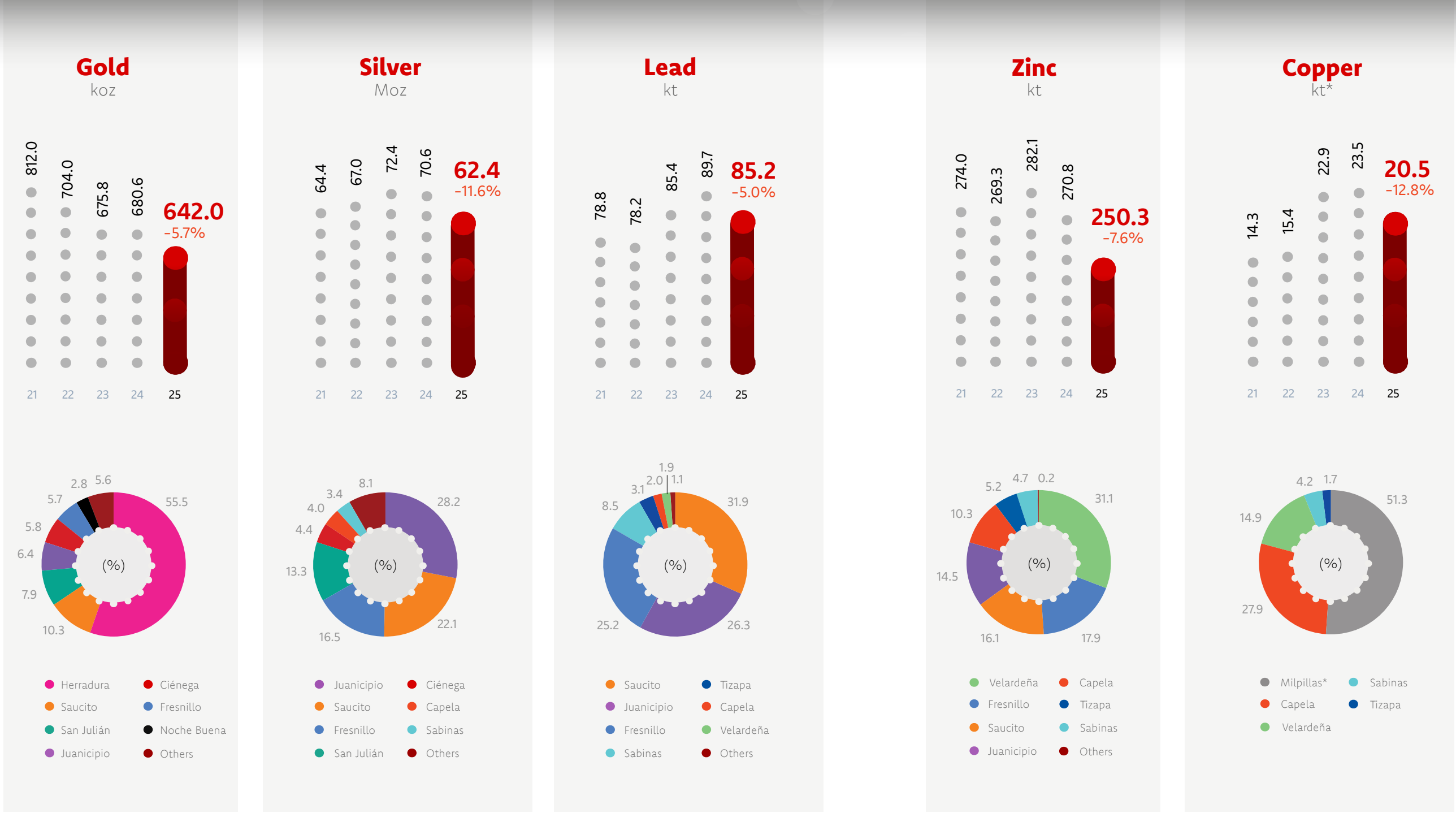
In 2025, investments in mining totaled US\$ 458.9 million, primarily allocated to the development of infrastructure and capitalizable mining works, the acquisition and refurbishment of mining equipment, and the engineering and construction of tailings deposits and leaching yards.

Production and performance

Consolidated mining production—including 100% of payable production from Fresnillo plc mines—and the year-over-year change were as follows:

	2025	2024	% Chg.
Ore milled (Mt)	19.7	21.7	-9.1
Ore deposited (Mt)	15.7	18.7	-16.0
Gold (oz)	641,993	680,647	-5.7
Silver (koz)	62,401	70,586	-11.6
Lead (t)	85,163	89,652	-5.0
Zinc (t)	250,305	270,847	-7.6
Copper (t)	10,006	10,673	-6.2
Copper cathodes (t)	10,522	12,866	-18.2

Mining production*

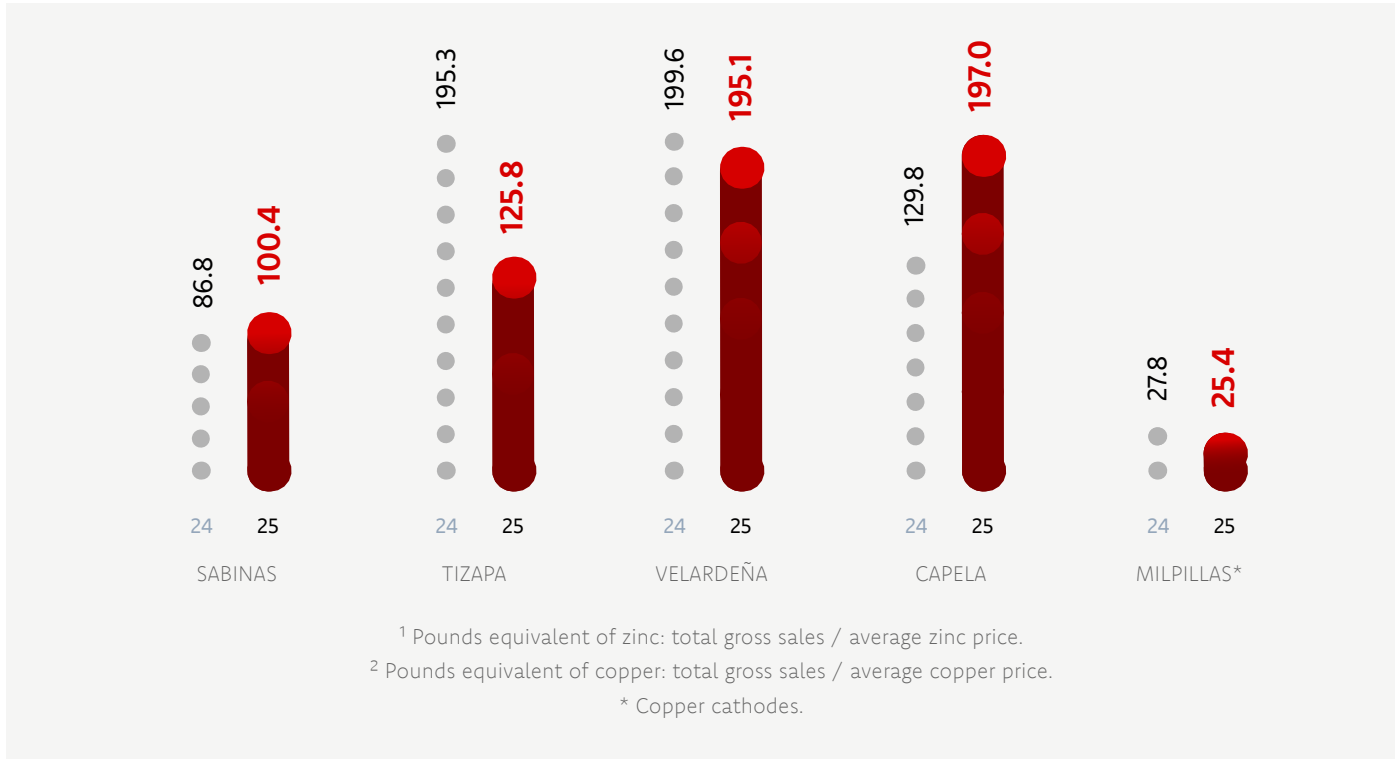


*Includes 100% of the payable production of Fresnillo plc's mines.

*Includes copper cathodes

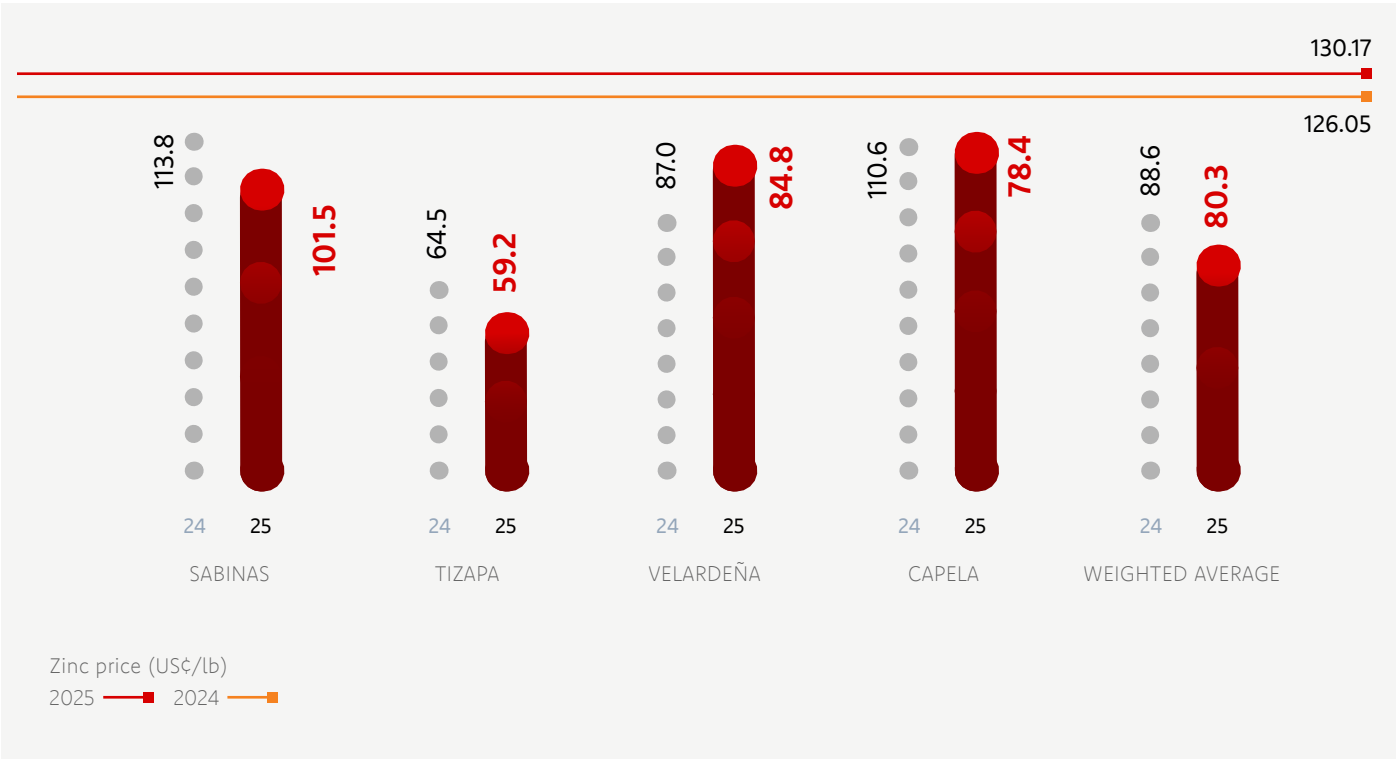
Pounds equivalent^{1,2}

Millions of pounds of zinc/copper*



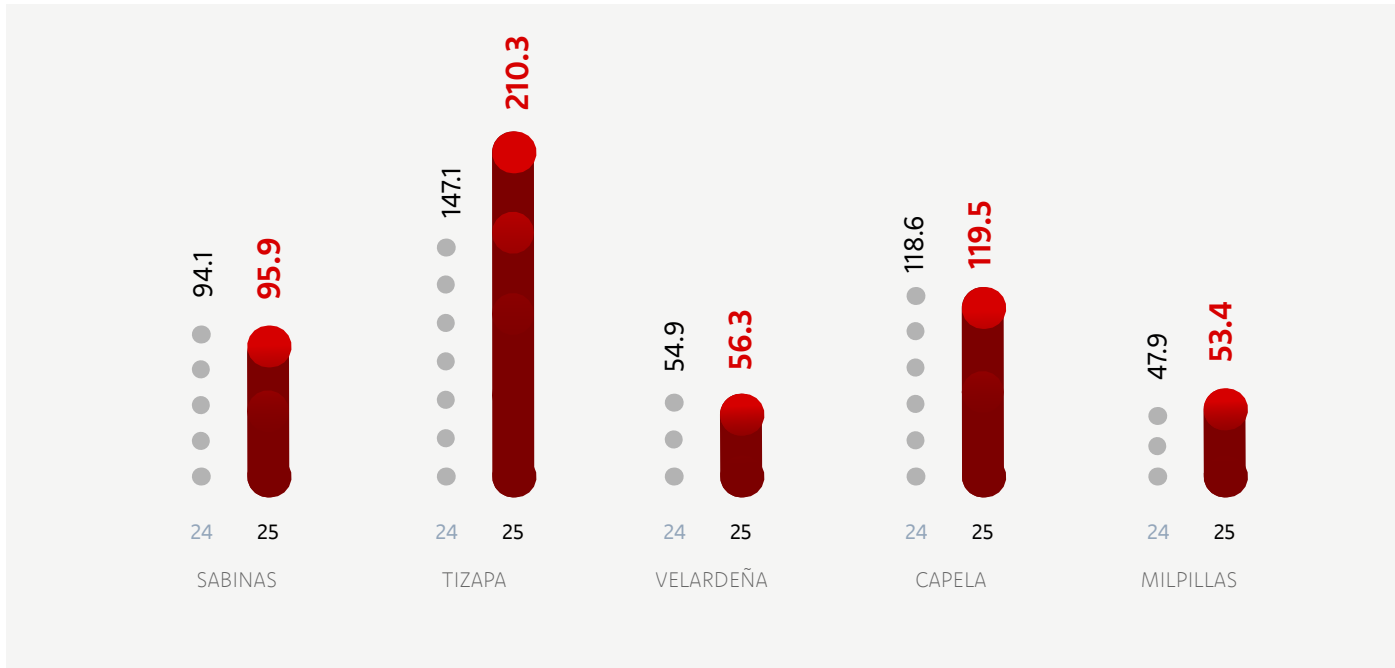
Cash cost C1 (zinc)*

US\$/lbe



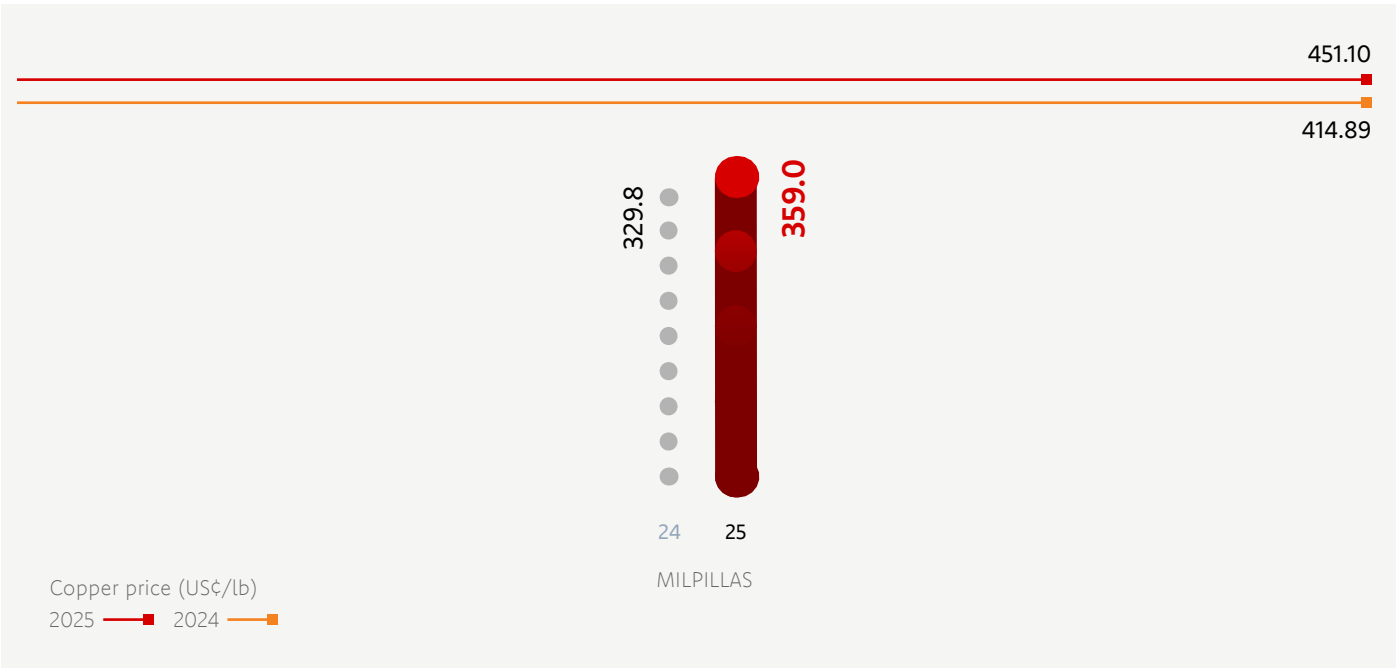
Unit Cost

US\$/t



Cash cost C1 (Copper)*

US\$/lbe



* Cash cost = [Cost of goods sold (production cost – depreciation + - variation in inventories) + sales expense (treatment charges, freights, and deductions, extraordinary mining rights)] / pounds equivalent of zinc or copper.

Revenue from the Mining Division was driven by higher metal prices, which offset lower production of metallic contents.

The ore volume processed by the mining units decreased 9.1% to 19.7 million tons, mainly due to the suspension of activities at the San Julián (disseminated ore body) in November 2024, following its depletion, and to the workers’ strike that halted operations at the Tizapa mine from August 2024 to June 2025. To a lesser extent, volumes processed at Fresnillo, Ciénega, and Saucito were also lower. These reductions were partially offset by higher volumes of ore processed at Capela, Velardeña, Juanicipio, Sabinas, and San Julián (veins).

The volume of ore deposited in leaching pads—15.7 million tons—was 16.0% lower than in 2024, mainly due to a more selective ore mining at Herradura, focused on reducing volumes with higher ore grades. The volume of ore deposited at the Milpillas pads also decreased because of a lack of equipment availability for mining stopes in the deeper areas and subsidences that caused delays in ore mucking.

Annual gold production totaled 641,993 ounces, reflecting a 5.7% decrease compared to 2024. This change was mainly due to lower ore grades and a reduction in the volumes of ore processed at Saucito and Fresnillo; the halt of operations at Tizapa during most of 2025; lower volumes of ore deposited in the leaching pads at Herradura—a situation that was partially offset by higher recovery of oxidized ore at this mining unit—and lower volumes processed at Ciénega. However, increased milling, higher ore grade, and improved recovery at Juanicipio partially offset these effects, as did improved metallurgical recovery and a greater volume of beneficiated ore at Capela.

Annual silver production, at 62.4 million ounces, was 11.6% lower than in 2024. The reduction was mainly due to the suspension of operations at San Julián (disseminated ore body); lower ore processing, grade, and recovery at Ciénega; as well as the workers’ strike at Tizapa. Production at Juanicipio was also affected by lower ore grades; at Saucito, by a lower volume of processed ore, lower grade and recovery; and at San Julián (veins) and Velardeña, by lower grades in processed ore and lower recovery. These effects were partially offset by higher production at Capela, driven by an increase in the volume of ore processed at its beneficiation plant, with higher ore grade and improved metallurgical recovery. At Sabinas, milling was slightly higher, supported by improved operational continuity following the technical stoppage carried out in 2024 to change the mining method and reduce dilution, as well as by adjustments to incentives to modify working schedules. Even so, silver grades remained below expectations. Lastly, at the Saucito Pyrites plant, processed volumes increased after it began treating pyrites concentrate from Juanicipio. In addition, Fresnillo had better ore grades and higher processing of iron concentrates at its flotation plant.

Annual lead production totaled 85,163 tons, a 5.0% decrease compared to the previous year, due to lower volumes of processed ore, with lower grades and recoveries, at Fresnillo and Ciénega; the lack of production at San Julián (disseminated ore body); lower production resulting from the workers’ strike at Tizapa; and lower grades and recoveries at Velardeña. These effects were partially offset by higher grades in processed ore at Saucito, and by higher volumes of beneficiated ore, improved ore grades, and better metallurgical recoveries at Juanicipio, Capela, and Sabinas.

Annual zinc production was down 7.6%, to 250,305 tons. The decline was mainly due to the suspension of operations following the depletion of San Julián (disseminated ore body), the workers’ strike at Tizapa, and lower volume of beneficiated ore and lower grade at Fresnillo. Likewise, ore grades at Velardeña and Sabinas were lower, although this effect was partially offset by higher ore processing. At Ciénega, production of zinc concentrates was suspended starting in the third quarter because of marginal profitability. These reductions were partially offset by Capela and Saucito, which registered better ore grades and higher metallurgical recoveries—in addition to an increase in the volume of beneficiated ore at Capela—and by Juanicipio, which processed a higher volume of ore with a better grade.

Copper production in concentrates decreased 6.2% to 10,006 tons in 2025, due to the lack of production at Tizapa and lower ore grade and metallurgical recovery at Sabinas. These decreases were partially offset by production at Capela and Velardeña, where recovery rates and ore beneficiation improved. Lastly, copper cathode production at Milpillas was down 18.2%, due to a lower volume of ore deposited in the leaching pads with lower ore grades.

In the financial performance of the Mining Division, revenue was driven by higher metal prices—particularly for gold and silver—which helped offset lower production volumes and sales of metal contents. Another contributing factor was the favorable effect of lower treatment charges for zinc and lead concentrates, as well as lower silver refining charges by the metallurgical business.

Production costs decreased due to a lower volume of processed ore at the mines and the favorable effect of the average depreciation of the Mexican peso against the US dollar on peso-denominated costs. The most notable reductions came from depreciation, since a higher charge was recorded the previous year for the depletion of San Julián (disseminated ore body); operating materials; energy, mainly due to lower diesel consumption at Herradura; contractors; and machinery and equipment leases. In contrast, personnel costs were up, driven by salary increases, productivity bonuses, and benefits, as were expenses for maintenance and repairs carried out during the period. Likewise, we recorded a credit to cost of sales from inventory movements, in contrast to the charge for inventory consumption recorded the previous year. Operating expenses were higher. The combination of higher revenue and lower cost of sales offset the increase in operating expenses, resulting in favorable profit margins for the Mining Division compared to 2024.

In addition, we continued reinforcing High Potential Management across all mining units, with implementation coverage of 12 of the 16 critical risks identified in the mines operated by Peñoles, although progress varied by unit. Staff efforts continued to focus on preventive actions through visible leadership in operational areas, aimed at identifying critical controls and promoting dialogue with employees. We also began applying the Safety, Occupational Health, and Environment Management Standard for contractors, prioritizing those most exposed to risks. To this end, we held communication, training, and collaboration meetings to begin deploying the standard at every unit.

Highlights of the mining units

Velardeña	
Zinc	
Ownership	100% Peñoles
In operation	Since 2013
Location	Cuencamé, Durango
Type of operation	Underground mine and beneficiation plant
Installed capacity	milling 2.8 Mt/year
Reserves (proven and probable)	7 years
Investment in 2025	US\$ 16.4 M

Production	2025	2024	% Chg.
Ore milled (kt)	2,763	2,677	3.2
Content			
Gold (oz)	4,177	4,816	-13.3
Silver (koz)	605	724	-16.4
Lead (t)	1,584	2,877	-44.9
Zinc (t)	77,955	80,941	-3.7
Copper (t)	3,050	2,877	6.0
Ore grade			
Gold (g/t)	0.13	0.14	-10.8
Silver (g/t)	9.97	12.23	-18.5
Lead (%)	0.11	0.16	-33.3
Zinc (%)	3.10	3.34	-7.1
Copper (%)	0.17	0.17	-1.7
Costs			
Cost per metric ton milled (US\$/t)	56.3	54.9	2.5
Pounds equivalent sold (millions)	195.1	199.6	-2.3
Cash cost (US¢/lbe zinc)	84.8	87.0	-2.5

Total processed ore volume at Velardeña increased 3.2% in 2025 compared to 2024, due to a recovery in the extraction and milling rate, which had been affected by staffing shortages the previous year. Additionally, an Advanced Control System was implemented in the milling process, enabling us to significantly reduce variations and operate at capacity at a stable and sustained pace.

The average zinc grade declined from 3.34% in 2024 to 3.10% in 2025, resulting from a higher share of ore extraction from the Antares Norte body, with a lower zinc grade—including 30% from long-hole drilling stopes—as well as a lower contribution from the Antares Sur body, with a better grade, and decreased production from the Santa María ore body due to its depletion. However, this performance was in line with the depletion plan included in the unit’s estimated reserves. The zinc recovery rate rose from 90.6% in 2024 to 90.9%, thanks to improvements implemented in reagent dosage and the expert flotation system.

During the period, preparation and exploration activities were carried out in the Antares Norte and Antares Sur bodies, which together contribute 90% of the unit’s production, with zinc reserve grades of 3.16% and 3.26%, respectively.

In terms of silver and lead, the silver grade decreased from 12.23 g/t to 9.97 g/t, and the lead grade decreased from 0.16% to 0.11%. This change is mostly explained by the lower ore contribution from La Industria body, which is known for having thin structures with high silver (138 g/t) and lead (1.91%) grades, but a marginal zinc grade (0.49%). We are currently preparing stopes for selective mining, which will enable us to add ore volume without affecting metallurgical performance.

Silver recovery was 68.3%, compared to 68.7% the previous year, due to the lower grade of the beneficiated ore. The copper grade remained mostly unchanged, while the recovery rate improved from



61.5% in 2024 to 66.2% in 2025. Since lead grades were low, the lead-copper separation process at the beneficiation plant did not operate consistently, resulting in a decline in lead recovery to 52.2%, from 65.3% in 2024.

Consequently, production of metallic contents in concentrates during the year was lower than in 2024, except for copper. Gross sales totaled US\$ 253.6 million, a marginal 0.8% change compared to 2024, as overall price improvements offset the lower volumes sold. Revenue distribution was as follows: 74% from zinc, 11% from copper, and 9% from silver, with the remainder from lead and gold. Selling expenses were down due to lower treatment charges, while production costs increased 5.3%, mainly due to depreciation, maintenance and repairs, labor costs, and energy costs. The unit cost per milled ton, at US\$ 56.3, was 2.5% higher due to the increase in production costs, while pounds equivalent of zinc sold decreased 2.3% due to the higher zinc price and cash cost declined 2.5% due to lower selling expenses.

Investments in 2025 totaled US\$ 16.4 million and were allocated to: (i) reserve preparation for production and the development of the mine’s infrastructure; (ii) construction of a new tailings deposit to support operational continuity; and (iii) the purchase and refurbishment of equipment to maintain the productivity of the underground diesel and personnel transportation fleets.

In terms of safety, critical risks related to handling explosives and blasting, as well as entrapment by moving parts, were incorporated, bringing the number of risks managed under the High Potential Management methodology from eight to ten. In 2025, compared to 2024, TRIFR¹ rose from 4.63 to 4.80, while LTIFR² decreased from 2.85 to 2.80. Likewise, by strengthening leadership practices, we reduced the incidence of High Potential Accidents during the period, from 22 to 16 events.

¹ TRIFR: Total Recordable Injury Frequency Rate.
² LTIFR: Lost Time Injury Frequency Rate.

Sabinas

Polymetallic: zinc-silver-lead-copper

Ownership	100% Peñoles
In operation	Under the control of Peñoles since 1995
Location	Sombrerete, Zacatecas
Type of operation	Underground mine and two beneficiation plants
Installed capacity	milling 1.3 Mt/year
Reserves (proven and probable)	4 years
Investment in 2025	US\$ 11.2 M

Production	2025	2024	% Chg.
Ore milled (kt)	1,113	1,081	3.0
Content			
Silver (koz)	2,113	2,047	3.2
Lead (t)	7,268	6,296	15.4
Zinc (t)	11,671	12,848	-9.2
Copper (t)	860	1,339	-35.7
Ore grade			
Silver (g/t)	67.63	67.99	-0.5
Lead (%)	0.89	0.81	9.4
Zinc (%)	1.37	1.58	-13.4
Copper (%)	0.16	0.23	-29.2
Costs			
Cost per metric ton milled (US\$/t)	95.9	94.1	1.8
Pounds equivalent sold (millions)	100.4	86.8	15.6
Cash cost (US¢/lbe zinc)	101.5	113.8	-10.9

The volume of milled and processed ore at Sabinas increased 3.0% in 2025. The rise resulted from improved operational continuity following the temporary interruption of extraction and milling in 2024 due to a technical stoppage to transition the mining method from horizontal to semi-vertical with the aim of reducing dilution caused by narrower silver mineralized veins.

One of the most relevant actions during the period was the start of production during the first half of the year at the APZ body, which holds estimated reserves of 2.3 million tons of ore with grades of 97 g/t silver, 2.2% zinc, and 1.03% lead. This increased the contribution of ore extracted through long-hole drilling—a more productive method—which, together with other bodies such as La Noria vein, increased the proportion of ore mined using this system toward the end of the year from 6% to approximately 30%.

Additionally, between 12 and 16 stopes operated using the semi-vertical mining system, and a similar number of narrow-vein fronts used smaller, specialized equipment to exploit these types of veins. This strategy allowed us to improve ore selectivity and achieve better extraction rates

starting in the second half of the year. Furthermore, changes were implemented in mine’s working schedule to improve operational results, with rotating rest periods and an incentive system. However, the silver grade continued to be below expectations, averaging 67.63 g/t, slightly below the 67.99 g/t recorded the previous year. Zinc grades, at 1.37%, and copper grades, at 0.16%, were also lower than the previous year’s 1.58% and 0.23%, respectively.

Efforts to optimize the beneficiation plants through adjustments to reagent frameworks, particularly the collector and pH modifier, continued throughout the year. We also updated the control system at both plants, strengthened the use of expert systems, and automated reagent dosage based on the contents fed to the plant. These measures improved overall recovery rates for silver, at 87.3% compared to 86.6% the previous year; lead, at 73.6% compared to 71.9%; and zinc, at 76.6% compared to 75.2%. The only exception was copper, whose recovery decreased from 53.3% to 46.9%, due to variability in the ore grade which, combined with a higher lead grade, made separation in the lead-copper circuit difficult, particularly at beneficiation Plant 1.

A higher volume of processed ore, together with improved recovery rates, mitigated the effects of lower zinc and copper grades; however, production of these metals still declined. For silver, higher recovery and increased milling offset the lower grade, resulting in higher production, while lead benefited from a higher volume of processed ore, with higher ore grades and recoveries.

Gross sales for 2025 totaled US\$ 130.5, a 19.3% increase over 2024, mainly due to better metal prices in concentrate sales, primarily silver. Revenue distribution by element was as follows: silver 62%, zinc 21%, lead 10%, and copper 7%. Pounds equivalent of zinc sold also rose from 86.8 million to 100.4 million due to higher production and sales, which offset higher zinc prices.

Production costs were up 4.9% year-over-year due to higher ore processing, and the unit cost per milled ton grew 1.8%. Increases were recorded in labor costs—resulting from the restructuring of working schedules and the incentive system—and in maintenance and repairs, due to higher consumption of high-cost components for the mine’s infrastructure, which offset

lower contractor costs. This was mitigated by the favorable effect of the average depreciation of the Mexican peso against the US dollar and lower concentrate treatment charges. Cash cost for 2025 decreased 10.9% year-over-year due to the higher volume of pounds equivalent of zinc sold.

Total investment in fixed assets was US\$ 11.2 million, mainly allocated to the acquisition and refurbishment of diesel equipment, development of mining infrastructure, raising of Tailings Deposit #4 to support operational continuity, and the upgrade of the personnel transportation fleet.

In terms of safety performance, the Sabinas unit incorporated two new critical risks into its High Potential Management portfolio: entrapment by moving parts and loss of control in hoisting maneuvers. This brings the number of critical risks managed in the portfolio to nine. Indicators for 2025 were unfavorable compared to 2024: TRIFR rose from 21.06 to 21.31, and LTIFR increased from 7.02 to 8.08. We continue intensifying operational discipline and reinforcing safety and risk-prevention campaigns to improve the trend in these indicators.



Tizapa Polymetallic: zinc-silver-gold-lead-copper					
Ownership	51% Peñoles, 39% Dowa Mining, and 10% Sumitomo Corporation				
In operation	Since 1994				
Location	Zacazonapan, State of Mexico				
Type of operation	Underground mine and beneficiation plant				
Installed capacity	milling 980 kt/year				
Reserves (proven and probable)	5 years				
Investment in 2025	US\$ 4.2 M				
		Production	2025	2024	% Chg.
		Ore milled (kt)	309	627	-50.8
		Content			
		Gold (oz)	12,060	23,500	-48.7
		Silver (koz)	1,833	3,570	-48.7
		Lead (t)	2,642	5,268	-49.8
		Zinc (t)	13,036	26,935	-51.6
		Copper (t)	361	1,133	-68.1
		Ore grade			
		Gold (g/t)	1.43	1.41	1.2
		Silver (g/t)	198.74	193.45	2.7
		Lead (%)	1.17	1.15	2.3
		Zinc (%)	5.07	5.16	-1.7
		Copper (%)	0.27	0.35	-23.4
		Costs			
		Cost per metric ton milled (US\$/t)	210.3	147.1	43.0
		Pounds equivalent sold (millions)	125.8	195.3	-35.6
		Cash cost (US¢/lbe zinc)	59.2	64.5	-8.1

Operations at Tizapa were suspended during the first half of 2025 due to a workers’ strike that began on August 30, 2024, promoted by the mining union known as the *Sindicato Nacional de Trabajadores Mineros, Metalúrgicos, Siderúrgicos y Similares de la República Mexicana* (SNTMMSRM), the holder of the collective bargaining agreement since April 18, 2024. During that period, only conservation and maintenance activities for critical infrastructure were carried out.

As the company informed the public through a relevant event announcement, the court determined that the strike was justified because of two violations of the collective bargaining agreement. However, it dismissed seven other allegations made by the union, including one related to an employee profit-sharing payment in an amount higher than mandated by law. Nevertheless, the court ordered the company to resume operations and to pay the corresponding salaries. Accordingly, the facility was reopened on June 30, 2025, the strike concluded and the salaries were paid to workers.

Prior to the restart of operations, employees received training to reinforce the safety culture, with a special focus on critical risks and their controls, as well as on operating procedures, performance standards, environmental management, among other aspects. Specific onboarding was also provided to new personnel from contractor companies and, in parallel, multidisciplinary visits were conducted to evaluate and validate safety conditions for personnel access, defining specific actions by area related to ground support, infrastructure, signage, monitoring, and handover processes for mobile equipment used in mine operation. At the same time, processes and facilities were also adapted at the beneficiation plant to support the safe and efficient reactivation of operations.

Upon completion of the staff induction activities and the refurbishment of the facilities, a plan was implemented in August destined to gradually and safely ramp up the rate of extraction, milling, and production of concentrates, t to recover operational capacity. At year-end, the normalization plan had progressed approximately 80%.



Because of its partial operation in 2025, results in Tizapa were unfavorable compared to 2024. Gross sales, at US\$ 163.5 million, were 33.5% below the previous year, due to lower production. However, this was partially offset by higher metal prices. The sales breakdown was as follows: 56% silver, 28% gold, 11% zinc, and the remaining 5% from lead and copper. Pounds equivalent of zinc sold decreased 35.6%, from 195.3 million to 125.8 million.

Production costs were 29.6% lower, with reductions across all items as a result of the stoppage, while the unit cost per milled ton increased 43.0%. Lower sales of equivalent pounds of zinc, combined with lower costs, resulted in an 8.1% decrease in cash cost.

Investments for 2025 totaled US\$ 4.2 million and were allocated mainly to replacing and refurbishing underground diesel equipment to maintain fleet availability, developing mining infrastructure, replacing components at the beneficiation plant, and modernizing the personnel transportation fleet.

In terms of safety, we conducted multiple Safe Work Assessments (SWA) for all activities deemed critical to reinitiating operations. Additionally, the critical controls for risks previously adopted under the High Potential Management methodology were reimplemented. By adding the risk of loss of control in hoisting maneuvers, the number of critical risks increased from eight to nine. However, indicators for 2025 were unfavorable compared to 2024: TRIFR rose from 13.35 to 16.01, and LTIFR increased from 2.83 to 5.52.

Capela Polymetallic: zinc-silver-copper-gold-lead	
Ownership	100% Peñoles
In operation	Since 2020
Location	Teloloapan, Guerrero
Type of operation	Underground mine and beneficiation plant
Installed capacity	milling 1.48 Mt/year
Reserves (proven and probable)	10 years
Investment in 2025	US\$ 11.6 M

Production	2025	2024	% Chg.
Ore milled (kt)	1,313	1,204	9.0
Content			
Gold (oz)	15,993	13,355	19.8
Silver (koz)	2,518	1,813	38.9
Lead (t)	1,742	989	76.2
Zinc (t)	25,733	20,327	26.6
Copper (t)	5,734	5,324	7.7
Ore grade			
Gold (g/t)	0.84	0.89	-5.5
Silver (g/t)	89.17	79.70	11.9
Lead (%)	0.59	0.49	20.6
Zinc (%)	2.78	2.45	13.5
Copper (%)	0.76	0.79	-3.7
Costs			
Cost per metric ton milled (US\$/t)	119.5	118.6	0.7
Pounds equivalent sold (millions)	197.0	129.8	51.7
Cash cost (US\$/lbe zinc)	78.4	110.6	-29.1



In 2025, ore beneficiated at Capela increased 9.0% year-over-year due to improved operational continuity compared to 2024, when operations were halted for 48 days to implement actions derived from an unfortunate fatal accident and staff turnover was high. By implementing a special recruitment, training, and retention program, in 2025 we were able to fill the required workforce and reduce the turnover rate.

Although ore grades were mixed compared to 2024, they were in line with the unit’s mining plan and reserve estimates. Gold grade declined, from 0.89 g/t to 0.84 g/t, as did copper grade, from 0.79% to 0.76%. In contrast, grades were higher for silver, from 79.7 g/t to 89.2 g/t; lead, from 0.49% to 0.59%; and zinc, from 2.45% to 2.78%.

Several measures were implemented at the beneficiation plant to optimize metallurgical recovery rates based on the characteristics of the ore processed. These included modifications to the ore feed and water supply infrastructure to the gravimetric concentrators.

Combined with strong operational discipline, these actions improved the use of the equipment, as well as the recovery of gold values at this stage of the process. Within the flotation circuits, adjustments were made to the reagent scheme based on metallurgical research to optimize lead-copper separation in the bulk circuit and mitigate zinc activation. As a result of these efforts, recovery improved across all elements compared to the previous year: gold recovery rose from 38.6% to 44.9%; silver, from 58.8% to 66.9%; lead, from 16.8% to 22.5%; and, to a lesser degree, zinc, from 68.9% to 70.5%, and copper, from 55.7% to 57.1%.

Likewise, thanks to efficient water recovery in the high-density thickener and abundant rainfall in the region, the beneficiation plant operated without interruptions related to water scarcity. At the same time, efforts continued to secure reliable sources of sustainable water supply over the medium and long term.

An increase in the production of metallic contents in concentrates sold, in addition to an uptick in prices, boosted gross sales, which totaled US\$ 256.0 million, a 50.2% increase over the previous year. The revenue breakdown was as follows: 32% silver, 24% zinc, 23% copper, 20% gold, and 1% lead. Equivalent pounds of zinc sold grew 51.7%, supported by higher revenue, which offset the 9.8% increase in production costs. The latter was due to higher extraction and ore processing volumes. The most significant cost increases were in operating materials, due to higher consumption at the plant and mine, particularly reagents and anchors, respectively; labor costs, resulting from an increase in the workforce; energy, due to higher electricity and diesel consumption; and maintenance, due to mobile equipment repairs and the installation of a component in the high-density thickener to optimize water recovery. Cost per ton milled remained mostly

unchanged, while cash cost was 29.1% down, due to an increase in equivalent pounds sold which offset the increase in production costs.

Investments totaled US\$ 11.6 million and were allocated to developing infrastructure and preparation works at the mine; expanding Tailings Deposit 1 to extend its operational life until Deposit 2 is developed; acquiring and refurbishing mining equipment; upgrading the utility transportation fleet; and purchasing components for the beneficiation plant.

In terms of safety management, Capela delivered relevant results, as High Potential Management indicators improved compared to 2024: TRIFR declined from 14.48 to 7.10, and LTIFR from 4.24 to 3.04. This was the result of reinforcing visible leadership and maintaining efforts to deploy the nine critical risks currently in effect at the unit.

Milpillas

Copper

Ownership	100% Peñoles
In operation	From 2006 to 2020, and re-initiated operations in 2022
Location	Santa Cruz, Sonora
Type of operation	Underground mine, heap leach pads and electrolytic plant
Installed capacity	45 kt/year of cathodic copper
Reserves (proven and probable)	2 years
Investment in 2025	US\$ 1.4 M

Production	2025	2024	% Chg.
Ore deposited (kt)	2,005	2,214	-9.4
Content			
Copper cathods (t)	10,522	12,866	-18.2
Ore grade			
Copper (%)	0.63	0.73	-13.3
Costs			
Cost per metric ton milled (US\$/t)	53.4	47.9	11.4
Pounds equivalent sold (millions)	25.4	27.8	-8.6
Cash cost (US\$/lbe copper)	359.0	329.8	8.8

In 2025, the Milpillas unit faced challenges in maintaining the previous year’s extraction rate, mainly due to an operational deficit in the hauling process caused by lower equipment availability and the exploitation of stopes located deep inside the mine, farther from primary ore crushing and hoisting. This was compounded by subsidences that caused stability problems. As a result, the volume of ore deposited in leach pads decreased by 9.4%. Likewise, the copper grade of the deposited ore declined from 0.73% to 0.63% due to difficulties achieving optimal mixtures with the ore inventories in the mine. This increased the contribution of sulfide ore with a lower copper grade, which, as it predominated over oxides, slowed leaching kinetics at the pads. As a result, a lower grade was observed in the electrolysis train, affecting copper cathode production, which decreased 18.2% compared to the previous year.

During the last quarter of the year, a multidisciplinary work plan was implemented to recover production levels. The plan included, among other actions, depositing fines from the mine directly in the leach pads, optimizing the irrigation rate, and installing irrigation systems on the lower slopes of the yards to increase the recovery of copper contents.

On the other hand, based on the favorable outlook for copper prices, during the second half of the year we began an exploration campaign using diamond drilling to reclassify an estimated 1.9 million tons of resources located near currently exploited areas. The objective is to extend the mine’s useful life for a period to be determined once reserve estimates are updated based on the results of the campaign.

Gross sales for the period of US\$ 114.5 million were similar to the previous year (-0.7%), as the increase in copper price offset the decline in production. Production costs remained stable, with increases in maintenance and repairs, operating materials, and freight, which were offset by lower costs for electricity and contractors, fewer development works at the mine, as well as the favorable impact of the peso-dollar exchange rate on peso-denominated costs. Equivalent pounds of copper sold declined from 27.8 million to 25.4 million, while cash cost increased 8.8% due to lower pounds equivalent sold.

Investments totaled US\$ 1.4 million and were mainly allocated to upgrading the utility transportation fleet, infrastructure to locate personnel in real time, and pumping equipment.

In terms of safety, a process was undertaken to strengthen the High Potential Management program by updating the nine critical risks identified and reinforcing existing critical controls. Critical controls for occupational health and environmental risks were also defined. High-potential accidents at Milpillas declined compared to 2024, from 27 to 22 events, while TRIFR rose from 5.88 to 8.82 and LTIFR rose from 2.61 to 7.56.



Fresnillo plc

Attributable production*	2025	2024	% Chg.
Ore milled (Mt) ¹	13.6	15.5	-12.3
Ore deposited (Mt)	13.7	16.5	-16.9
Content			
Gold (oz)	600,287	631,573	-5.0
Silver (koz)	47,589	54,260	-12.3
Silver Silverstream (koz) ²	1,134	2,047	-44.6
Lead (t)	62,076	66,400	-6.5
Zinc (t)	105,915	116,646	-9.2

*Attributable production includes 56% of Juanicipio's output, as reported by Fresnillo plc.
1 Does not include pyrites from Fresnillo, Saucito, or Juanicipio. Includes ore processed at the Herradura dynamic leaching plants.
2 Under the Silverstream agreement, Fresnillo plc had the right to receive revenue—prior to treatment and refining charges, less US\$5.0 per ounce, adjusted for inflation since 2013—from the payable silver produced at Sabinas. In August 2025, Fresnillo plc and Peñoles entered into a buyout agreement to terminate the Silverstream contract through a single payment of US\$ 40 million.

Fresnillo plc, a subsidiary in which Peñoles holds a 74.99% stake, is independently listed on the London Stock Exchange and the Mexican Stock Exchange. It operates eight mines in Mexico that primarily produce precious metals—gold and silver—and is the world’s top producer of primary silver and the leading gold producer in Mexico.

The volume of ore deposited in the leach pads and processed in the dynamic leaching plants at Herradura reached 20 million tons, representing an 11.9% decline compared to 2024. This was mainly due to higher ore selectivity and a minor delay in the start of operations of Phase XV of the leaching pad.

The volume of milled and beneficiated ore in the underground mining plants, on an attributable basis, decreased by 21.4% to 7.3 million tons, mainly due to the end of operations at San Julián (disseminated ore body) in November 2024, following its depletion. Additionally, ore milling was lower at Fresnillo because of a lower contribution from the San Ricardo area in the western section of the mine and unscheduled maintenance stoppages at the flotation plant.



At Ciénega, beneficiated ore decreased mainly as a result of lower extraction volume in the Jessica Transversal and Vetás Angostas areas, as well as the depletion of the Taspana body. Similarly, at Saucito, the volume of processed ore decreased due to lower equipment availability, more corrective maintenance work, and longer mining cycles, all associated with the need for additional ventilation in high-temperature areas and stricter ground-support requirements due to poor rock quality. These decreases were offset by higher ore processing at Juanicipio and San Julián (veins), driven by optimized maintenance programs and plant operations.

Attributable gold production in 2025 totaled 600,287 ounces, 5.0% below 2024, mainly due to lower volumes of processed ore and lower grades at Saucito, Fresnillo, and Herradura, as well as reduced gold recovery from the Noche Buena leach pads following the suspension of mining activity in May 2023.

Attributable silver production—excluding Silverstream—decreased 12.3% to 47.6 million ounces. This was mainly due to the suspension of mining activity at San Julián (disseminated ore body), lower ore grade, lower volumes of processed ore and lower recovery at Ciénega. These reductions were partially offset by the recovery of historical tailings values at the Fresnillo Pyrites plant (Pyrites II). During the second quarter of 2025, Juanicipio began selling its pyrites concentrates to Saucito for processing at the Pyrites plant (Pyrites I).

In terms of annual attributable production of base metals—which are byproducts for Fresnillo plc—lead and zinc were down 6.5% and 9.2%, respectively, compared to 2024, due to lower ore processing and lower grade at Fresnillo, the end of mining activities at San Julián (disseminated ore body), and the suspension of zinc production at Ciénega starting in August 2025. This was partially mitigated by higher grades at Saucito and by higher grades and increased ore processing at Juanicipio.

Value creation projects

Every year, we form multidisciplinary teams to develop and implement improvement projects based on the principles of the Six Sigma methodology. We refer to this annual process as Value Creation Projects (VCP).

This year, Leadership Teams at all units designed 34 projects, each focused on improving key performance indicators (KPIs) by identifying and implementing activities with a high impact on operational, financial, environmental, and safety

results. Two coordinators—who are non-unionized workers—are assigned to each project, and they develop and strengthen leadership capabilities by directing their teams to achieve the goals established at the beginning of the year.

At year-end, we select the projects that stand out for their teamwork, document quality, and results. These are then presented to an evaluation committee, which recognizes the projects with the highest potential impact on the business. The following are among the selected projects:

Milpillas Improvements in contents, training for key employees, strengthening the High Potential Strategy, efficiency and cost improvements.	Capela Operational efficiency at the mine, water resource optimization, rock control and stability, High Potential Strategy, recovery optimization, operational productivity, efficiency improvements, cost improvements, and community engagement.	Sabinas Prevention of falling rocks, High Potential Strategy, efficiency and cost improvements, optimization of long drilling, reliability of diesel equipment, and optimization of expert systems.	Velardeña Zinc recovery, mine development and preparation, High Potential Strategy, mine optimization, and pumping infrastructure optimization.
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Engineering and planning to streamline processes (Apolo Team)

The Mining Division has a team of engineers specialized in mining processes who study, analyze, and optimize productivity at units facing the main operational challenges. During the first quarter of 2025, the optimization team worked in parallel on the following strategic projects:

- At **Velardeña**, six high-impact actions were consolidated to standardize operational and administrative processes in mining, maintenance, planning, plant operations, and human resources. These actions were designed based on a change management strategy to support their permanence and continuity within the operation, generating visible results in operational productivity, process control, and equipment availability indicators.
- At **Sabinas**, in response to a strategic priority of the Division to improve business results, efforts were focused on addressing critical operational needs through an industrial engineering study developed by a multidisciplinary team. The analysis enabled us to identify actual capabilities, improvement opportunities, and operational constraints, as well as simulate scenarios for restructuring personnel and assets. As a result, the working schedule system

for unionized workers was redesigned, crews were strategically redistributed, and a comprehensive system of performance indicators and standards was implemented, focused on improving productivity and establishing a performance-based bonus framework.

Smart mining

In line with our strategy to keep mining operations at the forefront of technological innovation, in 2025 we implemented technologies that delivered favorable results during the evaluation process. These included the integration of advanced process controls (APC), the updating of control systems and telecommunications technology, and the deployment of the Long-Term Evolution (LTE) network. These advances are described below:

Advanced Control Systems (APC)

The second advanced control system in Peñoles mines was implemented at the Velardeña unit. The control system is based on predictive models for the milling area at the beneficiation plant. The system controls SAG milling and its haul feeders, as well as the hydrocyclone batteries in each of the three mills, the feed rate to the coarse crushers, and the particle size (P80) sent to the flotation area. While the first 60 days of operation showed a conservative improvement compared to the average milled volume, there was a considerable reduction in variability.

At **Capela**, we implemented the APC system for the thickening process, which included the zinc, lead, and copper concentrate thickeners, as well as the high-density thickener. The control focused on the low-flow pumps of the thickeners, the darts that direct concentrate to the filtering equipment or recirculate it to the thickener, and flocculant dosage. Additionally, the necessary adjustments were made to the control system to operate the APC safely from the control room and manipulate the variables required for its proper performance. As a result, control of solids content in the filter’s balance tank improved, supporting operation at the correct concentration, which in turn prevents potential damage and optimizes flocculant consumption.

At **Sabinas**, we completed the migration of the control systems at both beneficiation plants and updated the system inside the mine. This improvement helps strengthen IT security by replacing obsolete operating systems with updated versions that have active support for security patches.

Telecommunications and cybersecurity infrastructure

Over the course of the year, the network technology upgrade was completed at all mining units, helping maintain updates and reduce risks from potential cybersecurity threats. In coordination with the IT Division, we also evaluated technological options to strengthen cybersecurity. As a result, we integrated a new solution that reinforces our ability to monitor communications between devices on the internal network and the internet, enabling us to identify any malicious activity in advance and reduce the risk of incidents.

LTE/5G Technologies

In 2025, we consolidated the integration of the LTE/5G network at **Velardeña**, making it the first Peñoles unit with high-bandwidth, low-latency technology. This strengthens the infrastructure needed to support new emerging technologies such as remote operations, autonomous operations, reduced network infrastructure installation, and process control.

Technologies under Evaluation

Two technologies for drill-hole control were evaluated to obtain real-time information on the number and depth of drill holes generated, which will help improve their efficiency and productivity. Pilot testing was also conducted on an autonomous scooptram at **Tizapa** to assess the feasibility of implementing equipment with this technology in the mines.



Reserves

To provide greater certainty for proven reserve blocks and generate new ore resources to support operational continuity, in 2025 we conducted 62,757 meters of diamond drilling across the mines operated by Peñoles.

As we do every year, in January 2025 we carried out the process to estimate ore resources and reserves to support long-term budgets and production plans. To provide greater certainty, ore resources were estimated based on mining industry best practices, as established by the international Joint Ore Reserves Committee (JORC, 2012 edition) and NI 43-101 codes.

Calculation processes were audited by an independent external consultant and by the company’s Internal Audit Division.

Price assumptions reflect the company’s long-term projections at the beginning of the estimation process, with the following variations compared to those used in 2024: gold at US\$ 1,750 per ounce (+3%), silver at US\$ 23.00 per ounce (+5%), lead at US\$ 94.00 per pound (–1%), and zinc at US\$ 1.20 per pound, with no change. Estimates concluded 25 years of resource life, compared to 29 years the previous year, and 14 years of reserves, unchanged compared to 2024, at the projected production pace for the next five years.

The estimation of proven and probable reserves showed a year-over-year decrease of 11.2 million tons of ore—or 3.7 million tons excluding the ore processed during the year—mainly due to projected increases in operating costs at the mining units and a higher cut-off grade. This, together with adjustments made to the geological models, eliminated reserve blocks that are either inaccessible or uneconomic. The decrease was mitigated by an average reduction in treatment charges—except for lead concentrates, for which an increase was considered—and higher gold and silver prices.

As a result, economic blocks decreased, although ore value increased for reserves at Tizapa, Capela, and Milpillas, while Sabinas and Velardeña were affected by the reduction in the price of lead and stable zinc prices. By mining unit, Milpillas maintained its ore reserve volume, while the other operating units recorded reductions, in millions of tons of ore, as follows: 4.9 at Velardeña, 1.8 at Capela, and 0.9 at Tizapa.

At Sabinas, stricter criteria were applied to estimate reserves. Operating and sustaining expenses were added to projected production costs, which led to a reduction of 3.9 million tons of ore, as uneconomic blocks were excluded.

The metallic contents and year-over-year variations in Peñoles’ proven and probable reserves, including Fresnillo plc, were as follows:

	2025	2024	% Chg.
Gold (koz)	8,467	8,142	4.0
Silver (koz)	518,104	523,356	–1.0
Lead (kt)	1,385	1,405	–1.5
Zinc (kt)	4,251	4,394	–3.3
Copper (kt)	204	255	–20.1

Include 56% of the reserves of the Juanicipio mine.

A detailed table with ore reserve estimates is included on page 66 of this Annual Report.

Proven and probable reserves

Fresnillo plc Reserves							Average ore grades in reserves					
	Mine	Participation (%)	Ore processed (kt)		Total Reserves (kt)		Gold (g/t)	Silver (g/t)	Lead (%)	Zinc (%)		
			2024	2025	2024	2025						
	Precious metals											
	Underground											
	Fresnillo ⁽¹⁾⁽³⁾	75	2,334	2,099	13,712	20,605	0.53	199.15	0.95	2.18		
	Ciénega ⁽¹⁾⁽³⁾	75	1,059	900	2,917	3,584	2.32	133.83	0.43	0.62		
	Saucito ⁽¹⁾⁽³⁾	75	2,364	2,278	14,579	17,444	0.91	213.14	1.14	2.02		
	San Julián Veins ⁽¹⁾⁽³⁾	75	1,237	1,261	3,423	4,155	1.09	161.95				
	Juanicipio ⁽²⁾⁽³⁾	42	744	769	10,378	11,760	1.40	195.87	2.14	4.03		
	Open pit											
	Herradura ⁽¹⁾⁽³⁾	75	22,742	20,035	213,124	229,353	0.81					

(1) As of April 30, 2025; proven and probable reserves in thousand metric tons, on a 100% basis. Audited figures.
(2) As of April 30, 2025; proven and probable reserves in thousand metric tons, on a 56% basis. Audited figures.
(3) Reserve calculation in 2025 considered the following prices: gold US\$/oz 2,100, silver US\$/oz 26.50, lead US\$/lb 94 and zinc US\$/lb 1.20.

Peñoles Reserves							Average ore grades in reserves				
	Mine	Participation (%)	Ore processed (kt)		Total Reserves (kt)		Gold (g/t)	Silver (g/t)	Lead (%)	Zinc (%)	Copper (%)
			2024	2025	2024	2025					
	Base metals										
	Underground										
	Velardeña ⁽⁴⁾⁽⁵⁾	100	2,677	2,763	25,025	20,144	0.06	12.24	0.13	3.12	0.18
	Sabinas ⁽⁴⁾⁽⁵⁾	100	1,081	1,113	8,796	4,897		113.95	1.32	2.06	0.32
	Tizapa ⁽⁴⁾⁽⁵⁾	51	627	309	5,554	4,638	1.21	197.41	1.20	4.76	0.20
	Capela ⁽⁴⁾⁽⁵⁾	100	1,204	1,313	16,044	14,194	1.05	99.35	0.72	2.94	0.71
	Milpillas ⁽⁴⁾⁽⁵⁾	100	2,214	2,005	3,534	3,830					0.76
Naica ⁽⁴⁾⁽⁶⁾	100			15,454	15,454		110.46	3.06	10.26	0.09	

(4) As of January 31, 2025; proven and probable reserves in thousand metric tons, on a 100% basis.
(5) Reserve calculation in 2025 considered the following prices: gold US\$/oz 1,750, silver US\$/oz 23, lead US\$/lb 94, zinc US\$/lb 1.20 and copper US\$/lb 4.25.
(6) Operations suspended. Reserve calculation was not updated on January, 2025.

Tailings storage facilities



In 2025, we updated the guidelines of the Tailings Management System as a result of the organizational evolution that took place in 2024. This update reinforces each operating unit’s accountability for implementing the system, while reaffirming our commitment to the best international practices for the safe and responsible management of tailings. These practices are promoted by the following organizations: CDA (Canadian Dam Association), MAC (Mining Association of Canada), ICOLD (International Commission on Large Dams), and ICMM (International Council on Mining and Metals).

At year-end, implementation of the Tailings Management System had advanced 64% across all our operating units, up from 56% the previous year. It is important to note that tailings facilities currently in operation show average progress of 70%, while progress at non-operational deposits is 50%. This reflects the strength of the evolution of our culture for safe and responsible tailings deposit management, while recognizing the challenges we face with the oldest deposits, which are no longer operating.

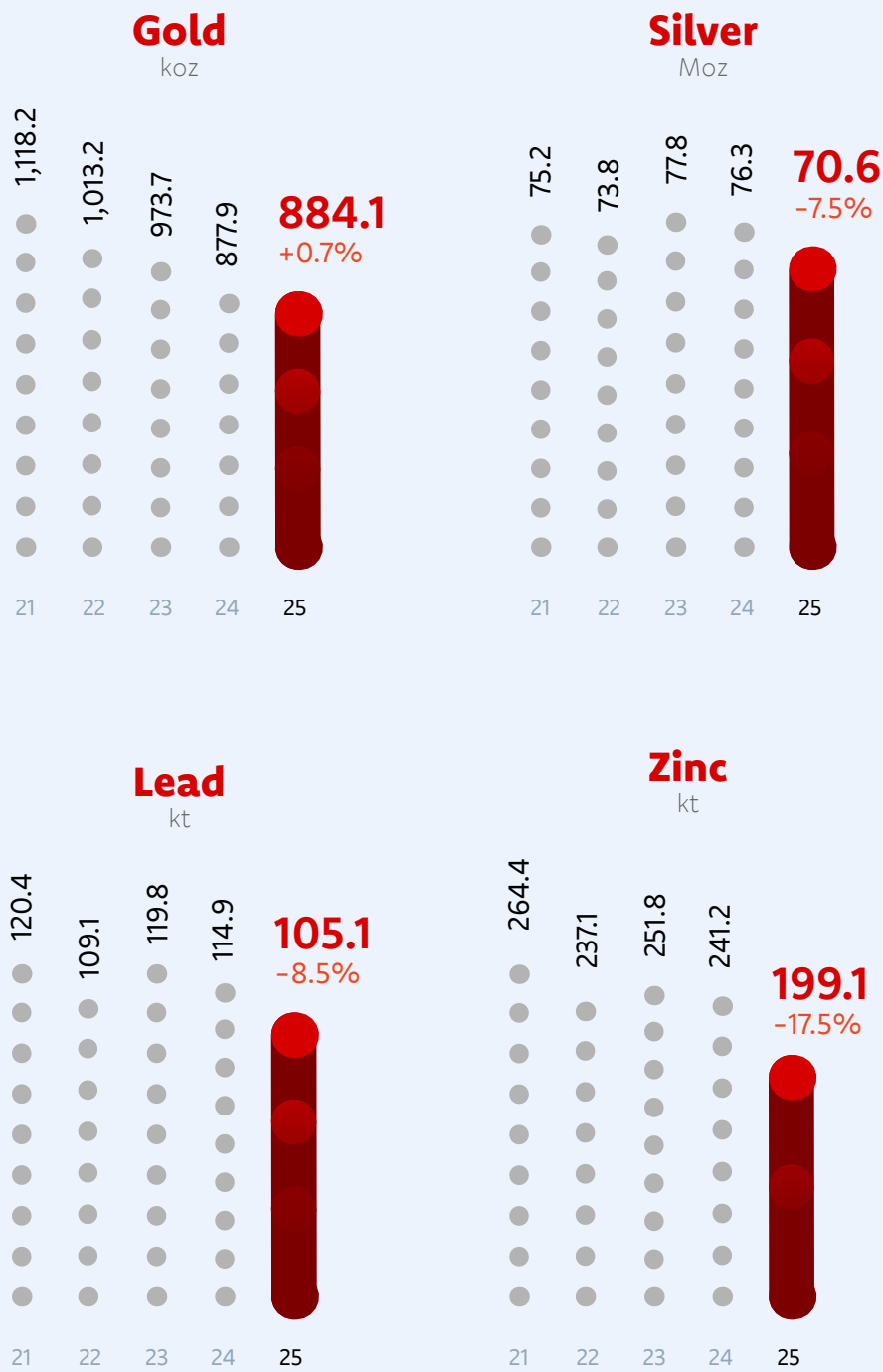
Our mining units have 12 operating tailings storage facilities: 10 with pulp tailings discharges and two with dry tailings excavation for reprocessing or use as backfill inside the mine. Another six non-operational deposits are located within these units, some of which have been partially closed.

We also have five new tailings deposit projects, of which two are currently under construction, one is in the feasibility phase, and two are in pre-feasibility. These new deposit projects are in addition to another 11 projects to expand our existing deposits. Together, these projects recorded investments of US\$ 118 million during 2025. This will allow us to secure tailings storage at all our operations for the next five years and, in at least six operations, meet tailings storage requirements for the mine’s useful life.

Our Independent Tailings Review Panel completed the annual program of document reviews and field visits for Herradura, Fresnillo, Saucito, Juanicipio, San Julián, Sabinas, and Velardeña. It also conducted special reviews of new tailings deposit and expansion projects, validating design considerations and seeking improvements and optimizations. As a result of these reviews, 195 recommendations were issued, of which only 31% are high priority (1 and 2), a decrease from 42% recorded in 2024.

Metals

Production



The Metals Division produces high-purity, high-quality gold, silver, lead, and zinc at the metallurgical complex in Torreón, Coahuila. These metals are processed from complex concentrates and other materials sourced from our own mines, subsidiaries, and various third-party mining suppliers.

The Bermejillo plant, located in Durango, processes byproducts from these operations to produce copper sulfate, zinc sulfate, and antimony trioxide. The Aleazin plant, in Ramos Arizpe, Coahuila, manufactures special zinc alloys. Together, these facilities form the Met-Mex Peñoles (Met-Mex) subsidiary, which constitutes the final link in our metals production chain.

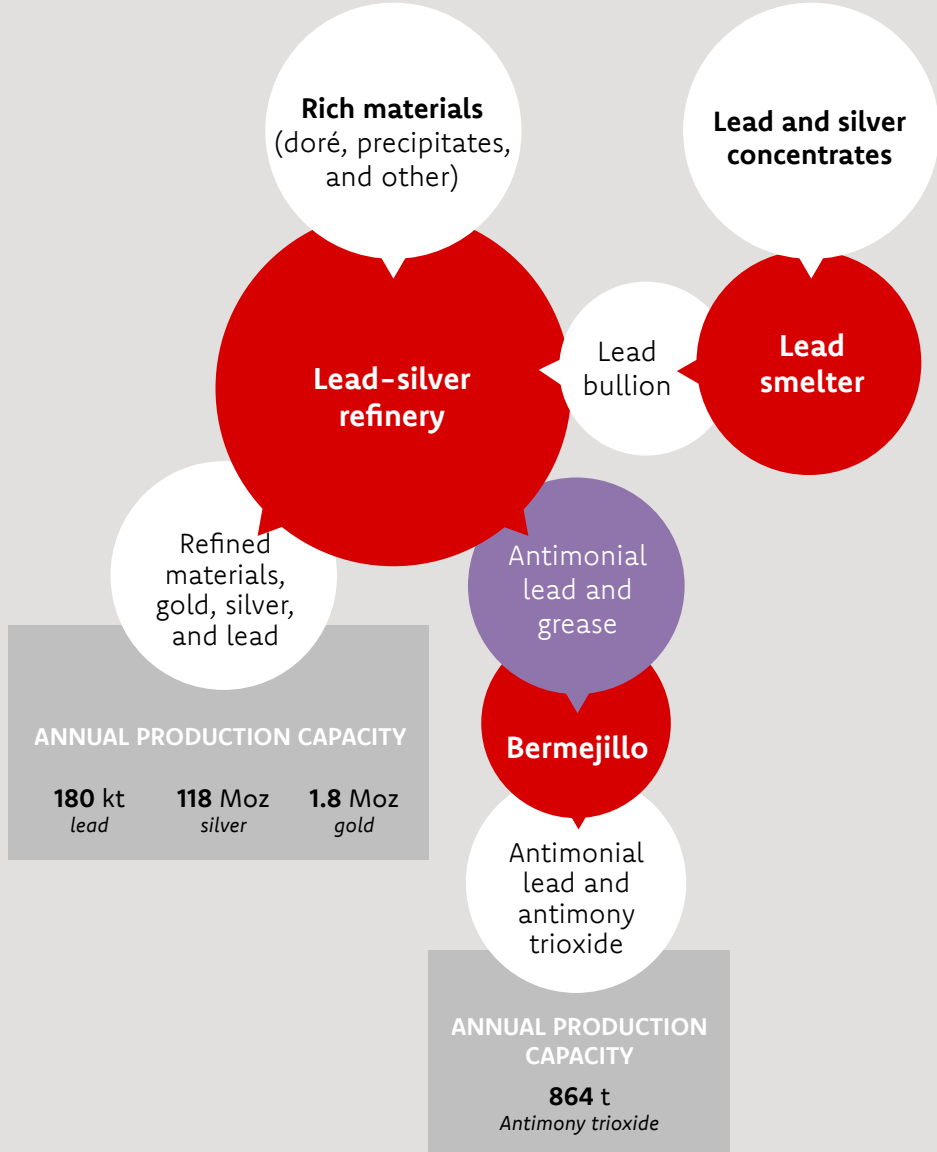
Today, Met-Mex is the world’s top producer of refined silver. It is also the leading producer of refined gold and primary lead in Latin America and ranks as the sixteenth-largest producer of refined zinc globally.



Met-Mex has two main circuits:

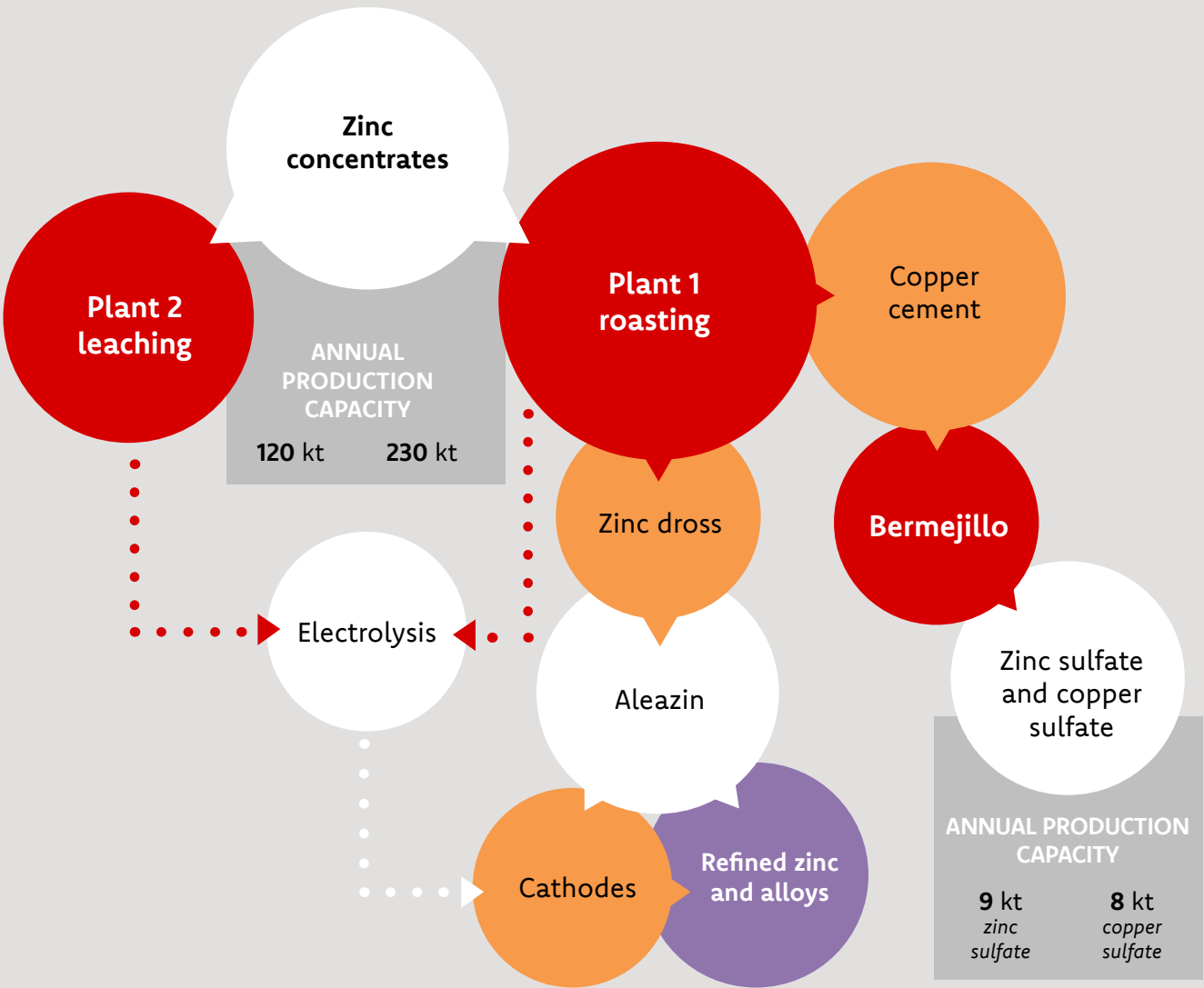
Smelter-refinery circuit

The operation consists of the smelter—where lead-silver concentrates are processed to produce lead bullion—and the lead-silver refinery, which refines this bullion along with doré, precipitates, and other rich metal-content materials to produce refined gold, silver, and lead.



Zinc circuit

The zinc circuit is supplied with zinc concentrates and uses an electrolytic process to produce refined zinc in various grades and forms. It comprises two plants: the older acid-roasting concentrates plant and the direct leaching plant, which began operations in 2019 and utilizes part of the residual sulfuric acid generated by the acid-roasting facility.



Production and performance

Production of the main refined metals and the year-over-year variation were as follows:

	2025	2024	% Chg.
Gold (oz)	884,119	877,923	0.7
Silver (koz)	70,586	76,317	-7.5
Lead (t)	105,123	114,933	-8.5
Zinc (t)	199,109	241,216	-17.5

The metallurgical business faced important financial and operational challenges. On the financial side, the main challenge was the marked decline, for the second consecutive year, in base treatment charges, which are reviewed annually in accordance with international benchmarks. Furthermore, high metal prices—particularly for precious metals—put significant pressure on inventory investment as part of working capital.

In operations, the silver circuit faced difficulties in balancing the concentrate mixtures fed to the blast furnaces because of high copper content. Corrective stoppages also occurred in the sinter and furnace areas, affecting the load volume treated at the smelter, as well as bullion production and its processing at the silver refinery. The inventory reduction program was maintained through the sale of byproducts, mainly copper matte, and concentrates, reinforced by the recovery of secondary materials across the circuit. As a result, production of refined silver, at 70.6 million ounces, and refined lead, at 105,123 tons, declined by 7.5% and 8.5%, respectively, compared to the previous year. Refined gold production, at 884,119 ounces, remained stable (+0.7%) thanks to reduced in-process inventory.

The zinc circuit operated with two of the three electrolysis modules, as it did last year. As previously disclosed, we decided to temporarily reduce design capacity from 350,000 to 270,000 tons of refined zinc per year in order to stabilize production, improve efficiency in electric power consumption, and reduce operating and maintenance costs. However, several stoppages over the course of the year affected operational continuity. Specifically, failures in the roasting area of the old plant limited our ability to treat concentrates and the availability of calcine. As a result, zinc production decreased 17.5%, to 199,109 tons.

In terms of economic performance, lower treated volumes and reduced treatment and refining charges affected revenue, which was offset by higher revenue from free metals due to high prices. Production costs increased because of higher maintenance and repair work and increased consumption of operating materials. These effects were mitigated by the appreciation of the Mexican peso against the US dollar, which reduced peso-denominated costs in US dollar terms, as well as by lower electric power consumption at the zinc plant and lower costs associated with the migration of operations to the WPM. Together, these factors had a negative impact on operating margins for the Metals Division compared to the previous year.

Investments in the Metals Division totaled US\$ 40.7 million. They were allocated to sustaining, replacing, and refurbishing critical equipment to support operational continuity and improve efficiency. Resources were also allocated to technological upgrades, strengthening electrical infrastructure, improving environmental performance, and reducing risks to personnel. Particularly relevant investments included those made in the structural integrity of the smelting and zinc plants, the relining of concentrate domes, the replacement of battery banks at electric substations and boilers in the roasting area of the zinc plant, and the replacement of a reverberatory furnace at the smelter.

In terms of safety, we continued strengthening the High Potential Strategy. We held workshops focused on deepening critical risk identification, with participation from managers of the Metals Division business units, as well as superintendents, operational staff, and contractors. During these sessions, critical risks were communicated using the bowtie methodology, and the tools to verify critical controls and their performance standards were updated and shared. Additionally, we promoted visible leadership in the field at all plants and facilities, which was reflected in a significant increase in close-call reporting, from 1,786 in 2024 to 8,356 in 2025. TRIFR for the year was 29.13, compared to 24.88 in 2024, while LTIFR was 15.07, compared to 13.34.

Smelter-Refinery Circuit

Volume received (t)	2025	2024	% Chg.
Concentrates (Smelter)	322,624	306,950	5.1
Direct materials (Refinery)	1,480	1,639	-9.7
Total raw materials	324,104	308,589	5.0
Own*	205,565	202,455	1.5
% of total	63.4	65.6	
Third Parties	118,539	106,134	11.7
% of total	36.6	34.4	

Share in raw materials content (%)			
	Gold	Silver	Lead
Own*	72.6	72.7	57.5
Third Parties	27.4	27.3	42.5

*From the Peñoles and Fresnillo plc mines.

The main operational challenge during the year was to efficiently process concentrates received from certain mines, which had high copper content and low silver and lead grades, complicating the preparation of properly balanced mixtures for the blast furnaces at the smelter. To manage the presence of copper, we gradually adjusted the lead-copper ratio in the treated mixtures through staggered increases in the copper ratio. We also purchased concentrates with high lead content which, in addition to improving silver recovery, contributed to reducing variability in the lead-copper ratio.

In addition, there were unscheduled stoppages at the smelter to clean the furnaces and sinter area. The plant’s major maintenance stoppage took place during the last quarter.

The volume of lead-silver cement from the recovery process in the zinc circuit decreased over the previous year, due to lower plant production resulting from operational problems. As a result of these factors, the volume of load treated at the smelter during 2025, at 311,408 tons, declined 2.9% compared to the volume processed in 2024.

The inventory reduction program continued through the sale of certain concentrates and byproducts, and recovery of secondary materials within the circuit was reinforced. As a result, annual bullion production totaled 121,866 tons, 10.2% below the previous year.

At the silver refinery, the smaller volume of bullion received and treated, with lesser grades, was combined with lower inflows of materials rich in gold and silver resulting from scaled down production at our own mines and reduced purchases from third-party mining suppliers.

Revenue per ton treated in the smelter-refinery circuit declined 7.7% on average year-over-year. The reduction was primarily due to lower treatment and refining charges, a decline in the volume of concentrates and processed materials, and, to a lesser degree, the increase in spending on imported concentrates. This was mitigated by better prices for free metal of silver, gold, and copper. Furthermore, unit production costs increased 10.6% on average, mainly as a result of lower volumes of treated materials and more maintenance and repair work, which was partially offset by the favorable effect of the Mexican peso-US dollar exchange rate on peso-denominated costs.

Zinc Circuit

	2025	2024	% Chg.
Concentrates received (t)	548,975	619,961	-11.5
Own*	475,165	506,674	-6.2
% of total	86.6	81.7	
Third Parties	73,810	113,287	-34.8
% of total	13.4	18.3	

Share in concentrates contents (%)

	Zinc
Own*	95.3
Third Parties	4.7

*From the Peñoles and Fresnillo plc mines.

The volume of concentrates received in the zinc circuit during 2025 was 11.5% lower than in 2024 due to a decline in mining production and the significant reduction in concentrate purchases from third-party mining suppliers.

Treated tonnage amounted to 413,422 tonnes, a volume 14.4% lower than that recorded in 2024. The decrease was due to a reduction in raw materials received, as well as several corrective stoppages over the course of the year resulting from failures in the roasting, leaching, direct leaching, and electrolysis areas, which affected operational continuity. As a result, annual refined zinc production totaled 199,109 tons, 17.5% below the previous year. Toward the end of the period, mechanical failures affecting the operation of reactors installed during the capacity expansion were corrected. This will increase the proportion of concentrates fed through direct leaching, without passing through the roasting process.

To reduce working capital investment, we also continued the inventory optimization program through the sale of untreated concentrates and byproducts at this plant. Zinc recovery declined from 93.6% to 90.3% as a result of the aforementioned failures. In the operation of the electrolysis modules, current efficiency averaged 81%, compared to 83% the previous year.

The silver recovery process yielded 3.6 million ounces of silver contained in cements, below the 6.0 million ounces recovered the previous year. This was due to the lower volume of treated concentrates with lower grades. Of this total, 2.6 million ounces in cements were sent to the smelter for processing and integration into refined product output; a portion was sent to Saucito for treatment at the pyrites plant—which will be returned as precipitates—and the rest was sold to domestic clients. Operational silver recovery in cements reached an efficiency of 84.0% in zinc concentrates, compared to 84.2% in 2024.

Average revenue per treated ton decreased 32.2%, mainly due to a sharp drop in base treatment charges and a lower volume of processed concentrates. Lower revenue from free zinc metal and from sales of copper cement and other byproducts was also a contributing factor. This was mitigated by higher revenue from lead-silver cement and lower expenses from concentrate imports. While production costs remained stable, the unit cost per treated ton increased 19.2% on average, mainly due to lower processed volume, a higher number of maintenance and repair works, and increased consumption of operating materials needed to maintain zinc quality (SHG) and stabilize jarosite. These effects were offset by the lower cost of electricity resulting from lower consumption during the period, and by the benefit of exchange rate depreciation on peso-denominated costs.



Marketing and business development

International demand for gold and silver remained strong throughout 2025, driven by their status as safe-haven assets in a context of geopolitical uncertainty and trade tensions, as well as a weak US dollar and expectations of monetary easing by the Federal Reserve. Continued purchases by major central banks supported gold, while silver, in addition to its defensive characteristics, was driven by demand from the photovoltaic and electricity sectors and by a deficit in the physical market. Both metals reached all-time highs during the period, amid an environment of high price volatility. Both the volatility and the changing market conditions represented significant commercial challenges. We implemented strategies focused on administrative, operational, and technological efficiency, as well as comprehensive risk management, allowing us to maintain regulatory compliance, strengthen governance, and capitalize on market opportunities. Exported gold and silver volumes accounted for 96.2% and 99.2% of our precious metals sales, respectively, while domestic consumption contracted as a result of high prices of these metals.

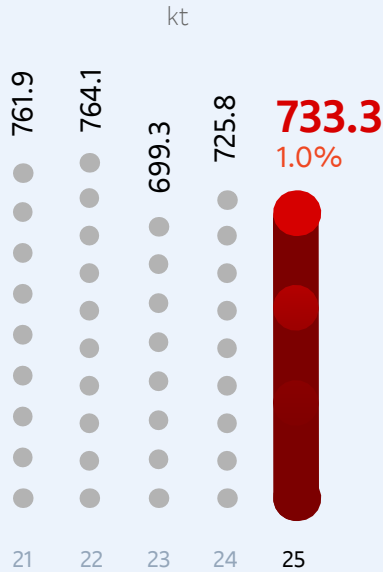
In the regulatory arena, we maintained the Good Delivery certification and the Responsible Sourcing Silver & Gold recognition, granted by the London Bullion Market Association (LBMA), which confirms that our supply chain remains conflict-free and aligned with environmental, social, and governance (ESG) criteria. This reinforces the trust of our clients and strategic partners.

In terms of base metals, the period presented challenges resulting from trade uncertainty due to the imposition of tariffs on the automotive industry in Mexico. As our top domestic clients for zinc and lead reduced demand, we channeled higher volumes to export markets—mainly the United States—while maintaining our presence in other markets, in order to diversify our client portfolio.

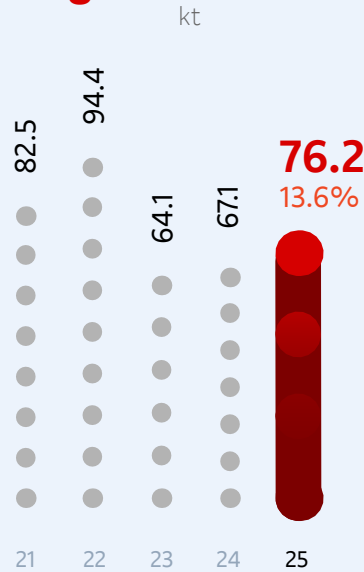
Chemicals

Production

Sodium sulfate

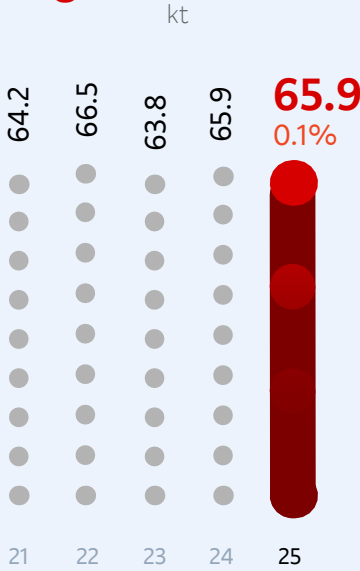


Magnesium oxide*

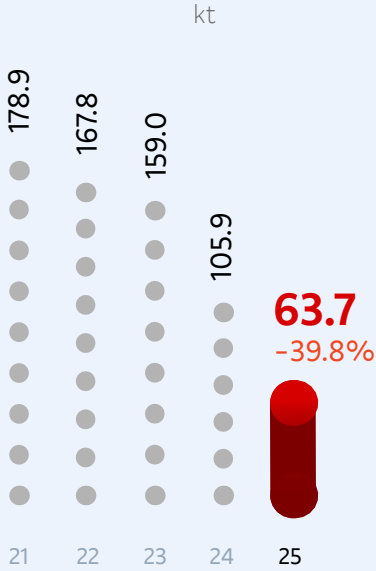


* Includes refractory, caustic, electric, electrofused and hydroxide grades.

Magnesium sulfate



Ammonium sulfate



The Chemicals Division manufactures value-added inputs derived from natural brine and salts extracted from the subsoil through hydraulic mining at the Química del Rey plant, located in Laguna del Rey, in the municipality of Ocampo, Coahuila.

The main product of this business is sodium sulfate, which accounts for more than 60% of its annual revenue. An essential raw material for the detergent, glass, paper, and textile industries, our sodium sulfate holds a leading position in the domestic market. Química del Rey is also the largest producer of sodium sulfate outside China, with an installed capacity of 780,000 tons per year.

The second most important product is magnesium oxide, obtained from residual brine generated during sodium sulfate production and dolomite sourced from La Esmeralda mine, near Laguna del Rey. It is manufactured in various grades: refractory, used to make bricks for high-temperature kilns in the steel and cement industries; caustic, used in the production of animal feed and fertilizers; hydroxide, used as a flame retardant; and electrical grade, used as insulation and in the production of electrical resistors. Magnesium oxide accounts for approximately one third of the Chemicals Division’s revenue.





The third product, magnesium sulfate (Epsom salt), is used as a fertilizer, in leather tanning, in chemical processing, and in detergent production. In addition, residual sulfuric acid from the lead smelter is used to produce ammonium sulfate—a fertilizer—and ammonium bisulfite, a reagent used in beneficiation plants, at the Fertirey facility, located adjacent to the metallurgical complex in Torreón, Coahuila.

Production and performance

During 2025, chemical products performed better than in 2024. We implemented a comprehensive process for managing and analyzing production costs, along with efficiency initiatives, resulting in a 3.4% cost reduction compared to the previous year, thus strengthening the competitiveness of our products.

Production of sodium sulfate increased slightly, by 1.0%, to 733,348 tons. No significant disruptions occurred during the period regarding product distribution by rail.

Despite commercial challenges due to a temporary reduction in demand from several domestic clients in the detergent sector, particularly during the second half of the year, we were able to maintain our market share in powder detergents through a timely response to the needs of this key segment. We implemented a strategy to channel higher volumes of this product to clients in the glass sector—with a 12% increase in volume sold—and to the export market. As a result, sodium sulfate sales volume increased 4.5% to 764,755 tons.

One of the most notable initiatives to improve efficiency in the sodium sulfate production process was the replacement of first-effect recirculation pumps. Together with the calandrias purchased the previous year, this enabled us to optimize the evaporation process and increase sodium sulfate production at Plant 1 by 2%, equivalent to approximately 1,250 tons per month.

In economic terms, gross margin per ton of sodium sulfate produced, in dollars, improved versus 2024, driven by a higher average sale price and lower unit production cost. The cost reduction was mainly due to lower consumption of electric power and operating materials, as well as less maintenance and repair work and lower depreciation charges during the period.

In magnesium oxide, production volume, at 76,217 tons, and sales volume, at 70,555 tons, increased 13.6% and 19.5%, respectively, compared to 2024. While market conditions differed across

magnesium-derived products, we were able to capitalize on opportunities for refractory-grade magnesium oxide resulting from tariffs imposed in the U.S. on products from China. This enabled us to significantly increase our sales volume in the U.S. market.

Magnesium hydroxide—in its applications as a flame retardant (Hidromag) and an acid effluent neutralizing agent (Neutromag)—is the cornerstone for the reconfiguration of our magnesium oxide business. Unlike commodity markets, such as refractories and electrical resistors, these products serve specialized segments with higher demand growth and better price levels.

In 2025, production of magnesium hydroxide, at 21,236 tons, and sales volume, at 20,861 tons, reached record levels, driven by the addition of new clients and an increase in our market share in East Asia. This product has gained recognition in the global polymers industry, consolidating our presence across various application segments and strengthening our benchmark position in halogen-free flame retardants for the protection and safety of polymeric materials. Based on this achievement, we advanced the second phase of engineering to expand magnesium hydroxide production capacity by 17,000 tons per year. Likewise, to meet market needs, we optimized magnesium specialties operations at Plants 1 and 2 by extending campaigns and operating at maximum capacity.

To secure the raw materials for magnesium-derived products, we began the first phase of a new mining plan at the dolomite mine that supplies the magnesium plant. The goal of this plan is to support efficient mining while also securing ore reserves for the next 40 years.

In terms of electrical-grade magnesium oxide, low-priced Chinese products continued to prevail in the domestic market. Our sales were mainly in the USMCA region, with a lower share in Europe, Asia, and South America. We also made progress in recovering the domestic market, based on the high quality of our product and customer service. As a result, sales volumes increased 2.2% over 2024. In caustic-grade magnesium oxide, sales volumes in Mexico, the U.S., and Europe remained stable. Sales in Asia and Oceania were impacted by China's lower momentum and growing competition from its aggressively priced products.

To secure the raw materials for magnesium-derived products, we began the first phase of a new mining plan at the dolomite mine that supplies the magnesium plant. The goal of this plan is to support efficient mining while also securing ore reserves for the next 40 years.

The average sales price for the mix of magnesium-derived products was lower than in 2024, due to intense competition and challenging market conditions. This effect was offset by a decline in unit production costs, mainly for maintenance and repairs, packaging materials, and energy, as well as by lower electricity consumption. As a result, gross margin improved year-over-year.

On the other hand, , the agricultural sector faced a challenging 2025 globally, and particularly in Mexico, due to water crises, economic volatility, tariff-related changes, and adverse weather conditions. In addition, lower-priced imports of Chinese products put pressure on fertilizer prices. Within this context, the magnesium sulfate commercial strategy was reinforced by actively promoting the product's quality and developing new clients, to whom we offered high-level service. As a result of these efforts, magnesium sulfate sales grew 5.6% over the previous year, while production remained stable at 65,925 tons. Gross margin per ton was similar, as lower sales prices were offset by lower unit production costs.

Production and sales volumes for ammonium sulfate, a byproduct, were down. As previously reported, the decline resulted from the decision made a couple years ago to allocate sulfuric acid from smelting to more profitable alternatives, given that the high cost of ammonia and the low sales price of ammonium sulfate affected its competitiveness. Following industrial testing, we began producing ammonium bisulfite, which is being used successfully in mining processes. As a result, the volume produced during 2025 increased significantly, contributing to the strengthening of the business's circular economy.



In terms of safety, we made progress in High Potential Management, focusing on the 17 critical risks defined at Química del Rey. In coordination with the Safety, Occupational Health, and Environment Division, we worked to reinforce critical controls for each position and level of risk exposure. We also strengthened visible leadership practices at the facilities. The results of four high-performance teams are exceptional, with 16 consecutive years without accidents. Regarding the indicators, TRIFR was 7.75, compared to 7.92 in the previous year, while LTIFR was 6.20, compared to 3.75.

Investments in the Chemicals Division totaled US\$ 18.2 million. Noteworthy was the completion of the project to reinforce electrical circuits at Química del Rey, with a total investment of US\$ 4.8 million, of which US\$2.3 million was invested during 2025, providing the electrical infrastructure required for operational continuity and future growth. An additional US\$ 2.0 million was invested in purchasing drilling and hauling equipment for the dolomite mine. Other important investments included replacing recirculation pumps in the sodium sulfate plants to improve efficiency in the evaporation process and acquiring an auxiliary transformer for the main substation at Química del Rey.

Financial highlights by division

	2021	2022	2023	2024	2025
Mining					
Net sales	4,063	3,550	3,777	4,653	5,498
Gross profit	1,407	862	644	1,492	2,974
% over sales	34.6	24.3	17.0	32.1	54.1
EBITDA	1,706	1,056	757	1,779	3,120
% over sales	42.0	29.7	20.0	38.2	56.7
Operating income	1,077	484	214	1,100	2,536
% over sales	26.5	13.6	5.7	23.6	46.1
Metals					
Net sales	5,244	4,852	4,986	5,617	7,664
Gross profit	89	-154	-180	32	133
% over sales	1.7	-3.2	-3.6	0.6	1.7
EBITDA	139	-107	-138	67	169
% over sales	2.6	-2.2	-2.8	1.2	2.2
Operating income	49	-196	-227	-21	85
% over sales	0.9	-4.0	-4.6	-0.4	1.1
Chemicals					
Net sales	232	299	292	258	267
Gross profit	70	113	115	97	113
% over sales	30.1	37.7	39.3	37.5	42.3
EBITDA	64	98	99	84	99
% over sales	27.7	32.9	34.0	32.4	37.0
Operating income	40	78	78	61	75
% over sales	17.3	26.0	26.6	23.5	28.0

Unaudited figures expressed in millions of dollars.
Figures represent the sum of the separate financial statements of the operating companies for each division, excluding corporate fees.

Management discussion and analysis

Gold and silver prices reached historic highs, driven by demand amid uncertainty and expectations of further monetary easing in the United States. Gold, additionally, was backed by sustained central bank purchases, while silver found support in growing demand from the photovoltaic and electrification sectors, as well as a physical market deficit.

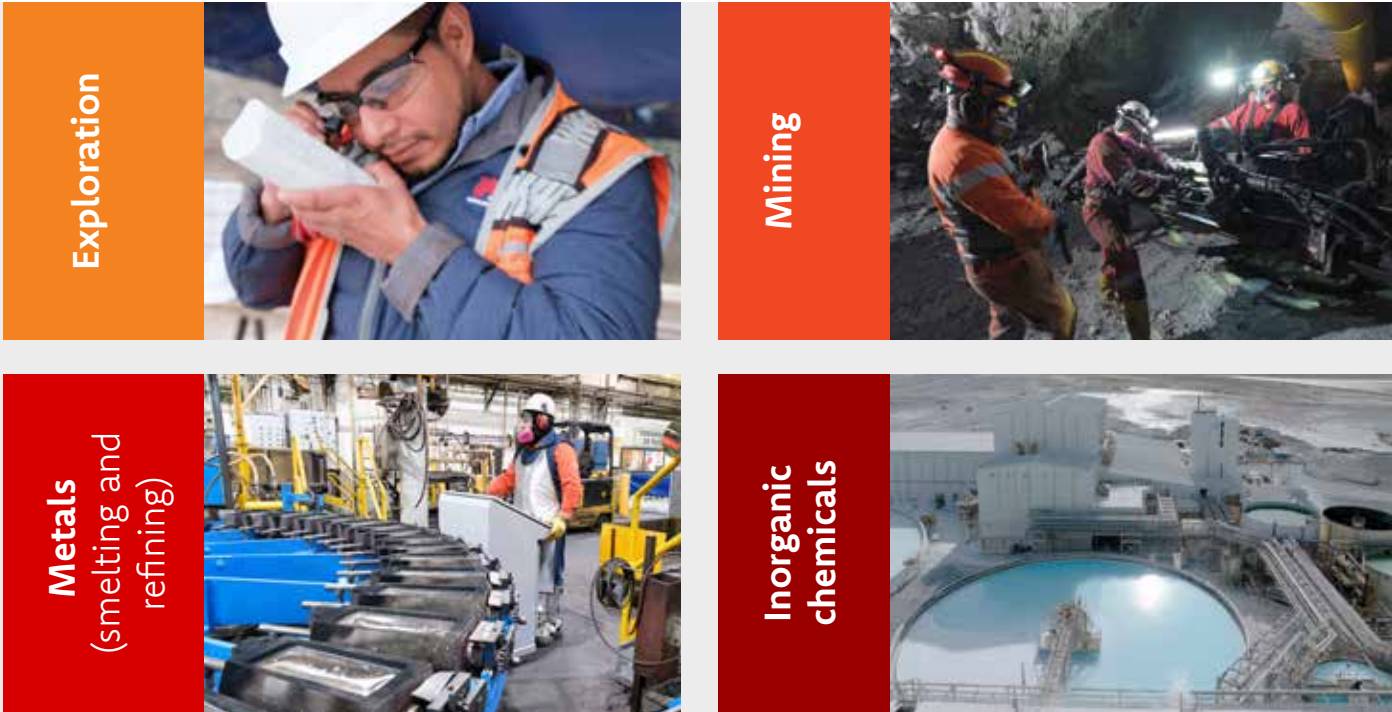


This analysis and discussion of the results obtained by Industrias Peñoles, S.A.B. de C.V. and its Subsidiaries (“Peñoles” or “the Company”) for the fiscal year 2025 is based on the financial statements prepared in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB). In accordance with IAS 21, it is necessary to identify the functional currency for each of the consolidated entities, based on the currency of the primary economic environment in which the entity operates. For all subsidiaries, except for certain entities that are not in operation, as well as some service companies, the functional currency is the U.S. dollar.

This analysis of the consolidated financial results is presented in U.S. dollars, the functional and presentation currency of the Company. The 2025 results are compared with those of 2024 in millions of U.S. dollars, unless otherwise indicated. The term “US\$” refers to United States dollars.

It is recommended to read this section in conjunction with the consolidated financial statements and the accompanying notes.

Peñoles primarily operates in the following sectors:



Peñoles is a publicly traded company, with its shares listed on the Mexican Stock Exchange (BMV) since 1968 under the ticker PE&OLES.

Prices and macroeconomic variables

The main variables that influenced Peñoles’ results are:

1. **Metal prices:**
In dollar terms, precious metals prices increased significantly, on average: gold (+43.8%) and silver (+41.4%). The average price of base metals recorded a mixed performance, with the largest increase seen in copper (+8.7%), followed by zinc (+3.2%), while the average price of lead contracted (-5.3%).
2. **Treatment charges:**
In dollar terms, base treatment charges per ton decreased, on average, by 12.2% for zinc concentrates and by 88.2% for lead concentrates.
3. **Exchange rate (peso-U.S. dollar):**

	2025	2024	% Chg.
Close	17.9667	20.2683	-11.4
Average	19.2324	18.2997	5.1
4. **Consumer Inflation (%)*:**

	2025	2024
Annual	3.69	4.21

*According to National Price Consumer Index (NPCI) in Mexico

Consolidated Results

Uncertainty prevailed during 2025 due to geopolitical conflicts and regional tensions, particularly the imposition of tariffs that affected supply chains and global trade, which was reflected in increased volatility across financial markets. This situation impacted investment and consumption, leading to moderate global economic growth. In this context, central banks continued to ease their monetary policy through gradual interest rate cuts in response to moderating inflation.

These conditions favored precious metals as traditional safe-haven assets. Gold and silver prices reached historic highs, driven by demand amid uncertainty and expectations of further monetary easing in the United States. Gold, additionally, was backed by sustained central bank purchases, while silver found support in growing demand from the photovoltaic and electrification sectors, as well as a physical market deficit. The weakening of the US dollar against major currencies was an additional support to both precious and industrial metals. Regarding the latter, copper, and to a lesser extent zinc, recorded moderate increases. In the case of copper, the momentum came from higher demand associated with the energy transition and technological advancement, in addition to supply constraints. Zinc was primarily favored by a drop in supply, against a backdrop of stable industrial demand in sectors such as construction, infrastructure, and the automotive industry. Lead was the only metal in our portfolio to experience a decline in its average price, due to weak consumption in the automotive sector.

GDP in Mexico grew 0.8%, down from the 1.5% recorded the previous year, reflecting a generalized slowdown in economic activity. This performance was primarily explained by the contraction of the industrial sector, particularly in manufacturing and construction, lower investment dynamics, and a less favorable external environment associated with moderating growth in the United States and increased trade tensions. Although consumption and services showed resilience, their contribution was not sufficient to offset the weakness of the economy's cyclical components. Bank of Mexico reduced the reference interest rate due to lower inflation. Meanwhile, the weakness of the US dollar strengthened the Mexican peso, especially since the second half of the year. Despite the foregoing, the peso-dollar exchange rate recorded an average annual depreciation of 5.1%, which had a favorable effect on our costs and expenses denominated in local currency, that account for approximately 50% of such costs and expenses, since more than 95% of our sales are made in dollars.

Mining production of metal contents decreased in comparison to 2024, due to lower ore processing during the period, caused by a strike at Tizapa that began on August 30, 2024, and extended into the first half of 2025. Similarly, production was affected by the lack of output from the disseminated ore body of San Julián mine, which concluded operations in November 2024 due to depletion. In addition, gold production decreased due to a lower volume of ore processed with lower grades from Fresnillo and Saucito, and a reduction in ore deposited on leach pads at Herradura; silver production decreased due to lower volumes of ore processed with lower grades at Ciénega and Saucito; and lead and zinc due to a reduction in ore processed with lower grades at Fresnillo, as well as lower ore grades at Velardeña and Sabinas.



Copper produced in concentrates decreased due to a lower ore grade and recovery at Sabinas, while the copper cathodes produced by Milpillas decreased due to a lower volume of ore deposited on leach pads and its lower ore grade.

In the metallurgical business, refined metal production was below that recorded in 2024, except for gold, whose volume was similar. In the silver circuit, difficulties arose in the preparation of mixtures feeding the smelting furnaces, due to high presence of copper in the concentrates received and low silver and lead grades. This negatively impacted the volume of load treated and bullion production. Consequently, bullion treatment at the silver refinery decreased, affecting the production of refined silver and lead.

Likewise, refined zinc production decreased due to various operational failures that limited treatment of concentrates during the year. On the other hand, inorganic chemical products recorded a strong performance during the period.

High metal prices largely boosted sales for the year, especially of gold and silver. Cost of sales increased at a lower rate than revenue growth, mainly due to the effect of higher copper content processed in concentrates—the revenue of which is realized through matte sales—and a higher cost of metal content in third-party materials treated. This was mitigated by a credit for inventory changes—owing to increased inventories at the Bal-Holdings subsidiary—and lower production costs derived from lower mining-metallurgical production, the favorable effect of the peso's depreciation against the dollar on peso-denominated costs, and the implementation of efficiency and cost control initiatives. Annual inflation in our input basket for operations was 5.8% in dollar terms, unfavorable compared to 1.6% the previous

year, which was primarily driven by increases in contractors, operating materials, and maintenance and repairs.

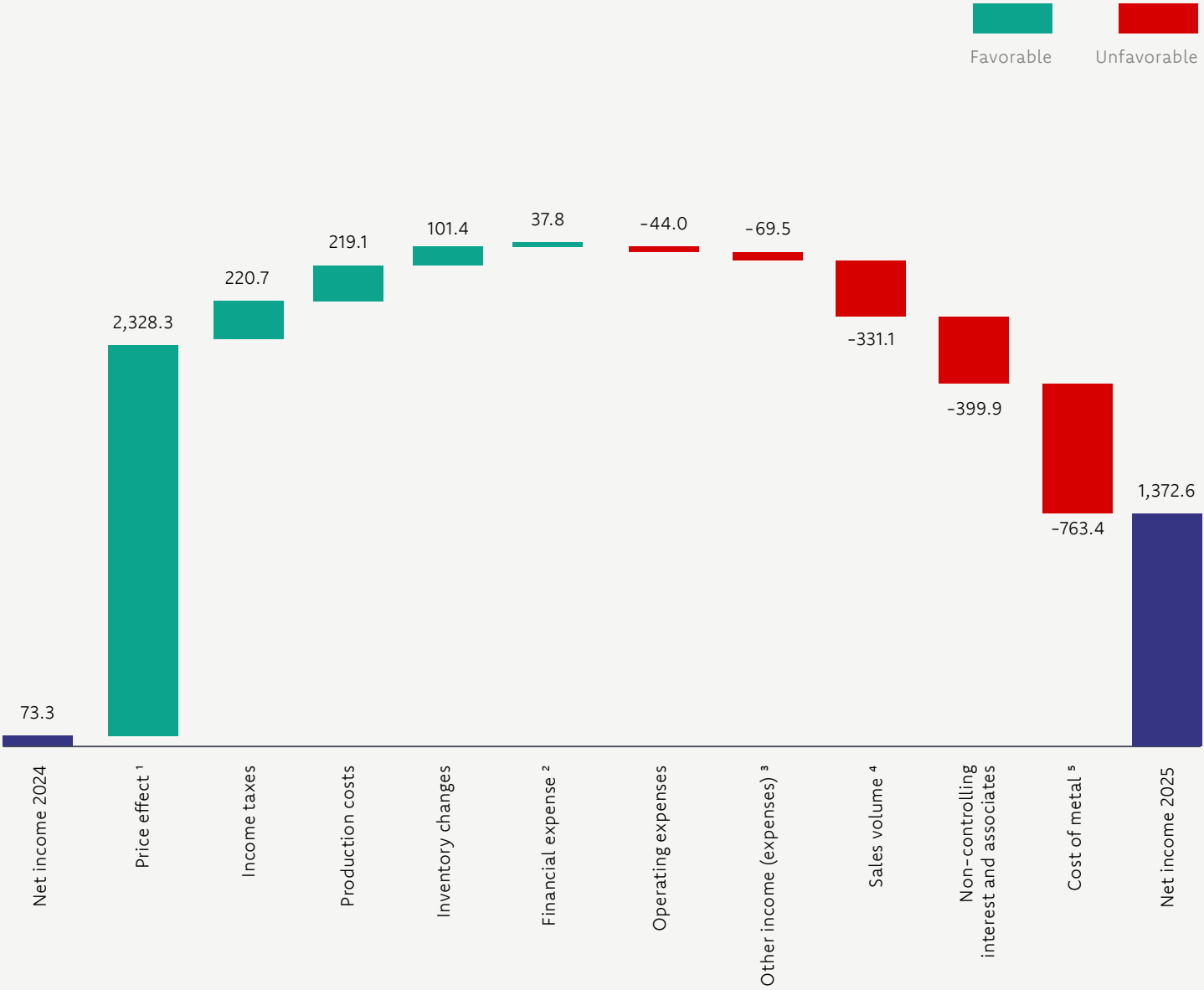
Operating expenses increased primarily due to the faster pace of exploration activities, higher expenditures on communication and IT, and the extraordinary mining right. Additionally, there were other net expenses, mainly due to power sales—which generated revenue in 2024—and higher remediation expenses, which compare unfavorably with the other income obtained during the previous fiscal year. In turn, net financial expenses were lower, thanks to interest earned on investments, which offset interest on financial debt and foreign exchange loss.

Lastly, the provision for income taxes was lower than that of 2024, because the income tax incurred on a higher taxable income for the period was offset by a favorable adjustment in deferred taxes; resulting from the peso's appreciation against the dollar at the close of fiscal year 2025 compared to the close of 2024 on the Company's tax assets, as well as from the effect of inflation for tax purposes, whereas the provision for the special mining right was higher than the previous year.

Due to the aforementioned factors, the financial results for fiscal year 2025 and their variance compared to 2024 were as follows: net sales US\$ 8,647.3 (+30.0%), gross profit US\$ 3,310.8 (+88.5%), EBITDA US\$ 3,250.5 (+76.5%), operating income—excluding other expenses and income and impairment losses—US\$ 2,564.7 (+143.2%), and net income attributable to controlling interest US\$ 1,372.6, a figure substantially higher than the US\$ 73.2 recorded in 2024.

Income statement

The following chart shows the variation by category of the results and its impact on the change in the annual net result.



Figures in US\$ M

- 1 Includes variation in hedging results.
- 2 Financial expense includes foreign-exchange result.
- 3 Other income (expenses) include impairment loss.
- 4 Includes variation from sale of other products and services.
- 5 Cost of metal is net of revenue from treatment charges, income on inventories, and other items.

The variations for fiscal year 2025 vs. 2024 are analyzed below:

Net sales totaled US\$ 8,647.3, of which 77.1% went to the export market. The +US\$ 1,997.2 (+30.0%) variance compared to 2024 sales is explained as follows:

- An increase of +US\$ 2,328.3 due to higher prices of gold, silver, concentrates, copper matte, zinc, and sodium sulfate, which offset lower prices for lead and magnesium oxide.
- A decrease of -US\$ 334.4 due to lower sales volumes of silver, zinc, concentrates, lead, and copper, mitigated by higher volumes of copper matte, chemical products and gold.
- An increase of +US\$ 3.3 due to higher revenues from the sale of other products and services.

Cost of sales, at US\$ 5,336.5, recorded an increase of +US\$ 442.9 (+9.0%) due to the following reasons:

- Higher **cost of metal sold** +US\$ 763.4, +50.2%), whose variance was driven by the following factors:
 1. An increase of +US\$ 639.6 due to higher copper content processed in concentrates, the revenue of which is recognized in matte sales, and a higher cost of metal content from third-party materials treated.
 2. An increase of +US\$ 71.9 due to inventory profits and unproductive costs.
 3. An increase of +US\$ 39.5 due to metallurgical losses.
 4. A decrease of -US\$ 12.3 due to lower treatment revenues, which are accounted for as a credit to the cost of metal.
- Lower **production cost** of -US\$ 219.1 (-6.6%), mainly due to: (i) lower depreciation charge during the period; (ii) lower consumption of energy and operating materials as a result of lower volumes



- processed by mining-metallurgical operations; (iii) lower machinery and equipment leasing in mining operations; and (iv) the favorable effect of the average depreciation of the peso against the dollar on costs incurred in pesos (which represent approximately 50% of production costs). The aforementioned items were offset by: (i) higher inflation in the basket of operational inputs; and (ii) higher maintenance and repair costs. The variances by cost item were as follows:
1. Depreciation and amortization (-US\$ 95.6, -12.4%), mainly because an extraordinary charge was recorded in 2024 resulting from the depletion and end of the productive life of the San Julián disseminated ore body.
 2. Energy (-US\$ 64.1, -13.8%), driven mainly by lower electricity consumption in metallurgical operations, as well as in the San Julián, Tizapa, and Milpillas mines, along with lower diesel consumption at Herradura due to a lower volume of material moved (ore and waste rock).
 3. Low-value leases (-US\$ 42.4, -58.5%), due to lower machinery and equipment rental costs, primarily at Herradura, San Julián, and Saucito.
 4. Operating materials (-US\$ 16.6, -3.8%), due to lower consumption resulting from the depletion of San Julián (disseminated), the strike at Tizapa, and lower production in metallurgical operations. Notably, there was a decrease in reagents, explosives and detonators, drilling bits, and construction materials.
 5. Contractors (-US\$ 9.8, -2.1%), due to fewer development, ore hauling, and ground support work at mining units.
 6. Maintenance and repairs (+US\$ 8.6, +1.7%), mainly at the metallurgical complex and Fresnillo plc mining units (notably Saucito, San Julián, and Fresnillo).
 7. Other cost items (+US\$ 0.9, +0.7%), due to higher insurance and bond costs, offsetting the credit from transfer of by-products and a lower amortization charge for right-of-use assets.

- There was a credit of -US\$ 44.8 for **inventory change**, in contrast with the charge of +US\$ 56.6 the previous year, resulting in a reduction of US\$ 101.4. The credit for the period was mainly driven by an increase in inventories at the Bal-Holdings subsidiary, whereas the charge recorded in 2024 resulted from inventory reductions at this subsidiary.

Driven by sales growth outperforming the cost of sales, **gross profit** totaled US\$ 3,310.8, representing an 88.5% (+US\$ 1,554.3) increase compared to the profit recorded in 2024. Consequently, the **gross profit margin on net sales** stood at 38.3%, exceeding the 26.4% margin from the previous year.

Meanwhile, **operating expenses** —excluding other expenses and income, and impairment loss on long-lived assets—totaled US\$ 746.1, a figure 6.3% (+US\$ 44.0) higher than that of 2024, the variance of which is explained as follows:

- Higher **administrative and general expenses** (+US\$ 14.3, +4.5%), mainly for professional fees, IT services, and dues, offset by lower amortization of right-of-use assets and lower human capital costs.
- Higher **exploration and geological** expenses
- (+US\$ 18.7, +8.8%), resulting from increased exploration works focused on the priority project portfolio. The items that increased were duties, assays, contractors, and operating materials, mitigated by a decrease in duties and taxes, and low-value leases.
- Higher **selling expenses** (+US\$ 11.0, +6.3%), attributable to the payment of extraordinary mining rights and royalties, offsetting lower expenses for freight, transport, handling, and other costs.

EBITDA for the fiscal year reached a record high of US\$ 3,250.5, representing an increase of +US\$ 1,409.3 (+76.5%), and the **EBITDA margin on net sales** stood at 37.6%, favorable compared to the 27.7% recorded in 2024. Similarly, operating income, at US\$ 2,564.7, increased by +US\$ 1,510.3 (+143.2%), and the **operating margin on net sales** improved from 15.9% to 29.7%.

Other net income (expenses), at -US\$ 49.4, was unfavorable compared to other income of US\$ 20.1 (-US\$ 69.5), due to the following:

1. Lower **income** of -US\$ 38.4, mainly because 2024 recorded an income of US\$ 14.4 from the reversal of accumulated accounting reserves for power transmission costs, as well as profits on the sale of other products and services and the sale of fixed assets of US\$ 12.5 and US\$ 1.4, respectively—items that reported an expense in 2025. Additionally, 2025 recorded lower income from the assignment of rights of a project of -US\$ 11.1. The aforementioned was mitigated by higher lease and royalty income of +US\$ 1.1.
2. Higher **expenses** of +US\$ 43.1, consisting of remediation expenses at mining units +US\$ 18.9, fixed asset write-offs +US\$ 18.1, in addition to a loss on the sale of other products and services +US\$ 6.6 and on fixed assets +US\$ 3.7. This was offset by lower expenses in other items -US\$ 4.3, which include casualty losses, donations, lease expenses, and others.

3. Lower **impairment charge on long-lived assets** of -US\$ 11.9. In 2025, an impairment charge of US\$ 5.1 was recorded for assets at Fuerza Eólica del Istmo, whereas in 2024, a charge of US\$ 17.0 was recorded for asset impairment at the Capela unit; in both cases, these were the result of assessments performed in accordance with the Company’s accounting policies.

Net financial income (expenses) amounted to -US\$ 107.3, a lower figure (-US\$ 37.8, -26.1%) compared to -US\$ 145.1, which is broken down as follows:

- **Financial income** of US\$ 139.5, above US\$ 78.3 (+US\$ 61.2), due to higher interest earned on investments +US\$ 47.2; income from interest rate hedging on financial debt +US\$ 12.1; financial income from tax refunds +US\$ 1.1; and other items +US\$ 0.7.
- **Financial expenses** of -US\$ 230.8, above -US\$ 219.8 (+US\$ 11.0), due to higher accrued interest in financial debt +US\$ 9.9 and the financial cost of the environmental restoration reserve +US\$ 1.9, offsetting lower financial expenses in other items -US\$ 0.8.
- **Exchange loss** of -US\$ 16.0, unfavorable compared to the loss of -US\$ 3.6 in 2024. This item arises from the translation of monetary assets and liabilities in currencies other than the dollar, including the Mexican peso, at the exchange rate on the date of each balance sheet. In 2025, the peso appreciated 11.4% against the dollar compared to the close of 2024.

Operating income, at US\$ 2,564.7, increased by US\$ 1,510.3 (+143.2%) and the operating margin on net sales improved from 15.9% to 29.7%.

Share in the results of associated companies

rrcorded a profit of US\$ 1.8, a variance of +US\$ 7.3 compared to the loss of US\$ 5.5 obtained in the previous fiscal year.

Consequently, **income before tax**, at US\$ 2,406.2, was favorable (+US\$ 1,471.3) when compared to the income of US\$ 934.9 recorded the previous year.

The **provision for income taxes**, at US\$ 506.4, was lower than the provision of US\$ 727.1 recorded in 2024 (-US\$ 220.7), which is attributed to the following factors:

- Higher current income tax +US\$ 358.8 (US\$ 598.6 vs. US\$ 239.8), driven by higher taxable income during the period. This effect was offset by a favorable variance in the deferred tax provision -US\$ 652.9. In 2025, deferred tax recorded a credit of -US\$ 304.7, driven by the favorable effect of inflation and exchange rate appreciation on the tax values of the Company's assets and liabilities; in contrast, 2024 presented a deferred tax charge of US\$ 348.2, primarily generated by the depreciation of the peso in that year.
- Higher provision for special mining rights in +US\$ 73.5 (US\$ 212.6 compared to US\$ 139.2 the previous year), due to higher current rights +US\$ 123.0, offsetting lower deferred rights -US\$ 49.5.

Due to the aforementioned factors, the **consolidated net income** obtained by Peñoles during fiscal year 2025 was US\$ 1,899.8, a figure significantly higher (+US\$ 1,691.9) compared to US\$ 207.9 recorded in 2024. Out of this result, when comparing 2025 vs. 2024, US\$ 1,372.6 corresponds to the **income from the controlling interest**—favorable by +US\$ 1,299.4 compared to the income of US\$ 73.3—and US\$ 527.2 to **income from non-controlling interests**—exceeding US\$ 134.6 by +US\$ 392.6.

Cash flow statement

As of December 31, 2025, the Company had **cash and cash equivalents** of US\$ 3,483.8, representing a cash increase of +US\$ 1,804.5 compared to the 2024 year-end close of US\$ 1,679.4 —including +US\$ 2.8 from foreign exchange translation effects. The most relevant items for the period are presented below:

- 1. Net cash flows from operating activities** of +US\$ 2,491.6. This line item is comprised of concepts directly related to operations, excluding non-cash items such as depreciation and amortization; income tax provisions; asset impairment, and unrealized interest. It also includes changes in working capital.
- 2. Net cash flows used in investing activities** of -US\$ 250.3, under the following items:
 - a. Acquisition of property, plant, and equipment of -US\$ 545.0, mainly for the sustaining of operating units. The primary investments are detailed below:

The net income of US\$ 1,372.6 was favorable compared to the income of US\$ 73.3 obtained in 2024.

Company/Unit	US\$ M	Concept
Fresnillo plc	426.4	Mining works Capitalizable mining equipment Tailings storage facilities and leach pads Support infrastructure and equipment installation at the Jarillas shaft
Met-Mex	40.7	Replacements and additions of critical equipment Re-sheeting of concentrate domes Structural integrity of the smelting and zinc plants
Química del Rey	18.2	Replacement of critical equipment Repowering of overhead circuits Acquisition of equipment for dolomite mine
Velardeña	16.4	Mining works Equipment purchase and rebuild
Peñoles Tecnología	13.3	Software (Project ERP Oracle)
Capela	11.6	Mining works Acquisition and rebuilding of machinery and equipment
Sabinas	11.2	Mining works Acquisition and rebuilding of machinery and equipment
Tizapa	4.2	Mining works Acquisition and rebuilding of machinery and equipment
Other companies	3.0	

- b. Investments in short-term financial instruments -US\$ 38.5.
- c. Proceeds form the sale of equity instruments +US\$ 185.2 (Mag Silver and Osisko Mining shares).
- d. Interest earned on investments +US\$ 126.4.
- e. Proceeds from the transfer of mining concessions +US\$ 16.1.
- f. Colletion of loans granted +US\$2.1.
- g. Dividends received from associates +US\$ 1.8.
- h. Proceeds from the sale of property, plant and equipment +US\$ 1.7.

3. Net cash flows from financing activities -US\$ 439.6, derived from the following:

- a. Dividends paid to non-controlling interests -US\$ 268.6.
- b. Interest pai don financial debt -US\$ 164.4.
- c. Interest rate hedging derivative financial instruments +US\$ 12.1.
- d. Proceeds from and repayment of loans to finance working capital requirements and repayment of long-term loans +US\$ 10.4.
- e. Lease payments and others -US\$ 29.2.



Our people

The talent and commitment of our people are fundamental to our organization. We promote a safe work environment and foster a culture of diversity, equity, and inclusion. We prioritize comprehensive well-being and provide spaces that strengthen capabilities and contribute to the development of leaders.

We implemented a flexible seniority recognition program for employees with ten or more years of service to strengthen their sense of belonging and contribute to talent retention.



At Peñoles, the talent and commitment of our people are fundamental to fulfilling our purpose of generating opportunities and well-being by providing essential resources in a sustainable manner. We promote a safe work environment—both physically and psychologically—focused on the comprehensive development of each person. We foster a culture based on diversity, equity, and inclusion, and implement responsible practices to prevent harassment and discrimination. We also prioritize comprehensive well-being and personal balance through talent development programs and engagement spaces that strengthen capabilities and contribute to the development of leaders, both within the organization and in the community.

We continue to uphold the Ten Principles of the United Nations Global Compact—covering human rights, labor rights, environmental protection, and the fight against corruption. We also contribute to the advancement of the United Nations Sustainable Development Goals.

Our Code of Ethics and Conduct, Code of Conduct for Third Parties, and our Ethics Line (Línea Correcta) reporting program help us prevent and address practices that go against our values.

Talent management

In 2025, we consolidated the operation of the Oracle Fusion Cloud Human Capital Management (HCM) ERP System through the implementation of the Payroll and Absences modules. This helped optimize processes and improve the user experience through a modern, intuitive platform.

Notably, we strengthened our processes for identifying talent for succession planning, recruitment, and selection through psychometric assessments, structured interviews, and the definition of competency-based success profiles. These actions strengthen objectivity in identifying critical talent and defining development plans, while increasing precision in candidate selection based on the organization’s current and future needs.

In terms of organizational culture, we conducted the Organizational Climate and Culture Survey for the first time, generating relevant information to define and advance improvement actions. In addition, we introduced a flexible seniority awards program for employees with ten or more years of service to recognize employee loyalty, strengthen their sense of belonging, and contribute to talent retention.

As part of the update to our Performance Management Model, we built the Objectives Library, supported by the HCM infrastructure. This tool is essential for aligning individual goals with the company’s strategic objectives. We also incorporated advanced technologies—such as interactive avatars and Articulate 360—into our training programs to strengthen our culture of integrity and safety through more dynamic, clear, and effective learning experiences.



Other outstanding aspects of the period are described in the following table.

Process	Goal	Actions	Results
Attraction, recruitment, and selection	Guarantee the attraction and hiring of talent aligned with the organization's strategic challenges and needs.	We maintain strategic collaboration agreements with 29 schools at 15 universities in Mexico.	591 non-unionized employees were hired.
		We implement internship, scholarship, and Engineers-in-Training programs.	The internship and scholarship program had 72 participants, primarily miners, geologists, and metallurgists. The Engineers-in-Training program, in place since 2003, has graduated 103 cohorts with 2,618 alumni who begin their professional careers at the company through a structured training program.
Performance reviews	Measure and align employee performance with strategic and operational goals.	Updating performance agreements.	97.2% of non-unionized employees completed their 2026 objective planning using the objective libraries aligned with the performance agreements for management positions.
Compensation	Maintain a fair, transparent, and competitive compensation system that encourages employee performance and commitment.	We use salary scales aligned with the market and individual performance. We offer benefits above the legal standard, including a savings fund, major medical expenses insurance, and a pension plan, among others.	The company's lowest salary is 1.9 times higher than the legal minimum wage.
Training	Develop key employee competencies to address current and future challenges with excellence.	We implement training programs aligned with strategic objectives and identified areas of opportunity.	We delivered an average of 41.8 training hours per employee, including unionized personnel and contractors, on environmental topics, technical competencies, humanistic skills and values, anti-corruption and human rights policies and procedures, as well as health and safety training.
		We strengthen technical, administrative, and human competencies.	
		We implement the Corporate Institutional Induction Program.	49 new employees participated.
		We consolidated the competency-based training system at Metalúrgica Met-Mex.	65 operating manuals were prepared. 42 instructors were certified. 629 employees were trained. 74,286 training hours delivered.
Development and retention	Promote the professional growth and retention of key employees through development and recognition strategies.	We prioritize internal promotion within the organization.	467 people were promoted.
		We recognize employee loyalty through seniority awards.	1,750 seniority awards were granted, ranging from 5 to 50 years of service.

Our labor strategy

In 2025, we continued strengthening our Labor Modernization System to promote ethical, safe, and productive work focused on achieving our organizational goals. Through this system, we contribute to labor stability, safeguarding sources of employment, and the integral well-being of our workforce.

As part of our commitment, we fully respect the right to freedom of association and collective bargaining, in accordance with national legislation and applicable international treaties and conventions. Our labor relations are grounded in trust and mutual benefit. To strengthen them, we promote open and transparent communication with unions and our unionized employees, prioritizing ongoing dialogue and mutual understanding to build a stronger future.

In strict compliance with labor legislation, and in coordination with the unions with whom we maintain relationships, we conducted the corresponding collective bargaining agreement negotiations and salary reviews. The agreements were approved by our unionized employees through a personal, free, direct, and secret vote, supporting transparent processes aligned with the democratic principles established by law.

As previously reported, the strike initiated on August 30, 2024 by the Sindicato Nacional de Trabajadores Mineros, Metalúrgicos, Siderúrgicos y Similares de la República Mexicana (SNTMMSRM) at the Tizapa unit concluded in June 2025. Accordingly, on June 30 we proceeded to reopen the workplace. We reiterate our commitment to complying with the resolutions issued by the labor authorities and with the obligations set forth in the collective bargaining agreement and current labor legislation.

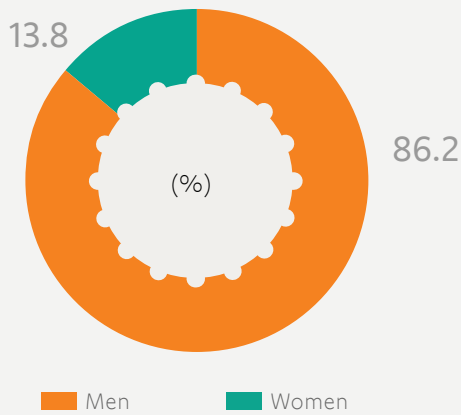


Workforce composition, inclusion, and gender diversity
At the end of 2025, Peñoles and its subsidiaries had a workforce of 15,646 employees—excluding contractor personnel—distributed as shown in the following graphs:

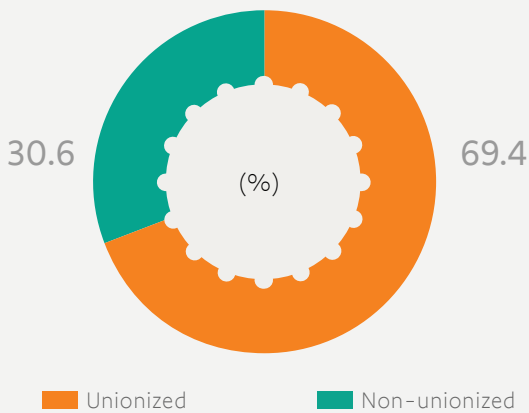
Our Equality and Non-Discrimination Policy, available on our website at www.penoles.com.mx, sets out our aspiration to create a work environment that is fair, inclusive, respectful of human dignity, and offers equal opportunities. In 2025, we began implementing the Protocol for Addressing Cases of Workplace Harassment, Sexual Harassment, and Sexual Violence. In its first stage, we formed multidisciplinary Workplace Conduct Committees to address and resolve cases related to workplace and sexual harassment involving non-unionized personnel. In addition, we held awareness workshops on these topics for our employees.

Note: The graphs do not include the breakdown of the subsidiaries Bal Holdings and Quirey do Brasil, which together represent 0.28% of the workforce.

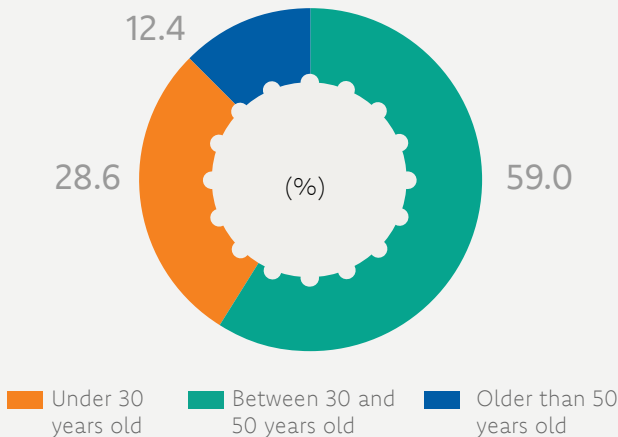
By gender



By affiliation



By age



Health and safety

We reaffirm our ongoing commitment to ensuring safe, accident-free working environments by promoting the active participation of employees at all levels of the organization, as well as our contractor companies.

In line with this commitment, we continued strengthening safety, occupational health, and environmental management across three dimensions: (i) risk management and critical controls; (ii) behavior management and leadership practices; and (iii) incident management. Among the actions carried out during the year, the following stand out:



We implemented

the Safety, Occupational Health, and Environment Management Standard for contractors across all operations. The Grupo BAL Chairman’s Office promoted the second edition of BAL Safety Week 2025 under the slogan “Love for Life,” which marked the launch and dissemination of this standard.



We strengthened

visible leadership through the participation of Executive management in the field and through Leading by Example (El ejemplo arrastra) video capsules, reflecting senior management’s commitment to a preventive culture.



We distributed

monthly incident-learning bulletins, which promote the exchange of experiences across worksites and support a stronger, more collaborative preventive approach focused on continuous improvement.



We reinforced

genuine spaces of trust so that each person can responsibly exercise their right to say NO when working conditions are not sufficiently safe or when risks require greater attention and control.



We strengthened

the induction process for new hires by incorporating key criteria and behaviors to prevent serious incidents and consolidate the culture of safety, occupational health, and environmental management.

Incident management and preventive reporting are central pillars of our strategy, as they promote the timely identification of missing or failed critical controls before they lead to accidents. We also promote the analysis of deviations identified in the field and the definition of sustainable action plans to address them. We strengthened high-potential risk management by applying the Health and Safety Critical Control Management Methodoloty—aligned with the best practices of the International Council on Mining and Metals—to processes associated with critical safety, occupational health, and environmental risks. The following actions supported this work:

- • • • **Updated** the critical risk portfolio.
- • • • **Carried out** field risk recognition.
- • • • **Conducted risk analysis** and treatment using the Bow-Tie methodology.
- • • • **Defined performance standards** for each critical control.
- • • • **Updated the Critical Control Verification Tools (CCVT)**, incorporating occupational health controls.

The Central Environment, Health, and Safety Committee oversees compliance with standards, evaluates operational performance, and promotes the adoption of best practices. At the operational level, Division managers, led by the AVP of Health, Safety, and Environment, are responsible for implementing key programs aimed at preventing fatal accidents and reducing incidents, in coordination with the Operations, Exploration, and Projects areas. We continuously monitor the strategy’s progress, with particular attention to the most frequent critical risks. The Safety and Hygiene committees, whose members are certified and trained in risks and critical controls, participate in monthly walkthroughs to support accident prevention efforts.

Progress and indicators are also reviewed periodically by the management committees and the Executive Committee.

If a significant event occurs, we analyze it first using the Root Cause Analysis (RCA) methodology. We then apply the Incident Cause Analysis Method (ICAM) and share the lessons learned across the organization. We also continued training coaches and facilitators in this methodology and conducted workshops to reinforce the commitment and accountability of leaders in incident investigation, as well as in the follow-up and control of preventive measures.

Despite our efforts, we deeply regret reporting two fatal accidents at Fresnillo plc: one at Juanicipio and one at Ciénega. Following detailed investigations of each accident, we shared the lessons learned across all business units and implemented corrective actions to prevent similar events from recurring. We will continue to strengthen our strategy as we move toward our goal of zero fatal accidents.

Safety indicators

Indicator	2025	2024
Risk exposure (hours)	79,305,679	77,278,508
Lost time injuries ¹	438	424
Total recordable injuries ²	832	836
TRIFR	10.49	10.82
LTIFR	5.52	5.49
Fatal accidents	2	8

¹ Number of lost-time injuries per 1,000,000 hours worked.
² Fatal accidents + lost-time injuries + restricted-work injuries + medical-treatment injuries per 1,000,000 hours worked.



We also continued implementing the High-Potential in Occupational Health Strategy. This strategy is aligned with the Health and Safety Critical Control Management: Good Practice Guide and Implementation Guidance published by the International Council on Mining and Metals (ICMM). Notably, we identified and incorporated eight critical occupational health risks and their respective critical controls into the portfolio. Field risk recognition included exposure measurements for noise, temperature, gases, and dust, complemented by industrial hygiene studies, occupational medical supervision, and assessments from the Mexican Social Security Institute (Instituto Mexicano del Seguro Social – IMSS), which allowed us to prioritize the highest-exposure areas at each worksite.

Likewise, our occupational health programs focus on the prevention and monitoring of occupational diseases through medical surveillance, which allows us to assess personnel’s fitness for work, detect risks early, and guide control actions. Within this framework, during the year we defined four standards: occupational hygiene; occupational medical surveillance and compatible health; health case management; and the promotion of healthy behavior.

Similarly, we have a checkup program for the early detection of risks and diseases, and we carried out various awareness and health promotion campaigns, such as Pink Month, Blue Month, and health and vaccination campaigns.

Finally, the company’s work centers once again renewed the Safe and Healthy Workplace Environments Distinction (Entornos Laborales Seguros y Saludables – ELSSA), granted by the IMSS, reinforcing our commitment to prevention and workplace well-being.

Safety and health indicators are described in greater detail in the corresponding section of the 2025 Sustainable Development Report.

Comprehensive well-being

The well-being program **Living in Balance** (Vive en Balance), an initiative of the Grupo BAL consortium, promotes the comprehensive well-being of our employees and their families through actions and tools that support their physical, mental, social, and financial health.

In 2025, we promoted health through medical monitoring, assessing 5,620 people. In the area of mental health, we held webinars and developed a communication campaign with infographics on healthy habits for stress management. We also enabled the online training module Balance and Well-Being to promote a healthy work environment, prevent emotional burnout, and foster productive and positive habits in daily life. Furthermore, we continued promoting sports and social interaction through various events and sports facilities.

Energy

The energy strategy, which we consistently maintained throughout 2025, focused on optimizing electricity allocation between self-supply operations and those participating in the WPM, allowing us to guarantee a reliable and competitive power supply with the existing portfolio.



The legal and regulatory framework for Mexico’s energy policy was defined with the publication of the new Electric Sector Law (Ley del Sector Eléctrico – LSE) and the Energy Planning and Transition Law and their regulations, which strengthen the State’s role in planning and operating the electric power sector. The main aspects of the new legislation are as follows: (i) CFE must maintain at least a 54% share in electricity generation and exercise control over transmission and distribution activities; (ii) up to 46% private participation will be allowed in the generation market through mixed-investment structures with the State, distributed generation projects, self-consumption structures, or participation in the WPM; (iii) any permit for new projects must be aligned with State plans through sector instruments such as the Electric Sector Development Plan and the Energy Transition and Sustainable Use Plan; and (iv) authorization will give preference to private projects based on renewable energy.

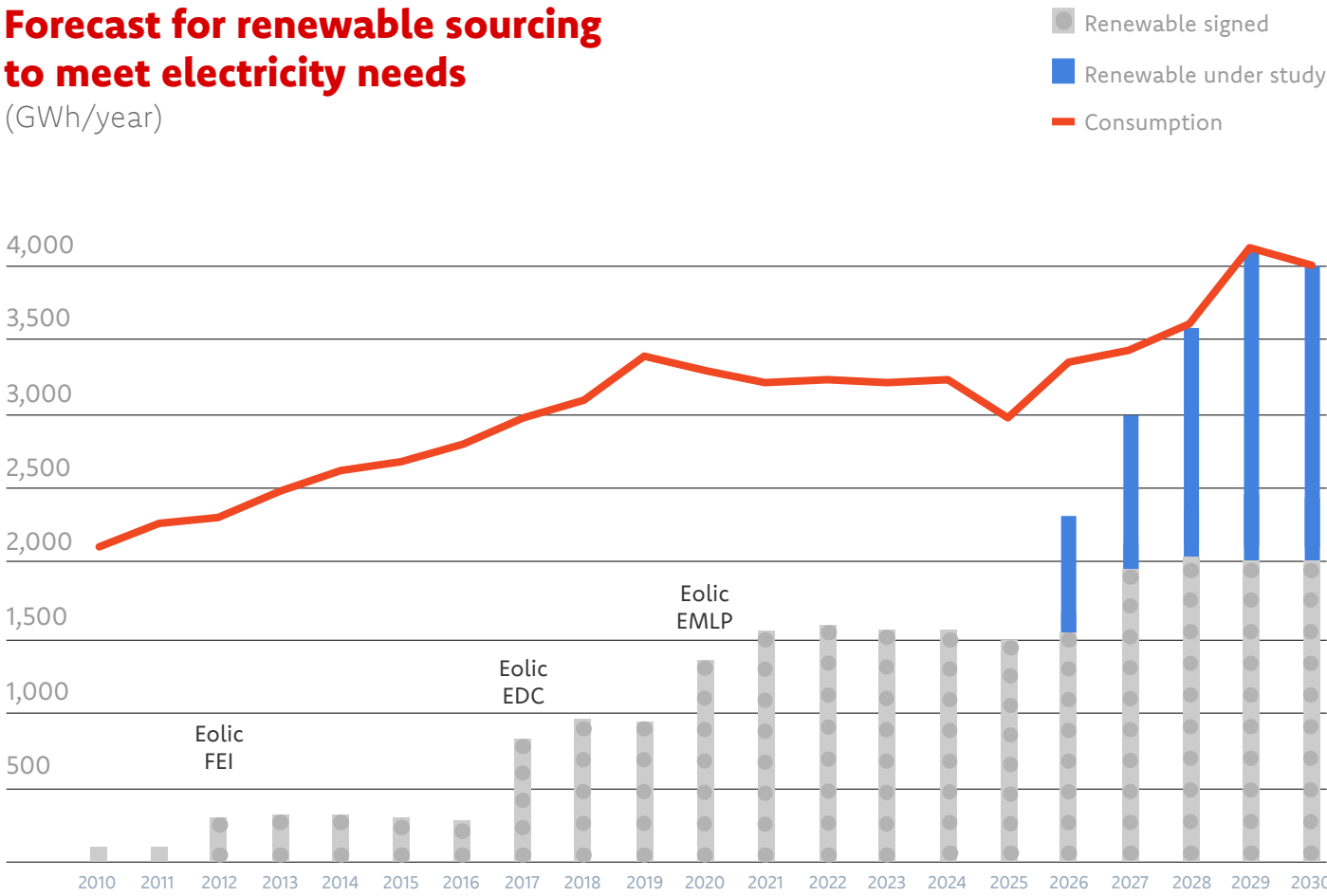
The regulations detail the planning and control rules for the National Electric System, as well as the criteria for granting generation permits. They also expand the provisions to promote energy transition, efficiency and storage, and regulate energy commercialization, transmission, and distribution activities.

We carried out a bidding process for long-term electricity supply for the 2028–2047 period, based on clean energy sources, which will support the progressive decarbonization of our operations.

The new legal framework for the electric power sector, which is expected to be stable and have a long-term vision, will enable the development of the necessary solutions for supplying new energy sources. For its part, the company has actively participated in industry associations, chambers, and the electricity sector, promoting constructive dialogue with the federal and state governments.

In accordance with the new legal and regulatory structure, during the period we worked intensively to identify plans and alternatives to secure a reliable, high-quality energy supply at competitive costs that supports operational continuity, addresses future demand, and reinforces our commitment to sustainability. In this regard, we carried out a long-term electricity supply bidding process for the 2028–2047 period, based on clean energy sources, which will support the progressive decarbonization of our operations by replacing fossil fuel sources with renewable energy, while also replacing supply contracts nearing expiration. The process was highly successful, and the awarded contracts are expected to be formalized during 2026, subject to compliance with the conditions set forth in the letter of intent.

Forecast for renewable sourcing to meet electricity needs (GWh/year)



Power generation from the plants in our contracted portfolio represented 75.7% of total consumption, compared to 72.0% in the previous year. This increase was due to lower consumption across our operations and higher generation from Eólica Mesa La Paz (EMLP) and Fuerza Eólica del Istmo (FEI), which offset lower generation from Eólica de Coahuila (EDC), as well as lower dispatch from Termoeléctrica Peñoles (TEP). Although TEP significantly improved its performance compared to 2024, its operation in the WPM is subject to dispatch instructions; therefore, it suspended operations during the months of lower electricity demand. Keeping this plant available to participate in the WPM allows us to maintain relevant energy and power coverage for our operations, as well as mitigate exposure to volatility.

During the year, 62.2% of our operations sourced their energy through the WPM, allowing us to allocate the full amount of energy contracted with EMLP. In turn, 24.1% of annual consumption came from the self-supply framework, while the remaining 13.7% was purchased from CFE Suministro Básico (CFE).

During 2025, the group’s plants generated a total of 2,254.7 GWh, with the following contribution by plant:

Electric power generation by source (%)			
Source	Description	2025	2024
Termoeléctrica Peñoles (TEP)	Located in Tamuín, San Luis Potosí, with a 230 MW capacity. Operated by a third-party; electricity is supplied under a contract that expires in 2027.	28.9	33.1
Eólica Mesa La Paz (EMLP)	Located in Llera de Canales, Tamaulipas, with a 306 MW capacity. Operated by a third-party; with its supply committed under an energy coverage contract expiring in 2045.	34.1	31.1
Eólica de Coahuila (EDC)	Located in General Cepeda, Coahuila, with a 199.5 MW capacity. Operated by a third-party; electricity is supplied under a contract that expires in 2042.	30.4	30.3
Fuerza Eólica del Istmo (FEI)	Located in El Espinal, Oaxaca. Operated by Peñoles, with an installed capacity of 80 MW.	6.6	5.5
Generation from our own sources		100.0	100.0
Ratio of generation vs. consumption		75.7	72.0

Our renewable energy generation totaled 1,603.4 GWh, avoiding emissions of 711,912 tCO₂e.

Consumption

In 2025, electricity consumption at our operations was 2,979.2 GWh, equivalent to an average demand of 340.1 MW, representing an 8.0% decrease compared to the previous year. This reduction was mainly due to lower consumption at Met-Mex, particularly at the zinc plant, as a result of lower refined zinc production. To a lesser extent, consumption also decreased at San Julián, due to the depletion of the disseminated ore body in 2024; at Milpillas, due to lower copper cathode production; and at Tizapa, due to the strike at the mining unit during the first half of the year.

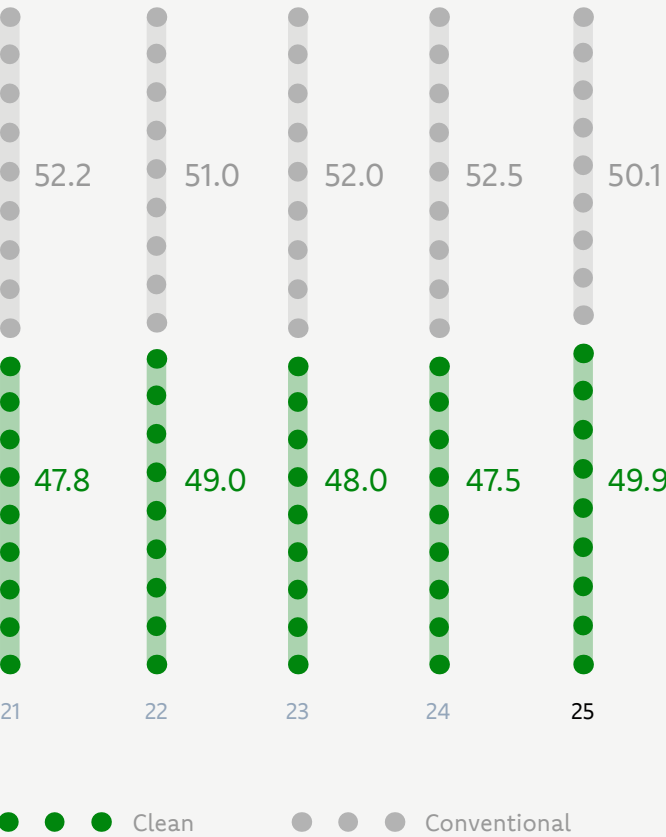
Renewable electricity accounted for 49.9% of annual consumption, compared to 47.5% the previous year.

Each plant’s contribution to Peñoles’ total consumption is shown in the following table:

Contribution of each electricity source to consumption (%)		
Source	2025	2024
Termoeléctrica Peñoles (TEP)	18.5	21.9
Eólica de Coahuila (EDC)	23.0	23.5
Fuerza Eólica del Istmo (FEI)	1.1	1.6
Eólica Mesa La Paz (EMLP)	25.8	22.4
Total supplied by our own sources	68.4	69.4
Energy acquired from CFE	13.7	10.1
Energy acquired from WPM	17.9	20.5
Total Peñoles consumption	100.0	100.0
Energy from EMLP delivered to WPM	-	-
Energy from TEP delivered to WPM	3.4	0.7
Availability of our own sources for Peñoles	71.8	70.2
Consumption generated from clean sources	49.9%	47.5%



Electricity consumption
by type of technology
(%)



*In 2020, 2021, 2022, and 2023, the percentage represented the generation of clean energy with respect to total consumption, of which 15.6%, 20.1%, 20.8%, and 14.5%, respectively, correspond to EMLP energy that was sold to WPM.

Energy costs

Energy allocation from our power generation plants and supply through our qualified services supplier allowed us to achieve a unit cost of electricity consumed of US\$8.15 per kWh in 2025, with no significant variation (+0.5%) compared to 2024.

Other relevant events

Fuentes de Energía Peñoles (FEP), a supplier of qualified users, completed its sixth year of operation in the WPM. In 2025, FEP sold a total of 1,953.9 GWh of energy, met its power requirement of 247.28 MW-year, and accredited 279,936 Clean Energy Certificates (CEL) to cover its own needs; additionally, it sold 417,011 surplus CEL from EMLP.

We maintained regulatory compliance, as well as the power hedging contracts with the supplier, which secure supply and pricing conditions for energy delivery, capacity and CEL. This guaranteed the acquisition of sufficient certificates to cover our obligations, in accordance with the percentages established by the Mexican Ministry of Energy and the provisions issued by the National Energy Commission (CNE), formerly known as the Energy Regulatory Commission (CRE).

During the period, diesel and liquefied natural gas consumption at our operations decreased compared to the previous year, mainly due to the lower volume of material moved at Herradura, including ore and waste rock. In contrast, natural gas consumption increased at the Química del Rey plant due to higher production.

Fuel	Unit	2025	2024	% Chg.
Liquefied natural gas	Ml	27.7	32.2	-14.1
Natural gas	Mm³	196.9	188.3	4.6
Diesel	Ml	150.3	166.6	-9.8

We continue to analyze decarbonization options that, over the medium and long term and to the extent possible, include incorporating or replacing mining vehicles and equipment currently operated with diesel-powered models with electric models of equivalent capacity and cost. Future supply plans already consider the resulting increase this would generate in the company's electricity demand.

We also continue to monitor the evolution of emerging technologies, including green hydrogen; alternatives to conventional fuels, such as biomethane, metallurgical biocoke, and other biofuels; and carbon capture technologies. We believe these technological advances will generate economic efficiencies that will make these alternatives feasible.





Corporate governance

We maintain strong corporate governance practices that ensure responsibility in management, communication, and accountability.

Board structure and responsibilities



Members of the Board of Directors

PROPRIETARY DIRECTORS						
Name	Category	Position	Education	Member since	Committees	Experience**
Alejandro Baillères Gual	4	Chairman Grupo BAL and Chairman of the Board of Directors of Industrias Peñoles, Fresnillo plc, Grupo Palacio de Hierro, Grupo Profuturo, Profuturo Afore and Profuturo Pensiones	Stanford Executive Program (Stanford University)	1989	(A) (B) (C)	Financials, Materials, Industrials, Information Technology, Utilities
Juan Bordes Aznar	3	Executive Director Grupo BAL	Stanford Executive Program (Stanford University)	1980	(A) (B) (C)	Financials, Energy, Materials, Industrials, Information Technology, Utilities
Arturo Manuel Fernández Pérez	3	Dean, Instituto Tecnológico Autónomo de México	PhD in Economics (The University of Chicago)	1993	(A) (B) (C)	Financials, Energy, Materials, Industrials
José Antonio Fernández Carbajal	1	Executive Chairman of the Board, Fomento Económico Mexicano, S.A.B. de C.V. (FEMSA) and Chairman of the Board, Coca-Cola FEMSA	MBA (Tecnológico de Monterrey)	2001		Financials, Materials, Industrials, Information Technology
Eduardo Cepeda Fernández	3	Financial Advisor Grupo BAL	BA (University of Southern California, Los Angeles)	2021	(A) (C)	Financials, Materials, Industrials, Energy
Juan Francisco Beckmann Vidal	1	Honorary Life Chairman Beclé, S.A.B. de C.V.	MBA (Stanford University)	2009		Financials, Industrials
Jaime Lomelín Guillén	3	Executive Director Grupo BAL	Chemical Engineer (UNAM)	1986		Financials, Industrials, Energy, Utilities, Materials
Tomás Lozano Molina	1	Notary Public Num. 10, Mexico City	Law Degree	2002	(D)	Financials, Industrials
José Octavio Figueroa García	3	Executive Director Grupo BAL	Executive Management Program (IPADE)	2009		Financials, Industrials, Materials
Ernesto Vega Velasco	1	Board Member and member of the Audit and Corporate Practices Committee Industrias Peñoles, S.A.B. de C.V.	Executive Management Program (IPADE)	2003	(D)	Financials, Industrials, Information Technology
Juan Pablo Baillères Gual	4	Executive Director Grupo BAL	MBA (Arizona State University under an agreement with ITAM)	1995		Financials, Materials, Utilities, Energy

Board Secretary:
Gerardo Carreto Chávez

The Board is composed of 11 proprietary directors, four of whom are independent—representing 36% of the Board, above the 25% minimum required by the Mexican Securities Market Law— and 10 alternate directors, who hold the same level of responsibility and independence as their corresponding proprietary directors. One of the independent directors is a woman.

CATEGORIES:

1 *Independent Director**: A director whose characteristics allow them to perform their duties free from conflicts of interest and without being subject to personal, financial, or economic ties. In addition, the individual must not be disqualified by any of the restrictions set forth in Article 26 of the Mexican Securities Market Law.

2 *Proprietary Director**: A director who holds a direct ownership stake of 1% (one percent) or more in the company's capital stock.

3 *Related Director**: A director who is neither independent nor proprietary. Related directors include, among others: executives at any level within the company or its subsidiaries; executives at companies that are part of the Grupo BAL consortium; and individuals related by blood to other directors up to the fourth degree, including their spouses or individuals in a common-law relationship.

4 *Related Proprietary Director**: A director who, in addition to being related to the company, directly holds 1% or more of the company's capital stock.

* As established by the corporate policy for determining director classifications.

** Experience as defined by the [The Global Industry Classification Standard \(GICS®\)](#) framework, which recognizes 11 sectors.

COMMITTEES:

(A) Executive Committee

(B) Nomination, Evaluation, and Compensation Committee

(C) Finance and Planning Committee

(D) Audit and Corporate Governance Committee

ALTERNATE DIRECTORS						
Name	Category	Position	Education	Member since	Committees	Experience**
Alejandro Díaz de León Carrillo	3	Executive Director Grupo BAL	Master's degree in Economics (Yale University)	2025	(A) (C)	Financials
Gabriel Eugenio Kuri Labarthe	3	Chief Financial Officer Servicios Corporativos BAL	Actuary (Universidad Anáhuac)	2010		Financials Industrials
Alejandro Hernández Delgado	3	Deputy Dean, Instituto Tecnológico Autónomo de México (ITAM)	Master's degree and PhD in Economics (University of Rochester)	2008		Financials
Francisco Javier Fernández Carbajal	1	Chief Executive Officer Servicios Administrativos Contry, S.A. de C.V.	MBA (Harvard Business School)	2014		Financials Materials Industrials
Diego Cristóbal Hernández Cabrera	3	Executive Director Grupo BAL	Civil Engineer in Mining (École Nationale Supérieure des Mines de Paris and Universidad de Chile)	2025	(A) (C)	Materials
Raúl Carlos Obregón del Corral (†)	1	Managing Director Alianzas, Estrategia y Gobierno Corporativo	Master's in Science in Industrial Engineering and Planning (Stanford University)	1991	(D)	Financials
Francisco Javier Simón Havaux	1	Chairman Formas para Negocios, Formas y Sistemas Mexicanos, Compañía Litográfica y Tipográfica América, and Servisim	Bachelor's degree in Business Administration (Universidad Anáhuac)	2023		Financials Industrials Information Technology
Roberto Palacios Prieto	3	Executive Director Grupo BAL	MBA (Stanford University)	2018	(A) (C)	Financials Industrials Information Technology
Dolores Alicia Martín Cartmel	1	Member of the Board	Bachelor's degree in Economics (Universidad Iberoamericana)	2005		Financials
Rafael Rebollar González	3	Chief Executive Officer Industrias Peñoles, S.A.B. de C.V.	Stanford Executive Program (Stanford University)	2021		Financials Industrials Materials

CATEGORIES:

1 *Independent Director**: A director whose characteristics allow them to perform their duties free from conflicts of interest and without being subject to personal, financial, or economic ties. In addition, the individual must not be disqualified by any of the restrictions set forth in Article 26 of the Mexican Securities Market Law.

2 *Proprietary Director**: A director who holds a direct ownership stake of 1% (one percent) or more in the company's capital stock.

3 *Related Director**: A director who is neither independent nor proprietary. Related directors include, among others: executives at any level within the company or its subsidiaries; executives at companies that are part of the Grupo BAL consortium; and individuals related by blood to other directors up to the fourth degree, including their spouses or individuals in a common-law relationship.

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COMMITTEES:

(A) Executive Committee

(B) Nomination, Evaluation, and Compensation Committee

(C) Finance and Planning Committee

(D) Audit and Corporate Governance Committee

Peñoles management team

Structure as of February 24, 2026



Information for **shareholders**

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Bolsa Mexicana de Valores (BMV):
Ticker *PE&OLES*

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(Member of Ernst & Young Global Limited)

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Investor_Relations@penoles.com.mx

SHARE INFORMATION

Share price (MXN) in 2025:
Close \$946.74
High \$981.97
Low \$272.05

Market capitalization at year-end:
US\$ 20,945 million
Outstanding shares as of December 31st, 2025:
397,475,747

For more information on Fresnillo plc
please visit:
www.fresnilloplc.com

FINANCIAL CALENDAR

2025 Annual Shareholders Meeting:
April 27, 2026
*1Q 2026 Results: April 30, 2026**
*2Q 2026 Results: July 31, 2026**
*3Q 2026 Results: October 30, 2026**
*4Q 2026 Results: February 27, 2027**
*Preliminary dates

SPANISH VERSION:

For a Spanish version of this report,
please visit our website:
<https://www.penoles.com.mx/es/>

Contact:
Investor_Relations@penoles.com.mx
Phone: +52 (55) 5279 3294

Consolidated Financial Statements as of December 31, 2025 and 2024 **with Independent Auditor’s Report**



Independent Auditor's Report

To the Shareholders Meeting
of Industrias Peñoles, S.A.B. de C.V.

Opinion

We have audited the accompanying consolidated financial statements of Industrias Peñoles, S.A.B. de C.V. and its subsidiaries (“the Company”), which comprise the consolidated statement of financial position as of December 31, 2025, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Industrias Peñoles, S.A.B. de C.V. and its subsidiaries as of December 31, 2025, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Basis for opinion

We have carried out our audit in accordance with International Auditing Standards (IAS). Our responsibilities under these standards are further described in the "Auditor's Responsibilities in relation to the audit of the consolidated financial statements" section of our report. We are independent of the Company in accordance with the "International Code of Ethics for Professional Accountants (Including International Independence Standards)" ("IESBA Code of Ethics") in conjunction with the ethical requirements applicable to our audit of the consolidated financial statements in Mexico by the "Professional Ethics Code of the Mexican Institute of Public Accountants" ("IMCP Code of Ethics") and we have fulfilled other ethical responsibilities in accordance with those requirements and the IESBA Code of Ethics. We believe that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion."

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements” section of our report, including those related to the key audit matters. Consequently, our audit included the application of procedures designed to respond to our assessment of the risks of material misstatement of the attached consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Recoverable value of long-lived assets

Description and why it was considered a key audit matter

We have considered the evaluation of the Company's indications of impairment of long-lived assets subject to depreciation and amortization as a key audit matter due to the complexity of the methodology used to estimate the recoverable value of the assets of each cash-generating unit (“CGU”), as well as the high level of judgment exercised by management in the assumptions employed and their consistency with other accounting estimates determined by the Company in the consolidated financial statements. These assumptions include estimates of mineral reserves and resources, related production levels, projections of capital and operating expenses, future metal prices in the markets, discount rates, and associated exchange rates. The complexity of the methodology used by the Company to evaluate indications of impairment is high because it considers certain economic and market factors, that require estimates with a high degree of uncertainty, as well as the various characteristics of each mining CGU.

In Note 6, section k) "Impairment of non-financial long-lived assets" of the attached consolidated financial statements, further details can be found regarding the accounting policy and the criteria that the Company considered for the impairment evaluation described above.

How our audit addressed the matter

We evaluated the reasonableness of the methodology used by the Company to identify its CGUs considering the applicable accounting criteria, as well as the reasonableness of the assumptions used to estimate the recoverable value of each CGU, such as the estimation of mineral reserves and resources, related production levels, projections of capital and operating expenses, future metal prices in the markets, discount rates, and associated exchange rates. Additionally, we compared these assumptions with market information and analyzed their consistency with the assumptions used in other accounting estimates determined by the Company in the attached consolidated financial statements; we also assessed the objectivity and competence of the Company's external advisors to validate the reserves and resources used in the projections. Finally, we received assistance from external geological specialists in auditing the reserves and resources reports and also from our internal valuation specialists in auditing the projections.

Additionally, we evaluated the completeness of the disclosures related to the assessment of indications of impairment in long-lived assets, which were made in the attached consolidated financial statements as of December 31, 2025.

Estimation of mineral reserves and resources

Description and why it was considered a key audit matter

We have considered the Company's estimation of mineral reserves and resources as a key audit matter, due to the significant judgments and estimates required, as well as the impact that such judgments may have on the value of property, plant, and equipment (“PPE”) and on the amount of the liability for obligations associated with site restoration. Mineral reserves and resources are used to determine the economic life of the Company's CGUs and to determine the recoverable values of the assets associated with those CGUs, as well as to discount the future obligation for restoring the affected location during production activities. The Company's reserves and resources are determined by internal management specialists.

In Note 4 a) of the attached consolidated financial statements, further details can be found regarding the accounting policy and the criteria that the Company considered for the evaluation of the estimation of mineral reserves and resources described above.

How our audit addressed the matter

We evaluated the competence, experience, and independence of the Company's internal specialists, including direct discussions with these specialists, and assessed the scope of their work; additionally, with the support of our specialist, we analyzed the report from the Company's internal specialists and evaluated the changes in the estimates of reserves and resources that occurred during the year. We also assessed the consistency of the criteria applied across all subsidiaries.

We analyzed the reconciliation of the opening and closing balances of reserves and resources and compared this reconciliation with the clarifications provided by management and, where applicable, the supporting documentation that explains the reasons for significant movements in the balances of reserves and resources. We also evaluated the market, financial, and operational assumptions used by management in the calculations of the estimates of reserves and resources.

We also assessed the adequacy of the disclosures related to the estimates of material reserves and resources, which were made in the attached consolidated financial statements as of December 31, 2025.

Deferred income tax

Description and why it was considered a key audit matter

We have considered the area of deferred income taxes as a key audit matter due to the complexity of the tax legislation applicable to the industry in which the Company operates, and the application of significant judgment in the analyses performed by management regarding aspects such as the assessment of the probability of recovery of deferred tax assets, the reconciliation of the effective tax rate, and special industry considerations related to the special mining right, among other issues. We also focused on this area due to the use of assumptions with various uncertainties, as they depend on the occurrence of future events specific to the mining industry and the risk of compliance with financial and tax results.

In Note 6 p) and Note 21 of the attached consolidated financial statements as of December 31, 2025, the accounting policies regarding the recognition of deferred income tax, as well as the corresponding figures, are described.

How our audit addressed the matter

We analyzed the significant assumptions used by management for the recognition of current and deferred income tax assets and liabilities, evaluated the effective tax rate determined by the Company and analyzed the reconciliations prepared for the current and deferred income tax items. We involved our tax specialists to assist us in analyzing the

applicable tax aspects for the Company, evaluating projections of expected future taxable profits, and assessing the adequacy of the calculation procedure used by management for determining the reconciliation of the effective tax rate for the period. Additionally, we arithmetically recalculated the projections used for determining the recovery of deferred tax assets.

We analyzed the disclosures related to the recognition of incurred and deferred tax assets and liabilities in the consolidated financial statements as of December 31, 2025.

Other information

Management is responsible for the other information. The other information comprises the sustainability information prepared in accordance with the International Financial Reporting Standards on Sustainability issued by the International Sustainability Standards Board (“ISSB”), as well as the information included in the Annual Report filed with the National Banking and Securities Commission and the Mexican Stock Exchange (the “Annual Report”) but does not include the consolidated financial statements and our auditor’s report thereon. We expect to obtain the other information after the date of this auditor’s report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read and consider the other information when we have access to it and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read and consider the Annual Report filed with the CNBV, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and to issue a statement on the Annual Report required by the CNBV that contains a description of the matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the accompanying consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The partner in charge of the audit resulting in this independent auditor’s report is the undersigned.

Mancera, S.C.
A Member Practice of
Ernst & Young Global Limited



César M. Domínguez Quintana

Mexico City
March 2, 2026

Our audit opinion and the accompanying financial statements and footnotes have been translated from Spanish version into English for convenience purposes only.

INDUSTRIAS PEÑOLES, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statements of Financial Position

(Amounts in thousands of U.S. dollars)

	Note	As of December 31	
		2025	2024
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash and cash equivalents	8	\$ 3,483,811	\$ 1,679,354
Short-term investments	8	225,872	187,403
Trade and other accounts receivable, net	9	787,058	656,487
Recoverable income tax		92,397	69,538
Other financial assets	10	33,560	25,141
Inventories	11	2,627,684	2,119,246
Prepaid expenses		45,173	27,922
Total current assets		7,295,555	4,765,091
Non-current assets classified as held for sale	39	21,362	21,362
NON-CURRENT ASSETS:			
Trade and other accounts receivable, net	9	41,510	5,264
Other financial assets	10	4,652	3,723
Inventories	11	69,760	69,760
Financial assets in equity instruments	12	37,750	147,926
Property, plant and equipment, net	13	4,086,596	4,219,125
Equity investments in associates	14	78,624	74,750
Right-of-use assets	15	80,375	83,830
Deferred income tax	21	1,346,462	873,035
Other assets		11,117	5,465
Total non-current assets		5,756,846	5,482,878
Total assets		\$ 13,073,763	\$ 10,269,331

INDUSTRIAS PEÑOLES, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statements of Financial Position

(Amounts in thousands of U.S. dollars)

	Note	As of December 31	
		2025	2024
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES:			
Suppliers and other accounts payable	16	\$ 871,562	\$ 533,002
Other financial liabilities	17	113,009	11,398
Financial debt	18	549,678	489,592
Employee benefits	19	68,778	64,931
Lease liabilities	15	15,811	12,858
Provisions	20	9,961	11,781
Taxes payable	21	638,884	220,488
Total current liabilities		2,267,683	1,344,050
Liabilities directly associated with non-current assets classified as held for sale	39	44,430	37,563
NON-CURRENT LIABILITIES:			
Financial debt	18	2,507,827	2,515,585
Employee benefits	19	56,594	54,072
Lease liabilities	15	76,733	86,144
Provisions	20	487,741	423,317
Deferred income tax	21	343,412	176,274
Total liabilities		5,784,420	4,637,005
EQUITY:			
Share capital	22	401,399	401,399
Legal reserve	38	52,304	52,304
Retained earnings		5,296,031	3,855,973
Other comprehensive loss items	22	(89,534)	(34,522)
Attributable to controlling interest		5,660,200	4,275,154
Attributable to non-controlling interests	3	1,629,143	1,357,172
Total equity		7,289,343	5,632,326
Total liabilities and equity		\$ 13,073,763	\$ 10,269,331

The accompanying notes are an integral part of these consolidated financial statements.

INDUSTRIAS PEÑOLES, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statements of Profit or Loss

(Amounts in thousands of U.S. dollars)

	Note	For the years ended	
		December 31	
		2025	2024
Sales	25	\$ 8,647,273	\$ 6,650,079
Cost of sales	26	<u>5,336,474</u>	<u>4,893,615</u>
GROSS PROFIT		<u>3,310,799</u>	<u>1,756,464</u>
Administrative expenses	27	329,366	315,058
Exploration expenses	28	230,932	212,234
Selling expenses	29	185,807	174,788
Impairment in the value of long-lived assets	13	5,057	17,000
Other expenses	31	58,622	15,517
Other income	31	<u>(14,265)</u>	<u>(52,635)</u>
		<u>795,519</u>	<u>681,962</u>
OPERATING PROFIT		<u>2,515,280</u>	<u>1,074,502</u>
Finance income	32	(139,533)	(78,292)
Finance costs	33	230,790	219,770
Foreign exchange loss, net		16,001	3,606
Share of (profit) loss of associates	14	<u>1,792</u>	<u>(5,528)</u>
PROFIT BEFORE INCOME TAX		2,406,230	934,946
Income tax	21	<u>506,422</u>	<u>727,084</u>
CONSOLIDATED NET PROFIT		<u>\$ 1,899,808</u>	<u>\$ 207,862</u>
Attributable to:			
CONTROLLING INTEREST		\$ 1,372,649	\$ 73,253
NON-CONTROLLING INTERESTS	3	<u>527,159</u>	<u>134,609</u>
		<u>\$ 1,899,808</u>	<u>\$ 207,862</u>
BASIC AND DILUTED EARNINGS PER SHARE (in U.S. dollars)	23	<u>\$ 3.45</u>	<u>\$ 0.18</u>

The accompanying notes are an integral part of these consolidated financial statements.

INDUSTRIAS PEÑOLES, S.A.B. DE C.V. AND SUBSIDIARIES

Consolidated Statements of Other Comprehensive Income

(Amounts in thousands of U.S. dollars)

	Note	For the years ended	
		December 31	
		2025	2024
CONSOLIDATED NET PROFIT		<u>\$ 1,899,808</u>	<u>\$ 207,862</u>
OTHER COMPREHENSIVE INCOME (LOSS) ITEMS TO BE RECLASSIFIED TO PROFIT OR LOSS			
Unrealized gain/loss on valuation of hedges:			
Gain reclassified to profit or loss	37	63,418	63,148
Deferred income tax	21 and 37	(19,025)	(18,944)
Changes in the fair value of hedging instruments	37	(142,151)	(55,336)
Deferred income tax	21 and 37	<u>42,645</u>	<u>16,600</u>
Net effect of unrealized gain on valuation of hedges		<u>(55,113)</u>	<u>5,468</u>
Share of comprehensive profit (loss) of associates	14	<u>6,007</u>	<u>(11,993)</u>
Foreign currency translation reserve		<u>9,730</u>	<u>(16,673)</u>
Other comprehensive (loss) items to be reclassified to profit or loss		<u>(39,376)</u>	<u>(23,198)</u>
OTHER COMPREHENSIVE INCOME (LOSS) ITEMS THAT WILL NOT BE RECLASSIFIED TO PROFIT OR LOSS			
Unrealized gain on valuation of employee benefits:			
Actuarial gain (loss)	19	13,088	(10,277)
Deferred income tax	21	<u>(2,081)</u>	<u>1,634</u>
		<u>11,007</u>	<u>(8,643)</u>
Unrealized gain on valuation of financial assets in equity instruments	12	75,018	36,933
Deferred income tax	21	<u>(22,505)</u>	<u>(11,080)</u>
		<u>52,513</u>	<u>25,853</u>
Other comprehensive income items that will not be reclassified to profit or loss		<u>63,520</u>	<u>17,210</u>
TOTAL OTHER COMPREHENSIVE INCOME (LOSS) ITEMS		<u>24,144</u>	<u>(5,988)</u>
COMPREHENSIVE INCOME		<u>\$ 1,923,952</u>	<u>\$ 201,874</u>
Attributable to:			
CONTROLLING INTEREST		\$ 1,385,387	\$ 65,409
NON-CONTROLLING INTERESTS		<u>538,565</u>	<u>136,465</u>
		<u>\$ 1,923,952</u>	<u>\$ 201,874</u>

The accompanying notes are an integral part of these consolidated financial statements.

INDUSTRIAS PEÑOLES, S.A.B. DE C.V. AND SUBSIDIARIES									
Consolidated Statements of Changes in Equity									
For the years ended December, 2025 and 2024									
(Amounts in thousands of U.S. dollars)									
	Retained Earnings								
	Share capital	Legal reserve	Undistributed earnings	Net profit for the year	Total retained earnings	Other comprehensive loss items	Controlling interest	Non-controlling interests	Total equity
Balance as of December 31, 2023	\$ 401,399	\$ 52,304	\$ 3,635,377	\$ 147,090	\$ 3,782,467	\$ (26,144)	\$ 4,210,026	\$ 1,295,762	\$ 5,505,788
Consolidated net profit for the year				73,253	73,253		73,253	134,609	207,862
Other comprehensive income (loss) items						(7,844)	(7,844)	1,856	(5,988)
Comprehensive income				73,253	73,253	(7,844)	65,409	136,465	201,874
Shareholders resolutions:									
Allocation of net income from prior year			147,090	(147,090)					
Transfer of the gain from the sale of financial assets in equity instruments			534		534	(534)			
Transaction between shareholders of the controlling entity and non-controlling interest			(281)		(281)		(281)	281	
Dividends declared								(75,336)	(75,336)
Balance as of December 31, 2024	401,399	52,304	3,782,720	73,253	3,855,973	(34,522)	4,275,154	1,357,172	5,632,326
Consolidated net profit for the year				1,372,649	1,372,649		1,372,649	527,159	1,899,808
Other comprehensive income items						12,738	12,738	11,406	24,144
Comprehensive income				1,372,649	1,372,649	12,738	1,385,387	538,565	1,923,952
Shareholders resolutions:									
Allocation of net income from prior year			73,253	(73,253)					
Increase in non-controlling interest								278	278
Transfer of the gain from the sale of financial assets in equity instruments (Note 12)			67,750		67,750	(67,750)			
Increase in investment in associate (Note 14)			(341)		(341)		(341)		(341)
Dividends declared								(266,872)	(266,872)
Balance as of December 31, 2025	\$ 401,399	\$ 52,304	\$ 3,923,382	\$ 1,372,649	\$ 5,296,031	\$ (89,534)	\$ 5,660,200	\$ 1,629,143	\$ 7,289,343

The accompanying notes are an integral part of these consolidated financial statements.

INDUSTRIAS PEÑOLES, S.A.B. DE C.V. AND SUBSIDIARIES			
Consolidated Statements of Cash Flows			
(Amounts in thousands of U.S. dollars)			
		For the year ended December 31	
	Note	2025	2024
OPERATING ACTIVITIES			
Net cash flows from operating activities	34	\$ 2,491,627	\$ 1,300,298
INVESTING ACTIVITIES			
Purchase of properties, plant and equipment		(544,955)	(445,895)
Short-term investments		(38,469)	(187,403)
Interest capitalized in properties, plant and equipment	13 and 18	-	(342)
Purchase of intangible assets		-	(138)
Proceeds from sale of properties, plant and equipment		1,722	3,998
Collection of loans granted to contractors		2,060	5,620
Dividends received from associates		1,752	-
Interest received		126,354	77,642
Financial assets in equity instruments	12	185,194	3,632
Cash flows from mining concessions		16,050	(10,000)
Net cash flows used in investing activities		(250,292)	(552,886)
FINANCING ACTIVITIES			
Interest paid	18 and 24	(164,367)	(155,339)
Interest rate hedging derivative financial instruments		12,148	611
Loans obtained	18	6,759,421	5,200,061
Amortization of loans	18	(6,748,991)	(4,947,433)
Principal and interest paid for leases	15	(26,237)	(21,953)
Credit line fee		(1,224)	(1,154)
Cash dividends paid to non-controlling interest		(268,614)	(74,151)
Increase in non-controlling interest		278	-
Payment of loans from partners in non-controlling investments	24	(2,053)	(92,361)
Net cash flows used in financing activities		(439,639)	(91,719)
Increase in cash and cash equivalents		1,801,696	655,693
Net foreign exchange difference in cash and cash equivalents		2,761	(16,561)
Cash and cash equivalents at the beginning of the year		1,679,354	1,040,222
Cash and cash equivalents at the end of the year		\$ 3,483,811	\$ 1,679,354

The accompanying notes are an integral part of these consolidated financial statements.

I INDUSTRIAS PEÑOLES, S.A.B. DE C.V. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

As of the years ended December 31, 2025 and 2024
(Amounts in thousands of U.S. dollars)

1. Description of the business

Industrias Peñoles, S.A.B. de C.V. (“IPSAB”), is a company incorporated under the Mexican Corporations Act and the Mexican Securities Trading Act as a publicly traded variable capital corporation listed in Bolsa Mexicana de Valores, S.A.B. de C.V. (the Mexican Stock Exchange). Grupo Peñoles is the ultimate holding company. Its corporate offices are located in Mexico City at Calzada Legaria No. 549, Colonia 10 de Abril.

Industrias Peñoles, S.A.B. de C.V. and its subsidiaries (collectively, “Grupo Peñoles” or “the Company”) are principally engaged in the exploration, extraction and sale of mineral concentrates and ore, as well as in the production and sale of nonferrous metals.

Grupo Peñoles is required to obtain government concessions for the exploration and exploitation of mineral deposits. Under the current legal and regulatory regime in Mexico, concessions for mining operations, development projects and exploration prospects may be cancelled by the Mexican government under certain circumstances, including where minimum expenditure levels are not achieved by Grupo Peñoles, if fees related to exploitation activities are not paid to the Mexican government or if environmental, health and safety standards are not observed.

Mining concessions grant rights upon all the minerals and substances, but do not grant rights upon the surface where the mines are located. In accordance with the new Mining Law that came into effect on May 9, 2023, the duration of mining concessions for exploitation was reduced from 50 to 30 years and will be granted as long as certain requirements are met and can be extended for an additional 25 years. In total, new concessions granted after the implementation of the new law will be for a maximum of 55 years.

2. Basis of presentation

The consolidated financial statements and their notes were authorized by the Managing Director, Finance and Administration Director and the Legal Director on March 2nd, 2026, in accordance with their respective roles for issuance and subsequent approval by the Board of Directors. Shareholders of Grupo Peñoles have the authority to approve or modify the consolidated financial statements.

The consolidated financial statements of Grupo Peñoles and all its subsidiaries were prepared in accordance with International Financial Reporting Standards (hereafter “IFRS”) issued by the International Accounting Standards Board (hereafter “IASB”).

The consolidated financial statements are presented in U.S. dollars (refer Note 6 a), which is the functional currency of Industrias Peñoles and most of the entities that comprise it. The amounts were rounded to thousands of U.S. dollars, unless otherwise indicated. Figures referred to in Mexican pesos (Ps) are expressed in thousands of Mexican pesos, unless otherwise indicated.

2. Basis of preparation (concludes)

The consolidated financial statements presented cover the following periods and dates:

- Statements of financial position as of December 31, 2025 and 2024.
- Statements of profit or loss for the years ended December 31, 2025 and 2024.
- Statements of other comprehensive income for the years ended December 31, 2025 and 2024.
- Statements of changes in equity for the years ended December 31, 2025 and 2024.
- Statements of cash flows for the years ended December 31, 2025 and 2024.

The consolidated financial statements were prepared on a historical cost basis, except for the following items which are valued at their fair value as of the reporting date of the consolidated statement of financial position:

- Derivative financial instruments.
- Financial assets in equity instruments.
- Certain inventories which are valued at their fair value.

Translation into English

The accompanying consolidated financial statements have been translated from Spanish into English for the convenience of readers.

3. Consolidation

The consolidated financial statements include the financial statements of Industrias Peñoles, S.A.B. de C.V. and its subsidiaries, prepared for the same reporting period as that of the parent company, applying uniform accounting policies.

Subsidiaries

Subsidiaries are understood as those entities over which Grupo Peñoles exercises effective control in order to govern the operating and financial policies and derive benefits from their activities, from the date it effectively gained control until the date it effectively ceded that control. The control of entities qualified as subsidiaries is evaluated based on the power it has and exercises through its shareholding of voting rights, exposure to its variable returns, and the ability to influence its returns.

The consolidated financial statements include all assets, liabilities, revenues, expenses, and cash flows, after eliminating intercompany balances and transactions. When shareholding in a subsidiary is less than 100%, therefore there is non-controlling interest in the net assets of the consolidated subsidiaries, it is identified in a separate line item in equity as non-controlling interest.

The accounting for business acquisitions is performed using the purchase method, which requires the acquired assets and assumed liabilities to be recognized at their fair value at the date of purchase; the results of the acquired businesses are recognized in the consolidated financial statements from the effective date of acquisition. The results of the businesses sold during the year are included in the consolidated financial statements up to the effective disposal date, and the gain or loss for their disposal is recognized in the statement of profit or loss, as the difference between the revenues obtained from the sales, net of related expenses, and the net assets attributable to the equity interest of the business that has been sold.

3. Consolidation (continued)

All intercompany balances and transactions, intra-group unrealized gains and losses, and dividends have been eliminated on consolidation.

Associates

Investments in associates are those in which Grupo Peñoles holds more than 20% of the issuer’s voting shares, or over which it exercises significant influence but does not have control over the investee. Investments in associates are initially recognized at cost and later accounted for using the equity method, which consists of recognizing Grupo Peñoles’ share in the changes in the issuer’s equity from net profit or loss and other comprehensive income items generated after the acquisition date. Dividends received from the associated company are subtracted from the value of the investment. The consolidated statement of profit or loss reflects Grupo Peñoles’ share of the associate’s net profit or loss. In addition Grupo Peñoles recognizes its share in the associate’s other comprehensive income items directly in equity under the caption corresponding to the type of other comprehensive income being recognized.

Gains and losses on transactions with associates are eliminated in the consolidated financial statements based on the equity interest held in each investee.

Significant subsidiaries

The significant subsidiaries are as follows:

Subsidiaries with total participation

Subsidiary	Country	Functional Currency (1)	% Equity interest December	
			2025	2024
Minas Peñoles, S.A. de C.V.	Mexico	USD	100	100
Química Magna, S.A. de C.V.	Mexico	USD	100	100
Metalúrgica Met-Mex Peñoles, S.A. de C.V.	Mexico	USD	100	100
Química del Rey, S.A. de C.V.	Mexico	USD	100	100
Minera Ciprés, S.A. de C.V.	Mexico	USD	100	100
Compañía Minera Sabinas, S.A. de C.V.	Mexico	USD	100	100
Minera Capela, S.A. de C.V.	Mexico	USD	100	100
Arrendadora Mapimí, S.A. de C.V.	Mexico	USD	100	100
Servicios Administrativos Peñoles, S.A. de C.V.	Mexico	Peso	100	100
Servicios Especializados Peñoles, S.A. de C.V.	Mexico	Peso	100	100
Bal Holdings, Inc.	USA (2)	USD	100	100
Fuerza Eólica del Istmo, S.A. de C.V.	Mexico	USD	100	100

- (1) “USD” refers to the U.S. dollar; “Peso”, refers to the Mexican peso.
- (2) United States of America.

3. Consolidation (continued)

Subsidiaries with non-controlling interests

Subsidiary	Country	Primary activity
Fresnillo plc	England	Holding company whose subsidiaries are primarily engaged in the extraction and processing of mineral concentrates containing mostly silver and gold in Mexico. The subsidiary was incorporated under the laws of the United Kingdom and is publicly traded on the London Stock Exchange. This company is a 75%-owned subsidiary of Grupo Peñoles, with the remaining 25% non-controlling interest publicly traded.
Minera Tizapa, S.A. de C.V.	Mexico	Primarily engaged in the extraction and processing of mineral concentrates of zinc and silver. This company is a 51%-owned subsidiary of Grupo Peñoles, with non-controlling interests held by Dowa Mining and Sumitomo Corporation of 49%.

An analysis of the Company’s non-controlling interests in the net profit/(loss) and equity of its subsidiaries is as follows:

Subsidiary	2025	2024	Non-controlling interest in net profit for the year		Non-controlling interests in equity	
	%	%	2025	2024	2025	2024
Fresnillo plc	25	25	\$ 505,522	\$ 115,695	\$ 1,556,643	\$ 1,306,127
Minera Tizapa	49	49	22,315	18,698	73,632	51,371
Others			(678)	216	(1,132)	(326)
			\$ 527,159	\$ 134,609	\$ 1,629,143	\$ 1,357,172

The condensed financial information before eliminations as of December 31, 2025 and 2024, and for the years ended on those dates, of significant subsidiaries with non-controlling interests, is presented in the following tables:

Statement of financial position:

	2025		2024	
	Fresnillo plc	Minera Tizapa	Fresnillo plc	Minera Tizapa
Assets:				
Current assets	\$ 4,053,452	\$ 135,960	\$ 2,442,529	\$ 64,994
Non-current Assets	3,225,816	76,829	3,437,929	89,339
Total assets	\$ 7,279,268	\$ 212,789	\$ 5,880,458	\$ 154,333

3. Consolidation (concludes)

	2025		2024	
	Fresnillo plc	Minera Tizapa	Fresnillo plc	Minera Tizapa
Current liabilities	\$ 932,712	\$ 24,371	\$ 368,585	\$ 27,268
Non-current liabilities	<u>1,271,869</u>	<u>38,149</u>	<u>1,301,503</u>	<u>21,712</u>
Total liabilities	<u>2,204,581</u>	<u>62,520</u>	<u>1,670,088</u>	<u>48,980</u>
Equity	<u>5,074,687</u>	<u>150,269</u>	<u>4,210,370</u>	<u>105,353</u>
Total liabilities and equity	<u>\$ 7,279,268</u>	<u>\$ 212,789</u>	<u>\$ 5,880,458</u>	<u>\$ 154,333</u>
Dividends paid	<u>\$ 757,713</u>	<u>\$ -</u>	<u>\$ 104,556</u>	<u>\$ 60,000</u>

Statement of other comprehensive income:

	2025		2024	
	Fresnillo plc	Minera Tizapa	Fresnillo plc	Minera Tizapa
Sales	<u>\$ 4,561,231</u>	<u>\$ 155,365</u>	<u>\$ 3,496,385</u>	<u>\$ 216,836</u>
Operating profit	<u>\$ 2,292,464</u>	<u>\$ 63,447</u>	<u>\$ 945,820</u>	<u>\$ 65,967</u>
Net profit	<u>\$ 1,573,829</u>	<u>\$ 45,540</u>	<u>\$ 226,691</u>	<u>\$ 38,676</u>
Other comprehensive income (loss) items	<u>\$ 46,291</u>	<u>\$ (110)</u>	<u>\$ 21,041</u>	<u>\$ (7)</u>
Comprehensive income	<u>\$ 1,620,120</u>	<u>\$ 45,430</u>	<u>\$ 247,732</u>	<u>\$ 38,669</u>

Statement of cash flows:

	2025		2024	
	Fresnillo plc	Minera Tizapa	Fresnillo plc	Minera Tizapa
Net cash flows used in operating activities	\$ 2,289,707	\$ (23,425)	\$ 1,299,802	\$ 72,649
Net cash flows used in investing activities	67,437	(4,444)	(465,460)	(68,502)
Net cash flows used in financing activities	<u>(804,804)</u>	<u>-</u>	<u>(248,277)</u>	<u>(494)</u>
Increase (decrease) in cash and cash equivalents	1,552,340	(27,869)	586,065	3,653
Foreign exchange difference in cash and cash equivalents	990	-	(10,232)	-
Cash and cash equivalents at the beginning of the year	<u>1,110,413</u>	<u>53,840</u>	<u>534,580</u>	<u>50,187</u>
Cash and cash equivalents at end of the year	<u>\$ 2,663,743</u>	<u>\$ 25,971</u>	<u>\$ 1,110,413</u>	<u>\$ 53,840</u>

4. Significant accounting judgments, estimates and assumptions

The preparation of Grupo Peñoles consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenue and expenses during the reporting period. Estimates and assumptions are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accordingly, actual results could differ from these estimates. The areas involving a higher degree of judgment and complexity and areas where estimates and assumptions are significant to the financial statements are described as follows:

4. Significant accounting judgments, estimates and assumptions (continued)**Judgments****i) Rights over concession assets in Soledad-Dipolos**

In 2009, five members of the El Bajío agrarian community in the state of Sonora, who claimed rights over certain surface land in the proximity of the operations of the subsidiary Minera Penmont ("Penmont"), submitted a legal claim before the Unitarian Agrarian Court #28 of Hermosillo, Sonora, to have Penmont vacate an area of this surface land. The land in dispute (the 'Original Claim Land') encompassed a portion of surface area where part of the operations of the Soledad & Dipolos mines are located, in particular, the Dipolos pit. The litigation resulted in a definitive court order with which Penmont complied with by vacating the Original Claim Land, comprising 1,824 hectares, in 2013, resulting in the suspension of operations at Soledad & Dipolos. The claim and the definitive court order did not affect the Group's legal title over the mining concession, the ore currently held in leaching pads near the mine site, or Penmont's property title over the lands where the Soledad pit is located.

Penmont is the legal and registered owner of a separate parcel of land where the leaching pads are located but has not yet been able to gain physical access to these pads due to opposition by certain local individuals and security concerns. This land was purchased by Penmont from the Federal Government of Mexico in accordance with established legal procedures. The Group has a reasonable expectation that Penmont will eventually regain access to the Soledad & Dipolos assets and process the ore content in the Soledad & Dipolos leaching pads. This expectation is supported by several elements, including but not limited to the different legal proceedings that Penmont has presented as well as other actions taken by the Company. Therefore, the Group continues to recognize properties, plant & equipment and inventory related to Soledad & Dipolos. Due to the fact that it is not yet certain when access may be obtained, so that the inventory can be processed, this inventory is classified as a non-current asset.

In addition, claimants from the El Bajío community have also presented claims against occupation agreements they entered with Penmont, in respect of land parcels different to both the Original Claim Land and the area where the leaching pads are located. Penmont neither carried out extraction of minerals nor has a specific geological interest in these parcels (the 'Unmined Claim Land') and therefore the Unmined Claim Land is not considered strategic for Penmont. The Agrarian Court has issued rulings declaring the occupation agreements over the Unmined Claim Land to be null and void, and that Penmont must remediate such lands and return any minerals extracted from the Unmined Claim Land, regardless that no minerals were extracted therein. The litigation remains subject to final conclusion.

Pursuant to the foregoing, in the same litigation of the Unmined Claim Land, in April 2025 the Agrarian Court issued an order that Penmont considers to be highly irregular in form and substance, ordering Penmont to pay approximately \$13,330 million Mexican pesos (US\$ 742 million) for the extraction of minerals carried out in the Dipolos pit, which is part of the Original Claim Land and not the Unmined Claim Land. This matter was already the subject of a different (final and unappealable) judicial ruling relating to the Original Claim Land which is mentioned in the first paragraph above which ruling did not include restitution of any minerals extracted from the Dipolos pit.

Penmont has presented appeals before the Federal Courts which Penmont expects to be successful. Such Federal Courts have granted Penmont stay orders so that no further execution by the Agrarian Court against Penmont is made pending resolution of the appeals procedures. The outcome of such proceedings would still be subject to further review and appeals at the Federal level in Mexico. At this stage, the Company considers that it holds strong arguments that support its position that the Agrarian Court's decision will eventually be overturned by the higher Federal Courts; therefore, no provision has been recorded in respect of this matter.

There are no material assets, liabilities or provisions recognized in respect of the Original Claim Land at December 31, 2025.

4. Significant accounting judgments, estimates and assumptions (continued)

ii) Subsidiaries with non-controlling interests

For subsidiaries with non-controlling interests, Grupo Peñoles assesses different aspects of the investee to determine whether Grupo Peñoles has control over the investee and the power to direct its relevant activities, thus giving it the right to variable returns from its involvement with the investee.

iii) Climate and Sustainability related matters

Grupo Peñoles considers climate and sustainability-related issues in its accounting estimates and judgments, when appropriate. This assessment includes a wide range of potential impacts due to both physical and transition, as well as opportunities, which are reported in the sustainability report prepared under the IFRS Sustainability Standards issued by the International Sustainability Standards Board (ISSB). Although the Group's management believes that its business model will remain viable after the transition to a sustainable, low-carbon economy, climate and sustainability-related issues may increase uncertainty in the estimates and judgments that underpin certain elements in the consolidated financial statements. Furthermore, while climate and sustainability-related risks may not currently have a material impact for the purposes the consolidated financial statements, Grupo Peñoles continuously monitors them, as well as its strategy to manage them, in line with the fulfillment of its business objectives.

Grupo Peñoles recognizes that there may be potential implications on the consolidated financial statements in the future regarding the mitigation and adaptation measures to the physical and transition risks. The potential effect of climate change would be in respect of assets and liabilities that are measured based on an estimate of future cash flows. The effect of climate change is specifically considered on the valuation of property, plant and equipment, deferred tax assets, and the provision for asset dismantling and restoration, which represents the main material accounting entries reflected as of the date of the consolidated financial statements.

The main ways in which climate has affected the preparation of the consolidated financial statements are:

- Grupo Peñoles has already made certain strategic decisions related to climate risks, such as to focus on decarbonization and to increase wind energy. Where decisions have been approved by the Board of Directors, the effects were considered in the preparation of these consolidated financial statements by way of inclusion in future cash flow projections underpinning the estimation of the recoverable amount of property, plant and equipment and deferred tax assets, as relevant.

Grupo Peñoles strategy consists of mitigation and adaptation measures to the risks and opportunities, within which the use of renewable energies is considered, fuel replacement, and efficiency opportunities to reduce its carbon footprint. The approach to adaptation measures is based on climate models to produce actionable information for the design, construction, operation and closure of its mining assets, considering climate change. Future changes in the management strategy for climate sustainability-related risks and opportunities or signs of global decarbonization may impact significant judgments and key estimates and results in material changes to financial results and the carrying values of certain assets and liabilities in future reporting periods.

iv) Uncertain tax positions

The current charge for income tax is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income. Management periodically evaluates the positions taken in tax returns with respect to situations where the applicable tax regulations are subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balance based on the most likely amount or expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

4. Significant accounting judgments, estimates and assumptions (continued)

v) Strike due to labor conflict at Minera Tizapa

On July 26, 2024, the National Union of Mining, Metallurgical, Steel, and Similar Workers of the Mexican Republic (SNTMMSRM for its acronym in Spanish), holder of the Collective Labor Agreement, initiated a strike notice at the Minera Tizapa business unit, which triggered an indefinite operational shutdown from August 30,2024. This notice argues violations of the collective labor agreement, including the distribution of employee’s profit sharing (EPS) for an amount exceeding that established in current legislation. Grupo Peñoles has determined that it fully complies with the obligations of the collective labor agreement, as well as all obligations arising from the Federal Labor Law and applicable regulations and will adhere to the corresponding legal and administrative procedures to resolve this conflict.

On June 19, 2025, the Federal Labor Court of Collective Matters (the Court) issued a ruling that has become final and declared that the strike initiated by the SNTMMSRM was justified due to two violations of the collective, dismissing seven other violations, including the one related to the distribution of workers' participation in profits for an amount exceeding that established by current legislation. The Court ordered the resumption of work and the payment of salaries corresponding to the days the strike lasted, which amounted to \$2,773.

A summary of the main estimates used is presented below:

a) Mineral reserves and resources

Grupo Peñoles applies judgments and makes estimates to calculate its mineral reserves and resources. These judgments and estimates are formulated using recognized mining industry methodologies and standards and the respective calculations are performed by qualified internal personnel, supported by historical experience. The reports supporting these estimates are prepared periodically. Grupo Peñoles reviews these estimates periodically with the support of recognized independent experts to obtain certification of its mineral reserves.

There are several uncertainties inherent to estimating mineral reserves. Assumptions considered valid at the time the estimate is made may change significantly when new information becomes available. Changes in metal prices, exchange rates, production costs, metallurgical recovery provisions and discount rates could alter the value of a given mineral reserve and result in the need to restate such value.

Mineral reserves are used to determine production units for purposes of calculating the depreciation of certain mining properties, as well as to calculate the decommissioning provision and to analyze the impairment of mining units.

b) Estimation of recoverable minerals in leaching platforms

In the Group’s open pit mines, certain mined ore is placed on leaching pads where a solution is applied to the surface of the heap to dissolve the gold and enable extraction. The determination of the amount of recoverable gold requires estimation with consideration of the quantities of ore placed on the pads, the grade of the ore (based on trial data) and the estimated recovery percentage (based on metallurgical and current technology studies).

The grades of ore placed on pads are regularly compared to the quantities of metal recovered through the leaching process to evaluate the appropriateness of the estimated recovery (metallurgical balancing). The Group monitors the results of the metallurgical balancing process and recovery estimates are refined based on actual results over time and when new information becomes available.

4. Significant accounting judgments, estimates and assumptions (continued)**c) Deferred income tax assets**

The recognition of deferred tax assets, including those that arise from unused tax losses, requires management to assess the probability that the Group will generate taxable profits in future periods, in order to be able to utilize the recognized deferred tax assets. Estimates of future taxable income are based on the forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the Group's ability to realize the net deferred tax assets recorded at the balance sheet date could be affected.

d) Impairment

The carrying value of non-financial long-lived assets are tested for impairment when there are situations or changes in circumstances that indicate that the carrying value of a given asset is not recoverable. Whenever there are indicators of impairment, the carrying value of the asset is assessed to determine if it exceeds the recoverable amount, which is the higher of the cash generating unit's fair value less costs of disposal and the value in use of the asset, and if the asset is therefore impaired. For this impairment evaluation, assets are grouped into CGU and their recoverable amount is calculated as the present value of the future cash flows expected to be produced by the assets. When the recoverable amount of an asset or the cash generating unit to which it belongs is less than its net carrying amount, the difference is recognized as an impairment loss.

Grupo Peñoles allocates its mining units and metallurgical plants to CGU comprised of the different mining units, and metallurgical plant and estimates the projection periods for the cash flows. Subsequent changes in CGU allocations or changes in the assumptions used to estimate cash flows or the discount rate could affect the recoverable amounts and therefore the reported carrying amounts of the respective assets.

e) Properties, plant and equipment

Depreciation of properties, plant and equipment, except for certain mining properties, is determined based on the useful lives of the assets. Useful lives are determined based on technical studies performed by specialized internal personnel with the assistance of independent specialists. Grupo Peñoles useful lives are reviewed at least annually, and such analyses consider the current condition of the assets and the estimate of the period during which they will generate economic benefits for Grupo Peñoles. Changes in these estimated useful lives could prospectively alter depreciation amounts and the carrying amounts of properties, plant and equipment.

f) Provision for decommissioning and rehabilitation of assets

The estimated costs of closure of mining units derived from the legal and implied obligations required to restore operating locations are recognized at their present value in the period in which they are incurred. Estimated rehabilitation costs include the costs of decommissioning and removing structures, rehabilitating mines and tailings dams and decommissioning the processing plant and operating facilities, as well as the costs incurred for rehabilitation, reclamation, and re-vegetation of affected areas. Provisions for asset decommissioning and rehabilitation are recognized at present value at the time the obligation becomes known, and provision amounts are calculated based on management's understanding of the related legal requirements and Grupo Peñoles corporate social responsibility policies.

Environmental costs are also estimated by Grupo Peñoles own internal specialists with the support of studies performed by independent experts. Management applies its judgment and experience to estimate decommissioning and rehabilitation costs over the life of each mine.

The costs incurred in future periods may be different from the amounts estimated. Also, the book value of the provision could eventually be affected by future changes in the applicable legislation and regulatory requirements, as well as changes to the estimated useful lives of Grupo Peñoles mines or the discount rates.

4. Significant accounting judgments, estimates and assumptions (continued)

The assumptions on which the estimates of dismantling and restoration costs for mining units are determined are regularly reviewed. These estimates are based on internationally recognized standards that require the closure processes of operations. Additionally, the discount rate is reviewed to reflect the obligations for ecological restoration at their present value, in accordance with current market interest rate conditions.

g) Retirement benefits

Assumptions are used to calculate Grupo Peñoles employee long term retirement benefits. Assumptions, as well as the estimates they give rise to, are determined together with independent actuaries. The assumptions cover demographic hypothesis, discount rates, expected salary increases, estimated working lives, and expected inflation rate, among other areas.

h) Mining project development

Grupo Peñoles evaluates the status of its various mine development projects, which covers exploration to locate new mineral deposits, and the development and construction of new mining units through the startup of commercial exploitation of the mines. Grupo Peñoles makes judgments and prepares estimates to determine when a project has completed the mineral exploration phase and entered the development phase, and when it has finally reached the production and exploitation phase.

The criteria and estimates used in this evaluation include the determination of a large enough mineral reserve to support the financial viability of a mining project, which represents the completion of the exploration phase and the beginning of the development stage, as well as the level of additional capital investment needed for the project, the amount of the investment already made in the project and the completion of the mine and processing plant testing periods, among other areas. Determining the completion of the different phases of a project has a significant impact on how development costs are accounted for, since during the exploration phase, these costs and expenses are recognized directly in the consolidated statement of profit or loss, during the development stage they are capitalized, and once the production phase is authorized, development costs and expenses are no longer capitalized. See Note 6r.

i) Contingencies

Given their nature, contingencies are only resolved when one or more future events or uncertain facts not entirely under Grupo Peñoles control either occur or do not occur. The evaluation of the existence of contingencies requires significant judgment and the use of estimates regarding the outcome of future events. Grupo Peñoles evaluates the probability of losing its on-going litigations based on the estimates of its legal advisors and these evaluations are reassessed periodically.

j) Leases

Grupo Peñoles (as lessee) determines the term as the non-cancellable term of the lease, together with any periods covered by an option to extend if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

Grupo Peñoles has several lease contracts that include extension options for additional terms. Grupo Peñoles applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew and to this end, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, Grupo Peñoles reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew or to terminate. Grupo Peñoles mainly included the renewal period as part of the lease term for certain real state, plant and machinery lease contracts.

4. Significant accounting judgments, estimates and assumptions (concludes)

When Grupo Peñoles cannot easily determine the implicit interest rate in leases, it uses the incremental borrowing rate to measure the related liabilities. The incremental borrowing rate is the interest rate that Grupo Peñoles would have to pay to obtain, with similar terms and guarantees, the funds necessary to purchase an asset of similar value to the right-of-use asset in a similar economic environment at the lease commencement date. Therefore, the incremental borrowing rate reflects what Peñoles 'would have to pay,' which requires estimation when no observable rates are available (such as for subsidiaries that do not engage in financing transactions) or when rates need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not denominated in the functional currency of a subsidiary). Grupo Peñoles estimates the incremental borrowing rate using observable variables (such as market interest rates) when available, and must make certain entity-specific estimates (such as the independent credit rating of a subsidiary).

The lease liability is measured at the present value of outstanding lease payments. The payments are discounted using the implicit interest rate in the lease if that rate can be easily determined. If that rate cannot be easily determined, the lessee's incremental borrowing rate is used. Subsequently, the liability is measured using the effective interest rate method, it is increased to reflect interest on the lease liability and is discounted with the payments incurred. Like the right-of-use asset, the liability is remeasured when there are lease modifications or reevaluations. As of December 31, 2025, and 2024, the weighted-average incremental borrowing rate applied to the lease liabilities was 6.59% and 6.29%, respectively.

5. Changes in accounting policies

New standards, interpretations, and amendments

Grupo Peñoles applied certain standards and amendments for the first time, which are effective as of January 1, 2025 (unless otherwise stated). Grupo Peñoles has not early adopted any other standard, interpretation, or amendment that has been issued but is not yet effective.

Lack of Exchangeability – Amendments to IAS 21

For annual periods beginning on or after January 1, 2025, the Amendments to IAS 21, *Lack of Exchangeability – Effects of Changes in Foreign Currency Exchange Rates*, establish how entities should assess whether one currency is exchangeable with another and how they should determine the exchange rate to be applied when the currency is not exchangeable. Additionally, the amendments require entities to disclose information that allows users of their financial statements to assess how the lack of exchangeability of a currency affects or is expected to affect their financial performance, financial position, and cash flows.

The amendments had no impact on the consolidated financial statements since Peñoles has not engaged in operations in currencies that are not considered exchangeable.

6. Material accounting policies

A summary of the accounting policies used in the preparation of the financial statements is found below. These policies have been applied consistently in all of the periods presented in the accompanying consolidated financial statements.

a) Foreign currency translation

Functional currency

The functional currency of each consolidated entity is determined based on the currency of the primary economic environment in which each entity operates. Except for certain subsidiaries that are currently not operating or are service providers, the functional currency of all of the entities of Grupo Peñoles is the U.S. dollar.

6. Material accounting policies (continued)

Translation to the reporting currency

The following methodology was used to translate the subsidiaries financial statements whose functional currency is different to Grupo Peñoles functional currency:

- Assets and liabilities, both monetary and non-monetary, are translated at the closing exchange rates as of the date of each consolidated statement of financial position presented.
- Revenue, cost, and expense items in the consolidated statement of profit or loss are translated at the average exchange rates for the period, unless those exchange rates fluctuated significantly during the period, in which case, transactions are translated at the prevailing exchange rates at the date of the transaction.
- Equity is translated at the historical exchange rates of the date when capital contributions were made or profits were generated.
- All differences arising from the translation are recognized as a separate component in equity and are recycled to the results of the period if the subsidiary is disposed of.

Foreign currency transactions

Transactions undertaken in currencies other than the entity’s functional currency are translated using the exchange rate at the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated using the exchange rate at the reporting date. These translation adjustments are carried directly in the consolidated statement of profit or loss.

The exchange rates used in the preparation of the accompanying consolidated financial statements were as follows:

	2025	2024
Exchange rate as of December 31 (Mexican pesos per U.S. dollar)	17.97	20.27
Average exchange rate (Mexican pesos per U.S. dollar)	19.22	18.30

b) Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position include cash in hand, cash in banks and highly liquid investments with maturities of less than three months, which are easily convertible into cash, have a low exposure to risk of changes in their value and the cash amount to be received can be reliably known. Short-term deposits bear interest at market rates.

For purposes of the consolidated statement of cash flows, cash and cash equivalents consist of the cash and cash equivalents defined above, net of bank overdrafts pending collection.

c) Financial assets

Initial recognition and measurement

Upon initial recognition, Grupo Peñoles values investments in financial instruments held for trading and in financial instruments to collect or sell at their fair value.

6. Material accounting policies (continued)

The classification of financial assets at initial recognition depends on the contractual characteristics of the cash flows of the financial asset and the business model of Grupo Peñoles to manage those assets. Except for receivables that do not contain a significant financing component, Grupo Peñoles initially values a financial asset at its fair value plus transaction costs, in the case of financial assets that are not measured at fair value through profit or loss. Accounts receivable that does not contain a significant financing component are valued at the transaction price determined in accordance with IFRS 15.

For a financial asset to be classified and measured at amortized cost or at fair value with changes in OCI, the asset must give rise to cash flows that are solely payments of principal and interest (SPPI) on the outstanding principal amount. This assessment is known as the financial instrument test for collecting principal and interest and is performed at the instrument level. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value with changes in profit or loss, regardless of the business model.

Grupo Peñoles business model for managing its financial assets refers to how it manages its financial assets to generate cash flows for the business by carrying out its activities and not with a particular intention of holding an instrument. The business model determines whether cash flows will be derived from obtaining contractual cash flows, from the sale of financial assets, or from both.

Purchases or sales of financial assets that require the delivery of assets within a timeframe established by regulation or market agreement (regular-way trades, as they are known in English) are recognized on the trade date; that is, the date on which Grupo Peñoles commits to buy or sell the asset.

Upon initial recognition, Grupo Peñoles measures a financial asset at its fair value plus, in the case of a financial asset that is not at fair value through profit or loss (FVTPL), the transaction costs that are directly attributable to the purchase of the financial asset. Transaction costs of financial assets measured at FVTPL are recognized directly in profit or loss.

Financial assets that contain embedded derivatives are fully recognized when it is determined that their cash flows are solely payments of principal and interest.

Subsequent recognition

For the purpose of its subsequent recognition, Grupo Peñoles classifies its financial assets into the following categories:

- Financial assets at amortized cost.
- Financial assets at fair value through Other Comprehensive Income (OCI), and;
- Financial assets at fair value through profit or loss.

For financial assets measured at fair value, gains and losses are recognized through profit or loss or OCI. The classification of investments in not held-for-trading equity instruments will depend on whether upon initial recognition Grupo Peñoles elected to classify irrevocably its equity investments as equity instruments designated at fair value through OCI (FVTOCI).

Grupo Peñoles reclassifies its debt instruments only when its business model for managing these financial assets changes.

Purchases or sales of financial assets are recognized on the trade date, which is the date that Grupo Peñoles commits to purchase or sell the asset.

Debt instruments are subsequently measured depending on the business model for managing the asset and the characteristics of its cash flows. There are three measurement categories into which debt instruments can be classified.

6. Material accounting policies (continued)*Financial assets at amortized cost*

Financial assets that are held to collect contractual cash flows are recognized at amortized cost when such cash flows meet the criteria for being considered solely payments of principal and interest (SPPI). Interest income from these financial assets is included as part of Finance income and is calculated using the effective interest rate (EIR) method. Exchange differences arising on financial assets at amortized cost that are not part of a hedging relationship are recognized in profit or loss under Foreign exchange loss / (gain). Any gain or loss arising from the derecognition of a financial asset is recognized directly in profit or loss. Amortized cost is reduced for impairment losses which are presented as a separate line item in the consolidated statement of profit or loss.

Grupo Peñoles financial assets at amortized cost mainly consist of trade receivables (except for trade receivables measured at fair value through profit or loss).

Financial assets at fair value through OCI with recycling of cumulative gains and losses (FVTOCI)

Financial assets that are held to collect contractual cash flows that meet the criteria for being considered solely payments of principal and interest (SPPI) and are held within a business model with the objective of selling the financial asset are recognized at fair value through OCI. Changes in the fair value of financial assets are recognized in OCI, except for impairment losses, interest income calculated using the EIR method and foreign exchange gains and losses, which are recognized in profit or loss. Upon derecognition of a financial asset, any cumulative gain or loss previously recognized in OCI is reclassified to profit or loss. Interest income from these financial assets is recognized under Finance income. Foreign exchange gains and losses are recognized under Foreign exchange loss / (gain) and impairment losses are presented as a separate line item in profit or loss.

Equity instruments at fair value through OCI with no recycling of cumulative gain and losses upon derecognition

Grupo Peñoles has listed equity investments that are not held for trading under the business model applied and it thus elected to classify these equity investments irrevocably as equity instruments at fair value through OCI. These investments were classified on an instrument-by-instrument basis.

Unrealized gains and losses resulting from equity instruments at fair value through OCI are recognized directly in OCI and will never be recycled to profit or loss. Dividends are recognized as Other income in the consolidated statement of profit or loss when the right of payment has been established, except when Grupo Peñoles benefits from such proceeds as a recovery of part of the cost of the financial asset. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Financial assets at fair value through profit or loss

Financial assets that do not meet the criteria to be recognized at amortized cost or at fair value through OCI are measured at fair value through profit or loss. Gains and losses arising from debt instruments that are subsequently measured at fair value through profit or loss are recognized in profit or loss and the net amount is presented under Finance income in the period in which they occur.

Changes in the fair value of financial assets at fair value through profit or loss are recognized under Finance income/(expenses) in the statement of profit or loss, as applicable.

Derivative financial instruments that are not designated as hedging instruments are recognized at fair value through profit or loss.

6. Material accounting policies (continued)*Derecognition of financial assets*

Financial assets are derecognized when the rights to receive cash flows from these assets have expired or have been transferred and when substantially all the risks and rewards of the asset have been transferred.

When Grupo Peñoles has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, Grupo Peñoles continues to recognize the transferred asset to the extent of its continuing involvement. In that case, Grupo Peñoles also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that Grupo Peñoles has retained.

Grupo Peñoles engages in factoring accounts receivable with the purpose of obtaining better payment terms from certain customers, assuming a financial cost that is recorded in the consolidated statement of profit or loss. As of December 31, 2025 and 2024, the financial assets that were derecognized because substantially all risks and benefits were transferred amount to \$27,410 and \$35,343, respectively.

d) Impairment of financial instruments

Grupo Peñoles recognizes expected credit losses related to its debt instruments measured at amortized cost and at fair value through other comprehensive income (FVOCI), except for equity instruments irrevocably designated at FVOCI.

The value of expected credit losses over the life of the asset is recognized in accordance with the simplified approach permitted by IFRS 9 "Financial Instruments." Credit losses on the asset are recognized before an instrument becomes delinquent. To determine credit risk, historical default rates over the expected life of trade receivables are considered and adjusted for forward-looking estimates taking into account the most relevant macroeconomic factors affecting collectability.

For financial assets measured at amortized cost, the amount of the expected credit loss is the difference between the carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate of the financial asset.

e) Derivative financial instruments*Hedging derivatives*

Grupo Peñoles uses hedging derivatives to reduce certain market risks related to changes in metal prices, energy costs, exchange rates, interest rates, and the value of its financial assets and liabilities.

Grupo Peñoles transactions with derivatives are limited in volume and confined to risk management activities. Grupo Peñoles senior management takes an active part in the analysis and monitoring of the design, performance and impact of Grupo Peñoles hedging strategies and transactions with derivatives. Hedges are also designed to protect the value of expected mining-metallurgical-chemical production against the dynamic market conditions.

6. Material accounting policies (continued)

All derivative financial instruments are recognized as financial assets and liabilities and stated at fair value.

Grupo Peñoles documents, at inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions.

This documentation includes the identification of the derivative financial instrument, the item or transaction being hedged, the nature of the risk being hedged and the method that will be used to evaluate whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. Hedges should be highly effective in neutralizing the effects of fluctuations in the fair value or cash flows and they are constantly evaluated to determine whether they are actually effective throughout the reporting periods to which they have been assigned. Hedges that meet the criteria are recognized as explained below.

Cash flow hedges

For derivatives that are designated and qualify as cash flow hedges (forwards and swaps), the gain or loss from the effective portion of changes in fair value is recorded as a separate component in equity and is carried to the consolidated statement of profit or loss at the settlement date, as part of either the sales, cost of sales or finance income and cost caption. The ineffective portion of changes in the fair value of cash flow hedges is recognized in the consolidated statement of profit or loss as part of finance costs.

If the hedging instrument matures or is sold, terminated or exercised without being replaced or if its designation as a hedge is revoked, the cumulative gain or loss recognized directly in equity as of the effective date of the hedge remains in equity and is recognized when the forecasted transaction occurs. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss recognized in equity is immediately carried to profit or loss.

Derivatives designated as hedges that are effective hedging instruments are classified based on the classification of the underlying item. The derivative instrument is divided into a short-term portion and a long-term portion only if the two portions can be determined reliably.

Fair value hedges

Grupo Peñoles derivatives, which it acquires primarily as hedges for its metal inventories or firm purchase commitments, are designated as fair value hedges. Changes in the fair value of Grupo Peñoles fair value hedges are recognized in the consolidated statement of profit or loss, along with the changes in the fair value of the item being hedged or attributable to the risk being hedged. The primary objective of Grupo Peñoles fair value hedging strategy is to offset changes in the value of its metal inventories.

Embedded derivatives

Grupo Peñoles financial and non-financial agreements, other than those classified as assets under IFRS 9 "Financial Instruments", are evaluated to determine whether they contain embedded derivatives. Embedded derivatives are separated from the host contract and are recorded at their fair value if the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract or a separate instrument with the same terms, the embedded derivative meets the definition of derivative and is not recognized at fair value through profit or loss.

Embedded derivatives that are separated from the host contract are recognized according to the applicable financial reporting standards.

6. Material accounting policies (continued)**f) Fair value measurement**

Grupo Peñoles measures its financial instruments at fair value on each reporting date. The fair values of the financial instruments are disclosed in Note 37.

Fair value is the price that will be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.
- The principal or the most advantageous market must be accessible by Grupo Peñoles.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Grupo Peñoles uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements at fair value on a recurring basis, Grupo Peñoles determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, Grupo Peñoles has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above. Note 37 provides further information on fair values.

6. Material accounting policies (continued)**g) Inventories**

Inventories are valued at the lower of cost or net realizable value, as follows:

Inventories of minerals concentrates and doré are recognized at production cost, which includes direct costs and an appropriate portion of the fixed and variable general expenses (based on normal operating capacity), including depreciation and amortization incurred for the mineral extraction and concentration of the metals contained in such. Mineral concentrate and doré purchases are recognized at cost, plus direct purchasing expenses.

Inventories of refined metals and production in process include the mine production costs and/or mineral and concentrate acquisition costs, plus the treating and refining costs, which are recognized in proportion to the percentage of completion of their transformation to refined metal. Inventories of metal byproducts and free metals obtained from the treatment and refining process are recognized at their estimated realizable value.

As indicated in Note 37, Grupo Peñoles fair value hedges acquired to hedge the value of certain refined metal inventories or inventories under firm purchase commitments are measured at fair value. Consequently, metal inventories being hedged are measured at their fair value and subsequent changes in fair value are recognized in the consolidated statement of profit or loss, with this effect being offset by the effects of the fair value valuation of the derivative financial instruments.

Costs are determined using the weighted average cost method.

The net realizable value of inventories is their estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

Operating materials and spare part inventories are recorded at weighted average cost less the impairment loss from slow-moving and obsolete inventories. A periodic review is performed to determine the impairment loss in inventories.

h) Properties, plant and equipment

Properties, plant and equipment are initially measured at cost. The cost includes the purchase price and any other costs directly attributable to refurbishing and getting the asset ready for use, including provisions for decommissioning or retirement, as well as interest costs. The cost of internally built assets includes materials, direct labor, and an appropriate allocation of indirect costs of construction.

Depreciation and depletion are calculated on the asset's acquisition cost, less the residual value of the property, plant and equipment throughout their useful lives or the waiting period in which the benefits of their use will be received. The estimate useful life of each asset has been evaluated considering the limitations of its physical life and the estimate of the economically recoverable mineral reserves of the mine where the assets are located.

Depreciation begins when the asset is available for use, as properties, plant and equipment, on the following basis:

- Metallurgical, chemical, and industrial plants are depreciated on a straight-line basis at annual rates determined on the basis of the useful lives of the related assets.
- Mining concessions and construction, pre-operating expenses, facilities and processing plants are depreciated based on a depletion factor calculated by dividing the tonnage of ore extracted during the year by the total mineral reserves of the mine where the asset is located, except when the useful life of an asset is less than the life of the mine, in which case they are depreciated on a straight-line basis. The useful lives of certain land at mining units are limited to the time over which Grupo Peñoles will obtain economic benefits from the mining units; this land is amortized over the same period.

6. Material accounting policies (continued)

An analysis of the average weighted remaining useful lives is as follows:

	Years
Mining properties	10
Metallurgic and chemical plants	6
Buildings and land	7 and 5
Other assets	4

Decommissioning and rehabilitation

The present value of the initial estimate of the obligation to decommission and rehabilitate mining sites is included in the cost of the mining properties and any adjustments to such obligation resulting from changes in the estimated cash flows needed to cover the obligation at the end of the useful life of the mining unit are accounted for as additions to or reductions from investments in mining units in the properties, plant and equipment caption.

Mine properties, mine development and stripping costs

Mine properties and mine development and stripping costs are recognized at cost less accumulated depletion and, when applicable, impairment losses.

Purchases of mineral resources and mineral reserves are recognized as assets at cost or at fair value if they were acquired as part of a business combination.

The initial cost of a mining property includes construction costs, all costs directly related to getting the property ready for operation and the initial estimated cost of the decommissioning provision.

When an exploration prospect has entered the advanced exploration stage and there is sufficient evidence of probable economic mineral reserves, the costs associated with getting the mine ready for operations are capitalized as mine development costs.

Revenue earned on the sale of metal from the minerals extracted in the development stage prior to commercial production is recognized as income of the period.

At the beginning of production, capitalized costs and expenses are depreciated using the units-of-production method based on estimates of the related proved and probable mineral reserves.

Costs directly and indirectly attributable to stripping activities for surface mines, which includes the removal of overburden and other waste to gain access to mineral ore deposits, are recognized as an asset for each identifiable ore body at the time improved access to the ore body is achieved and it is probable that the future economic benefits associated with the stripping activity will flow to the entity during the mine’s production phase.

When the stripping activity includes the removal of materials to improve access to the ore body and also includes mineral extraction activities so that the costs of the stripping activity asset and the inventory produced are not separately identifiable, production stripping costs are allocated between the inventory produced and the stripping activity asset by using an allocation basis that is based on a relevant production measure. This production measure shall be calculated for the identified component of the ore body and shall be used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place.

After the initial recognition of a stripping asset, it is subsequently recognized in the consolidated statement of financial position at cost, less depreciation or amortization and any impairment loss.

6. Material accounting policies (continued)

Depreciation of stripping costs is calculated based on the mine’s depletion rate, which is calculated by dividing the number of tons of extracted ore by the number of tons of mineral reserves of each ore body associated with the stripping costs.

Assets under construction

Assets under construction are capitalized as components of property, plant and equipment items. Once construction is complete, these assets are reclassified to property, plant and equipment and depreciation begins as of the date they are capitalized, which is when their period of use begins.

Sale and retirement of assets

Elements of properties, plant and equipment items are derecognized when retired or sold when Grupo Peñoles no longer expects to receive future economic benefits from them. The gain or loss on the sale or retirement of an asset is calculated as the difference between an asset’s net selling price and its net carrying amount and is recognized in the consolidated statement of profit or loss.

Maintenance and repairs

Major repairs are capitalized if the related recognition criteria are met, while at the same time the carrying values of the parts being replaced are cancelled. All other expenses, including repairs and maintenance, are recognized in the consolidated statement of profit or loss as they are incurred.

Borrowing costs

Borrowing costs directly related to the acquisition, construction, or production of qualifying assets, which are assets requiring a substantial period, usually twelve months or more, to get them ready for use, are added to the cost of the assets throughout their construction phase and until such time as operation and/or exploitation of the asset begins. The interest obtained on temporary investments of borrowed funds that have yet to be used for the construction of the corresponding qualifying assets are deducted from the borrowing costs eligible for capitalization.

i) Leases

At the beginning of the contract Grupo Peñoles evaluates whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Grupo Peñoles applies a single recognition and measurement approach to all leases, except short-term leases and leases of low-value assets. Lease contracts as defined by IFRS 16 “Leases” are recognized in the consolidated statement of financial position, which results in the recognition of an asset that represents the right to use the underlying asset during the lease term and a liability related to the payment obligation.

Right-of-use asset measurement

Right-of-use assets are amortized from the commencement date to the end of their useful life or to the end of the lease term. If ownership of the underlying asset transfers to the lessee at the end of the lease term or the cost of the right-of-use asset reflects the exercise of a purchase option, amortization is calculated from the commencement date to the end of the useful life of the underlying asset.

6. Material accounting policies (continued)

At the commencement date, the right-of-use asset is measured at cost and includes:

- The amount of lease liabilities recognized and lease payments, if any, made at or before the commencement date less any lease incentives received;
- If applicable, any initial direct costs incurred by the lessee in obtaining the contract. Initial direct costs are incremental costs that would not have been incurred if the lease had not been obtained; and
- The present value of the estimated costs incurred in restoring and dismantling the underlying asset according to the contract terms.

Right-of-use assets are also subject to impairment tests as they are non-financial assets.

Lease liability measurement

At the commencement date of the lease, Grupo Peñoles recognizes lease liabilities measured at the present value of lease payments to be made over the lease term.

Lease liability measurement includes the following lease payments:

- Fixed payments, including variable payments that are fixed in substance as they are unavoidable;
- Variable lease payments that depend on an index or a rate and that are initially measured using the index or rate ruling at the commencement date;
- Amounts expected to be paid by the lessee under residual value guarantees;
- The exercise price of a purchase option reasonably certain to be exercised by the lessee, and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising the option to terminate.

Lease liabilities may be remeasured in the following situations: i) change in the lease term; ii) modification related to the assessment of the reasonably certain nature (or not) of the exercise of an option; iii) remeasurement related to the residual value guarantees; and iv) adjustment to the rates and indexes used to calculate the rent at the time the rent adjustments occur.

Short-term leases and leases in which the underlying asset is of low value

Grupo Peñoles applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the inception date and do not contain a purchase option). Grupo Peñoles also applies the exemption to the recognition of leases of low-value assets to office equipment leases and others that are considered to be of low value.

Lease payments for short-term leases and leases of low-value assets are recognized as an expense as they accrue on a straight-line basis over the lease term.

j) Intangible assets

Intangible assets are recognized if, and only if, it is probable that the future economic benefits associated with the intangible asset will flow to Grupo Peñoles and the cost of the asset can be reliably measured.

Intangible assets with finite useful lives are valued at cost less accumulated amortization and impairment losses. Amortization is recognized based on the estimated useful life of the intangible, on a straight-line basis.

Intangible assets with finite useful lives consist of software licenses. Grupo Peñoles has no intangible assets with indefinite useful lives.

6. Material accounting policies (continued)**k) Impairment of non-financial long-lived assets**

The carrying amount of non-financial long-lived assets is tested for impairment when there are situations or changes in circumstances that indicate that the asset's carrying amount is not recoverable. At each reporting date, non-financial long-lived assets are tested to determine whether there are indicators of impairment.

If there are indicators of impairment, a review is conducted to determine whether the carrying amount exceeds the recoverable amount of the asset and it is impaired. Such review is undertaken on an asset-by-asset basis, except where such assets do not generate cash flows independent of other assets, and then the review is undertaken at the cash generating unit level.

If the carrying amount of an asset or its cash generating unit exceeds the recoverable amount, an impairment loss is recognized by reducing the carrying amount of the asset in the consolidated statement of financial position to the asset's recoverable amount. Impairment losses are recognized in the consolidated statement of profit or loss.

The recoverable amount of an asset is the higher of either its value in use or fair value less its disposal cost. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In assessing value in use, estimated future cash flows are discounted to their present value using an after-tax discount rate that reflects current market assessments of the time value of money and the risks specific to each asset. For an asset that does not generate cash flows independently from other assets or groups of assets, the recoverable amount is determined for the cash generating unit to which the asset belongs. Cash generating units are the smallest identifiable groups of assets that generate cash flow that is independent from the cash flow attributable to other assets or groups of assets.

Grupo Peñoles bases its impairment calculation on most recent budgets and forecast calculations, including mine plans, estimated quantities of recoverable minerals, production levels, operating costs, and capital requirements, which are prepared separately for each of Grupo Peñoles CGUs to which the individual assets are allocated. The recoverable amount of property, plant and equipment is based on the value in use of cash generating units calculated by discounting the present value of future cash flows based on projections, forecasts and expectations that are approved by management for periods of more than four years. The estimated future cash flows are discounted to their present value using a post-tax discount rate.

At each reporting date, an evaluation is performed to determine whether there are any changes in the circumstances and estimates that would mean that previously recognized impairment no longer exists or should be reversed. If so, the carrying amount of the asset is increased to the asset's recoverable amount and the effects of this reassessment are recognized in the consolidated statement of profit or loss by such increase. The new carrying amount is limited to the carrying amount that would have been determined for the asset, net of any depreciation, if no impairment had been recognized in prior years.

l) Financial liabilities*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value, and, in the case of loans and borrowings, net of directly attributable transaction costs.

Financial liabilities include accounts payable to suppliers and other accounts payable, financial debt and loans and derivative financial instruments.

6. Material accounting policies (continued)

Subsequent measurement of financial liabilities depends on their initial classification, as follows.

Financial liabilities at fair value through profit or loss

Financial liabilities held for trading are recognized at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred with the purpose of being repurchased in the near term. Grupo Peñoles also recognizes in this classification derivatives do not comply with the requirements to be designated as hedges.

Financial liabilities are recognized at fair value, and any change in the fair value is directly recognized in profit or loss.

Financial liabilities at amortized cost

This category applies to all financial liabilities other than those measured at fair value through profit or loss. Grupo Peñoles also recognizes its bonds and debentures, bank loans, accounts payable to suppliers and other accounts payable at amortized cost.

Financial liabilities at amortized cost are measured using the effective interest rate method (EIR) by taking into consideration any transaction costs and recognizing the interest expense on the basis of the effective interest rate. Non-interest-bearing trade and other short-term payables are stated at nominal value since this value does not significantly differ from their fair value.

The amortized cost is calculated by taking into consideration any discount or acquisition premium and the fees or costs that are an integral part of the effective interest rate method. The amortization of the effective interest rate is recognized under financial expenses in the consolidated statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss of the period.

m) Provisions*Provision for decommissioning and rehabilitation*

Grupo Peñoles records the present value of estimated costs of legal and constructive obligations required to rehabilitate mining units in the period in which the obligation is incurred. Estimated rehabilitation costs include the costs of decommissioning and removing structures, rehabilitating mines and tailings dams and decommissioning the processing plant and operating facilities, as well as the cost incurred for rehabilitation, reclamation, and re-vegetation of affected areas.

The obligation generally arises when the asset is installed, or the ground/environment is disturbed at the production location. When the liability is initially recognized, the present value of the estimated cost is capitalized by increasing the carrying amount of the related mining assets, provided they give rise to a future economic benefit. Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect the time value of money and the risks specific to the liability. The periodic unwinding of the discount is recognized in the consolidated statement of profit or loss as a finance cost.

6. Material accounting policies (continued)

Changes to estimated future costs are recognized in the consolidated statement of financial position by either increasing or decreasing the decommissioning liability and asset to which it relates. For closed sites, changes to estimated costs are recognized immediately in the consolidated statement of profit or loss.

Decommissioning and rehabilitation assets are depreciated over the estimated production period of the mining unit where they are located. Depreciation is recognized in the consolidated statement of profit or loss as part of the Cost of sales caption.

n) Dividends

Dividends payable to the shareholders of Grupo Peñoles are recognized as a liability at the time they are declared and authorized, or when the shareholders delegate the authorization of the amount of a dividend to another body. Dividends payable to the holders of non-controlling interests are recognized as a liability when they are declared by the shareholders or partners of the subsidiaries with shareholders or partners with non-controlling interests.

o) Employee benefits*Short-term employee benefits*

Liabilities for employee benefits are recognized in the consolidated statement of profit or loss on an accrual basis considering the wages and salaries that Grupo Peñoles expects to pay at the date of the consolidated statement of financial position, including the related taxes that will be payable by Grupo Peñoles. Paid absences and vacation premiums are expensed as the benefits accrue.

Defined benefit plan

The cost of providing benefits under the defined benefit plan is determined by using the projected unit credit actuarial valuation method based on the earnings of employees and their years of service. The actuarial valuation is prepared by an independent actuarial firm at each year end. The liability is recognized at present value using a discount rate that represents the yield at the reporting date on credit-rated bonds that have maturity dates approximating the terms of Grupo Peñoles obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The remeasurement of liabilities related to defined benefit plans consists of actuarial gains and losses and the return on plan assets. Such actuarial gains and losses are recognized immediately in equity as other comprehensive income items, and all expenses related to the defined benefit plans are recognized in profit or loss of the period.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets of which the obligations are to be settled directly. The value of any asset is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

Seniority premiums

In accordance with Mexican labor law, Grupo Peñoles is required to pay a premium equal to 12 days salary (capped at twice the minimum wage) for each year of service to its outgoing employees who have rendered 15 or more years of service.

The cost of benefits related to seniority premiums payable upon voluntary retirement of unionized employees is calculated using the projected unit credit actuarial valuation method. Defined benefit plan seniority premiums payable to non-unionized employees are funded through the defined benefit plan.

6. Material accounting policies (continued)*Defined contribution plan*

The defined contribution plan is an employee retirement benefit plan to which Grupo Peñoles pays a fixed contribution but has no obligation to pay in any subsequent amounts. Grupo Peñoles obligations in respect of contributions payable under the defined contribution pension plan are recognized in the consolidated statement of profit or loss as employee benefit expenses at the time the contributions become payable. Contribution amounts are determined based on the employee's salary.

Termination benefits

Employee termination benefits for involuntary retirement or dismissal are recognized in the consolidated statement of profit or loss of the year in which such payments are made or whenever Grupo Peñoles obligation to pay such amounts can be reliably demonstrated and when Grupo Peñoles recognizes restructuring costs according to IAS 37 "Provisions", and the restructuring involves the payment of termination benefits.

Employee profit sharing (EPS)

In accordance with Mexican legislation, Grupo Peñoles must distribute an employee profit sharing which is determined based on the ten percent of the annual profit tax of each subsidiary. For this benefit a limit was established for each of the entitled employees in terms of article 127, section VII of the Federal Labor Law, which consists of a maximum of three-month salary or the average employee profit sharing paid on the last three years. Employee profit sharing is accounted for as employee benefits and is calculated based on the services provided by employees during the year, considering their most recent salaries. The liability is recognized by decreasing the consolidated results. The employee profit sharing paid in each fiscal year is deductible for purposes of income tax.

p) Income tax*Current income tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authority.

Deferred income tax

Deferred income tax is computed using the balance method, based on temporary differences between carrying amounts for financial reporting and tax basis values of assets and liabilities at the reporting date.

The tax rates and tax laws used to calculate deferred income tax are those that are enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the controlling company, the investor or venturer can control the timing of the reversal of the temporary differences, and it is probable that the temporary differences will not reverse in the foreseeable future.

6. Material accounting policies (continued)

Deferred tax assets are recognized for all deductible temporary differences and for the amortization of unused tax credits and tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- When the deferred tax asset related to the temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, the deferred tax asset does not affect either the book income or taxable profit or tax loss.

The carrying amount of deferred income tax assets is reviewed at each reporting date and is reduced to the extent that it is probable that sufficient taxable profit will be available to allow the deferred income tax assets to be realized either partially or in full.

Deferred income tax assets and deferred income tax liabilities are offset, only if Grupo Peñoles has a legally enforceable right to do so and if the assets and liabilities derive from income tax corresponding to the same tax authority.

Current and deferred income tax corresponding to other comprehensive income or loss items recognized directly in equity is recognized directly in equity rather than in the consolidated statement of profit or loss.

Grupo Peñoles has assessed whether there is uncertainty over the appropriate income tax treatment (IFRIC 23), considering (i) any uncertain tax treatment taken, (ii) the assumptions it made about the examination of tax treatments by taxation authorities, (iii) how it determined the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and (iv) how it considered changes in facts and circumstances.

Special tax over mining companies

Grupo Peñoles recognized deferred assets resulting from the temporary differences between the carrying amount and tax basis of its assets and liabilities related to the calculation of the special tax for mining companies, since this special tax is calculated based on Grupo Peñoles earnings, in accordance with applicable tax laws. See Note 21.

q) Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which Grupo Peñoles expects to be entitled in exchange for transferring goods to a customer and once Grupo Peñoles has satisfied the performance obligations of its sales agreements.

Revenue from the sale of goods is recognized when the control of the related goods has been physically transferred to the buyer, which generally occurs at the time ownership of the product is physically transferred to the customer and collection of the related accounts receivable is reasonably assured. The performance obligations of Grupo Peñoles consist in the sale of products and the rendering of freight services, both are considered a single performance obligation within the context of the contract. Revenue is recognized as the performance obligation is satisfied.

The prices of refined metals are essentially determined by international prices, to which a premium is added, depending on the region where the products are sold, as well as the specific market conditions of the region in question.

6. Material accounting policies (continued)

Certain provisional pricing arrangements, primarily for the sale of concentrates, include future spot price adjustments to be determined after shipment of the product to the customer, and adjustments based on final assay results of the metal in concentrate originally determined by Grupo Peñoles. The revenue from sales under these agreements is recognized at the point in time when the control of the related goods is transferred to the buyer according to the agreed conditions and is measured using a provisional pricing and the most recent estimate of metal in concentrate (based on initial trial results).

For these provisional pricing arrangements, any future changes that occur over the quotation period are embedded within the provisionally priced trade receivables and are, therefore, within the scope of IFRS 9 *Financial Instruments* and not within the scope of IFRS 15 *Revenue from Contracts with Customers*. These provisionally priced trade receivables are measured at fair value through profit or loss at each reporting date through the end of the quotation period based on the selling price for the quotation period stipulated in the base agreement. The forward sales price of the metals can be reliably determined as long as such metals continue to be sold in international markets. The unrealized gain or loss on agreements with forward prices is recognized in the consolidated statement of profit or loss. The subsequent adjustment to the initial estimate of metal in concentrate is also recognized in profit or loss after such estimate is determined based on final assay results, the conditions of the agreement have been met and the payment terms have been agreed on. The period between provisional invoicing and the end of the quotation period can be between 1 and 4 months.

As discussed above, the nature of the pricing terms is such that depending on the future market price and the length of the quotation period at contract inception, all consideration is considered variable and will be recognized using the variable consideration allocation exception. This variable consideration is subject to constrain.

Grupo Peñoles acts as a principal in its revenue contracts because it typically controls the goods before transferring them to the customer.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If Grupo Peñoles performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which Grupo Peñoles has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before Grupo Peñoles transfers goods or services to the customer, a contract liability is recognized when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when Grupo Peñoles performs under the contract.

r) Mine exploration and development costs and expenses

Exploration includes the search for mineral resources, the determination of the mine's technical feasibility, and the assessment of the commercial viability of identified resources. These costs and expenses are recognized in the following captions:

- Exploration expenses. The expenses incurred exploring for new deposits, including, among others, drilling, sample testing and pre-viability studies, are recognized in the consolidated statement of profit or loss at the time it is sufficiently probable that the mineral reserves of the specific project will be economically recoverable and a feasibility study is performed. Also, expenses incurred to increase mineral reserves in areas near existing mines are recognized in the consolidated statement of profit or loss.

6. Material accounting policies (continued)

- Assets under construction. Exploration costs incurred in the development of a mine through its start-up of operations are capitalized. These costs include the construction of mine infrastructure and work carried out prior to the start-up of operations of the mine.
- Mining properties. The costs incurred in developing new areas of exploitation in mining units in operation are recognized as part of mining properties and are amortized over the period in which the benefits will be obtained.
- Cost of sales. Development expenses for deposits in operation for purposes of maintaining production volumes are recognized in the consolidated statement of profit or loss as part of production costs.

s) Changes in accounting standards

Grupo Peñoles has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Standards issued but not yet effective

The standards and interpretations issued that are listed are not yet effective as of the issuance of the consolidated financial statements, and there is an intention to adopt when they become effective. Grupo Peñoles does not expect that the adoption of these new and amended standards and interpretations will have a significant effect on its consolidated financial statements.

IFRS 18 – Presentation and Disclosure in financial statements

In April 2024, the IASB issued IFRS 18, which replaces IAS 1, Presentation of Financial Statements. IFRS 18 introduces new requirements for the presentation information within the statement of profit or loss, including totals and subtotals. Additionally, entities must classify all income and expenses within the statement of profit or loss into one of five categories: operating activities, investing activities, financing activities, income tax, and discontinued operations, of which the first three categories are new.

The standard also requires entities to disclose the newly defined management performance measures (MPM, for its initials in English), subtotals of income and expenses, and includes new requirements for aggregating and disaggregating financial information based on the identified "functions" arising from the primary financial statements and the notes.

Additionally, limited scope amendments were issued to IAS 7, Statement of Cash Flows, which include the starting point for determining cash flows generated by operations using the indirect method from "net profit or loss" to "operating profit or loss," and eliminating the optionality regarding the classification of cash from dividends and interest. Furthermore, new modifications were made to many other standards.

IFRS 18 and the amendments to other standards are effective periods beginning on or after January 1, 2027; however, early application is permitted as long as this fact is disclosed. IFRS 18 will be applied retrospectively.

Currently, the Group is working to identify all the effects that the amendments will have on the primary financial statements and the notes to the financial statements. The initial material impacts expected on the Group's financial statements are as follows:

- The share of profits from associates will be classified in the investment category within the statement of profit or loss.
- Foreign exchange differences will be classified in the category of related income and expenses of the item that gives rise to such differences.

6. Material accounting policies (continued)

- New disclosures will be added: a) management performance measures; b) expenses broken down by nature if presented by function in the operating category of the statement of profit or loss; and c) a reconciliation for each item in the statement of profit or loss between the amounts presented in accordance with IFRS 18 and the amounts previously presented in accordance with IAS 1.
- Interest received and paid will be classified in investing activities and financing activities, respectively, in the statement of cash flows.

IFRS 19, Subsidiaries Without Public Accountability: Disclosures

In May 2024, the IASB issued IFRS 19, which allows eligible entities to choose to apply the reduced disclosure requirements while continuing to apply the recognition, measurement, and presentation requirements of other IFRS accounting standards. To be eligible, at the end of the reporting period, the entity (i) must be a subsidiary as defined by IFRS 10, (ii) cannot have public accountability, and (iii) must have a parent entity (at the ultimate or intermediate consolidation level) that prepares consolidated financial statements, which are publicly available and comply with IFRS.

IFRS 19 is effective for periods beginning on January 1, 2027, with early application permitted.

Since the Group's equity instruments are publicly traded, IFRS 19 is not applicable to the Group; therefore, the prior analysis of the potential benefits of adoption is only relevant for those subsidiaries that do not have a public obligation to report.

Modifications to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7

In May 2024, the IASB published the Amendments to IFRS 9 and IFRS 7, Modifications in the Classification and Measurement of Financial Instruments (the Amendments). These amendments include:

- Clarification that financial liabilities should be derecognized on the "settlement date" and the inclusion of an accounting policy option (if specific conditions are met) to derecognize financial liabilities settled through an electronic payment system before the settlement date.
- Additional guidance on how to assess the contractual cash flows of financial assets with environmental, social, and governance (ESG) characteristics and similar features.
- Clarifications on what the term "non-recourse characteristics" includes and what the characteristics of contractually linked instruments are.
- The inclusion of disclosures about financial instruments with contingent characteristics and disclosure requirements for equity instruments classified at fair value through other comprehensive income (OCI).

The amendments will come into effect on January 1, 2026, allowing early application only regarding the classification of financial assets and related disclosures. The Group does not anticipate that these amendments will have a material effect on its financial statements; however, it will evaluate the presentation of financial assets in equity instruments to present the fair value aggregated by investment class in accordance with the new requirements.

Annual Improvements to IFRS Accounting Standards - Volume 11

In July 2024, the IASB published nine limited-scope amendments as part of its periodic maintenance of IFRS accounting standards. The amendments include clarifications, simplifications, corrections, or changes to improve the consistency of IFRS 1, *First-time Adoption of International Financial Reporting Standards*, IFRS 7, *Financial Instruments: Disclosures and its related Implementation Guidance*, IFRS 9, *Financial Instruments*, IFRS 10 *Consolidated Financial Statements*, and IAS 7, *Statement of Cash Flows*.

6. Material accounting policies (concludes)

The amendments will come into effect for reporting periods beginning on or after January 1, 2026. Early adoption is permitted, provided that this fact is disclosed. No material impact on the Group's financial statements is expected from the amendments.

Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7

In December 2024, the IASB issued amendments IFRS 9 and IFRS 7 regarding Contracts Referencing Nature-dependent Electricity. The amendments only apply to electricity contracts dependent on nature and:

- Clarify the application of the "own use" requirements for contracts within the scope.
- Modify the designation requirements for a hedged item in a cash flow hedge relationship for contracts within the scope.
- Add new disclosure requirements to allow investors to understand the effect of these contracts on the company's financial performance and cash flows.

The amendments will come into effect for annual periods beginning on or after January 1, 2026, with early adoption permitted, provided that this fact is disclosed. The amendments related to the own use exception must be applied retrospectively, while the amendments to hedge accounting must be applied prospectively to new designated hedge relationships from the initial application date. Additionally, the amendments to the disclosures in IFRS 7 must be implemented alongside those of IFRS 9. If the entity does not restate comparative information, it will not be able to present comparative information. The Group does not expect the amendments to have an impact on its financial statements.

7. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker (CODM) who is also Grupo Peñoles Chief Executive Officer. Grupo Peñoles is organized into business units based on its products.

The CODM monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. In addition, Grupo Peñoles financing and income taxes are managed at the corporate level and are not allocated to the operating segments, except for those entities that are managed separately.

Grupo Peñoles operations in the mining-metallurgical industry consist of the extraction and processing of minerals, and the smelting and refining of non-ferrous metals. The extraction and processing of minerals primarily produces lead, zinc and doré concentrates, which are treated and refined in a metallurgical complex to obtain refined metals. Grupo Peñoles metallurgical business is conducted through its subsidiary Metalúrgica Met-Mex Peñoles (Met-Mex). The metallurgical complex, known as "Met-Mex", receives mineral concentrates and doré from related and independent mining companies to treat, process, and refine them to obtain finished products, primarily silver, gold, zinc, and lead, for their subsequent sale. Based on the business activities described above, Grupo Peñoles has divided its operations into the following operating segments:

Precious metal mines

This segment includes the mining units where silver and gold minerals are extracted and processed. Other activities related to this segment include prospecting and exploring new deposits and developing mining units for future mining operations. The equity interest in the business units of this segment is held by the subsidiary Fresnillo plc, which is a company located in the United Kingdom whose shares are traded on the London Stock Exchange in England. Practically all of the concentrates and doré produced by this segment are sent to Met-Mex metallurgical complex.

7. Segment information (continued)

Base metal mines

This segment groups mineral exploration, extraction, and processing to obtain concentrates of zinc, lead, and copper. Zinc and lead concentrates are sent to Met-Mex for treatment and refining primarily to obtain refined zinc and lead. The copper concentrates are sold to metallurgical companies abroad that are not related parties outside of Mexico.

Metallurgical

The metallurgical segment involves treating and refining the concentrates and dorés received from the precious metals and base metals business. The activities of this segment are performed in two main metallurgical plants: a) an electrode plant that produces zinc cathode; and b) the smelting-refining plant that primarily produces refined silver and gold (mostly presented in bars), as well as molded lead. The plants also process precious metals and base metals from non-related parties and this segment represents approximately 27% of production. The refined metals, which are mostly silver, gold, lead, and zinc, are sold in Mexico and abroad, primarily in the United States through the subsidiary Bal Holdings, as well as in Europe and South America.

Other

This segment consists primarily of the following operations: a) the production and sale of chemical products, primarily sodium sulfate, and b) entities that provide administrative and operating support activities. These operations do not meet the criterion for segment reporting under IFRS 8 *Operating Segments*.

The accounting policies used by Grupo Peñoles in reporting segments internally are the same as those contained in the notes to the consolidated financial statements.

The financial performance of the different segments is measured by the CODM using a net profit/loss approach.

The segment information as of December 31, 2025, and for the year ending on this date, is shown below:

	Precious Metal Mines	Base Metals Mines	Metallurgical	Others	Eliminations and Reclassifications	Total
Third-Party Sales	\$ 11,367	\$ 466,735	\$ 7,923,560	\$ 245,611	\$ -	\$ 8,647,273
Intra-group Sales	4,549,864	469,812	12,967	812,804	(5,845,447)	-
Total Sales	4,561,231	936,547	7,936,527	1,058,415	(5,845,447)	8,647,273
Cost of Sales	1,897,120	626,917	7,703,748	535,601	(5,426,912)	5,336,474
Gross Profit	2,664,111	309,630	232,779	522,814	(418,535)	3,310,799
Administrative Expenses	118,237	79,772	99,518	301,391	(269,552)	329,366
Exploration Expenses	173,531	61,367	-	420	(4,386)	230,932
Selling Expenses	66,770	41,235	40,695	37,565	(458)	185,807
Impairment loss	-	-	-	5,057	-	5,057
Other expenses (income), net	13,109	31,713	(15,873)	68,328	(52,920)	44,357
	371,647	214,087	124,340	412,761	(327,316)	795,519
Operating profit/(loss)	\$ 2,292,464	\$ 95,543	\$ 108,439	\$ 110,053	\$(91,219)	2,515,280
Finance income						(139,533)
Finance costs						230,790
Foreign exchange loss (gain), net						16,001
Share of profit of associates						1,792
Profit before income tax						2,406,230
Income tax						506,422
Consolidated net profit						\$ 1,899,808

7. Segment information (continued)

Statement of financial position:

	Precious Metal Mines	Base Metal Mines	Metallurgical	Others	Eliminations and Reclassifications	Total
Segment assets	\$ 7,279,268	\$ 2,441,517	\$ 4,737,989	\$ 13,518,799	\$(14,903,810)	\$13,073,763
Segment liabilities	\$ 2,204,581	\$ 927,290	\$ 2,868,455	\$ 4,407,248	\$(4,623,154)	\$ 5,784,420
Depreciation	\$ 491,636	\$ 92,016	\$ 57,831	\$ 7,672	\$ 26,184	\$ 675,339
Fixed asset investments	\$ 400,141	\$ 58,768	\$ 40,719	\$ 45,327	\$ -	\$ 544,955
Investments in associates	\$ -	\$ -	\$ -	\$ 115,023	\$(36,399)	\$ 78,624

The segment information as of December 31, 2024, and for the year ending on this date, is shown below:

	Precious Metal Mines	Base Metals Mines	Metallurgical	Others	Eliminations and Reclassifications	Total
Third-Party Sales	\$ 17,045	\$ 486,642	\$ 5,915,210	\$ 231,193	\$(11)	\$ 6,650,079
Intra-group Sales	3,479,340	669,800	16,994	415,138	(4,581,272)	-
Total Sales	3,496,385	1,156,442	5,932,204	646,331	(4,581,283)	6,650,079
Cost of Sales	2,250,112	910,222	5,740,533	171,273	(4,178,525)	4,893,615
Gross Profit (loss)	1,246,273	246,220	191,671	475,058	(402,758)	1,756,464
Administrative Expenses	109,514	64,142	90,327	280,419	(229,344)	315,058
Exploration Expenses	163,048	51,366	165	2,084	(4,429)	212,234
Selling Expenses	46,154	50,885	45,112	33,706	(1,069)	174,788
Impairment loss	-	17,000	-	-	-	17,000
Other expenses (income), net	(18,263)	4,214	(16,977)	19,960	(26,052)	(37,118)
	300,453	187,607	118,627	336,169	(260,894)	681,962
Operating profit/(loss)	\$ 945,820	\$ 58,613	\$ 73,044	\$ 138,889	\$(141,864)	1,074,502
Finance income						(78,292)
Finance costs						219,770
Foreign exchange loss (gain), net						3,606
Share of profit of associates						(5,528)
Profit before income tax						934,946
Income tax						727,084
Consolidated net profit						\$ 207,862

Statement of financial position:

	Precious Metal Mines	Base Metal Mines	Metallurgical	Others	Eliminations and reclassifications	Total
Segment assets	\$ 5,880,458	\$ 1,700,484	\$ 3,113,966	\$ 8,320,029	\$(8,745,606)	\$10,269,331
Segment liabilities	\$ 1,670,088	\$ 1,039,606	\$ 3,101,263	\$ 2,939,147	\$(4,113,099)	\$ 4,637,005
Depreciation	\$ 620,867	\$ 58,362	\$ 61,339	\$ 22,752	\$ 7,618	\$ 770,938
Fixed asset investments	\$ 370,542	\$ 50,178	\$ 22,191	\$ 3,326	\$ -	\$ 446,237
Investments in associates	\$ -	\$ -	\$ -	\$ 77,401	\$(2,651)	\$ 74,750

7. Segment information (concludes)

In 2025, two customers (two customers in 2024) from the Metallurgical business individually exceeded 10% of the value of net sales, together concentrating 32.4% of this item (30.2% in 2024).

The analysis of income by geographic area is included in Note 25.

As of December 31, 2025, and 2024, non-current assets located outside of Mexico amounted to \$85,067 and \$73,891, respectively.

8. Cash and cash equivalents and short-term investments

An analysis of cash and cash equivalents is as follows:

	<u>2025</u>	<u>2024</u>
Cash in hand and in banks	\$ 55,833	\$ 115,656
Short-term deposits (1)	<u>3,427,978</u>	<u>1,563,698</u>
	<u><u>\$ 3,483,811</u></u>	<u><u>\$ 1,679,354</u></u>

(1) Investments in instruments readily convertible into cash earn interest at market rates with maturities of less than 30 days.

	<u>2025</u>	<u>2024</u>
Short-term investments	<u><u>\$ 225,872</u></u>	<u><u>\$ 187,403</u></u>

Short-term investments are made for periods longer than three months, and earn interest at a fixed interest without an option for early withdrawals. As of December 31, 2025, short-term investments consist of fixed-term bank deposits.

9. Trade and other accounts receivable

An analysis of this caption is as follows:

	<u>2025</u>	<u>2024</u>
Trade receivables (1)	\$ 337,434	\$ 200,734
Other accounts receivable	24,658	16,417
Less:		
Expected credit losses for trade receivables (Note 38)	(2,087)	(1,765)
Expected credit losses for other accounts receivable (Note 38)	<u>(844)</u>	<u>(212)</u>
Total trade and other accounts receivable	<u>359,161</u>	215,174
Related parties (Note 24)	8,807	6,548
Recoverable value added tax	431,909	415,101
Advances to suppliers	19,843	9,318
Other accounts receivable to contractors	<u>8,848</u>	<u>15,610</u>
	<u>828,568</u>	<u>661,751</u>
Less: Non-current maturity		
Other accounts receivable to contractors	411	5,264
Recoverable value added tax	<u>41,099</u>	<u>-</u>
Long-term accounts receivable and other receivables	<u>41,510</u>	<u>5,264</u>
Total trade and other current accounts receivable, net	<u><u>\$ 787,058</u></u>	<u><u>\$ 656,487</u></u>

9. Trade and other accounts receivable (concludes)

(1) As of December 31, 2025, and 2024, approximately 62% and 91%, respectively, of the accounts receivable are related to provisional price agreements.

Accounts receivables do not accrue interest. Gold and silver sales are made almost exclusively in cash, while lead, zinc, and copper sales are made both in cash and through a credit line (in each case previously authorized by a credit committee), with an average term of 30 days.

The movement in the allowance for expected credit losses for the years ended December 31, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Initial balance	\$ 1,977	\$ 3,256
Increase (decrease) for the year	<u>954</u>	<u>(1,279)</u>
Ending balance	<u><u>\$ 2,931</u></u>	<u><u>\$ 1,977</u></u>

10. Other financial assets

An analysis of this caption is as follows:

	<u>2025</u>	<u>2024</u>
Fair value of hedging derivative financial instruments (Note 37)	\$ 23,365	\$ 5,247
Fair value of derivative financial instruments (Note 37)	3,324	14,712
Accounts receivable from settled derivatives contracts	<u>6,871</u>	<u>5,348</u>
Total other financial assets	33,560	25,307
Less: Non-current maturity	<u>-</u>	<u>(166)</u>
Other current financial assets	<u><u>\$ 33,560</u></u>	<u><u>\$ 25,141</u></u>
Other non-current financial assets	\$ -	\$ 166
Security deposits and other financial assets	<u>4,652</u>	<u>3,557</u>
Total other non-current financial assets	<u><u>\$ 4,652</u></u>	<u><u>\$ 3,723</u></u>

11. Inventories

An analysis of this caption is as follows:

	<u>2025</u>	<u>2024</u>
Inventories stated at cost:		
Refined metals and ore concentrates (1)	\$ 2,071,639	\$ 1,725,278
Raw materials and chemical products in process	107,841	47,183
Operating materials (1)	<u>289,416</u>	<u>285,310</u>
	<u>2,468,896</u>	2,057,771
Inventories measured at fair value:		
Refined metals	<u>228,548</u>	<u>131,235</u>
Inventories	2,697,444	2,189,006
Less: Non-current portion	<u>69,760</u>	<u>69,760</u>
Inventories, current potion	<u><u>\$ 2,627,684</u></u>	<u><u>\$ 2,119,246</u></u>

(1) As of December 31, 2025, and 2024, Grupo Peñoles has a reserve for a decrease in the net realizable value of its inventory amounting to \$19,421 and \$19,008, respectively.

12. Financial assets in equity instruments

An analysis of this caption is as follows:

	2025	2024
Equity investments in entities listed on the Canadian Stock Exchange (1),(2):		
Cost	\$ 14,217	\$ 65,045
Changes in fair value	20,398	82,118
Subtotal	34,615	147,163
Equity investments in entities listed on the U.S. Stock Exchange:		
Cost	180	180
Changes in fair value	2,955	583
Subtotal	3,135	763
Total	\$ 37,750	\$ 147,926

The movement in these equity investments for the years ended December 31, 2025 and 2024 is as follows:

	2025	2024
Initial balance	\$ 147,926	\$ 114,625
Stock Purchases (3)	-	1,466
Sale of equity instruments (4 and 5)	(185,194)	(5,098)
Transfer of the gain to other comprehensive loss items	75,018	36,933
Ending balance	\$ 37,750	\$ 147,926

- (1) As of December 31, 2025, the main investments correspond to 2,800,000 shares of Endeavour Silver Corp (\$9.40 per share) for an amount of \$26,338; 517,230 shares of First Majestic Silver Corp. (\$18.3 per share) for an amount of \$9,467; and 1,125,000 shares of Goldsky Resources Corp (\$1.53 per share) for an amount of \$1,721.
- (2) As of December 31, 2024, the main investments correspond to 9,746,193 shares of Mag Silver, Corp. (\$13.58 per share) for an amount of \$132,369 and 2,800,000 shares of Endeavor Silver Corp (\$3.66 per share) for an amount of \$10,262.
- (3) On February 16, 2024, Fresnillo plc purchased shares of Osisko Mining Inc., buying 500,000 shares at a price of CAD\$3.1 per share, paying a total of \$1,466.
- (4) On December 30, 2024, Fresnillo plc sold 100% of the shares it held in Osisko Mining Inc. for \$5,098.
- (5) In accordance with the Group's investment strategy, in May 2025, the 9,746,193 shares held in MAG Silver Corp were sold. The gain on the disposal has been transferred from other comprehensive income to retained earnings for an amount of \$67,750.

13. Property, Plant and Equipment

Changes in property, plant and equipment for the year ended December 31, 2025 are as follows:

	Mining properties	Metallurgical plants and equipment	Buildings and land	Other assets	Assets under construction	Total
Investment:						
Initial balance 2025	\$ 8,499,527	\$ 1,753,854	\$ 1,388,885	\$ 23,924	\$ 349,845	\$ 12,016,035
Acquisitions	19,442	5,053	72,512	5,282	446,721	549,010
Increase in the provision for asset dismantling	21,573	-	-	-	-	21,573
Disposals and retirements	(324,112)	(2,961)	(3,366)	(372)	-	(330,811)
Transfers and others	308,233	20,560	-	-	(328,793)	-
Translation adjustment	3,501	133	95	2,686	-	6,415
Final balance 2025	\$ 8,528,164	\$ 1,776,639	\$ 1,458,126	\$ 31,520	\$ 467,773	\$ 12,262,222
	Mining properties	Metallurgical plants and equipment	Buildings and land	Other assets	Assets under construction	Total
Depreciation, amortization, depletion and impairment:						
Initial balance 2025	\$(5,896,449)	\$(1,095,237)	\$(782,100)	\$(19,167)	\$(3,957)	\$(7,796,910)
Depreciation of the period	(481,736)	(88,940)	(104,850)	(2,407)	-	(677,933)
Disposals and retirements	302,311	2,795	1,466	789	-	307,361
Impairment	(5,057)	-	-	-	-	(5,057)
Translation adjustment	(1,454)	(75)	(96)	(1,462)	-	(3,087)
Final balance 2025	(6,082,385)	(1,181,457)	(885,580)	(22,247)	(3,957)	(8,175,626)
Net investment	\$ 2,445,779	\$ 595,182	\$ 572,546	\$ 9,273	\$ 463,816	\$ 4,086,596

Changes in property, plant and equipment for the year ended December 31, 2024 are as follows:

	Mining properties	Metallurgical plants and equipment	Buildings and land	Other assets	Assets under construction	Total
Investment:						
Initial balance 2024	\$ 8,155,973	\$ 1,761,538	\$ 1,382,614	\$ 29,053	\$ 436,028	\$ 11,765,206
Acquisitions	71,869	4,835	6,554	423	353,786	437,467
Decrease in the provision for asset dismantling	(77,363)	-	-	-	342	(77,363)
Capitalized interest	-	-	-	-	-	342
Disposals and retirements	(46,664)	(44,277)	(134)	(1,557)	-	(92,632)
Transfers and others	408,332	31,979	-	-	(440,311)	-
Translation adjustment	(12,620)	(221)	(149)	(3,995)	-	(16,985)
Final balance 2024	\$ 8,499,527	\$ 1,753,854	\$ 1,388,885	\$ 23,924	\$ 349,845	\$ 12,016,035

13. Property, Plant and Equipment (continued)

	Mining properties	Metallurgical plants and equipment	Buildings and land	Other assets	Assets under construction	Total
Depreciation, amortization, depletion and impairment:						
Initial balance 2024	\$(5,297,795)	\$(1,043,170)	\$(738,764)	\$(21,312)	\$(3,957)	\$(7,104,998)
Depreciation of the period	(632,969)	(93,905)	(44,278)	(820)	-	(771,972)
Disposals and retirements	43,701	41,718	793	456	-	86,668
Impairment	(17,000)	-	-	-	-	(17,000)
Translation adjustment	7,614	120	149	2,509	-	10,392
Final balance 2024	<u>(5,896,449)</u>	<u>(1,095,237)</u>	<u>(782,100)</u>	<u>(19,167)</u>	<u>(3,957)</u>	<u>(7,796,910)</u>
Net investment	<u>\$ 2,603,078</u>	<u>\$ 658,617</u>	<u>\$ 606,785</u>	<u>\$ 4,757</u>	<u>\$ 345,888</u>	<u>\$ 4,219,125</u>

Depreciation as of December 31, 2025, and 2024 amounted to \$677,933 and \$771,972, respectively, of which \$675,339 and \$770,938, respectively, were recorded in the results. The remainder are depreciations of equipment used in units that are in their construction stage, which are included under the heading of assets under construction.

Grupo Peñoles analyzed certain external indicators, mainly the behavior of metal prices, as well as internal indicators that included an assessment of mineral reserves and economically recoverable resources in order to determine whether there are indicators of impairment in the value of its property, plant and equipment. The recoverable amount of property, plant and equipment is based on the value in use of cash generating units calculated by discounting the present value of future cash flows based on projections, forecasts and expectations that are approved by management.

An analysis of the key assumptions used by Grupo Peñoles to calculate the value in use of its main cash generating units for which there were indications of impairment is as follows:

	2025	2024
Discount rate	9.78%-12.90%	8.61%-12.09%
Commodity prices (average):		
Gold (US\$/oz)	3,441	2,139
Silver (US\$/oz)	40	29
Zinc (cUS\$/lb)	104	128
Copper (cUS\$/lb)	137	492
Lead (cUS\$/lb)	523	109

During 2025, an impairment loss of \$5,057 for Fuerza Eólica del Istmo was recognized in the consolidated statement of profit or loss, which represented the decrease in the value of properties, plant, and equipment to its recoverable amount. The recoverable amount of \$57,277 as of December 31, 2025, was determined by calculating expected cash flows (value in use) at the Cash-Generating Unit level.

During 2024, an impairment loss of \$17,000 was recognized in the statement of profit or loss for a mining unit, which represented the decrease in the value of property, plant, and equipment to its recoverable amount. The recoverable amount of \$437,401 as of December 31, 2024, was determined by calculating expected cash flows (value in use) at the level of the Cash-Generating Unit.

As mentioned in Note 39, in December 2022, Grupo Peñoles, received a binding offer for the sale plant and equipment from the Madero unit with a third party. Due to the foregoing, a reversal of the impairment of the assets of this unit that were impaired was made for \$21,362; this value represents the lower of its carrying amount or its fair value. The amount is shown as an asset held for sale.

13. Property, plant and equipment (concludes)

Assets under Construction

In 2025, assets under construction primarily include modifications and replacements of mining properties and plant assets.

The estimated investments in 2026 for modifications and replacements of equipment will amount to approximately \$246,610.

Commitments

As of December 31, 2025, and 2024, several agreements have been entered into for the purchase of machinery and equipment, as well as for the completion of adjustments to mining and metallurgical projects. The amount of the commitments at each of these dates is \$155,508 and \$119,090, respectively.

14. Equity investments in associates

The investments in associates are detailed as follows:

	2025	2024	2025	2024
Aerovics, S.A. de C.V. (1)	70.60%	63.36%	\$ 79,921	\$ 74,349
Línea Coahuila Durango, S.A. de C.V.	50.00%	50.00%	(2,165)	(268)
Administradora de Riesgos Bal S.A. de C.V.	35.00%	35.00%	868	669
			<u>\$ 78,624</u>	<u>\$ 74,750</u>

(1) Of this investment, as of December 31, 2025, and 2024, 30.98% corresponds to non-voting shares. Grupo Peñoles does not have control over these investments for the years ended on those dates, respectively.

The movement in investments for the periods ended December 31, 2025 and 2024 is analyzed as follows:

	2025	2024
Starting balance in associates	\$ 74,750	\$ 81,215
Share in the result of associates	(1,792)	5,528
Change of interest in associate (1)	(341)	-
Translation adjustment	<u>6,007</u>	<u>(11,993)</u>
Ending balance in associates	<u>\$ 78,624</u>	<u>\$ 74,750</u>

(1) In August 2025, the associated company Aerovics, S.A. de C.V. experienced a decrease in its share capital due to the exit of a shareholder who withdrew their participation from the company, which resulted in an increase in the Group's interest in this associate.

The investments in associate companies are described as follows:

- Aerovics, S.A. de C.V., a company dedicated to private air transportation.
- Línea Coahuila-Durango, S.A. de C.V., a company dedicated to the provision of railway transportation services through a concession granted by the Federal Government.

14. Equity investment in associates (continued)

- Administración de Riesgos Bal, S.A. de C.V., a company dedicated to risk management.

The condensed financial information of the main associates is as follows:

As of December 31, 2025, and 2024, and years ended on those dates.

Statement of financial position:

	2025	
	Aerovics	Línea Coahuila Durango
Assets:		
Current assets	\$ 6,808	\$ 11,837
Non-current assets	111,650	-
Total asset	<u>\$ 118,458</u>	<u>\$ 11,837</u>
Current liabilities	\$ 1,608	\$ 9,327
Non-current liabilities	3,647	6,842
Total liability	5,255	16,169
Total equity	113,203	(4,332)
Total liabilities and equity	<u>\$ 118,458</u>	<u>\$ 11,837</u>

Statement of financial position:

	2024	
	Aerovics	Línea Coahuila Durango
Assets:		
Current assets	\$ 27,721	\$ 11,424
Non-current assets	96,191	4
Total assets	<u>\$ 123,912</u>	<u>\$ 11,428</u>
Current liabilities	\$ 1,955	\$ 6,090
Non-current liabilities	4,617	5,873
Total liabilities	6,572	11,963
Total equity	117,340	(535)
Total liabilities and equity	<u>\$ 123,912</u>	<u>\$ 11,428</u>

14. Equity investment in associates (concludes)

Statement of comprehensive income 2025:

	Aerovics	Línea Coahuila Durango
Sales	\$ 21,567	\$ 24,509
Operating (loss) income	<u>\$ (1,879)</u>	<u>\$ 1,308</u>
Net (loss) income	<u>\$ (1,429)</u>	<u>\$ 2,772</u>
Other comprehensive income items	\$ 10,187	\$ 721
Comprehensive income	<u>\$ 8,758</u>	<u>\$ 3,493</u>

Statement of comprehensive income 2024:

	Aerovics	Línea Coahuila Durango
Sales	\$ 22,445	\$ 28,006
Operating income (loss)	<u>\$ 5,609</u>	<u>\$ (386)</u>
Net income (loss)	<u>\$ 8,561</u>	<u>\$ (50)</u>
Other comprehensive income items	<u>\$ (18,249)</u>	<u>\$ (447)</u>
Comprehensive loss	<u>\$ (9,688)</u>	<u>\$ (497)</u>

15. Leases

The movement in the right-of-use assets for the year ended December 31, 2025, is as follows:

	Buildings	Machinery and equipment	Computer equipment and other assets	Total cost
Investment:				
Starting balance as of January 1, 2025	\$ 25,268	\$ 80,646	\$ 33,960	\$ 139,874
Additions	370	760	5,018	6,148
Contract modifications	96	-	3,080	3,176
Disposals	-	-	(921)	(921)
Translation effect	<u>(274)</u>	<u>(866)</u>	<u>(437)</u>	<u>(1,577)</u>
Ending balance as of December 31, 2025	<u>25,460</u>	<u>80,540</u>	<u>40,700</u>	<u>146,700</u>
Amortization:				
Starting balance as of January 1, 2025	(15,171)	(21,097)	(19,776)	(56,044)
Amortization of the period	<u>(3,235)</u>	<u>(4,561)</u>	<u>(2,664)</u>	<u>(10,460)</u>
Disposals	-	-	179	179
Ending balance as of December 31, 2025	<u>(18,406)</u>	<u>(25,658)</u>	<u>(22,261)</u>	<u>(66,325)</u>
Net Investment	<u>\$ 7,054</u>	<u>\$ 54,882</u>	<u>\$ 18,439</u>	<u>\$ 80,375</u>

15. Leases (continued)

The movement in the right-of-use assets for the year ended December 31, 2024, is as follows:

	Buildings	Machinery and equipment	Computer equipment and other assets	Total cost
Investment:				
Starting balance as of January 1, 2024	\$ 25,161	\$ 80,649	\$ 34,067	\$ 139,877
Additions	438	-	6,358	6,796
Contract modifications	20	-	38	58
Disposals	(944)	-	(6,122)	(7,066)
Translation effect	593	(3)	(381)	209
Ending balance as of December 31, 2024	25,268	80,646	33,960	139,874

	Buildings	Machinery and equipment	Computer equipment and other assets	Total cost
Amortization:				
Starting balance as of January 1, 2024	(12,042)	(16,945)	(17,295)	(46,282)
Amortization of the period	(4,073)	(4,152)	(8,603)	(16,828)
Disposals	944	-	6,122	7,066
Ending balance as of December 31, 2024	(15,171)	(21,097)	(19,776)	(56,044)
Net Investment	\$ 10,097	\$ 59,549	\$ 14,184	\$ 83,830

An analysis of the changes in lease liabilities as of December 31, 2025 and 2024 are as follows:

	2025	2024
Initial balance as of January 1	\$ 99,002	\$ 110,445
Additions	6,148	6,441
Contract modifications	3,169	1,066
Interest of the period	8,354	7,461
Payments	(26,237)	(21,953)
Disposals	(753)	(27)
Foreign exchange loss (gain)	2,861	(4,431)
Final balance as of December 31	\$ 92,544	\$ 99,002

15. Leases (concludes)

The maturity analysis of the lease liability as of December 31, 2025 is as follows:

	2025		
	Lease liability	Accrued interest	Total
2026	\$ 21,686	\$ (5,875)	\$ 15,811
2027	20,589	(5,247)	15,342
2028	18,315	(4,593)	13,722
2029	11,329	(3,970)	7,359
2030 and forward	68,392	(28,082)	40,310
	140,311	(47,767)	92,544
Current maturity	21,686	(5,875)	15,811
Non-current maturity	\$ 118,625	\$ (41,892)	\$ 76,733

The maturity analysis of the lease liability as of December 31, 2024 is as follows:

	2024		
	Lease liability	Accrued interest	Total
2025	\$ 19,546	\$ (6,688)	\$ 12,858
2026	16,907	(5,870)	11,037
2027	14,034	(5,116)	8,918
2028	12,436	(4,409)	8,027
2029 and forward	85,523	(27,361)	58,162
	148,446	(49,444)	99,002
Current maturity	19,546	(6,688)	12,858
Non-current maturity	\$ 128,900	\$ (42,756)	\$ 86,144

The amortization of the right-of-use assets as of December 31, 2025 and 2024 amounted to \$10,460 and \$16,828, respectively.

The expenses related to short-term leases and low-value leases for the periods ended December 31, 2025, and 2024 amounted to \$48,611 and \$90,945, respectively, of which \$46,916 and \$89,880 were recognized in the results, respectively, the remainder consists of lease expenses for units that are in their construction phase, which are included under the category of construction in progress.

16. Suppliers and other accounts payable

The analysis is shown below:

	2025	2024
Commercial suppliers	\$ 326,350	\$ 195,672
Concentrate and mineral shippers	293,325	127,027
Related parties (Note 24)	4,820	13,032
Other accrued liabilities	178,535	141,775
Interest payable (Note 18)	39,661	39,780
Energy resources	13,115	1,449
Market expenses	13,624	12,297
Dividends payable	2,132	1,970
	<u>\$ 871,562</u>	<u>\$ 533,002</u>

17. Other financial liabilities

They are analyzed as follows:

	2025	2024
Hedging derivative financial instruments (Note 37)	\$ 99,152	\$ 3,270
Fair value derivative financial instruments (Note 37)	6,953	947
Payable accounts from expired derivative contracts	6,904	7,181
	<u>\$ 113,009</u>	<u>\$ 11,398</u>

18. Financial debt

As of December 31, 2025 and 2024, short-term direct loans were contracted for:

	2025	2024
Bank loan (1)	\$ 540,000	\$ 480,000
Current maturity of long-term liability	9,678	9,592
	<u>\$ 549,678</u>	<u>\$ 489,592</u>

(1) As of December 31, 2025, consist of direct loans with maturities on January 15, 2026, for \$140,000 and on January 30, 2026, for \$400,000, accruing interest at an average rate of 4.57%.

The loans correspond to a drawdown of uncommitted credit lines available as of December 31, 2025. Additionally, there are short-term amounts available to Industrias Peñoles, S.A.B. de C.V. with Mexican and foreign banks totaling \$604,500.

During January 2024, the subsidiary Fresnillo plc entered into a renewable credit line ("the Line") with several national financial institutions with a term from January 2024 to January 2029. The maximum amount available under the Line is \$350,000. The Credit Line is unsecured and has an interest rate on the amounts drawn of SOFR plus an interest margin of 1.15%. The Fund considers certain financial covenants related to leverage and interest coverage ratios. Currently, no amount has been drawn down.

18. Financial debt (continued)

As of December 31,2025 and 2024 the connection of the interest payable on short and long-term debt is shown below:

	2025	2024
Opening balance on January 1	\$ 39,780	\$ 39,613
Interest accrued during the year	164,200	150,149
Interest capitalized in properties, plant and equipment	-	342
Payment of short and long-term interest	(164,319)	(150,324)
	<u>\$ 39,661</u>	<u>\$ 39,780</u>

At the same dates, long-term debt consisted of the following dollar-denominated loans payable:

	2025	2024
Unsecured bonds issued by IPSAB (2)	\$ 1,177,670	\$ 1,175,714
Unsecured bonds issued by IPSAB (3)	499,833	500,295
Unsecured bonds issued by Fresnillo plc (4)	830,324	829,905
Bilateral with ECA guarantee (5)	9,678	19,263
Total	2,517,505	2,525,177
Less:		
Current maturity	9,678	9,592
	<u>\$ 2,507,827</u>	<u>\$ 2,515,585</u>

Total non-current debt

As of December 31, the connection of short and long-term debt excluding interest is shown below:

	2025	2024
Opening balance on January 1	\$ 3,005,177	\$ 2,758,785
Debt obtained	6,759,421	5,200,061
Debt payment	(6,748,991)	(4,947,433)
Amortization of transaction costs	2,046	2,039
Foreign exchange loss (gain)	39,852	(8,275)
	<u>\$ 3,057,505</u>	<u>\$ 3,005,177</u>

The maturities of long-term debt, from 2027 onwards, are as follows:

	Amount
2027	\$ -
2028	-
2029	649,800
2030	-
2031-2050	1,858,027
	<u>\$ 2,507,827</u>

(2) Unsecured debt bonds issued by Industrias Peñoles S.A.B. de C.V. for a total of \$1,100,000 placed in the international market under the 144A/Reg. S format on September 5, 2019. The issuance was made in two equal parts of \$550,000 each with terms of 10 and 30 years, with principal payment at maturity and interest payable semi-annually at a fixed rate of 4.15% and 5.65% respectively plus taxes.

18. Financial debt (continued)

The proceeds from this transaction were used to prepay the issues of Stock Certificates for a total of \$600,000 due in 2020 (\$400,000) and 2022 (\$200,000) and the rest for corporate purposes. Standard & Poor's Global Ratings (S&P) and Fitch Ratings, Inc. assigned the notes "BBB" ratings. Additionally, on July 30, 2020, the original issue with a maturity in 2029 was reopened to which \$100,000 was added at the same fixed rate of 4.15% and a placement yield at maturity of 3.375%. The use of the funds included pre-payment of the syndicated credit with Bank of America, N.A. (Administrative Agent) and Scotiabank Inverlat S.A., payment of short-term debt and for general corporate purposes.

- (3) Unsecured debt bonds issued by Industrias Peñoles S.A.B. de C.V., for an amount of \$500,000, debt placed in the international market under the 144A/Reg. S format on July 30, 2020, with a term of 30 years, principal payment at maturity, semiannual interest at a fixed rate of 4.75% plus taxes and no endorsements. The use of the funds included pre-payment of the syndicated credit with Bank of America, N.A. (Administrative Agent) and Scotiabank Inverlat S.A., payment of short-term debt and for general corporate purposes. Transaction costs amounted to \$3,627.
- (4) On September 29, 2020, with settlement on October 2, Fresnillo plc issued Unsecured Debt Bonds for \$850,000; debt placed in the international market under the 144A/Reg S format, with a term of 30 years, principal payment at maturity, semi-annual interest at a fixed rate of 4.25% plus taxes and no endorsements. The use of the funds includes the payment for the partial repurchase of the current debt mentioned in point (2) and for general corporate purposes. Standard & Poor's and Moody's Investors Service assigned the notes ratings of BBB and Baa2, respectively. Transaction costs amounted to \$3,844.
- (5) On June 22, 2017, Industrias Peñoles S.A.B. de C.V. signed a credit agreement with Crédit Agricole Corporate and Investment Bank based on the purchases of equipment that its subsidiary Metalúrgica Met-Mex Peñoles S.A. de C.V. has made to the supplier Outotec Oy (Finland) for the projects of expansion of its zinc plant and Silver Recovery II. The debt is 95% guaranteed by Finnvera as Export Credit Agency (ECA) of the country of origin of the supplier under the protection of goods and services eligible under the agreement, as well as local costs.

The drawdown amounted to a notional of \$82,590 and the settlement is made through 17 semiannual repayments from September 28, 2018 to September 30, 2026. Applicable rate of 6-month LIBOR plus 0.94% on outstanding balances (without considering the ECA's commission for its guarantee). The floating component of the interest rate has been fixed through an interest rate swap.

Regarding the reference rate for this credit, on October 23, 2020, the International Swaps and Derivatives Association (ISDA) published in its 2006 ISDA Definitions the revised definition of LIBOR, as well as a modification to the definitions of other IBOR rates, and a new Protocol was issued. During the year 2022, Grupo Peñoles adhered to the ISDA IBOR "Fallback" protocol.

On June 29, 2023, a modification agreement to the credit contract was signed to change the reference interest rate from LIBOR to compounded SOFR, applicable starting September 29, 2023.

- Credit actions by Rating Agencies.

As of the end of December 2025, the rating of IPSAB de CV's unsecured senior notes by S&P is "BBB" with stable outlook on a Global scale, and "BBB" with a Stable outlook on a Global scale by Fitch Ratings.

Meanwhile, the rating of Fresnillo plc's unsecured senior notes by S&P is "BBB" with a stable outlook on a Global scale by S&P, and "Baa2" with Stable outlook on the Global scale by Moody's Investors Service.

As of the end of December 2024, the rating of IPSAB de CV's unsecured senior notes by S&P is "BBB" with a Negative outlook on a Global scale, and "BBB" with a Stable outlook on a Global scale by Fitch Ratings.

18. Financial debt (concludes)

Similarly, as of the end of December 2024, the rating of Fresnillo plc's unsecured senior notes by S&P is "BBB" with a Negative outlook on a Global scale, and “Baa2” with a negative outlook on a Global scale with by Moody’s Investors Service.

- Obligations to do and not to do financial debt.

The Group's financial debt is subject to certain obligations to do and not to do, all of which have been fully complied with as of December 31, 2025.

19. Employee benefits

Employee benefits

The current obligations for employee benefits are detailed as follows:

	2025	2024
Salaries and other employment benefits payable	\$ 28,517	\$ 27,175
Paid annual leave and vacation premium payable	17,573	14,520
Social security dues and other provisions	22,688	23,236
	<u>\$ 68,778</u>	<u>\$ 64,931</u>

Retirement benefits

Grupo Peñoles has a defined pension and benefit contribution plan for its non-unionized workers, which includes pension plans based on each worker’s earnings and years of service provided by personnel hired through 30 June 2007, and a defined contribution component as of such date, based on periodic contributions made by both Grupo Peñoles and the employees.

The plan is managed exclusively by a Technical Committee, which is comprised of three people that are appointed by Grupo Peñoles.

Defined benefit component

The defined benefit component of the plan referred to the worker salaries and the number of years of service provided through 30 June 2007, in accordance with the benefits generated through this date in respect of the pension granted. This defined retirement benefit plan was for its non-unionized employees and included pension plans based on each worker’s salaries and the number of years of service, seniority premiums payable upon death and due to permanent disability or voluntary separation. Benefits accrued through this date are restated for inflation based on the National Consumer Price Index through the date of the employee’s retirement.

Defined contribution component

The defined contribution component of the plan consists of periodic contributions made by employees, as well as matched contributions made by Grupo Peñoles beginning on 1 July 2007, capped at 8% of the employee’s daily integrated salary.

There is also a seniority premium plan for voluntary separation for Grupo Peñoles unionized workers.

Death and disability benefits are covered through insurance policies.

19. Employee benefits (continued)

Recognition of employee benefits

The actuarial value of the retirement benefits recognized in the consolidated statement of financial position is shown below:

	<u>2025</u>	<u>2024</u>
Defined benefit obligation of active workers	\$ 44,710	\$ 37,995
Defined benefit obligation of retired workers (1)	<u>82,554</u>	<u>66,331</u>
Defined benefit obligation	127,264	104,326
Unfunded defined benefit obligation (2)	<u>52,836</u>	<u>36,586</u>
	180,100	140,912
Fair value of plan assets	<u>(123,506)</u>	<u>(86,840)</u>
Employee benefits	<u>\$ 56,594</u>	<u>\$ 54,072</u>

- (1) This obligation is currently fully funded at 100%.
(2) Corresponds primarily to seniority premiums for unionized personnel.

An analysis of pensions, defined contribution and seniority premiums recognized in the consolidated statement of profit or loss for the years ended December 31, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Current-year service cost	\$ 4,537	\$ 2,466
Interest cost (Note 33)	13,844	15,032
Return on plan assets (Note 33)	(8,214)	(10,429)
Defined contribution	<u>14,674</u>	<u>14,998</u>
Total	<u>\$ 24,841</u>	<u>\$ 22,067</u>

An analysis of changes in the remeasurement of the Defined Benefit Obligation (DBO) recognized directly in equity is as follows:

	<u>2025</u>	<u>2024</u>
Actuarial gains (losses)	<u>\$ 13,088</u>	<u>\$ (10,277)</u>

A reconciliation of the actuarial value of DBO as of December 31, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Beginning balance of the defined benefit obligation	\$ 140,912	\$ 171,981
Current-year service cost	4,537	2,466
Interest cost	13,844	15,032
Actuarial (gain) loss due to experience adjustments	(1,429)	3,372
Actuarial loss due to adjustments in demographic assumptions	5,826	-
Actuarial loss due to adjustments in financial assumptions	13,410	687
Benefits paid	(16,225)	(21,652)
Foreign exchange loss (gain)	<u>19,225</u>	<u>(30,974)</u>
Ending balance of the defined benefit obligation	<u>\$ 180,100</u>	<u>\$ 140,912</u>

19. Employee benefits (continued)

As of December 31, 2025, and 2024, the reconciliation of the actuarial value of the Plan Assets (AP) is as follows:

	<u>2025</u>	<u>2024</u>
Beginning balance of plan assets	\$ 86,840	\$ 122,291
Current return on plan assets	8,214	10,429
Actuarial gain (loss) due to experience adjustments	30,895	(6,218)
Plan contributions	-	(11)
Benefits paid	(14,589)	(18,082)
Foreign exchange loss (gain)	<u>12,146</u>	<u>(21,569)</u>
Ending balance of plan assets	<u>\$ 123,506</u>	<u>\$ 86,840</u>

An analysis of plan assets is as follows:

	<u>2025</u>	<u>2024</u>
Debt instruments issued by Federal and state-owned entities	\$ 64,524	\$ 43,189
Investment funds	24,838	20,856
Equity instruments	<u>34,144</u>	<u>22,795</u>
Total plan assets	<u>\$ 123,506</u>	<u>\$ 86,840</u>

The financial instruments that make up the plan's assets are represented by publicly traded securities in the Mexican market with credit ratings of "AAA" and "AA" on a national scale.

As of December 31, 2025, Grupo Peñoles estimates that it will not make contributions to the defined benefit plan during 2026.

The most important assumptions used in determining the defined benefit obligations, plan assets, and the net cost of the period are as follows:

	<u>2025</u>	<u>2024</u>
Actuarial assumptions		
Average discount rate to reflect present value	9.13%	10.17%
Average wage increase rate	5.25%	5.25%
Inflation rate for expected growth	3.75%	3.75%

The most significant demographic assumptions for 2025 and 2024 were "EMMSSA 2015 dynamic" and the mortality rates published by the Mexican Social Security Institute (IMSS).

The weighted average duration of the DBO as of December 31, 2025, is 7.9 years.

The discount rate to reflect obligations at their present value, future salary increases, and the expected working life of employees were identified as significant actuarial assumptions. The determination of the DBO can be sensitive to a change in the assumptions stated above.

19. Employee benefits (concludes)

The following adjustments in the assumptions that impact the determination of the DBO are considered reasonably possible:

- A 0.5% increase/decrease in the discount rate.
- A one-year adjustment in life expectancy.

Below is a sensitivity analysis showing the impact that the DBO could experience by increasing/decreasing the assumptions as of December 31, 2025, keeping the rest of the variables constant:

	<u>Increase in assumption</u>		<u>Decrease in assumption</u>	
	<u>Effect</u>	<u>%</u>	<u>Effect</u>	<u>%</u>
Discount rate by 0.5%	<u><u>\$ (5,844)</u></u>	<u><u>(3.2%)</u></u>	<u><u>\$ 7,769</u></u>	<u><u>4.3%</u></u>

The change in the liability as a result of increasing the expected working lifespan of employees by one more year amounts to (\$1,831), which represents approximately (1.02%)

Below is a sensitivity analysis showing the impact that the DBO could experience by increasing/decreasing the assumptions as of December 31, 2024, keeping the rest of the variables constant:

	<u>Increase in assumption</u>		<u>Decrease in assumption</u>	
	<u>Effect</u>	<u>%</u>	<u>Effect</u>	<u>%</u>
Discount rate by 0.5%	<u><u>\$ (4,755)</u></u>	<u><u>(3.4%)</u></u>	<u><u>\$ 6,043</u></u>	<u><u>4.3%</u></u>

The change in the liability as a result of increasing the expected working lifespan of employees by one more year amount to \$2,959, which represents approximately 2.10%.

20. Provisions

The detail of provisions is as follows:

	<u>2025</u>	<u>2024</u>
Ecological restoration	<u>\$ 494,930</u>	<u>\$ 432,640</u>
Other provisions	<u><u>2,772</u></u>	<u><u>2,458</u></u>
	<u><u>\$ 497,702</u></u>	<u><u>\$ 435,098</u></u>

20. Provisions (concludes)

The movement in the provision for ecological restoration for the years ended December 31, 2025, and 2024, is analyzed as follows:

	<u>2025</u>	<u>2024</u>
Balance as of January 1	\$ 435,098	\$ 493,147
Increase (decrease) increase capitalized in the period (Note 13)	21,573	(77,363)
Payments of the period (Note 34)	(3,271)	(3,948)
(Decrease) in the provision for remediation in units closed	(8,177)	(13,072)
Financial discount (Note 33)	44,714	42,812
Provision associated with non-current assets classified as held for sale (Note 39)	(6,867)	1,724
Foreign exchange loss (gain)	<u>14,632</u>	<u>(8,202)</u>
Ending balance as of December 31	<u>497,702</u>	<u>435,098</u>
Less:		
Provision for current mine closure costs	<u>9,961</u>	<u>11,781</u>
Ending balance as of December 31	<u><u>\$ 487,741</u></u>	<u><u>\$ 423,317</u></u>

The provision represents the present value of the liability to dismantle and rehabilitate the mining units at the date when it is estimated that their mineral resources will be depleted due to the exploitation of non-renewable natural resources, in accordance with the legal obligation established in the Mining Law, other applicable legal regulations, and in agreement with the environmental policy and social responsibility established by Grupo Peñoles.

There are several assumptions on which the estimates of the costs to dismantle and rehabilitate the mineral beneficiation plants, tailings deposits, removal of structures, rehabilitation of mines, and reforestation of the different mining units are determined. The assumptions used are in line with the sustainable development policy of Grupo Peñoles, which were reviewed and certified by external advisors with extensive international experience in the rehabilitation of mining units. Another assumption used is to discount the provision to reflect the obligations for ecological restoration at its present value.

In determining the provision, there are certain uncertainties about the estimation of these costs that include changes in the applicable legal environment, in the options for eviction, dismantling, and claiming of each mining unit, the estimated mineral resources, as well as in the levels of discount rates and inflation at the time the costs are incurred.

Changes to the above assumptions were recognized as an adjustment to the previously recorded dismantling asset that will be amortized over the average remaining life of the mining units, which ranges between 3 and 46 years as of December 31, 2025.

The present value of the provision was calculated using discount rates ranging from 7.53% to 9.88% in 2025 and 9.80% to 10.52% in 2024.

21. Income Tax (ISR) and Special Tax for Mining Companies (DEM)

Tax environment

As previously explained in these consolidated financial statements, Grupo Peñoles is a Mexican corporation with subsidiaries abroad which, as of December 31, 2025 and 2024, were subject to a minor tax effect of \$11,115 and \$10,162, respectively. An analysis of income tax matters related to Grupo Peñoles operations in Mexico are as follows:

21. Income Tax (ISR) and Special Tax for Mining Companies(DEM) (continued)

Changes in Income Tax (ISR) and Special Mining Right (DEM) Legislation

For 2025, there were no significant changes that would affect the income tax (ISR); for DEM the Federal Rights Law changes were introduced to increase the rate from 7.5% to 8.5%.

For 2024, there were no significant changes affecting ISR and DEM;

Income tax

The Mexican Income Tax Law (“LISR” for its acronym in Spanish) stipulates a 30% corporate income tax rate.

Special Mining Right

The Special Mining Right (DEM) is considered a tax on profits payable by holders of mining concessions and assignments, consisting of the application of a rate of 7.5% (8.5% starting in 2025) to the positive difference resulting from subtracting the deductions established in the Income Tax Law (LISR) from their accumulated income, excluding deductions for investments, interest, and annual inflation adjustments. This DEM can be credited against the income tax (ISR) for the same fiscal year and must be paid no later than within the first three months following the corresponding fiscal year.

Movement of the deferred income tax liability

The temporary differences on which the effect of deferred income tax is recognized are detailed below:

	2025	2024
Deferred income tax liabilities:		
Trade and other accounts receivable	\$ 176,607	\$ 145,822
Inventories	220,249	(51,742)
Deferred income tax assets:		
Property, plant and equipment	(574,130)	(220,834)
Other financial assets	(3,933)	(1,622)
Other financial liabilities	(43,447)	(59,700)
Suppliers and other accounts payable	(334,291)	(138,075)
Leases, net	(4,559)	(1,858)
Provisions	(152,925)	(126,735)
Employee benefits	(9,014)	(8,443)
Available tax loss carryforwards	(331,877)	(276,984)
Deferred income tax	(1,057,320)	(740,171)
Special tax for mining companies	54,270	43,410
Deferred income tax liability, net	\$(1,003,050)	\$(696,761)
Shown in the consolidated statement of financial position:		
Deferred income tax asset	\$ 1,346,462	\$ 873,035
Other financial liabilities	343,412	176,274
	\$(1,003,050)	\$(696,761)

21. Income Tax and Special Tax for Mining Companies (continued)

As of December 31, 2025, the analysis of the tax losses to be amortized in Mexico recognized in the deferred tax balance, as well as the tax losses to be amortized for which a deferred tax asset was not recognized for accounting purposes and their corresponding expiration year, are presented below:

Year	Total	Recognized	Non recognized
2026	\$ 6,663	\$ 325	\$ 6,338
2027	5,965	1,469	4,496
2028	5,552	1,072	4,480
2029	46,978	3,300	43,678
2030	46,424	9,676	36,748
2031	61,770	49,595	12,175
2032	45,187	35,537	9,650
2033	136,484	123,150	13,334
2034	54,649	47,360	7,289
2035	75,501	60,393	15,108
	<u>\$ 485,173</u>	<u>\$ 331,877</u>	<u>\$ 153,296</u>

In Mexico, tax losses to be amortized expire independently in ten years.

Deferred tax assets are recognized for unused tax losses and unused tax credits to the extent that it is probable that taxable benefits will be available in the future against which the losses or credits can be used.

The deferred income tax assets for tax losses that have not been recognized because they are considered not to be used to offset accrued profits in Grupo Peñoles, have arisen in subsidiaries that have been in losses for some time and there is no other evidence of recoverability in the near future to support (either partially or fully) the recognition of the losses as deferred tax assets.

Income tax recognized in results

The income taxes recorded in the consolidated statement of results for the periods ended December 31, 2025, and 2024, are composed as follows:

	2025	2024
ISR caused	\$ 598,564	\$ 239,783
Deferred income tax related to the creation and reversal of temporary differences	(304,727)	348,174
Income tax	<u>293,837</u>	<u>587,957</u>
Special mining right caused	201,728	78,775
Deferred special mining right	<u>10,857</u>	<u>60,352</u>
Special mining right	<u>212,585</u>	<u>139,127</u>
Income tax expense in profit or loss	<u>\$ 506,422</u>	<u>\$ 727,084</u>

21. Income Tax and Special Tax for Mining Companies (concludes)

The items that cause the difference between the legal and effective ISR rates are as follows:

	<u>2025</u>	<u>2024</u>
Result determined at the legal ISR rate in Mexico (30%)	\$ 721,746	\$ 280,489
Effects of inflation for tax purposes	(109,644)	(98,413)
Non-deductible expenses	19,173	17,704
Effects of exchange rate on the fiscal values of assets and liabilities	(325,225)	444,673
Foreign dividends	19,663	7,957
Deferred tax assets not recognized	39,458	(332)
Deferred special mining right	(63,776)	(41,738)
Other items	4,288	(5,739)
Benefit in border region rate	(11,846)	(16,644)
Income tax	<u>\$ 293,837</u>	<u>\$ 587,957</u>
Effective rate	<u>12.2%</u>	<u>62.9%</u>

ISR recognized in other items of comprehensive income (loss)

The movement for the years ended December 31, 2025, and 2024 of the deferred income tax recognized directly in the stockholders' equity is as follows:

	<u>2025</u>	<u>2024</u>
Result from valuation of financial assets in capital instruments	\$(22,505)	\$(11,080)
Result from valuation of employee benefits	(2,081)	1,634
Result from valuation of hedges	<u>23,620</u>	<u>(2,344)</u>
	<u>\$(966)</u>	<u>\$(11,790)</u>

Deferred tax not recognized on investments in subsidiaries and associates

Grupo Peñoles has not recognized all the deferred tax liability with respect to the distributable reserves of its subsidiaries because it controls them and it is expected that only a portion of the temporary differences will be reversed in the foreseeable future. The temporary differences for which a deferred tax liability has not been recognized amount to \$1,295,458 and \$942,545 as of December 31, 2025 and 2024, respectively.

Taxes payable

As of December 31, 2025 and 2024, the Company has income tax payable of \$361,581 and \$84,837, and mining duties payable of \$214,166 and \$75,187, respectively, which are included within the taxes payable line item in the consolidated statement of financial position.

22. Equity and other comprehensive income (loss) items

Share capital

The share capital as of December 31, 2025, and 2024 is represented by ordinary, registered shares without an expression of nominal value and is made up of class one shares representing the minimum fixed capital and class two shares, representing the variable part, as follows:

	<u>Shares</u>		<u>Amount</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Authorized and subscribed share capital	413,264,747	413,264,747	\$ 403,736	\$ 403,736
Repurchased shares	<u>15,789,000</u>	<u>15,789,000</u>	<u>2,337</u>	<u>2,337</u>
Nominal share capital in circulation	<u>397,475,747</u>	<u>397,475,747</u>	<u>\$ 401,399</u>	<u>\$ 401,399</u>

As of December 31, 2025, and 2024, the nominal share capital is made up of a minimum fixed capital without the right to withdrawal of \$401,399 (equivalent to Ps. 2,191,210) and a variable capital that may not exceed ten times the amount of the fixed capital.

Undistributed Profits

Starting in 2014, dividends paid to individuals and corporate residents abroad on profits generated from that year will be subject to an additional ISR withholding of 10%.

At the Ordinary General Shareholders Meeting held on April 28 2025, the Assembly authorized an amount that could be used to purchase own shares up to Ps.3,000,000 in accordance with the Securities Market Law. This amount is reserved under the item "Undistributed Profits".

Legal Reserve

The net profit for the year is subject to the legal requirement that 5% of it must be allocated to increase the legal reserve until the amount of the reserve is equal to 20% of the share capital in pesos. To date, this percentage has been fully covered. This reserve cannot be distributed, except as dividends in shares.

Other comprehensive income (loss) items

Valuation effect of hedges

This balance includes the effective portion of gains or losses from the valuation of financial instruments designated as cash flow hedges, net of deferred income tax. When the hedged transaction occurs, the gain or loss is transferred from equity to the consolidated statement of profit or loss.

Valuation effect of financial assets in capital instruments (VRORI)

This corresponds to changes in the fair value of equity instruments, net of deferred income tax. The corresponding gains and losses on these financial assets will never be reclassified to the consolidated statement of profit or loss. Dividends are recognized as other income in the consolidated statement of profit or loss when the right to payment has been established, unless the dividend clearly represents a recovery of part of the investment cost. Under this classification, equity instruments are not subject to impairment assessment.

22. Equity and other comprehensive income (loss) items (concludes)

Accumulated conversion effect

The balance includes the conversion effect of the financial statements to the reporting currency (dollar) of certain subsidiaries and associates whose functional currency is the Mexican peso.

Accumulated effect of employee benefits revaluation

It is composed of the actuarial gains and losses resulting from the adjustment to the liabilities for retirement personnel benefits due to changes in the actuarial assumptions used for their determination.

The analysis as of December 31, 2025, and 2024 of the other comprehensive loss items is presented below:

	Revaluation of employee benefits	Effect from hedge valuation	Effect from VRORI valuation	Conversion effect	Total
Opening balance as of January 1, 2025	\$(11,154)	\$ 1,446	\$ 53,171	\$(77,985)	\$(34,522)
Other comprehensive income (loss) items	11,561	(51,631)	39,814	12,994	12,738
Transfer of the gain from the sale of financial assets in equity instruments	-	-	(67,750)	-	(67,750)
Balance as of December 31, 2025	<u>\$ 407</u>	<u>\$(50,185)</u>	<u>\$ 25,235</u>	<u>\$(64,991)</u>	<u>\$(89,534)</u>
	Revaluation of employee benefits	Effect from hedge valuation	Effect from VRORI valuation	Conversion effect	Total
Opening balance as of January 1, 2024	\$(2,575)	\$(4,061)	\$ 34,066	\$(53,574)	\$(26,144)
Other comprehensive income (loss) items	(8,579)	5,507	19,639	(24,411)	(7,844)
Transfer of the gain from the sale of financial assets in equity instruments	-	-	(534)	-	(534)
Balance as of December 31, 2024	<u>\$(11,154)</u>	<u>\$ 1,446</u>	<u>\$ 53,171</u>	<u>\$(77,985)</u>	<u>\$(34,522)</u>

23. Earnings per share

Earnings per share is calculated by dividing the net profit for the year attributable to the holders of the ordinary shares representing the capital of Grupo Peñoles, by the weighted average of ordinary shares in circulation for the period.

The basic and diluted earnings per share are the same since Grupo Peñoles does not have ordinary shares with potential dilutive effects.

As of December 31, 2025, and 2024, the earnings per share were calculated as follows:

	2025	2024
Net profit (in thousands of U.S. dollars):		
Attributable to the shareholders of Grupo Peñoles	\$ 1,372,649	\$ 73,253
Shares (in thousands of shares):		
Weighted average of ordinary shares in circulation	<u>397,476</u>	<u>397,476</u>
Earnings per share:		
Basic and diluted earnings per share (Expressed in U.S. dollars)	<u>\$ 3.45</u>	<u>\$ 0.18</u>

24. Related parties

The balances receivable and payable to non-consolidated related entities are analyzed as follows:

	2025	2024
Accounts receivable from:		
Sales:		
Grupo Palacio de Hierro, S.A.B. de C.V. (1)	\$ 1,019	\$ 978
Grupo Nacional Provincial, S.A.B. de C.V. (1)	7,767	5,542
Others	<u>21</u>	<u>28</u>
Total (Note 9)	<u>\$ 8,807</u>	<u>\$ 6,548</u>
Accounts payable from:		
Short-term accounts:		
Termoeléctrica Peñoles, S. de R.L. de C.V. (4)	\$ -	\$ 9,182
Eólica de Coahuila S. de R.L. de C.V. (4)	3,297	-
Línea Coahuila-Durango, S.A. de C.V. (2)	1,507	1,780
Others	<u>16</u>	<u>15</u>
	<u>4,820</u>	<u>10,977</u>
Loans:		
Minera los Lagartos, S.A. de C.V. (3) (Note 38)	-	2,055
Total	<u>\$ 4,820</u>	<u>\$ 13,032</u>

24. Related parties (continued)

As of December 31, the reconciliation of loans and interest with Minera los Lagartos, S.A. de C.V. is shown below:

	<u>2025</u>	<u>2024</u>
Opening balance as of January 1	\$ 2,055	\$ 95,360
Loan amortization	(2,053)	(92,361)
Interest accrued in the year	44	4,197
VAT on interest payable	(48)	(5,015)
Interest payment	<u>2</u>	<u>(126)</u>
Closing balance as of December 31	<u>\$ -</u>	<u>\$ 2,055</u>

In the periods ended December 31, 2025, and 2024, various business transactions were conducted with related entities, as indicated below:

- (a) Grupo Peñoles, through its subsidiary Minera Tizapa, made sales of lead, zinc, and gravimetric concentrate and copper, setting sale prices according to international market references and the payable metal content.
- (b) Grupo Peñoles, through a subsidiary, has several energy supply contracts with its related parties under the self-supply scheme. For more detail, see note 36.
- (c) Grupo Peñoles has contracts for the supply of electricity with its related parties under the self-supply scheme and the wholesale electricity market. For more detail, see note 36.
- (d) Transaction corresponding to insurance paid to Grupo Nacional Provincial, S.A.B. de C.V.
- (e) Business consulting and corporate administration services.

<i>Income (a):</i>	<u>2025</u>	<u>2024</u>
Sales of concentrates and refined metal:		
Dowa Mining Co. Ltd. (3)	\$ -	\$ 55,119
Sumitomo Corporation (3)	<u>183,264</u>	<u>373,676</u>
	<u>183,264</u>	428,795
Electrical energy (b):		
Grupo Palacio de Hierro, S.A.B. de C.V. (1)	10,790	10,117
Grupo Nacional Provincial, S.A.B. de C.V. (1)	746	867
Instituto Tecnológico Autónomo de México (1)	<u>229</u>	<u>257</u>
	<u>11,765</u>	11,241
Others:		
Línea Coahuila Durango, S.A. de C.V. (2)	337	334
Petrobal, S.A.P.I. de C.V. (1)	52	424
Petrobal Upstream Delta 1, S.A. de C.V. (1)	<u>-</u>	<u>331</u>
	<u>389</u>	1,089
	<u>\$ 195,418</u>	<u>\$ 441,125</u>

<i>Expenses:</i>	<u>2025</u>	<u>2024</u>
Electrical energy (c):		
Termoeléctrica Peñoles, S. de R.L. de C.V. (4)	\$ 131,058	\$ 100,187
Eólica de Coahuila, S.A de C.V. (4)	55,536	60,634
Eólica Mesa la Paz, S. de R.L. de C.V. (4)	<u>32,567</u>	<u>32,276</u>
	<u>219,161</u>	193,097

24. Related parties (concludes)

Administrative fees (e):		
Servicios Corporativos Bal, S.A. de C.V. (1)	<u>64,961</u>	51,093
Insurance and finance (d):		
Grupo Nacional Provincial, S.A.B. de C.V. (1)	44,624	38,193
Others	<u>440</u>	<u>364</u>
	<u>45,064</u>	38,557
Air transport:		
Aerovics, S.A. de C.V. (2)	<u>8,928</u>	9,989
Royalties:		
Dowa Mining Co. Ltd. (3)	3,739	6,310
Dowa Holdings Co. Ltd (3)	2,159	1,638
Sumitomo Corporation (3)	<u>2,049</u>	<u>2,178</u>
	<u>7,947</u>	10,126
Rents:		
MGI Fusión, S.A. de C.V. (2)	<u>4,328</u>	4,460
Others	<u>6,564</u>	13,252
	<u>\$ 356,953</u>	<u>\$ 320,574</u>

- (1) Affiliated entities under the control exercised by Grupo Bal, a private and diversified organization, composed of independent Mexican companies, among which are Grupo Palacio de Hierro, S.A.B. de C.V., Grupo Nacional Provincial, S.A.B. de C.V., Valores Mexicanos Casa de Bolsa, S.A. de C.V. and Petrobal, S.A.P.I. de C.V.
- (2) Associates
- (3) Non-controlling shareholders
- (4) Other related parties

The benefits given by Grupo Peñoles to its key personnel, which includes its Executive Committee and members of its Board of Directors who receive remuneration, are as follows:

	<u>2025</u>	<u>2024</u>
<i>Short-term benefits:</i>		
Remuneration and other short-term benefits	<u>\$ 14,711</u>	<u>\$ 13,586</u>
<i>Long-term benefits:</i>		
Retirement benefits	<u>\$ 7,083</u>	<u>\$ 7,045</u>

25. Sales

Sales by product type are as follows:

	<u>2025</u>	<u>2024</u>
Silver	\$ 2,778,179	\$ 2,184,260
Gold	2,944,187	2,023,697
Zinc	642,874	786,136
Lead	278,973	316,228
Ore concentrates	1,191,975	779,224
Copper matte	328,398	93,025
Sodium sulfate	163,241	152,468
Other products	319,446	315,041
	<u>\$ 8,647,273</u>	<u>\$ 6,650,079</u>

Sales by geographical area are as follows:

	<u>2025</u>	<u>2024</u>
Domestic sales	\$ 1,976,587	\$ 1,420,689
Asia	457,173	705,820
United States of America	4,356,735	2,517,089
Europe	907,095	1,222,310
Canada	910,700	730,155
South America	31,820	49,225
Other	7,163	4,791
	<u>\$ 8,647,273</u>	<u>\$ 6,650,079</u>

26. Cost of sales

The cost of sales is composed as follows:

	<u>2025</u>	<u>2024</u>
Personnel expenses (Note 30)	\$ 469,741	\$ 469,755
Energy	399,968	464,110
Operating materials	419,570	436,153
Maintenance and repairs	499,440	490,878
Depreciation and amortization (Note 13)	675,339	770,938
Amortization of right-of-use assets (Note 15)	5,155	5,296
Transfer of by-products	(113,565)	(112,378)
Contractors	463,416	473,237
Leases of low-value assets (Note 15)	30,069	72,477
Other	247,019	244,775
Inventory adjustments	(44,805)	56,637
Cost of sale of extraction and treatment	3,051,347	3,371,878
Cost of metals sold	<u>2,285,127</u>	<u>1,521,737</u>
Total cost of sales	<u>\$ 5,336,474</u>	<u>\$ 4,893,615</u>

27. Administrative expenses

An analysis of administrative expenses is as follows:

	<u>2025</u>	<u>2024</u>
Personnel expenses (Note 30)	\$ 127,611	\$ 130,413
Fees	115,008	101,425
Travel expenses	14,875	14,775
Information technology expenses	26,084	17,958
Amortization of right-of-use assets (Note 15)	3,271	9,760
Leases of low-value assets (Note 15)	15,132	14,792
Fees, associations and other	<u>27,385</u>	<u>25,935</u>
Total administrative expenses	<u>\$ 329,366</u>	<u>\$ 315,058</u>

28. Exploration expenses

An analysis of exploration expenses is as follows:

	<u>2025</u>	<u>2024</u>
Personnel expenses (Note 30)	\$ 21,706	\$ 21,892
Contractors	128,319	120,361
Taxes and duties	37,564	39,545
Operating materials	1,359	1,028
Amortization of right-of-use assets (Note 15)	550	649
Leases of low-value assets (Note 15)	1,715	2,611
Fees, assays and other	<u>39,719</u>	<u>26,148</u>
Total exploration expenses	<u>\$ 230,932</u>	<u>\$ 212,234</u>

An analysis of liabilities associated with the exploration and evaluation of mineral resources as of December 31, 2025 and 2024 is as follows:

	<u>2025</u>	<u>2024</u>
Total exploration liabilities	<u>\$ 4,205</u>	<u>\$ 2,635</u>

An analysis of cash flows used in operating activities related to the exploration and evaluation of mineral resources is as follows:

	<u>2025</u>	<u>2024</u>
Cash flows used in operating activities	<u>\$(67,778)</u>	<u>\$(64,580)</u>

29. Selling expenses

An analysis of selling expenses is as follows:

	<u>2025</u>	<u>2024</u>
Freight and transfers	\$ 108,681	\$ 114,046
Royalties	9,856	8,639
Handling	3,521	4,666
Extraordinary mining tax	42,800	21,083
Amortization of right-of-use assets (Note 15)	1,484	1,123
Other expenses	<u>19,465</u>	<u>25,231</u>
Total selling expenses	<u>\$ 185,807</u>	<u>\$ 174,788</u>

30. Personnel expenses

An analysis of personnel expenses is as follows:

	<u>2025</u>	<u>2024</u>
Salaries and other employee benefits	\$ 374,352	\$ 370,499
Employee benefits at retirement	19,211	17,464
Social security contributions	118,241	117,643
Social welfare and other benefits	<u>107,254</u>	<u>116,454</u>
Total personnel expenses	<u>\$ 619,058</u>	<u>\$ 622,060</u>

An analysis of personnel expenses based on their function is as follows:

	<u>2025</u>	<u>2024</u>
Cost of sales	\$ 469,741	\$ 469,755
Administrative expenses	127,611	130,413
Exploration expenses	<u>21,706</u>	<u>21,892</u>
Total personnel expenses	<u>\$ 619,058</u>	<u>\$ 622,060</u>

In 2025 and 2024, Grupo Peñoles average number of employees (unaudited information) is as follows:

	<u>2025</u>	<u>2024</u>
Number of non-union workers	4,852	5,065
Number of unionized workers	<u>10,669</u>	<u>10,548</u>
Total	<u>15,521</u>	<u>15,613</u>

31. Other (Income) Expenses

An analysis of other income is as follows:

	<u>2025</u>	<u>2024</u>
Income from royalties	\$(170)	\$(117)
Lease income	(1,045)	-
Income on sale of other products and services	-	(12,477)
Income on sale of fixed asset (Note 34)	-	(1,447)
Gain on sale of mining concessions	(13,050)	(24,149)
Cancellation of reserves (1)(Note 34)	<u>-</u>	<u>(14,445)</u>
Other income	<u>\$(14,265)</u>	<u>\$(52,635)</u>

31. Other (Income) Expenses (concludes)

An analysis of other expenses is as follows:

	<u>2025</u>	<u>2024</u>
Lease expenses	\$ -	\$ 322
Donations	6,674	7,057
Maintenance expenses and increase on ecological reserve provision in closed mines	20,887	1,950
Losses from accidents	697	1,493
Loss on sale of material and waste	1,573	1,422
Loss on sale of other products and services	6,579	-
Disposals of fixed asset	18,103	-
Loss on sale of fixed asset (Note 34)	3,678	-
Other	<u>431</u>	<u>3,273</u>
Other expenses	<u>\$ 58,622</u>	<u>\$ 15,517</u>

In 2024, this corresponds to the reversal of a provision of \$14,445 related to electricity wheeling charges that had been recognized in connection with a claim filed by the subsidiary Fuerza Eólica del Istmo, as permit holder, against the regulations issued by the Energy Regulatory Commission regarding increases in transmission service tariffs, for which a favorable judgment was obtained in July 2024.

32. Finance income

An analysis of finance income is as follows:

	<u>2025</u>	<u>2024</u>
Interest income on cash equivalents and other investments (Note 34)	\$ 116,972	\$ 69,770
Interest income from trade receivables (Note 34)	688	310
Financial income on tax refund adjustment	8,694	7,562
Interest rate hedge on financial debt	12,148	-
Other	<u>1,031</u>	<u>650</u>
	<u>\$ 139,533</u>	<u>\$ 78,292</u>

33. Finance costs

An analysis of finance costs is as follows:

	<u>2025</u>	<u>2024</u>
Interest arising on financial debt (Note 34)	\$ 164,244	\$ 154,346
Financial discount of liability provisions (Note 20)	44,714	42,812
Net interest on defined benefit obligation (Note 19)	5,630	4,603
Finance cost on lease liabilities (Note 15)	8,354	7,461
Others	<u>7,848</u>	<u>10,548</u>
	<u>\$ 230,790</u>	<u>\$ 219,770</u>

34. Note to the statements of cash flows

A reconciliation of consolidated net profit and cash flows provided by operating activities for the years ended December 31, 2025 and 2024 is as follows:

	2025	2024
Consolidated net profit	\$ 1,899,808	\$ 207,862
Items not affecting cash flows:		
Depreciation, amortization, and depletion (Note 13)	675,339	770,938
Amortization of right-of-use assets (Note 15)	10,460	16,828
Net cost of the period of employment obligations (Note 19)	24,841	22,067
Share of profit (loss) of associates (Note 14)	1,792	(5,528)
Income tax (Note 21)	506,422	727,084
Provisions and allowances	30,485	16,876
Financial costs of lease liabilities (Note 33)	8,354	7,461
Cancellations of provisions (Note 31)	-	(14,445)
Other labor obligations	20,907	25,162
Foreign exchange loss (gain)	31,136	(8,745)
Loss (gain) on sale and disposal of fixed assets (Note 31)	3,678	(1,447)
Impairment of property, plant, and equipment (Note 13)	5,057	17,000
Disposal of fixed asset (Nota 31)	18,103	-
Interest income (Note 32)	(117,660)	(70,080)
Interest expense (Note 33)	164,244	154,346
Derivative financial instruments	(11,236)	(659)
Other	7,222	(5,655)
Subtotal	3,278,952	1,859,065
Trade and other accounts receivable	(182,461)	83,226
Inventories	(512,422)	(317,018)
Suppliers and other accounts payable	354,581	(149,592)
Income tax paid	(370,851)	(168,818)
Benefits from labor obligations (Note 19)	(1,636)	(3,559)
Reserve for ecological rehabilitation (Note 20)	(3,271)	(3,948)
Income tax refunds obtained	29,282	47,672
Special tax for mining companies paid	(76,426)	(35,254)
Employee profit sharing paid	(24,121)	(11,476)
Net cash flows from operating activities	\$ 2,491,627	\$ 1,300,298

35. Contingencies

As of December 31, 2025 and 2024, Grupo Peñoles had the following contingencies:

Tax Matters

Grupo Peñoles is subject to various laws and regulations that, if not complied with, could result in penalties. Tax periods remain open for review by the Mexican tax authorities (SAT, by its Spanish acronym) in respect of income taxes for five years following the date of the filing of income tax returns by the Group's companies, during which time the authorities have the right to raise additional tax assessments to determine alleged tax omissions, including, penalties, interests and other formal obligations. Under certain circumstances, the reviews may cover longer periods. Additionally, this review encompasses transactions, conducted between related parties, including those that have not been previously examined or challenged by the authorities, among other review matters.

35. Contingencies (concludes)

Grupo Peñoles has initiated various audits related to compliance with its tax obligations concerning income tax, value-added tax (VAT), special mining rights, and employee profit sharing by the Tax Administration Service (SAT), and has submitted the information and documentation requested.

Regarding the appeal for reversal on the merits filed by Industrias Peñoles S.A.B. de C.V. (IPSAB) and its subsidiary Comercializadora de Metales Fresnillo, S.A. de C.V. (CMF), concerning the tax assessments issued by the SAT after concluding that the transaction known as “Silverstream” for fiscal year 2016 does not constitute a derivative financial transaction and therefore its tax effects should not be considered deductible, in August 2025 the tax assessment issued to IPSAB was revoked. IPSAB subsequently filed an amended tax return, partially recognizing the “Silverstream” payments for the year as non-deductible. The amended annual return did not have a material impact on the financial statements.

Consistent with the filing of the supplemental annual return for the 2016 fiscal year, IPSAB also filed supplemental returns for the 2017 and 2019 fiscal years, partially recognizing the ‘Silverstream’ payments for those years as non-deductible, thereby concluding the audit for those periods. With respect to fiscal year 2018, regarding the audit of the same transaction, a conclusive agreement process was completed before the Taxpayer Defense Attorney’s Office (PRODECON) together with the SAT, through which a supplemental tax return was filed on the same basis as the 2017 and 2019 fiscal years. In the case of CMF, the tax authorities confirmed that the tax treatment applied to the ‘Silverstream’ transaction was correct, considering it as a derivative financial transaction for tax purposes. As a result of the annual tax returns filed by IPSAB, there was no material impact on the financial statements.

In relation to the letter of observations that Metalúrgica Met Mex Peñoles was notified questioning certain deductions applied in determining the Income Tax for the fiscal year 2017. Following a partial agreement reached with the SAT in a conclusive agreement procedure before PRODECON, a tax assessment notice was issued, against which a revocation appeal was filed. This appeal is currently pending resolution.

SAT issued observations notice to Metalúrgica Met Mex Peñoles, in which certain deductions applied in determining the income tax and value-added tax for the 2018 fiscal year were challenged. The company subsequently filed a request for a conclusive agreement before PRODECON.

There are other audits of certain subsidiaries by the authorities, where certain deductions are questioned, as well as the profitability of some transactions between related parties, for which requests for the adoption of a conclusive agreement procedure were submitted to PRODECON, and with respect to certain matters, the conclusive agreements were finalized through partial agreements.

In Management’s opinion, there are solid arguments to refute the observations issued by the tax authority.

Other contingencies

In 2011, following a flooding in the Saucito mine, Group filed an insurance claim in respect of the damage caused (and in respect of business interruption). This insurance claim was rejected by the insurance provider. In early 2018, after the matter had been taken to mutually agreed arbitration, the insurance claim was declared valid; however, there is disagreement about the appropriate amount to be paid. In October 2018 the Group received \$13.6 million dollars in respect of the insurance claim, however this does not constitute a final settlement, and management continues to pursue a higher insurance payment. Due to the fact that negotiations are on-going and there is uncertainty regarding the timing and amount involved in reaching a final settlement with the insurer, it is currently not practicable to determine the total amount expected to be recovered.

36. Commitments

Commitments for the purchase of mineral products

As of December 31, 2025 and 2024, contracts have been signed with third parties for the purchase of various mineral products, with the aim of optimizing productive operation and operating metallurgical plants at full capacity, for an approximate amount of \$1,537,750 and \$1,561,551, respectively. These contracts can be cancelled with prior notice, without causing any penalty for both parties.

Electric power supply

As part of its strategy to ensure the electricity supply for its operations at competitive costs, Grupo Peñoles has the following commitments related to the purchase of electricity.

a) Thermoelectric Peñoles

Contract signed to acquire, through its subsidiaries, electricity production from a plant with a production capacity of 230 megawatts, valid until 2027.

In addition to the supply contract, an agreement was signed to create a trust for business activities for the operation and maintenance of a power generation plant under the self-supply permit granted to Termoeléctrica Peñoles, S. de R. L. de C.V. (TEP). This Trust was terminated early in 2023, and its rights and obligations were incorporated directly into the bylaws of TEP and a shareholders' agreement. To guarantee the commitments for the purchase of electricity, a put option was granted to the owners/operators of the project so that, in the event of default by its subsidiaries, they can require Grupo Peñoles to purchase the shares that make up the capital stock of TEP at a price equivalent to the present value of the remaining scheduled payments that its subsidiaries are obligated to pay under the contract. In April 2024, the Legacy Interconnection Contract signed with CFE expired which was replaced by an Open Access and Non-Discriminatory Interconnection Contract, so TEP ceased to operate under the rules of the Electric Public Service Law and started operating under the regulatory framework of the Electric Industry Law from May 2024. Under this scheme, Peñoles subsidiaries will acquire the net production of energy and 230 MW-year of power through the Qualified Services Supplier. The estimated cost for electricity consumption for the fiscal year 2026 for 2,014.8 million kWh and 230 MW-year of power is \$146,672 dollars.

b) Eólica de Coahuila

Electricity supply contract signed on April 25, 2014, under a self-supply regime with Eólica de Coahuila, S.A. de C.V. (EDC), for a term of 25 years, under which Peñoles subsidiaries adhering to this contract will acquire the entire net production of energy generated by EDC during the contracted period, estimated at an average of 700 million kWh per year, payable monthly at a fixed price determinable for each kWh delivered by EDC to the Federal Electricity Commission at the interconnection point stipulated in the contract. Commercial operations began in April 2017. Simultaneously with this contract, a purchase and sale option agreement ("Put option") was signed for the transfer of EDC's shares under certain circumstances of default. The approximate cost for electricity consumption for the fiscal year 2026, estimated at 721.9 million kWh, is \$58,900 dollars.

c) Eólica Mesa La Paz

On January 25, 2018, Grupo Peñoles signed an electricity coverage contract under the Electric Industry Law with Eólica Mesa La Paz, S. de R.L. de C.V. (MLP), for a term of 25 years, under which Peñoles subsidiaries, through the Qualified Services Supplier, will acquire 67.8% of the net energy production from MLP during the first 7 years, estimated at an average of 782.3 million kWh per year. From year 8 until the end of the contract, they will acquire 100% of the net energy production from MLP, estimated at an average of 1,170.0 million kWh per year, payable monthly at a fixed price determinable for each kWh delivered by MLP to the National Electric System at the interconnection point established in the contract. Commercial operations began on April 1, 2020. As part of the contract, a purchase and sale option agreement ("Put option") was stipulated for the transfer of MLP's shares under certain circumstances of default. The approximate cost for electricity consumption for the fiscal year 2026, estimated at 767.2 million kWh, is \$35,798 dollars.

36. Commitments (concludes)

d) Acquisition of Probe Gold Inc.

On October 31, 2025, Fresnillo plc entered into a definitive arrangement to acquire 100% of the issued and outstanding shares (the “Transaction”) of Probe Gold Inc. (Probe) for an all-cash consideration of approximately \$560,000. Probe is a Canadian exploration company focused on the acquisition, exploration, and development of highly prospective gold properties. It is the 100% owner of the multimillion-ounce Novador Gold Project, as well as the early-stage Detour Gold Project, both located in Quebec, Canada. Subject to the fulfillment of all closing conditions established in the acquisition agreement, the transaction is expected to be completed in the first quarter of 2026 (see Note 40).

37. Financial instruments

Analysis by category

As of December 31, 2025, the analysis by category of financial instruments is:

	At amortized cost and nominal value(*)	Fair value		
		Changes in results	Changes in OCI	Derivative instruments with hedge
Financial assets:				
Cash and cash equivalents (*)	\$ 3,483,811	\$ -	\$ -	\$ -
Short-term investments	225,872	-	-	-
Trade and other accounts receivable	374,197	2,619	-	-
Other financial assets (Note 10)	4,652	-	-	33,560
Financial assets in equity instruments (Note 12)	-	-	37,750	-
	<u>\$ 4,088,532</u>	<u>\$ 2,619</u>	<u>\$ 37,750</u>	<u>\$ 33,560</u>
	Amortized cost	Fair value		
		Changes in results		Derivative instruments with hedge
Financial liabilities:				
Financial debt (Note 18)	\$ 3,057,505	\$ -		\$ -
Suppliers and other accounts payable	653,881	12,407		-
Other financial liabilities (Note 17)	-	-		113,009
	<u>\$ 3,711,386</u>	<u>\$ 12,407</u>		<u>\$ 113,009</u>

37. Financial instruments (continued)

As of December 31, 2024, the analysis by category of financial instruments is:

	At amortized cost and nominal value(*)	Fair value		
		Changes in results	Changes in OCI	Derivative instruments with hedge
Financial assets:				
Cash and cash equivalents (*)	\$ 1,679,354	\$ -	\$ -	\$ -
Short-term investments	187,403	-	-	-
Trade and other accounts receivable	236,290	1,042	-	-
Other financial assets (Note 10)	3,557	-	-	25,307
Financial assets in equity instruments (Note 12)	-	-	147,926	-
	<u>\$ 2,106,604</u>	<u>\$ 1,042</u>	<u>\$ 147,926</u>	<u>\$ 25,307</u>
		Fair value		
		Amortized cost	Changes in results	Derivative instruments with hedge
Financial liabilities:				
Financial debt (Note 18)		\$ 3,005,177	\$ -	\$ -
Suppliers and other accounts payable		377,026	455	-
Other financial liabilities (Note 17)		-	-	11,398
		<u>\$ 3,382,203</u>	<u>\$ 455</u>	<u>\$ 11,398</u>

Fair value of financial instruments and hierarchy of fair values

As of December 31, 2025, and 2024, the analysis with the fair value of financial instruments is:

	December 31, 2025		December 31, 2024	
	Book value	Fair value	Book value	Fair value
Financial assets:				
Cash and cash equivalents	\$ 3,483,811	\$ 3,483,811	\$ 1,679,354	\$ 1,679,354
Short-term investments	225,872	225,872	187,403	187,403
Trade and other accounts receivable	376,816	376,816	237,332	237,332
Other financial assets	38,212	38,212	28,864	28,864
Financial assets in equity instruments	37,750	37,750	147,926	147,926
	<u>\$ 4,162,461</u>	<u>\$ 4,162,461</u>	<u>\$ 2,280,879</u>	<u>\$ 2,280,879</u>
	December 31, 2025		December 31, 2024	
	Book value	Fair value	Book value	Fair value
Financial liabilities:				
Financial debt	\$ 3,057,505	\$ 2,266,693	\$ 3,005,177	\$ 2,057,271
Suppliers and other accounts payable	666,288	666,288	377,481	377,481
Other financial liabilities	113,009	113,009	11,398	11,398
	<u>\$ 3,836,802</u>	<u>\$ 3,045,990</u>	<u>\$ 3,394,056</u>	<u>\$ 2,446,150</u>

37. Financial instruments (continued)

The following analysis shows the fair value measured according to three methodologies as described:

Level 1: Market quotes in active markets and considering the same valued assets or liabilities.

Level 2: Market quotation data, not included in level 1, are observable for valued assets and liabilities, either directly (prices) or indirectly (derived from prices).

Level 3: Techniques that include data on valued assets and liabilities and that are not based on observable market data.

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Trade and other accounts receivable:				
Embedded Derivatives	\$ -	\$ 2,619	\$ -	\$ 2,619
Other financial assets:				
Forwards and options	-	33,449	-	33,449
Futures	111	-	-	111
Financial assets in equity instruments	37,750	-	-	37,750
	<u>\$ 37,861</u>	<u>\$ 36,068</u>	<u>\$ -</u>	<u>\$ 73,929</u>
	December 31, 2025			
	Level 1	Level 2	Level 3	Total
Suppliers and other accounts payable:				
Embedded Derivatives	\$ -	\$ 12,407	\$ -	\$ 12,407
Other financial liabilities:				
Forwards and options	-	112,992	-	112,992
Futures	17	-	-	17
	<u>\$ 17</u>	<u>\$ 125,399</u>	<u>\$ -</u>	<u>\$ 125,416</u>

	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Trade and other accounts receivable:				
Embedded Derivatives	\$ -	\$ 1,042	\$ -	\$ 1,042
Other financial assets:				
Forwards and options	-	25,252	-	25,252
Futures	55	-	-	55
Financial assets in equity instruments	147,926	-	-	147,926
	<u>\$ 147,981</u>	<u>\$ 26,294</u>	<u>\$ -</u>	<u>\$ 174,275</u>
	December 31, 2024			
	Level 1	Level 2	Level 3	Total
Suppliers and other accounts payable:				
Embedded Derivatives	\$ -	\$ 455	\$ -	\$ 455
Other financial liabilities:				
Forwards and options	-	11,335	-	11,335
Futures	63	-	-	63
	<u>\$ 63</u>	<u>\$ 11,790</u>	<u>\$ -</u>	<u>\$ 11,853</u>

37. Financial instruments (continued)

Hedging financial derivatives

Grupo Peñoles contracts with various institutions derivative financial instruments to reduce its level of exposure to the risk of adverse movements in the prices of the variables to which it is exposed. This risk consists of fluctuations in the prices of metals that are produced or processed, energy inputs that are consumed, and exchange rates at which its financial and commercial transactions are agreed upon.

To minimize counterparty risk, contracts are made only with intermediaries of recognized reputation and financial capacity, so it does not foresee that any of the counterparties will fail to meet their obligations and therefore Grupo Peñoles must create reserves associated with this risk.

Cash flow hedges

As of December 31, 2025, the fair value of derivative financial instruments that qualify as cash flow hedges recognized directly in capital as unrealized gain is as follows:

Commodity	Derivative	Notional (2)	Strike Price (1)	Fair value
Metal price (a):				
Silver (ounces)	Forwards	1,281,113	\$67	\$ 5,060
Gold (ounces)	Forwards	74,463	\$4,328	6,107
Copper (Tons)	Swaps	4,240	\$9,865	11,872
Lead (Tons)	Swaps	167	\$1,919	4
Foreign currency (b):				
Dolar	Forwards	36,173,687	\$1.4	188
Euro	Forwards	7,884,202	\$2.3	134
Total (Note 10)				<u>\$ 23,365</u>

As of December 31, 2025, the fair value of derivative financial instruments that qualify as cash flow hedges recognized directly in equity as an unrealized loss is as follows:

Commodity	Derivative	Notional (2)	Strike Price (1)	Fair Value
Metal price (a):				
Silver (ounces)	Forwards	7,815,820	\$63	\$ 92,142
Gold (ounces)	Forwards	22,094	\$4,290	1,971
Copper (Tons)	Swaps	1,653	\$11,142	1,887
Lead (Tons)	Swaps	10,230	\$1,951	233
Zinc (Tons)	Swaps	50,318	\$3,334	2,179
Foreign currency (b):				
Canadian dollar	Forwards	593,000,000	\$1.4	740
Total (Note 17)				<u>\$ 99,152</u>

37. Financial instruments (continued)

As of December 31, 2024, the fair value of derivative financial instruments that qualify as cash flow hedges recognized directly in capital as unrealized gain is as follows:

Commodity	Derivative	Notional (2)	Strike Price (1)	Fair value
Metal price (a):				
Silver (ounces)	Forwards	2,014,647	\$30	\$ 1,798
Gold (ounces)	Forwards	11,591	\$2,630	77
Copper (Tons)	Swaps	2,715	\$9,315	104
Lead (Tons)	Swaps	5,386	\$2,036	457
Zinc (Tons)	Swaps	44,191	\$3,082	2,196
Financial interest rate (c):				
Interest rate	IRS	19,432,945	\$0.02	615
Total (Note 10)				<u>\$ 5,247</u>

As of December 31, 2024, the fair value of derivative financial instruments that qualify as cash flow hedges recognized directly in equity as an unrealized loss is as follows:

Commodity	Derivative	Notional (2)	Strike Price (1)	Fair Value
Metal price (a):				
Silver (ounces)	Forwards	170,796	\$30	\$ 96
Gold (ounces)	Forwards	176,098	\$2,630	1,629
Copper (Tons)	Swaps	2,715	\$9,315	1,044
Lead (Tons)	Swaps	5,386	\$2,036	14
Zinc (Tons)	Swaps	44,191	\$3,082	113
Foreign exchange (b):				
Euro	Forwards	17,965,688	\$2.1	374
Total (Note 17)				<u>\$ 3,270</u>

Note:

- (1) The prices shown in the table correspond to the weighted average in U.S. dollars sale or purchase prices in the case of forwards transactions, and the average weighted exercise prices in the case of put and call options.
- (2) The contracts commit a portion of their 2025 to 2026 production.

a) Metal Price Hedging Program

Grupo Peñoles uses international market quotes as a reference for its business transactions, primarily those issued by the London Metal Exchange (for base metals) and the London Bullion Market Association (for precious metals).

As a result, Grupo Peñoles income is subject to fluctuations in the prices of the referred markets, so hedge programs are established based on the budgeted production, using derivative financial instruments "forwards" and "put" and "call" options.

37. Financial instruments (continued)

b) Foreign Exchange Hedging Program

As of December 31, 2025 and 2024, the following derivative financial transactions have been established that cover part of the obligations, denominated in euros (EUR), US. Dollar (USD), Canadian Dollar (CAD), related to the acquisition of fixed assets.

c) Interest Rate Hedging Program

This program is established with the aim of stabilizing the financial cost of loans contracted in U.S. dollars and/or Mexican pesos through 'swaps'. Grupo Peñoles contracts hedging instruments to fix the cost of its loans when the corresponding interest rate includes variable components.

As of December 31, 2025 and 2024, the debt contracted under the Export Credit Agency (ECA) scheme has a floating interest rate component referred to LIBOR and the strategy was to hedge up to 100% of the outstanding debt. See Note 18.

The fair value of cash flow hedging financial instruments, net of deferred income tax recognized in equity, is as follows:

	2025	2024
Fair value of financial instruments	\$(75,787)	\$ 2,035
Ineffectiveness and effect of the time value of options excluded from hedges	(913)	(2)
Deferred Income Tax	23,010	(610)
Net fair value of deferred income tax directly recognized in equity	<u>\$(53,690)</u>	<u>\$ 1,423</u>

The movement of hedging valuation gains (losses) for the years ended December 31, 2025 and 2024 is shown below:

	2025	2024
Opening balance as of January 1st	\$ 1,423	\$(4,045)
Income reclassified to the period's results	63,418	63,148
Deferred income tax	(19,025)	(18,944)
Changes in fair value in hedging instruments	(142,151)	(55,336)
Deferred income tax	42,645	16,600
Unrealized (loss) gain, net of deferred income tax as of December 31st	<u>\$(53,690)</u>	<u>\$ 1,423</u>

37. Financial instruments (continued)

As of December 31, 2025 the contracts with derivative financial instruments include transactions that are expected to be executed in 2026. The analysis with the estimation of the expectation of reclassification of equity (in years) to the outcomes of these periods is:

	2025		
	1	2 or more	Total
Unrealized gains	<u>\$(53,340)</u>	<u>\$(350)</u>	<u>\$(53,690)</u>
	2024		
	1	2 or more	Total
Unrealized gains	<u>\$ 1,358</u>	<u>\$ 65</u>	<u>\$ 1,423</u>

The net effects resulting from the settlement of derivative contracts are as follows:

	2025	2024
Sales	\$(325)	\$(11)
Cost of sales	(49,016)	(62,200)
Interest expense	(12,148)	(200)
Total	<u>\$(61,489)</u>	<u>\$(62,411)</u>

Fair Value Hedges

As of December 31, 2025, the fair value of derivative financial instruments that qualify as fair value hedges as an unrealized gain is as follows:

Commodity	Derivative	Notional	Strike Price (1)	Fair Value
Metal price:				
Gold (ounces)	Futures	17,808	\$ 4,336	\$ 377
Gold (ounces)	Futures	7,344	\$ 4,331	12
Lead (Tons)	Futures	4,225	\$ 2,280	360
Lead (Tons)	Futures	753	\$ 2,003	19
Zinc (Tons)	Futures	2,317	\$ 3,483	2,535
Copper (Tons)		41	\$ 11,902	21
Total (Note 10)				<u>\$ 3,324</u>

As of December 31, 2025, the fair value of derivative financial instruments that qualify as fair value hedges unrealized loss is as follows:

Commodity	Derivative	Notional	Strike Price (1)	Fair value
Metal price:				
Silver (ounces)	Futures	1,970,140	\$ 64	\$ 1,759
Copper (Tons)	Futures	57	\$ 12,469	3
Zinc (Tons)	Futures	4,956	\$ 2,967	<u>\$ 5,191</u>
Total (Note 17)				<u>\$ 6,953</u>

37. Financial instruments (concludes)

As of December 31, 2024, the fair value of derivative financial instruments that qualify as fair value hedges as an unrealized gain is as follows:

Commodity	Derivative	Notional	Strike Price (1)	Fair Value
Metal price:				
Silver (ounces)	Futures	600,000	\$ 31	\$ 1,344
Gold (ounces)	Futures	11	\$ 2,632	34
Lead (Tons)	Futures	224	\$ 2,319	157
Lead (Tons)	Futures	9,550	\$ 2,006	188
Zinc (Tons)	Futures	25,924	\$ 3,414	<u>12,989</u>
Total (Note 10)				<u>\$ 14,712</u>

As of December 31, 2024, the fair value of derivative financial instruments that qualify as fair value hedges unrealized loss is as follows:

Commodity	Derivative	Notional	Strike Price (1)	Fair value
Metal price:				
Zinc (Tons)	Futures	133,600	\$ 3,014	<u>\$ 947</u>
Total (Note 17)				<u>\$ 947</u>

Note:
(1) The prices in the above table reflect the average weighted purchase or sale price of futures and the average weighted (Strike Price) of the purchase and sale options.

Metal Price Hedging Program

Grupo Peñoles uses international market quotes as a reference for its business transactions, primarily those issued by the London Metal Exchange (for base metals) and the London Bullion Market Association (for precious metals).

As a result, Grupo Peñoles income is subject to fluctuations in the prices of the referred markets, so hedge programs are established based on the budgeted sales, using derivative financial instruments "forwards" and "put" and "call" options.

The following analysis shows earnings in the results of the hedging instrument and of the hedged item attributable to the hedged risk:

	2025		2024	
	Effect of the derivative	Hedged item	Effect of the derivative	Hedged item
(Loss) profit	<u><u>\$ (3,629)</u></u>	<u><u>\$ 13,970</u></u>	<u><u>\$ 13,766</u></u>	<u><u>\$ 12,572</u></u>

38. Financial Risk Management

The main financial instruments of Grupo Peñoles include financial assets and liabilities. The primary financial liabilities, other than derivative financial instruments, consist of accounts payable, financial debt, and obligations. The main objective of these financial instruments is to manage short-term cash flows and raise funds for the capital expenditure program. Grupo Peñoles has various financial assets, such as accounts receivable and short-term cash deposits, which directly arise from its operations.

Grupo Peñoles is exposed to the following risks due to the use of financial instruments:

- a) Market risks, which include foreign currency risks, commodity prices (precious metals and base metals), prices of equity financial instruments, and interest rates.
- b) Credit risks.
- c) Liquidity risks.

Grupo Peñoles manages its exposure to key financial risks in accordance with its financial risk management policy. The purpose of the policy is to support the achievement of financial objectives while safeguarding future financial security. The main risks that could adversely affect financial assets, liabilities, or future cash flows are market risks.

The senior management of Grupo Peñoles oversees financial risk management. This is supported by a financial risk committee that advises on these risks and the appropriate governance framework for their proper identification, measurement, and management. All derivative activities for risk management purposes are carried out by specialized teams that possess the necessary capability, experience, and oversight. According to Grupo Peñoles' corporate policies, transactions with derivative instruments for speculative purposes are not permitted.

The Board of Directors reviews and establishes policies to manage each of these risks, which are summarized below:

a) Market Risk

Market risk is the exposure to changes in the fair value of future cash flows of the financial instrument due to changes in market prices. Market prices encompass three types of risk: risk of fluctuations in metal prices, risk of fluctuations in interest rates, and risks of variations in foreign currency exchange rates. Financial instruments affected by market risk include loans, borrowings, deposits, accounts receivable, accounts payable, accrued liabilities, and derivative financial instruments.

Sensitivity analyses are prepared under the premise that the amount of net debt, the ratio of fixed to floating interest rates on debt, derivative financial instruments, and the proportion of financial instruments in foreign currencies are all constant.

The analyses exclude the impact of movements in market variables on the book value of pension plan obligations and other post-retirement obligations, as well as provisions.

The following assumptions were made to calculate the sensitivity analyses:

- The sensitivity regarding the consolidated statement of financial position relates to derivative financial instruments and accounts receivable primarily denominated in pesos.
- The sensitivity of the relevant pre-tax profit item represents the effect of estimated changes in the respective market risks. This is based on financial assets and liabilities as of December 31, 2025, and 2024.
- The impact on equity is the same as the impact on pre-tax profit.

38. Financial Risk Management (continued)

Risks of fluctuation in commodity prices

Due to the nature of its business and its environment, it is Grupo Peñoles policy to use derivative financial instruments (DFIs) for hedging purposes to reduce the variability of its cash flows and operating margins due to various factors such as:

Price fluctuations:

- In the metals it produces (silver, gold, zinc, lead, and copper).
- In the inputs and raw materials it consumes and/or processes (mineral concentrates, natural gas, etc.).

The table shown below reflects the sensitivity of changes in commodity prices, assuming that all other variables remain constant, and its impact on equity and income before taxes.

	Increase 5%-40%		Increase 10%-15%	
	December 31, 2025		December 31, 2024	
	Profit or loss	Equity	Profit or loss	Equity
Financial Assets:				
Trade and other accounts receivable	\$ 170,106	\$ -	\$ 33,815	\$ -
Financial liabilities:				
Accounts Payable and other Payables	(20,057)	-	(3,961)	-
Derivative financial instruments	<u>33,739</u>	<u>(247,706)</u>	<u>21,750</u>	<u>41,413</u>
	<u>\$ 183,788</u>	<u>\$ (247,706)</u>	<u>\$ 51,604</u>	<u>\$ 41,413</u>

	Increase 5%-40%		Increase 10%-15%	
	December 31, 2025		December 31, 2024	
	Profit or loss	Equity	Profit or loss	Equity
Financial Assets:				
Trade and other accounts receivable	\$(170,106)	\$ -	\$(33,815)	\$ -
Financial liabilities:				
Accounts Payable and other Payables	20,057	-	3,961	-
Derivative financial instruments	<u>(33,739)</u>	<u>247,707</u>	<u>(21,750)</u>	<u>(41,413)</u>
	<u>\$(183,788)</u>	<u>\$ 247,707</u>	<u>\$(51,604)</u>	<u>\$(41,413)</u>

The movements in *commodities* prices were determined based on the volatility of historical prices over the past two years.

	2025		2024	
	Increase	Decrease	Increase	Decrease
Silver	40%	40%	15%	15%
Gold	20%	20%	10%	10%
Zinc	10%	10%	10%	10%
Lead	5%	5%	10%	10%

38. Financial Risk Management (continued)

Risk of fluctuations in the prices of equity instruments

Grupo Peñoles is exposed to the risk of fluctuations in the prices of equity instruments, represented by shares of companies listed primarily in the Canadian Stock Exchange. Equity investments are classified in the consolidated statement of financial position as financial assets in equity instruments.

The following table demonstrates the sensitivity of financial assets in equity instruments to a reasonably possible change in the market price of equity instruments. The impact on equity corresponds to the recognition of the unrealized gain/(loss) on valuation and on the consolidated statement of profit or loss, as a possible recognition of impairment of the financial instrument.

This sensitivity analysis carried out based on the volatility in the historical prices of the last two years is as follows:

	December 31, 2025		December 31, 2024	
	Profit or loss	Equity	Profit or loss	Equity
100% increase (80% in 2024)	<u>\$ -</u>	<u>\$ 36,046</u>	<u>\$ -</u>	<u>\$ 118,319</u>
20% decrease (20% in 2024)	<u>\$ -</u>	<u>\$ (8,228)</u>	<u>\$ -</u>	<u>\$ (28,803)</u>

Risk of fluctuations in interest rate risk

Grupo Peñoles exposure to the risk of changes in market interest rates relates to Grupo Peñoles financial assets and liabilities with floating interest rates.

As of the end of 2025, Grupo Peñoles has a combination of long-term fixed-rate debt and variable-rate debt referenced to LIBOR. which represents 99.6% and 0.4%, respectively (99.2% and 0.8% in 2024). The interest rate on the variable-rate debt is fixed using derivative financial instruments (DFIs) known as “interest rate swaps.”

In line with Grupo Peñoles risk management, which aims to provide certainty to its future cash flows, as of the end of 2025 and 2024, derivative financial instruments (DFIs) have been contracted for hedging purposes to fix the cost of its loans where the corresponding interest rate includes variable components. The derivative contracted, whose floating interest rate component is LIBOR, covers up to 100% of the outstanding debt contracted under the Export Credit Agency (ECA) scheme. In this interest rate swap, a fixed rate is paid and a floating rate is received from the underlying, applied to the current nominal amount of the loan.

The following table shows the sensitivity of the Company’s financial assets and liabilities to a reasonably possible change in the interest rates applied on a complete year basis as of the consolidated statement of financial position date, with all other variables held constant:

	December 31, 2025		December 31, 2024	
	Profit or loss	Equity	Profit or loss	Equity
0 basis point increase (0 in 2024)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
50 basis point decrease (50 in 2024)	<u>\$ 18,548</u>	<u>\$ (36)</u>	<u>\$ 9,430</u>	<u>\$ (118)</u>

Risk of fluctuations in foreign currencies

Grupo Peñoles manages, through the use of IFD (Derivative Financial Instruments), the risk of fluctuations in foreign currencies to which it is exposed and which can affect its future cash flows.

38. Financial Risk Management (continued)

Among the main foreign currencies to which Grupo Peñoles is exposed (other than the US dollar, which is the functional currency) are; the Mexican peso, a currency in which they incur a significant percentage of their operating costs and investments; as well as certain capital acquisitions denominated in foreign currencies such as euros, Swedish krona, and British pounds.

The Board of Directors of Grupo Peñoles has appointed a Hedging Committee responsible for establishing the strategy and the limits to cover the imbalance between its income in U.S. dollars and its costs in pesos, as well as certain acquisitions of fixed assets denominated in euros and Swedish krona, through the execution of IFD (Derivative Financial Instruments).

As of December 31, 2025, the exposure of Grupo Peñoles financial assets, financial liabilities and cash and cash equivalents denominated in foreign currencies, expressed in the presentation currency, is as follows:

	Denominated in pesos	In other currencies	Total
Financial assets:			
Cash and cash equivalents	\$ 47,266	\$ 1,325	\$ 48,591
Trade and other accounts receivable	38,794	604	39,398
Financial liabilities:			
Suppliers and other accounts payable	(82,160)	(10,469)	(92,629)
	<u>\$ 3,900</u>	<u>\$(8,540)</u>	<u>\$(4,640)</u>

As of December 31, 2024, the exposure of Grupo Peñoles financial assets, financial liabilities and cash and cash equivalents denominated in foreign currencies, expressed in the presentation currency, is as follows:

	Denominated in pesos	In other currencies	Total
Financial assets:			
Cash and cash equivalents	\$ 25,275	\$ 162	\$ 25,437
Trade and other accounts receivable	40,765	2,791	43,556
Financial liabilities:			
Suppliers and other accounts payable	(57,558)	(16,483)	(74,041)
	<u>\$ 8,482</u>	<u>\$(13,530)</u>	<u>\$(5,048)</u>

The following table demonstrates the sensitivity of Grupo Peñoles financial assets and liabilities to a reasonably possible change in the Mexican peso / U.S. dollar exchange rate and the effect on Grupo Peñoles profit before taxes, based on the foreign currency risk exposure maintained as of December 31, 2025 and 2024 and Grupo Peñoles derivatives whose underlying are the peso-to-dollar exchange rate (assuming that all other variables are held constant):

	December 31, 2025		December 31, 2024	
	Profit or loss	Equity	Profit or loss	Equity
5% increase in mexican pesos (5% in 2024)	<u>\$ 205</u>	<u>\$ -</u>	<u>\$ 1,480</u>	<u>\$ -</u>
5% decrease in mexican pesos (10% in 2024)	<u>\$(186)</u>	<u>\$ -</u>	<u>\$(634)</u>	<u>\$ -</u>

38. Financial Risk Management (continued)

Grupo Peñoles is exposed to the risk of fluctuations in the exchange rates of the euro and Swedish krona to the U.S. dollar, since a portion of its fixed asset acquisitions are made in these currencies. The following table shows the sensitivity of the financial assets and liabilities to potential fluctuations in the exchange rates of euro and Swedish krona and the U.S. dollar, expressed in the presentation currency:

	December 31, 2025		December 31, 2024	
	Profit or loss	Equity	Profit or loss	Equity
5% increase in euros (5% in 2024)	<u>\$(480)</u>	<u>\$ 461</u>	<u>\$(666)</u>	<u>\$ 912</u>
5% decrease in euros (5% in 2024)	<u>\$ 480</u>	<u>\$(460)</u>	<u>\$ 666</u>	<u>\$(915)</u>

	December 31, 2025		December 31, 2024	
	Profit or loss	Equity	Profit or loss	Equity
5% increase in SEK (5% in 2024)	<u>\$(2)</u>	<u>\$ -</u>	<u>\$(1)</u>	<u>\$ -</u>
5% decrease in SEK (5% in 2024)	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>

	December 31 2025		December 31 2024	
	Profit or loss	Equity	Profit or loss	Equity
5% increase in CAD (5% in 2024)	<u>\$ -</u>	<u>\$ 19,298</u>	<u>\$ -</u>	<u>\$ -</u>
5% increase in CAD (5% in 2024)	<u>\$ -</u>	<u>\$(23,579)</u>	<u>\$ -</u>	<u>\$ -</u>

b) Liquidity risk

Liquidity risk is the risk of not being able to meet its financial liabilities and obligations when they come due.

Grupo Peñoles has established a treasury policy to manage its liquidity risk, which primarily includes maintaining a balance between short-, medium- and long-term funds, borrowing facilities available and access to other financing. Grupo Peñoles conducts on-going debt maturity profile analyses of its financial assets and liabilities and constantly monitors its projected cash flows.

An analysis of the borrowing facilities available as of December 31, 2025 and 2024 is as follows:

	2025			2024		
	Credit limit	Credit used	Credit not used	Credit limit	Credit used	Credit not used
A-1	\$ 955,000	\$ 380,000	\$ 575,000	\$ 785,000	\$ 460,000	\$ 325,000
A-2	474,500	160,000	314,500	449,500	20,000	429,500
P-2	-	-	-	120,000	-	120,000
A-	<u>65,000</u>	<u>-</u>	<u>65,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,494,500</u>	<u>\$ 540,000</u>	<u>\$ 954,500</u>	<u>\$ 1,354,500</u>	<u>\$ 480,000</u>	<u>\$ 874,500</u>

Grupo Peñoles has available lines of credit that are rolled over annually and bear no fees to maintain them.

38. Financial Risk Management (continued)

The table below summarizes the maturity profile of Grupo Peñoles financial liabilities based on contractual undiscounted payments.

As of December 31, 2025:

	Amount	1 year	Maturities		Thereafter
			2 year	3 year	
Non-derivative financial instruments:					
Financial debt	\$ 4,481,829	\$ 134,142	\$ 124,001	\$ 124,001	\$ 4,099,685
Suppliers and other accounts	653,881	653,881	-	-	-
Other financial liabilities:					
Hedging instruments	113,009	113,009	-	-	-
	<u>\$ 5,248,719</u>	<u>\$ 901,032</u>	<u>\$ 124,001</u>	<u>\$ 124,001</u>	<u>\$ 4,099,685</u>

As of December 31, 2024:

	Amount	1 year	Maturities		Thereafter
			2 year	3 year	
Non-derivative financial instruments:					
Financial debt	\$ 4,616,786	\$ 134,882	\$ 134,216	\$ 124,001	\$ 4,223,687
Suppliers and other accounts	377,026	377,026	-	-	-
Non-controlling interest loans (Note 24)	2,055	2,055	-	-	-
Other financial liabilities:					
Hedging instruments	11,398	11,398	-	-	-
	<u>\$ 5,007,265</u>	<u>\$ 525,361</u>	<u>\$ 134,216</u>	<u>\$ 124,001</u>	<u>\$ 4,223,687</u>

c) Credit risk

Exposure to credit risk arises as a result of the dynamics of the business in which Grupo Peñoles operates and applies to all financial assets, which include cash and cash equivalents, accounts receivable from customers and debtors, the values of equity instruments, and the rights acquired over the agreed IFDs.

Grupo Peñoles trades only with counterparties of recognized reputation and solvency. It is Grupo Peñoles policy that all customers who wish to buy on credit will be subject to solvency verification procedures, which include an assessment of credit rating, short-term liquidity, and financial situation.

Where appropriate, sufficient collateral guarantees are obtained from customers to mitigate the risk of financial loss due to non-payment. Furthermore, receivable balances are continuously monitored, which makes the exposure to expected losses not significant.

Regarding the credit risk related to other financial assets, which include cash, investments, and derivative financial assets, the exposure comes from the possible default of payment by the counterparties. The maximum exposure equals the net book value of these instruments, values, or operations. Grupo Peñoles seeks to limit the credit risk it assumes with the counterparty regarding these assets by entering into contracts only with financial institutions whose credit rating is considered high-grade investment.

38. Financial Risk Management (continued)

The expected credit loss on accounts receivable balances is determined considering the probability of default by each client to whom a risk rating is assigned derived from the financial and commercial analysis of the entity. The result is applied to a business unit insolvency factor, calculated with the portfolio's behavior over the last 18 months. Additionally, factors such as the existence of collateral and bad debts (clients who have defaulted on payment) are included in the expected credit loss.

Customers and other accounts receivable

An aging analysis of balances is shown below:

As of December 31, 2025:

	Not impaired					
	Not due	From 1-30 days	From 31-60 days	More - 60 days	Impaired	
Clients	\$ 253,957	\$ 30,688	\$ 7,051	\$ 43,651	\$ 2,087	
Related parties	8,807	-	-	-	-	
Other accounts receivable	32,662	-	-	-	844	
	<u>\$ 295,426</u>	<u>\$ 30,688</u>	<u>\$ 7,051</u>	<u>\$ 43,651</u>		
Aging-based impairment	\$ -	\$ 586	\$ -	\$ 2,345	\$ 2,931	

As of December 31, 2024:

	Not impaired					
	Not due	From 1-30 days	From 31-60 days	More - 60 days	Impaired	
Clients	\$ 179,194	\$ 1,433	\$ 606	\$ 17,736	\$ 1,765	
Related parties	6,548	-	-	-	-	
Other accounts receivable	25,523	-	-	-	212	
	<u>\$ 211,265</u>	<u>\$ 1,433</u>	<u>\$ 606</u>	<u>\$ 17,736</u>		
Aging-based impairment	\$ -	\$ 441	\$ -	\$ 1,536	\$ 1,977	

Other financial assets

The credit risk of other financial assets mainly lies in loans granted to contractors for the acquisition of machinery that allows them to maintain the service level to the mining units. The policy is to use the acquired machinery as collateral, which is safeguarded at Grupo Peñoles facilities, as well as the partial application of the payments due for the services received to the credit balance.

Capital management and administration

Grupo Peñoles manages its capital structure to ensure its ability to continue as a going concern, maintain investor and financial market confidence, and to support the future development of medium and long-term projects that maximize returns for shareholders.

To maintain adequate financial solvency and cost of capital optimization, Grupo Peñoles has determined a capital structure with an adequate balance of debt and capital, understood as the equity shown in the consolidated financial position statement excluding non-controlling interest.

38. Financial Risk Management (concludes)

Grupo Peñoles has no capital requirements or restrictions that may affect its position to manage and administer its capital. The legal requirement to create a legal reserve equivalent to 20% of its share capital has been covered, the balance as of December 31, 2025, and 2024, is \$52,304 (equivalent to Ps.683,026).

39. Assets Held for Sale

In December 2022, Grupo Peñoles received a binding offer for the sale of property, plant and equipment related to the Madero unit. In February 24, 2023 the master asset purchase and sale agreement was signed for an amount of \$47,000 subject to certain conditions; among them that the Federal Economic Competition Commission (COFECE) issues a favorable written approval of the transaction's formalization; the related assets and liabilities are recognized separately as part of the assets and liabilities held for sale caption.

As of December 31, 2024 and through early 2025, the preferential term of the binding offer remained in effect between Grupo Peñoles and its counterparty. However, the preferential contractual term expired, and Grupo Peñoles continues to actively pursue potential buyers to complete the sale of this unit. Management is committed to completing the sale of the business through an active program in which negotiations are being held with potential buyers at a value consistent with the fair value of the net asset group. Accordingly, the Company has maintained the classification of the related assets and liabilities as held for sale as of December 31, 2025.

The carrying amount of the assets and liabilities of the Unidad Madero business amounts to \$21,362 and \$44,430, respectively, as of December 31, 2025.

40. Subsequent Event

As disclosed in Note 36 of the financial statements regarding the definitive arrangement to acquire 100% of the shares of Probe Gold, Inc., on January 21, 2026, after the fulfillment of the closing conditions established, the subsidiary Fresnillo plc acquired 100% of the shares through a cash payment of \$554,594.

Management assessed the acquisition of Probe Gold Inc. by applying the optional concentration test under *IFRS 3 "Business Combinations"*. Based on this evaluation, management concluded that substantially all of the fair value of the acquired assets is concentrated in the Novador project or in a group of similar mineral properties. Accordingly, management is classifying this transaction as an asset acquisition.



Disclaimer

This Annual Report contains certain forward-looking information relating to Industrias Peñoles, S.A.B. de C.V. and its subsidiaries (Peñoles or the Company) that is 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 the Company to be materially different at any time. Such factors include changes in general economic, governmental policy and/or business conditions nationally and globally, as well as changes in interest rates, inflation rates, exchange rates, mining performance in general, metal demand and quotations, and raw material and fuel prices, among others. Due to these risks and factors, actual results may vary materially from the estimates described herein, for which reason Peñoles does not assume any obligation with respect to such variations or to information provided by official sources.

