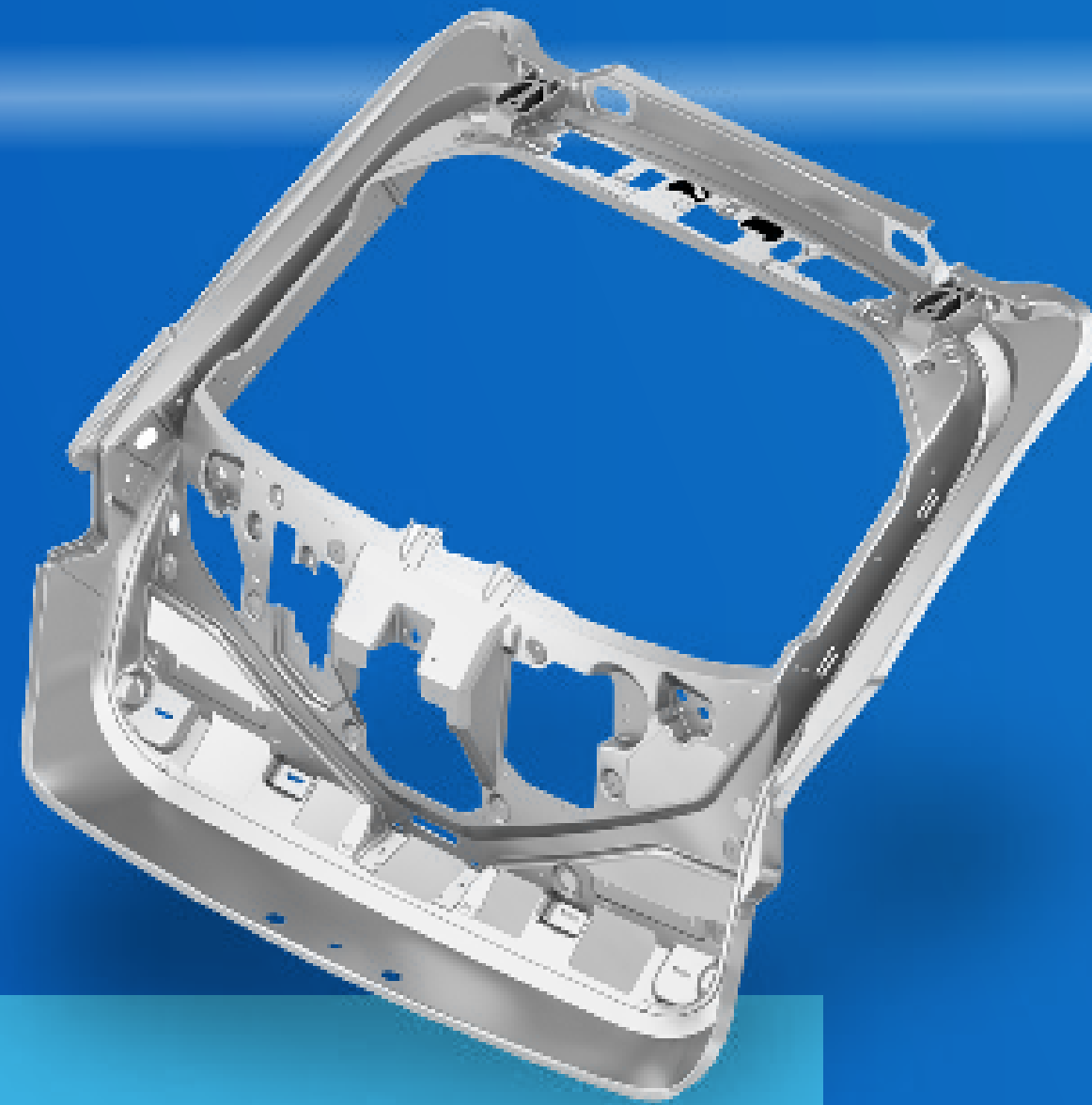


A N N U A L R E P O R T 2 0 2 4





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Nemak, S.A.B. de C.V. (“Nemak”) is a leading provider of innovative lightweighting solutions for the global automotive industry, specializing in the development and manufacturing of aluminum components for e-mobility, structure & chassis, and ICE powertrain applications. In 2024, the Company employed approximately 23,000 people at 40 production facilities worldwide and generated revenue of US\$4.9 billion.

GRI 2-1, GRI 2-6

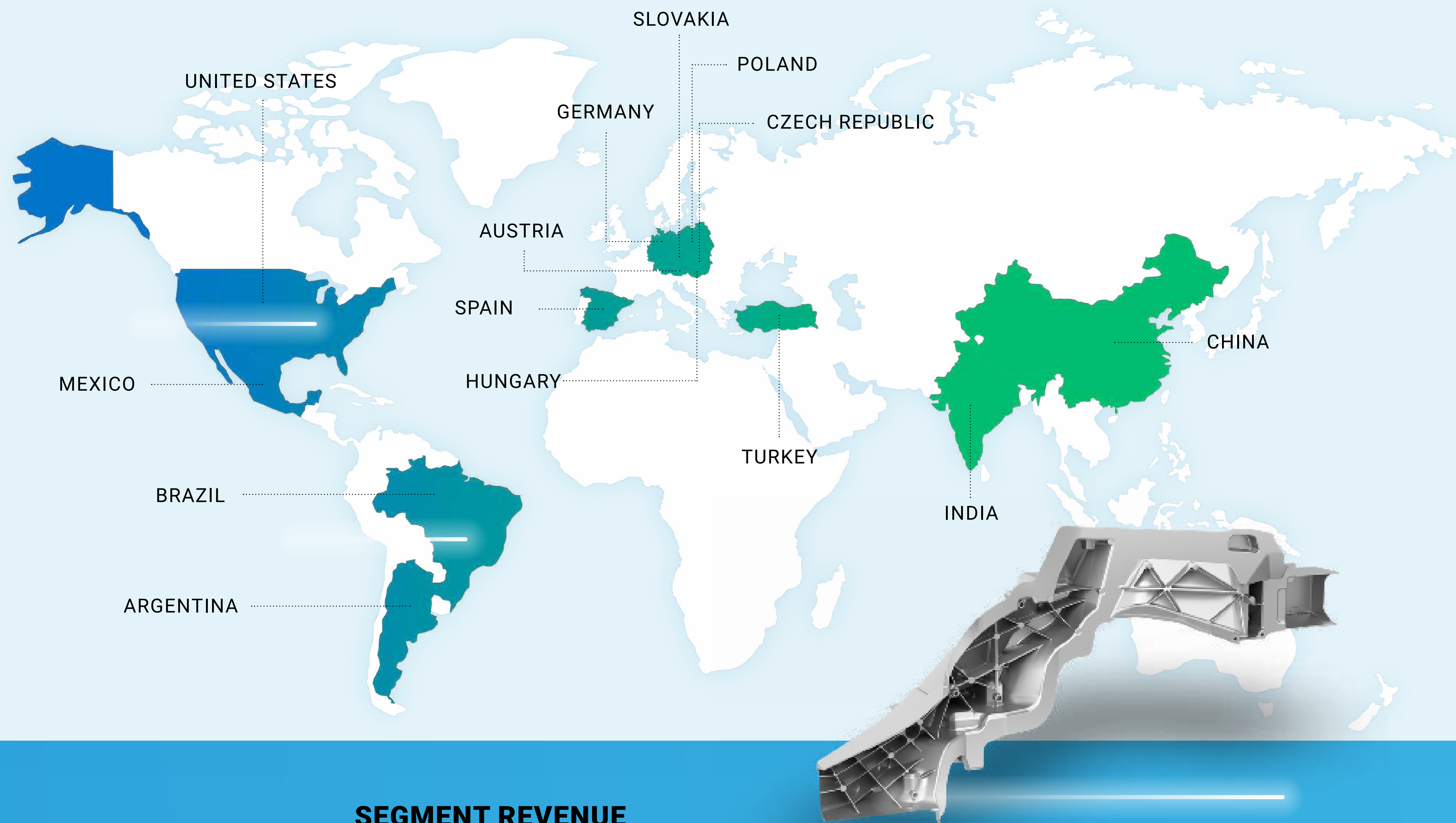
For more information about Nemak, visit:

<https://www.nemak.com>

Nemak at a Glance

GRI 2-1, GRI 2-6

Nemak's manufacturing footprint spans 40 plants strategically located in 14 countries



REVENUE



SEGMENT REVENUE



*E-Mobility, Structure & Chassis Applications

Product Portfolio

GRI: 2-6

STRUCTURES & CHASSIS

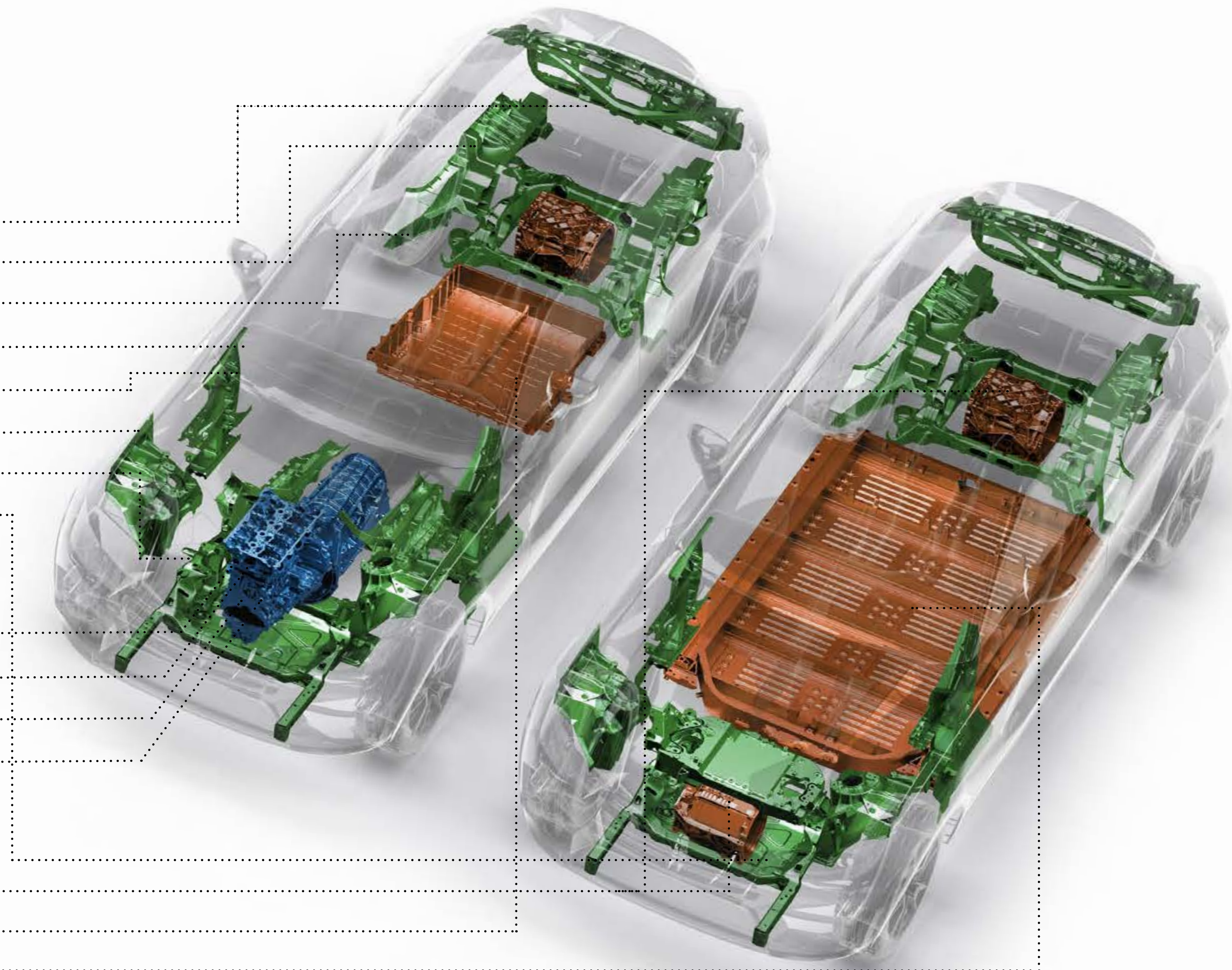
- Lift gates
- Subframe
- Longitudinal Member
- Support Bracket
- A-Pillar
- Shock Tower
- Cradle
- E-Brackets

ICE POWERTRAIN

- Cylinder Head
- Engine Block
- Oil Pan
- Transmission Case

E-MOBILITY

- E-Motor Housing
- PHVE Battery Housing
- BEV Battery Housing



*Parts not specified in other categories

Financial Highlights

GRI 201-1

Millions of US Dollars	2024	2023	% Change
Volume (M.Eq. Units)	39.5	42.0	(6.1)
Total Revenues	4,907	4,993	(1.7)
Gross Profit	580	537	8.0
Sales & administrative expenses	(352)	(344)	2.3
Other income (expense), net	(83)	(16)	NA ²
Operating income	145	177	(18.1)
Interest expenses	(157)	(129)	21.7
Interest income	27	7	NA ²
Foreign exchange (loss)	38	(57)	NA ²
Financing expenses, net	(93)	(178)	(48.6)
Participation in associates results	3	2	50
Income tax	(30)	3	NA ²
Net income	25	4	NA ²
EBITDA¹	633	578	9.4
Capex	389	537	NA ²
Net debt³	1,532	1,556	NA ²

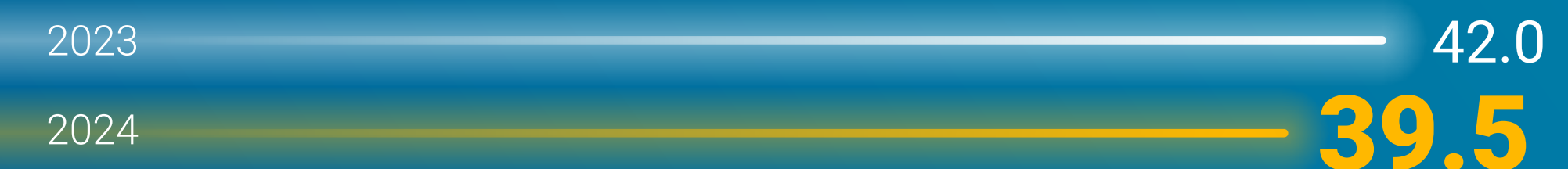
⁽¹⁾ EBITDA = Operating Income + Depreciation, Amortization & other Non-Cash Charges ⁽³⁾ Net Debt = Total Debt - Total Cash

⁽²⁾ NA: Not Applicable, applied to large percentage change

⁽³⁾ Net Debt = Total Debt - Total Cash

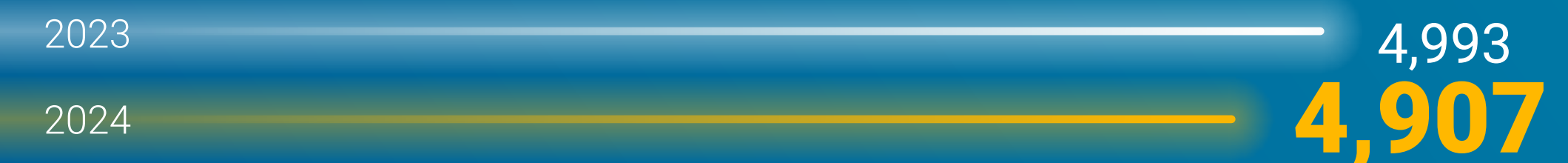
Volume

(millions of equivalent units)



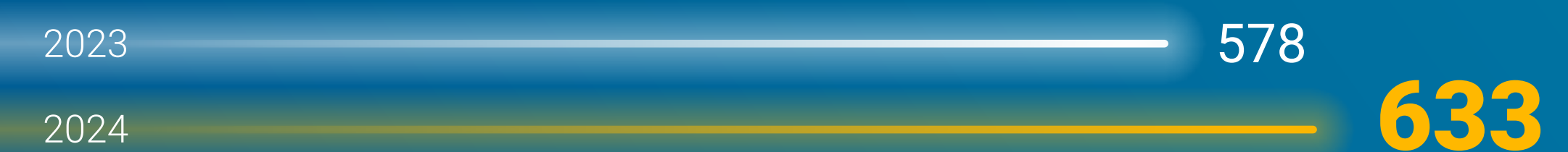
Total revenues

(millions of US dollars)



EBITDA

(millions of US dollars)



Letter to Shareholders:

GRI: 2-6



Alvaro Fernandez Garza
Chairman of the Board
of Directors



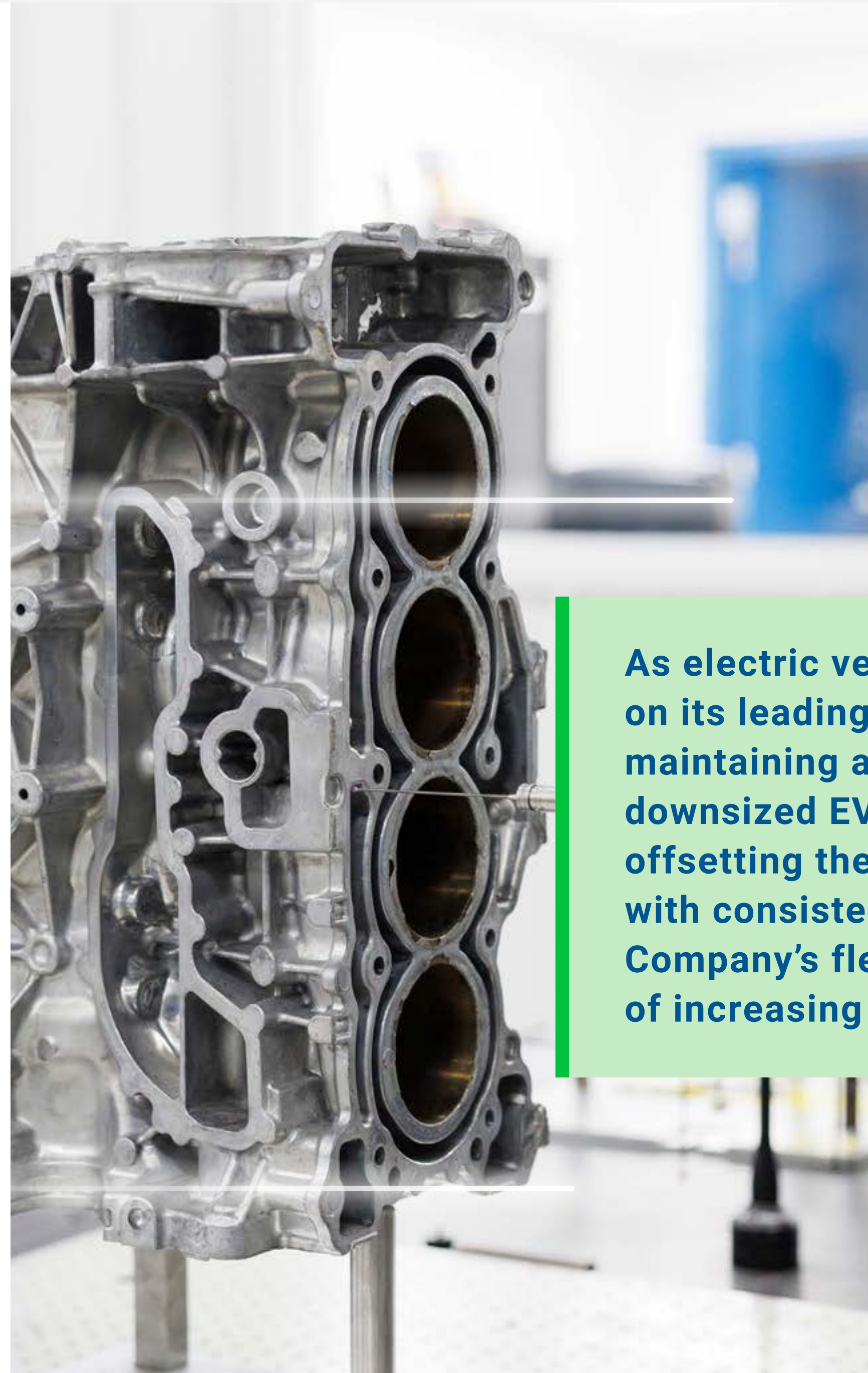
Armando Tamez Martínez
Chief Executive Officer

In 2024, Nemak demonstrated its ability to adapt to changing market conditions, assertively addressing the evolving dynamics in the automotive industry, particularly as the adoption rate of electric vehicles slowed down. In response, the Company reinforced its leading position in the Internal Combustion Engine Powertrain (“ICE Powertrain”) business while continuing to build strong capabilities in the EV/SC segment.

Prioritizing its long-term strategic, financial, and sustainability goals, the Company implemented cost-saving measures and operational efficiencies, while successfully concluding negotiations with customers. The result of these measures was an EBITDA guidance upgrade for the full year. Furthermore, the Company focused on optimizing capital expenditures, which contributed to generating free-cash-flow.

Global light-vehicle sales grew 2% compared to the previous year. However, global light-vehicle production declined 1% in 2024, with results varying by region. A recovered automotive industry and normalized supply chain prompted original equipment manufacturers (“OEMs”) to implement inventory management strategies, particularly in the electric mobility segment. Light-vehicle production in North America had a slight decline of 1% year-over-year (YoY) on the back of normalized inventories, and resilient consumer demand. In Europe, however, light-vehicle production fell by 7% as production levels realigned with sales; additionally, the comparison basis of 2023 was elevated by the fulfillment of pent-up demand. In the Rest of the World, production in China grew by 4%, driven by domestic and export demand. In Brazil, production rose 8% on the back of strong local demand.

New business awarded during the year totaled approximately US\$460 million in annual revenue. Contracts in the ICE Powertrain segment comprise 80%, while the remaining 20% is associated with the e-mobility, structure, and chassis applications (“EV/SC”) segment. As consumer demand for electric vehicles has slowed, OEMs have extended contracts to produce parts for ICE vehicles and are ramping up activity for new ICE projects. Nemak’s flexibility throughout the transformation of the automotive industry is key, and the Company has been able to pivot quickly to extend the lifetime of its ICE facilities while keeping a strong position in the EV/SC segment.



During the year, Nemak prioritized sustainable margin improvement and free cash flow generation, with deleveraging as a top priority. To this end, the Company exerted significant efforts to improve its price structure, with commercial negotiations focused on three main areas. First, Nemak addressed inflationary impacts; second, the Company carefully repriced certain products below profitability thresholds; and third, negotiations to offset underutilized capacity in the EV/SC segment were successfully concluded by year end. The first two initiatives led to enhanced sustainable margins, while the third initiative, a one-time measure, advanced the Company's deleveraging efforts.

As electric vehicle production slowed, Nemak capitalized on its leading position in the ICE Powertrain segment, maintaining a strong production in the segment, while it downsized EV/SC investments. This ability to adjust quickly, offsetting the lower production in the EV/SC segment with consistent production in the ICE business, shows the Company's flexibility, while achieving one of its main goals of increasing free cash flow generation.

In addition to reducing its debt, Nemak continued to deploy its strategy to strengthen the debt profile. During the year, two transactions contributed to this effort, while simultaneously reducing the Company's overall cost of debt. The first was a credit facility for US\$250 million, whose proceeds were used to refinance short-term debt, extending the maturity of the Company's total

debt profile. The second was a US\$200-million green loan facility, whose proceeds were used to refinance existing debt in the same amount. Several relationship banks participated in these two transactions, showcasing their trust in Nemak's financial stability. These transactions provide the Company with greater flexibility, allowing it to focus on long-term strategic initiatives and operating excellence.

The Company's performance during the year was solid, showcasing resilience and adaptability in the face of changing trends in electrification. Although volumes and revenues were down 6% and 2% YoY, respectively, EBITDA was up 9% YoY, and EBITDA per unit was up 16% YoY. The volume and revenue decline were due mainly to lower customer production, as well as product mix, partially offset by customer negotiations. EBITDA increase was supported by the operating efficiencies implemented and customer negotiations. Net income rose to US\$25 million during the year, compared to US\$4 million in 2023. Capital expenditures totaled US\$389 million during 2024, a 28% reduction YoY, as the Company strategically streamlined its operations in line with current electrification trends.

Free cash flow returned to positive territory during the year, at US\$27 million, driven by EBITDA improvement and Capex optimization. Consequently, net debt was reduced from US\$1.556 billion to US\$1.532 billion YoY, and the Company's net leverage ratio decreased to 2.4x by year end, compared to 2.7x in the previous year. The Company's year-end cash position was US\$342 million.

Nemak's relentless focus on innovation has yielded significant achievements, highlighting its dedication to pioneering new lightweighting solutions. The Company won the 2024 Automotive News PACE Award, and the 2024 Automotive News PACE Pilot Innovation to Watch. The prestigious PACE Award recognizes automotive suppliers for superior innovation, technological



EBITDA

US \$633

Million

Annual Sales

US\$4.9

Billion

US\$460

Million

Secured in new contracts

advancement, and business performance, while the PACEpilot recognition acknowledges post-pilot, pre-commercial innovations in the automotive and future mobility space. Furthermore, the Company was featured in five of Wards 10 Best Engines & Propulsion Systems awards.

Nemak continued to make solid progress in its sustainability strategy. It was selected as an index component of the Dow Jones Sustainability MILA Pacific Alliance Index for the sixth consecutive year. This index is comprised of companies with leading economic, social, and environmental practices in Latin America.

The Company also achieved Aluminum Stewardship Initiative (ASI) certification for six of its facilities, including three in Mexico and the remaining three in Brazil, Poland, and Slovakia. Two of the recognized facilities also received Chain of Custody certification from ASI, marking the next important step in furthering Nemak's sustainability strategy.

The CDP (formerly the Carbon Disclosure Project) once again upgraded Nemak's performance in its environmental reporting and risk management capabilities, recognizing the Company's

efforts to mitigate climate change. The "A-" rating elevates Nemak from management to leadership level in climate strategy implementation.

Finally, Nemak was recognized as a Top Employer at different facilities in Brazil, Germany, Mexico, Poland and the United States, underscoring the ongoing efforts to create a positive and engaging work environment that encourages collaboration, innovation, and productivity.

Nemak will continue to focus on creating value and returning that value to stakeholders by leveraging its extensive manufacturing base and technical expertise, while relying on its exceptionally talented team. Nemak is well positioned to face different electrification scenarios, retaining its leading position in the ICE Powertrain segment and continuing to build strong capabilities in the EV/SC segment.

We are grateful for another year of steadfast support from our shareholders, employees, partners, and the communities where we have our operations. Your trust and willingness to pivot with us, as we work to meet the challenges of the automotive industry, are fundamental to our success.

Álvaro Fernández Garza

Chairman of the Board of Directors

Armando Tamez Martínez

Chief Executive Officer

LIGHTWEIGHTING DEVELOPMENTS

As the global automotive industry continues its shift towards electrification, Nemak remains steadfast in its commitment to lead this transformative journey at the pace demanded by the market. Leveraging its leadership position in the ICE market, Nemak continued to drive innovation and seize new business opportunities. The Company's proactive approach and unwavering focus on pioneering technology ensure that it remains at the forefront of the evolving landscape of electric mobility solutions.

Nemak's total addressable market in EV/SC applications is expected to grow from US\$12 billion in 2021, to between US\$26 and 30 billion by 2030, reflecting current industry views. The addressable market size is highly dynamic, as evidenced in 2024, and is largely influenced by the rate of consumer adoption of electric vehicles.

As global appetite for EVs moderated, OEMs adjusted their production and investment in the EV sector accordingly, while capitalizing on the continued strength of the ICE segment. Nemak, in turn, strategically adapted its operations and investments to navigate the fluctuating pace of the transition to e-mobility, ensuring it remained well positioned for future growth. The Company relied on its leading capabilities, global footprint, pioneering technologies and expertise in both the EV/SC and ICE

segments. In 2024, the Company's revenue in EV/SC applications accounted for 10% of total revenue. The order book for EV/SC applications grew from US\$1.75 billion to US\$1.8 billion during the year, reflecting the industry's changing trends, and the Company's focus on profitability over volume.

Nemak will continue partnering with customers in the early design stages of vehicles. This type of close collaboration helps create significant value for OEMs, namely in terms of reducing vehicle weight and optimizing development timelines. The Company does not take its leading position in EV/SC and ICE applications for granted, and indeed works tirelessly to remain in the forefront as a technological innovator in the dynamic landscape of mobility solutions.

Nemak relied on its leading capabilities, global footprint, pioneering technologies, and expertise in both the EV/SC and ICE segments.





The following highlights reflect Nemak's ability to adjust to the changing environment, while pursuing state-of-the-art technological advances:

- Mirroring customer dynamics in the face of slowed EV adoption, the Company made the strategic decision to put on hold the launch of two new facilities in Mexico and Germany intended to produce battery housings. The third facility in the Czech Republic is operating and will continue to ramp up production in 2025.
- Two years into operations, Nemak's Engineering Center in Frankfurt, Germany, continues its remarkable success, built on a team of highly knowledgeable professionals. The Engineering Center works closely with customers and Nemak's internal Product Development Centers to meet industry's dynamic needs. The Company's latest serial production achievement is a cast battery frame that provides sufficient space and protection for electric cells in heavy commercial vehicle (truck) applications, ensuring zero emissions.
- With the priority of creating innovative solutions in conjunction with OEMs, Nemak is currently designing sustainable battery housing prototypes that utilize multiple secondary and recycled aluminum materials.
- The Company is working on a hollow structural component in close collaboration with a premium European OEM. Through innovation in the manufacturing process, this initiative will yield hollow geometries that deliver top performance, providing a novel lightweighting solution that significantly reduces weight.
- Nemak is developing an innovative metal alloy that does not require thermal treatments, yet continues to meet the highest automotive performance standards. Avoiding heating and re-working results in a lower carbon footprint, aiding Nemak and its customers in their sustainability goals.
- Employing a principle-based design approach, Nemak designed a crash-sensitive e-mobility component from the ground up. Using up to 80% recycled materials, the OEM's weight reduction target was exceeded, and it gained a sustainable, high-performance BEV chassis component. As a result of this innovative development, Nemak received an Automotive News PACE award. A crucial factor in the Company's success is profound knowledge of material properties in every part of a component, which is documented in a so-called "material card."
- Nemak secured contracts valued at US\$90 million in the EV/SC segment, underlining its strong position in the dynamic electric mobility sector.

SUSTAINABILITY



Mobilizing for the Planet,
Accelerating Equity,
Leading Change.

Sustainability at Nemak

Through its product portfolio, Nemak is able to support its customers to reduce weight and improve efficiency in their vehicles, which plays a fundamental role in achieving emission reductions.

The company supplies components to over 60 OEMs worldwide, including leading automotive groups such as BMW, Ford, GM, Hyundai-KIA, Jaguar Land Rover, Mercedes Benz, Renault-Nissan, Stellantis and the Volkswagen Group, among others.

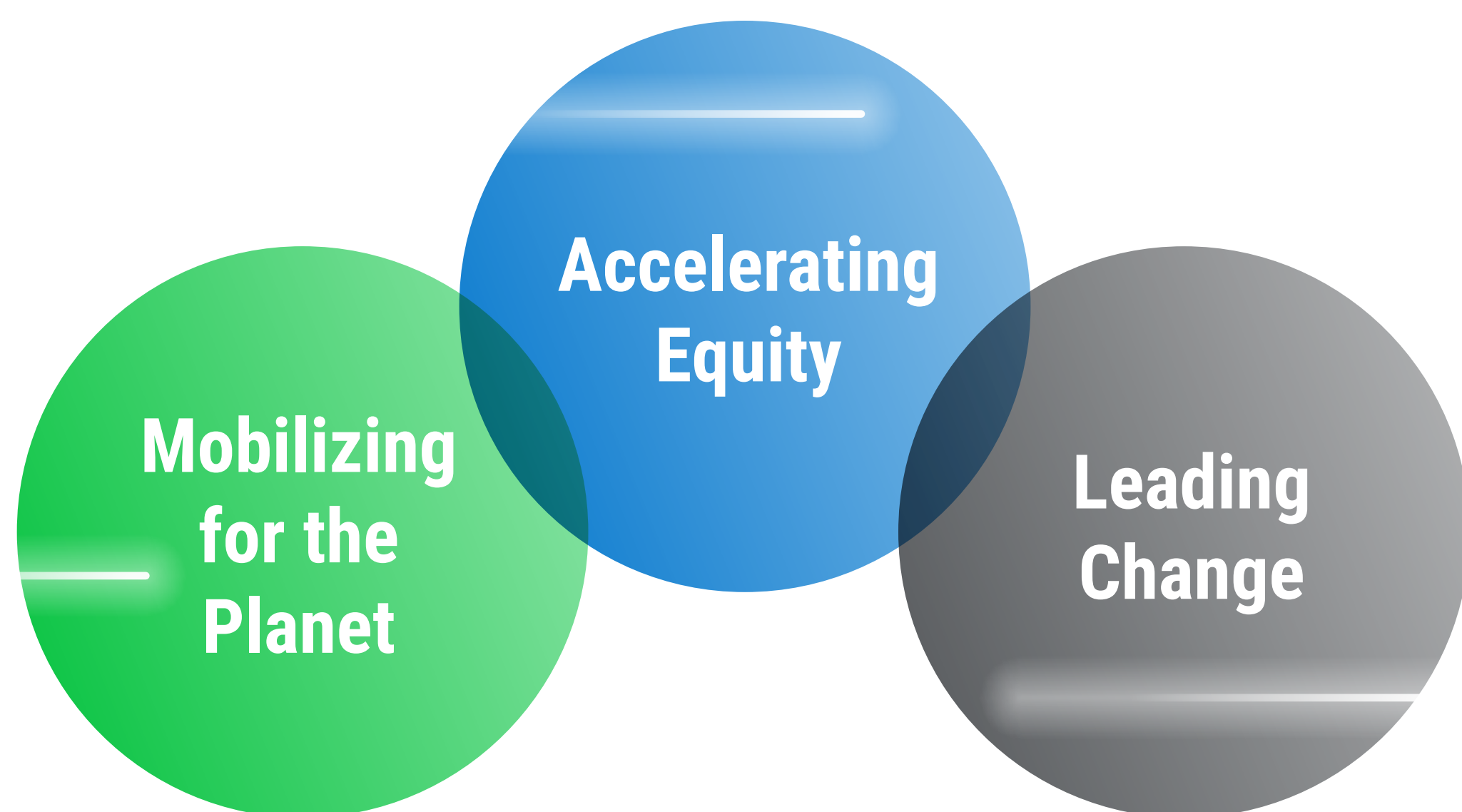
Nemak is proud to be an industry force, driving the move towards the adoption of circular economy principles, in addition to systematically enhancing its own energy efficiency measures. Beyond optimizing resource use, Nemak is committed to protecting and enhancing the working conditions of stakeholders within its value chain, demonstrated through robust health and safety, well-being, and diversity programs.





Nemak is committed to harness innovation and use its expertise to shape the future of automotive lightweighting. Accelerating the transition towards sustainable mobility has never been more important, with the automotive sector accounting for over 15% of global energy-related emissions. In response to this, the demand for e-mobility components has increased, and meeting this need, while maintaining its own sustainable credentials, is a key part of Nemak's Sustainability and Business Strategy.

Nemak's Sustainability Model is built around three core ESG ambitions:



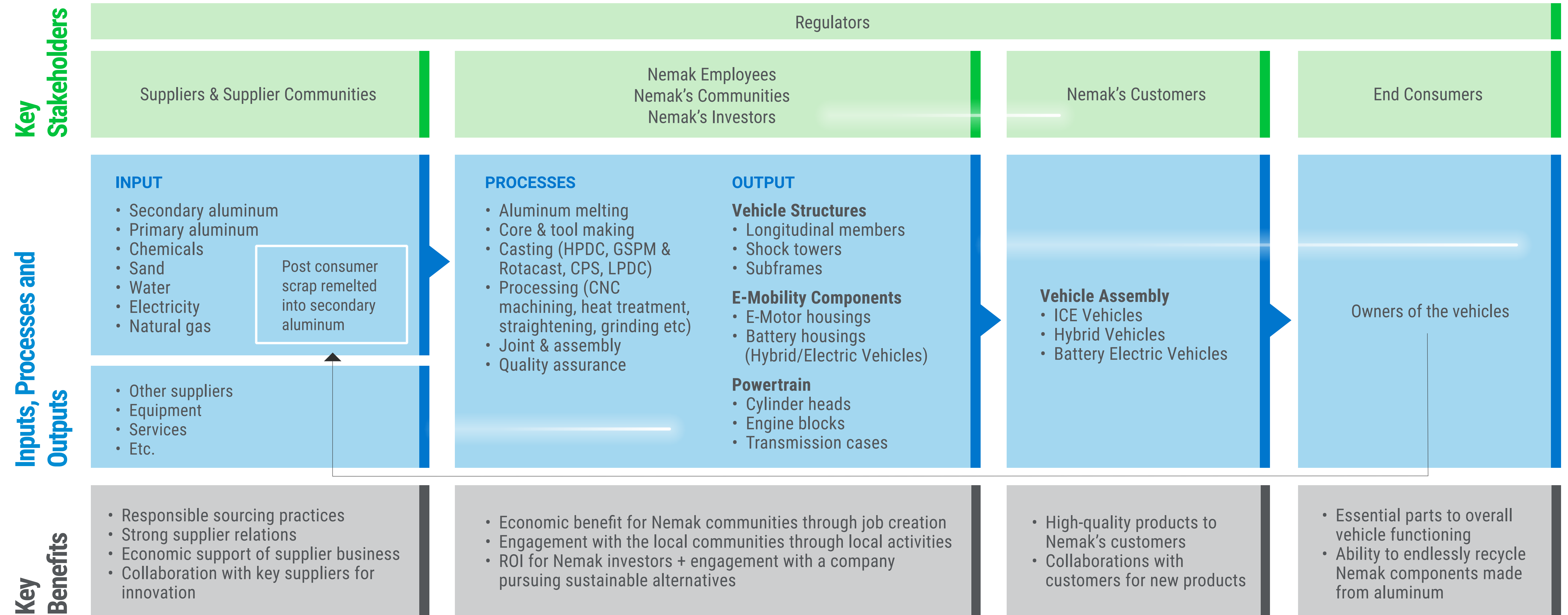
Nemak is dedicated to driving the future of sustainable mobility.

To maintain its innovative edge, and to bring new ideas to the industry, Nemak conducts targeted research and development (R&D) to improve its products and processes, develop new competencies, and reduce emissions. Recently, there has been a particular emphasis on increasing the percentage of recycled content deriving from end-of-life vehicles within its sustainable alloys, therefore contributing towards a more resource efficient and circular minded automotive sector. As the market transitions, Nemak expects a significant portion of its revenues over the next 5 -10 years to continue to be driven by the sale of ICE components, particularly as the renewable energy conversion will occur at a varying pace across different countries. As the pressure from regulation and society increases, the demand from OEM's is also becoming increasingly ambitious. Therefore, regardless of whether Nemak is producing parts for ICE or EV vehicles, the Company is committed to powering the future of sustainable mobility. Operationally, this includes actively developing its ESG practices, reducing emissions through improved production processes, sourcing more sustainable materials, and producing components for Net Zero emissions vehicles.

Nemak's total revenue in 2024 was US\$4,907 million, with 10% coming from the sale of EV and Structural Components. The Company's goal is to achieve a balanced revenue stream from both ICE and EV components by 2030, ultimately phasing out ICE components in favor of environmentally friendly alternatives. Nemak believes that this transition is not only essential for the environment, but also presents a significant opportunity for growth and leadership within the automotive industry. Together with its partners, Nemak is driving towards a cleaner, greener future. Notably, several countries (particularly developed economies) have committed to decarbonization through policies banning ICE vehicles. To align with this trend, Nemak has diversified its product portfolio, aligning its long-term strategy with a gradual phase-out of ICE vehicles over the next 10 to 15 years.

Nemak's Value Chain

GRI 2-6



The impacts, risks and opportunities relevant to Nemak, and where they occur in the value chain, are thoroughly outlined in the Double Materiality Section of this Report, and further elaborated on in the respective individual chapters.



ASI as a Foundation

The Aluminum Stewardship Initiative (ASI) is a global, multi-stakeholder, non-profit standard setting and certification organization. It works towards responsible production, sourcing and stewardship of aluminum following an entire value chain approach. The organization manages a third-party certification program against two standards.

- **The ASI Performance Standard** has defined principles and criteria to address sustainability issues in the aluminum value chain through the lens of three pillars: Environmental, Social and Governance.
- **The ASI Chain of Custody (CoC) Standard** establishes sustainability standards for a company's supply chain.

Looking at the value chain, Nemak is a member of the ASI, working with aluminum producers, users, and stakeholders to foster responsible production, sourcing, and stewardship. The Company adopts ASI principles to manage sustainability and environmental issues within both its own operations and its supply chain. As of the end of 2024, Nemak certified six production sites against the ASI Performance Standard, and two sites against the Chain of Custody Standard. In parallel, 13 of Nemak's key suppliers were certified under the ASI Performance standard.

"As sustainability is becoming a top priority for Nemak, we see joining ASI as an integral part in our commitment to make sustainable mobility possible. We are excited to have the chance to implement the highest sustainability standards, constantly improving ourselves and learning from top aluminum industry experts. We see our ASI membership as an important step towards making the difference in our ESG performance as a large, multinational corporation, and being able to address global sustainability challenges."

Marc Winterhalter, VP Purchasing and Sustainability



In 2024, Nemak continued advancing its ASI certification journey through the development and implementation of a management system compliant with the ASI CoC standard. The company successfully achieved its first ASI CoC Certification at Poland and Slovakia sites. This milestone marks the beginning of further achievements, with Dillingen, Pilsting and Linz sites having recently undergone audits against both Performance and CoC Standards, between December 2024 and February 2025. All three sites achieved excellent results and earned the auditor's recommendation for full certification.



The ASI standards have brought Nemak's sustainability agenda to the Company's production sites and made sustainability more tangible at a grassroots level. This has been achieved in the certified sites, and the ones preparing for certification, through the comprehensive implementation approach adopted by Nemak. The Company's Sustainability Team collaborates closely with Nemak sites to provide guidance and support during implementation and then throughout the certification process. Firstly, through use of subject matter experts at a site level, a gap analysis is conducted against the ASI standard requirements. Identified gaps are then addressed through a corrective action plan which is then implemented before an internal audit is conducted, led by the Sustainability Team. The sites are then responsible for addressing any findings or recommendations prior to the external certification audit.

This approach has proven successful, not only to prepare Nemak's sites for the audit process, but also to put into practice sustainable principles that strengthen the entity's existing systems, establish innovative processes and advance Nemak's overall Sustainability Strategy.

As of 2024, six Nemak sites are ASI Performance Standard Certified and two sites ASI CoC certified

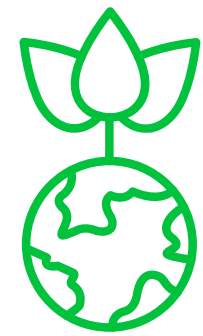


PS: Performance Standard
CoC: Chain of Custody Standard

2024 Sustainability Key Highlights

In 2024, Nemak continued to advance significantly toward its goal of making sustainable mobility possible. Some of the key achievements of the reporting year

Mobilizing for the Planet



Achieved a 22% Scope 1 & 2 emissions reduction, in comparison to a 2019 baseline

Surpassed its goal of 25% renewable electricity purchased by 2025, one year ahead of time

Reduced its Scope 3.1 emissions by 9% driven by increased availability of primary data from suppliers

Accelerating Equity



Ran 20+ events in Mexico on the topic of men's and women's health, impacting more than 5000 people

Introduced of the Coaching Program for Female Talent, alongside the continued success and expansion of the Mentoring Program and Female Talent Leadership Journey

Implemented regional action plans to address key impacts on communities across its geographies

Leading Change



Undertook third party assurance of two of Nemak's sites under the ASI Chain of Custody Certification

Increased the number of suppliers reporting to EcoVadis to 262, assessing 42 new suppliers

Hosted Nemak's Annual Sustainability Roundtables, webinars and knowledge forums with suppliers

In 2024, 30% of Nemak's electricity consumption was powered by renewable energy sources.



About Nemak's Sustainability Reporting

GRI 2-2, GRI 2-3

The reporting period for this Report is January 1 to December 31, 2024. Nemak's Sustainability Report is aligned to the consolidation method of its financial statements, with all subsidiaries being deemed within scope. To consolidate information for Nemak's Sustainability Reporting, Nemak identifies subject matter topic owners who are responsible for managing and tracking progress against assigned material topics. Data is consolidated from the sites and then aggregated globally.

Nemak reports on upstream activities such as Scope 3 emissions (from direct suppliers), supplier due diligence processes and supplier screening. This reporting is conducted to the depth of first tier suppliers. Nemak does not report any quantitative data for the downstream value chain, aside from that within Scope 3 calculations. This is due to the Company determining that its most material impacts are the result of upstream value chain activities.

Time Horizons

Nemak defines its time horizons as follows:

- Short-term: 1 year
- Medium-term: 2 to 4 years
- Long-term: 5 to 10 years

Nemak's planning horizons of one year for short-term and beyond five years for long-term are strategically aligned with the guidance of the Company's Board of Directors and approval by external auditors. The one-year horizon is focused on ensuring that immediate goals are met and allows for agile responses to market changes and operational adjustments. Medium-term incorporates tangible milestones that guide progress towards long-term goals while managing current operations effectively. It helps to breakdown long-term planning, making it easier to track progress and adapt strategies as needed. The five-year horizon supports sustainable growth and long-term vision, facilitating strategic investments, planning and innovation. These timeframes were defined based on industry standards, risk assessments, and financial projections, ensuring a balanced approach to immediate needs and future aspirations. This alignment ensures robust governance, compliance, and strategic foresight, fostering stakeholder confidence and organizational resilience.

Disclosures stemming from legislation or generally accepted sustainability reporting pronouncements

The information cited in the Global Reporting Initiative (GRI) content index refers to the relevant GRI standards. This report also complies with the reporting recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD), and requirements of the Sustainability Accounting Standards Board (SASB). Ahead of future mandatory reporting, Nemak has also incorporated several disclosure requirements from the European Sustainability Reporting Standards (ESRS) that underpin the Corporate Sustainability Reporting Directive (CSRD).

In addition, all Nemak sites are subject to compliance with local legislation (e.g., laws specific to water, waste management, handling of hazardous substances, and supplier due diligence).

Nemak's Sustainability Strategy

GRI 2-22, GRI 3-3

Established in 2020, Nemak's Sustainability Strategy was built on the findings of a materiality assessment that identified the areas of sustainability most impactful to the Company. Nemak's material topics are fully integrated into the Business Strategy, given their paramount importance in achieving the vision to be a pioneer in the promotion of sustainable mobility.

Bespoke programs, with a dedicated roadmap, and associated metrics and targets, have been developed, with continual monitoring seen as critical to the progression of Nemak's sustainability ambitions. Nemak's commitment to sustainability is evidenced by its commitments to frameworks such as the Aluminum Stewardship Initiative (ASI), as well as ongoing improvements in ratings from organizations such as CDP, EcoVadis, and the S&P Global Corporate Sustainability Assessment (CSA). Nemak views the integration of its Sustainability Strategy into its core Business Strategy as crucial to maintaining its license to operate and thrive in today's evolving global landscape.

Vision

Become the world leader in lightweighting for the mobility industry



Nemak's Sustainability Framework

Process to define Nemak's Sustainability Strategy

- Define material topics for Nemak through a Double Materiality Assessment (DMA)
- Define Nemak's ESG Sustainability Framework based on DMA
- Define targets for 2030 in each material area
- Conduct and improve on gap analysis based on ESRS Standards



Nemak's Sustainability Roadmap

Results and ongoing review of Nemak's Sustainability Strategy

- Nemak's Sustainability Roadmap based on the Sustainability Framework, with KPIs tracked annually for each material topic
- Approved and reviewed by Executive Sustainability Committee, as well as topic based committees

Nemak's Sustainability Framework

GRI 3-3



MATERIAL TOPICS

-  **Climate Change**
-  **Circular Economy**
-  **Innovation**

-  **Health & Safety**
-  **Working Conditions & Employee Well-being**
-  **Training & Development**
-  **Diversity and Inclusion**
-  **Communities & Corporate Citizenship**

-  **Responsible Supply Chain Management**
-  **Business Ethics**
-  **Product Quality**



Nemak’s Sustainability Roadmap 2030

GRI 3-3

Nemak’s Sustainability Strategy has been curated to push the boundaries of available technologies through its contribution to sustainable mobility. Nemak understands that its contribution to sustainable development must also consider and actively work towards the safeguarding of its employees, supply chain workers, the communities in which it operates, and the broader environment.

To prepare for the CSRD, Nemak conducted a Double Materiality Assessment (DMA) in 2024, which incorporated the identification and evaluation of material impacts, risks and opportunities. The outputs of Nemak’s new DMA and its previous assessments serve to inform the direction of the sustainability framework, and the subsequent integration of this framework into the Company’s core Business Strategy. These assessments ensure that Nemak is in tune with the views of stakeholders within its value chain, and can proactively ensure that these are reflected within future strategic developments. Nemak’s sustainability framework is built on three key ESG foundations, with material topics allocated to the appropriate business areas.

Targeting 2030, Nemak’s Sustainability Roadmap depicts underlying goals for each material topic with defined targets. Through regular monitoring and review processes, the targets are assessed to ensure alignment with desired outcomes, and to enable strategic updates to optimize the roadmap as needed.

	UN SDG Alignment	Core topic	2030 ambition
Mobilizing for the Planet (Environment)	9.2 9.4 12.2 13.1 13.2	Climate Change	• 28% reduction in Scope 1 and 2, and 14% reduction in Scope 3 emissions by 2030, on a 2019 baseline • Use of renewable energy: 25% by 2025, 100% by 2030 • 100% externally assured Life Cycle Assessments (LCA’s) for all EV portfolio products
		Circularity	• Increase recycled content quota for new product groups • Maintain ISO 14001 certification at all facilities • Reduce the volume of solid waste streams through implementation of waste reduction and recycling programs
		Innovation	• Increase the application of secondary alloys while meeting customer requirements • For at least 75% of all R&D portfolio projects to include sustainability-related targets.
Accelerating Equity (Social)	4.4 4.5 4.7 8.5 8.7 8.8	Health and Safety	• Reduce the frequency and severity of incidents, measured in year-over-year reduction of Total Recordable Incident Rate, including incidents that result in lost work days or work restrictions.
		Working Conditions & Employee Well-Being	• Adoption of ASI Performance Standard principles with regards to Nemak’s own workforce across all locations
		Diversity and inclusion	• With respect to gender, equal representation, participation, and leadership across all levels of management by 2030
		Communities & Corporate Citizenship	• Continuously strive to implement stakeholder tools and mechanisms of interaction, including shared value-creating opportunities • 100% of Nemak sites to execute initiatives aligned with the Corporate Citizenship Strategy
Leading Change (Governance)	12.6 12.8 13.2 13.3	Responsible Supply Chain	• Critical supplier screening via EcoVadis • Full implementation of Global Business Code for Suppliers • Aluminum Stewardship Initiative (ASI) as standard for aluminum suppliers • Implementation of ASI Chain of Custody Standard for material due diligence
		Business Ethics	• Continuous improvement in governance and sustainability practices, using external ratings as benchmarks and guiding principles
		Product Quality	• Deliver and maintain the high-quality standards of Nemak’s Products, as well as the quality standards of suppliers

Interests and views of stakeholders

GRI 3-3, GRI 2-29

Nemak defines its stakeholders as individuals or organizations that directly impact, or are directly impacted by, the Company’s activities. Nemak regularly engages with these stakeholder groups, maintaining an open two-way dialogue to share progress and expectations, gather feedback on performance, and inform strategic decisions.

The Company considers its full value chain, from the sourcing of mining commodities used in manufacturing, to the end users of its products, to identify specific stakeholders. The stakeholders with which Nemak continuously engages include but are not limited to:

	Customers	Investors	Suppliers	Employees	Communities
Form of engagement (related to sustainability topics)	- Customer Meetings - Customer Requests - Fairs and Tradeshows - Double Materiality Assessment	- Annual Report - Quarterly Calls - Sustainability-Linked Bonds (SLBs) - Investor Day - Double Materiality Assessment	- EcoVadis Assessments - Commitment Letters - Supplier Meetings (e.g. Sustainability Round Tables) - Double Materiality Assessment	- Sustainability Workshops - Sustainability Webinars and Trainings - HSE Month - Double Materiality Assessment - Employee Engagement Survey	- Local Initiatives - Corporate Citizenship Materiality and Impact Assessment
Reasons for engagement	- Improve customer confidence that Nemak will achieve its Sustainability Strategy - Actively engage and align with customer expectations - Continuously improve the Sustainable Value Proposition	Increase confidence in Nemak and its sustainability commitments to encourage further investment	- Raise awareness of Nemak’s initiatives and encourage suppliers to align with the Company’s sustainability objectives - Nemak’s Due Diligence Process - Compliance to Nemak’s Purchasing Criteria	- Increase employee awareness and motivation to proactively engage with sustainability topics - Align Company and employee sustainability values - Identify risks and improvement areas related to social sustainability topics	- Support the communities in which Nemak operates - Educate community members about the Company and its activities - Learn from communities and raise awareness about their local issues - Identify and prioritize communities’ needs and align company initiatives to meet these
Frequency of engagement	Ongoing	Ongoing	Ongoing	Ongoing	Ongoing (depending on local initiatives)
Key values / interests	High quality and environmentally friendly products and reliable supply chain	Positive return on investment / alignment with sustainability best practice	Reliable customer and collaborative member in achieving sustainable mobility	Safe workplace, growth opportunities, competitive compensation	Limiting negative impacts from Nemak’s business Support from Nemak for local activities

As provided in the table, Nemak engages in regular dialogue with its stakeholders, monitoring emerging trends, expectations, market signals and regulatory developments. Stakeholder feedback is a top priority for Nemak, and all input is addressed promptly and thoughtfully.

Upon receiving feedback, Nemak evaluates whether adjustments to its Business and Sustainability Strategy are necessary to ensure alignment with stakeholder values. For instance, in response to the market’s gradual shift toward electrification, the Company has expanded its product portfolio to ensure that it meets the growing customer demand for electromobility components. Through the Double Materiality Assessment, Nemak administrative, management and supervisory bodies are kept informed on the views and interests of affected stakeholders with regard to sustainability-related impacts. In between assessments, these individuals remain updated on material impacts through specific Company departments undertaking stakeholder engagement initiatives.

	Customers	Investors	Suppliers	Employees	Communities
How engagements are organized	Upon customer requests / RFP / negotiations of existing contracts. Organized through the Sales Team	Upon investor requests / as per reporting obligations (such as the Mexican Stock Exchange / CDP / CSA etc.) Organized through the Investors Relations Team	Upon RFQ for suppliers/ongoing purchase contracts. Organized by the Purchasing Teams	Organized regularly by the Sustainability, HSE and HR Teams	Organized by local HR Teams
How outcomes of engagement are considered	Based on the outcome of the engagement, if needed, the action is escalated to the Sales Directors, as well as Executive Management	If needed, a response plan is formulated by the Finance / Investor Relations Department	Integrated into objectives of the Purchasing Teams	Response plan formulated based on the results of engagement survey and implemented by HR department	Drive the Corporate Citizenship Strategy and provide the basis for the Double Materiality Assessment
Adjustments to the Business Strategy based on stakeholder views	Balance between the market for electrification and ICE, readjustment of Nemak’s strategy based on current market conditions	Increased transparency, reporting in accordance with ESG frameworks (such as the TCFD), issuance of the Sustainability-Linked Bonds and therefore emphasis on achieving Nemak’s Climate Targets	Integration of due diligence into the purchasing function, consideration of sustainability-related performance in supplier evaluation process	Improved working conditions for employees (e.g. parental leave, work-life balance etc.)	Creation of the Global Corporate Citizenship Strategy and implementation of initiatives based on each communities needs
How administrative, management and supervisory bodies are informed about views / interests of stakeholders	Participate in the engagement directly (in some cases). Informed of the critical cases through regular interactions with Sales Teams	Participate in the engagement directly (in some cases). Informed of the critical cases through regular interactions with Finance & Investor Relation Teams	Participate in the engagement directly (in some cases). Informed of the critical cases through regular interactions with Purchasing Team	Informed of the critical cases through regular interactions with HR Teams	Informed of the critical cases through regular interactions with HR Teams

Nemak's contribution to the UN Sustainable Development Goals

To ensure that Nemak's Sustainability Strategy and roadmap support the ambitions of the United Nation's Sustainable Development Goals (SDGs), Nemak has taken measures to align its material topics with the SDGs. The Company's efforts are primarily focused on supporting the following SDGs:



Nemak's Targets matched to the UN SDGs



Nemak enables and empowers its employees to continually advance their personal and professional development through learning and development opportunities. Nemak also supports local communities through collaborations with universities and schools.



Nemak pursues ambitious growth targets along with good working conditions, a competitive pay scheme, and a key focus on its employees' health and safety.



Innovation is the basis for future growth and the development of environmentally friendly products. Nemak therefore invests in innovation initiatives and creates incentives inside and outside the organization to encourage the generation of new solutions and ideas.



Nemak seeks to reduce the consumption of natural resources by eliminating waste from its production processes. Furthermore, the Company continues to integrate sustainability criteria into its purchasing procedures, as well as adopt circular economy principles into its processes.



Nemak's Sustainability Strategy focuses on consistently reducing greenhouse gases both at its own production sites and throughout the value chain, while being more aware of the environmental implications of its products throughout the entire lifecycle.

In line with the SDGs, Nemak is also a signatory to the UN Global Compact and submitted its latest Communication on Progress (COP) in 2024.

External ratings and rankings

Nemak prides itself on its transparency of reporting, and since 2016, has been participating in various rating schemes including the S&P Global Corporate Sustainability Assessment (CSA), the CDP, and the EcoVadis Assessment. The evaluation of these assessments allows Nemak to benchmark itself against industry peers and best practices, acting to inform and provide strategic direction for the Company's Sustainability Strategy.

In 2024, Nemak achieved an A- score for the second consecutive year in the CDP climate questionnaire, reflecting its strong commitment to its Climate Strategy. The Company also maintained its CSA scores, securing its place in the 2024 DJSI MILA Pacific Alliance.

However, Nemak experienced a slight decline in its EcoVadis rating. Despite improvements in its theme scores, its overall ranking dropped to the 94th percentile due to a reassessment of its headquarters' location in Mexico, which was downgraded from a mid-risk to a high-risk country.

Driving Results – ESG Awards

Nemak Chennai received a prestigious Eco Edge Certification in 2024 for its exceptional commitment to environmental stewardship and sustainable practices, such as minimizing waste, optimizing resource use, reducing energy consumption and fostering positive impacts in the local community.



Rating provider	Rating 2024	Rating 2023	Rating 2022
CDP Climate	A-	A-	B
CDP Water	Not released at time of publication	B-	B-
CDP Supplier Engagement	Not released at time of publication	A (Leaderboard)	A (Leaderboard)
CSA	57 points, 95th percentile	52 points, 92nd percentile	55 points, 93rd percentile
EcoVadis	73/100 94th percentile Silver medal	78/100 99th percentile Platinum Medal	Gold



ESG Impact, Risk & Opportunity Management

GRI 3-1

Description of the process to identify and assess material ESG impacts, risks and opportunities



Nemak conducted the Double Materiality Assessment in 2024 with reference to the requirements laid out in the ESRS standards. The scope of the assessment was global, including all sites, and with consideration of Nemak’s value chain. The scope of the upstream value chain was limited to Nemak’s aluminum suppliers, due to the majority of Nemak’s purchased goods and services being aluminum and alloys.

The DMA process commenced with a review of the results of previous assessments, peer benchmarks and coverage of the different ESG topics included within all relevant standards. From this, Nemak formulated a long list of

potential material topics, primarily based on the ESRS topics, sub-topics, and sub-sub-topics. A series of workshops were then conducted with internal Subject Matter Experts to identify and evaluate potential and actual impacts from Nemak on people and the planet, in addition to the identification and assessment of sustainability-related risks and opportunities on the Company. Each impact was evaluated based on the determined scale, scope, irremediability and likelihood of occurrence. The same process was followed for the assessment of risks and opportunities based on the magnitude of their financial impact, reputational impact, legal risk and likelihood. The process and results were subject to comment and approval by Nemak’s

Executive Sustainability Committee. The final results yielded a list of material topics and subtopics, which can be seen within the IRO summary table on the following page.

Nemak has undertaken the DMA process and begun to align its Sustainability Strategy with the CSRD in anticipation of reporting against the ESRS in future years. This Report is aligned to, although not fully compliant with, the CSRD.

As a result of the Company’s Double Materiality Assessment, Nemak has deemed the following topics non-material, with justification on the right:

ESRS Topic	Justification for exclusion
Water	Nemak does not intensively consume water for its production processes. In addition, through the DMA, no material IRO’s were identified in this topic.
Biodiversity	Nemak does not have any material impacts on biodiversity indicators or on protected areas. In addition, through the DMA, no material IRO’s were identified in this topic.
Consumers & End Users	Nemak produces intermediary goods and does not supply directly to end-users.

Material ESG Impacts, Risks & Opportunities

Through undertaking the DMA process, Nemak has identified its material impacts, risks and opportunities (IRO’s). For each material IRO, Nemak has developed (or will develop), policies, actions and targets to manage each ESRS topic. More details on the management of material IRO’s can be found within the individual chapters of this Report.

ESRS Topic	Material Impacts	Material Opportunities & Risks
E1 - Climate Change	Nemak’s operations contribute to greenhouse gas emissions through energy-intensive production, aluminum sourcing, and the use phase of internal combustion engine (ICE) vehicles, which contributes to climate change. Nemak is also making positive contributions by increasing the use of secondary (recycled) aluminum, improving energy efficiency in production, and supporting the transition to electric vehicles (EVs), which help lower overall emissions.	Nemak can gain a competitive edge by offering Net Zero products, increasing the use of recycled materials, implementing energy-saving projects, and strengthening its presence in the EV market, improving investor perception. Additionally, improved financing conditions and investor confidence can result from proactive climate strategies. However, market risks related to electrification and unstable EV volumes, increasing GHG regulations, limited availability of secondary and green materials, physical climate risks, lack of renewable energy sources, growing customer requirements, and reputational challenges may impact business operations.
E2 - Pollution	Nemak’s industrial activities and suppliers’ material processing can release air pollutants (such as sulfur and fluoride compounds), which can degrade air quality and impact nearby communities. Nemak is working on reducing its environmental footprint by investing in cleaner production technologies, adopting more sustainable materials, and improving emission control measures to minimize pollution.	Changes in technology and reduction of pollutants (e.g., transition to inorganic production methods) can enhance operational efficiency and sustainability leadership. Improved stakeholder perception and positive corporate citizenship initiatives related to pollution control further strengthen Nemak’s reputation. Additionally, the purchase of higher-quality scrap with reduced impurities can lower pollution levels. However, complaints, fines, and reputational impacts may arise due to pollution-related concerns.
E5 - Circular Economy	The extraction and processing of raw materials contribute to resource depletion, deforestation, and habitat destruction. Additionally, improper waste disposal can result in landfill accumulation and pollution. On the positive side, Nemak is actively promoting a circular economy by increasing the use of recycled aluminum, reducing raw material dependency, and implementing waste management initiatives to minimize environmental impact.	The adoption of circular economy principles in product design, cost optimization, and improved waste management practices can position Nemak as an industry leader. Investments in new scrap-processing technologies and increased use of secondary materials can drive efficiency and cost savings. However, the shortage of high-quality scrap and secondary materials, rising scrap costs, challenges in meeting technical requirements, and waste management practices could lead to legal, reputational, and financial consequences.
S1 - Own Workforce	Employees may face occupational health and safety risks due to high temperatures, dealing with liquid aluminum and physically demanding work, which can lead to health issues and workplace injuries. Nemak is committed to improving workplace safety, providing fair wages, fostering diversity and inclusion, and offering career development programs, leading to better job security and overall employee well-being.	Creating and sustaining a safe work environment fosters employee engagement, reduces turnover, and enhances Nemak’s employer brand. Opportunities for innovation and technological advancements in health and safety (H&S) further strengthen operational efficiency. Improved investor perception and worker competencies add to long-term benefits. However, Nemak is exposed to risks related to its own workforce such as increased training costs, difficulty attracting new talent, and potentially increasing insurance premiums.
S2 - Workers in the Value Chain	Workers in Nemak’s supply chain may experience unsafe conditions, low wages, and excessive working hours, particularly in raw material extraction and manufacturing. In response, Nemak enforces ethical sourcing policies and collaborates with suppliers to improve labor conditions, promote fair wages, and support human rights, fostering safer and more equitable working environment	Improved supply chain reliability results from better working conditions in the upstream value chain. Strengthened supplier relationships and compliance with evolving labor laws enhance long-term operational stability. However, non-compliance with labor laws and human rights regulations by suppliers can result in legal, financial, and reputational consequences for Nemak, especially given the increasing number of supply chain due diligence laws.
S3 - Affected Communities	Nemak’s business activities can contribute to air and noise pollution, water consumption, and resource strain, affecting the health and well-being of surrounding communities. On the other hand, Nemak also creates economic opportunities through local job creation, infrastructure investments, and community engagement programs, helping to improve living conditions and supporting social development.	Strengthening Nemak’s reputation through proactive community investment and engagement can improve employee attraction and retention. A positive brand image in local communities fosters better stakeholder relationships. However, negative company perception due to environmental concerns (e.g., emissions, noise pollution) can strain investor relations, make it more challenging to raise capital, and result in penalties or fines from regulatory bodies.
G1 - Business Ethics	Governance policies and ethical business practices influence Nemak’s impact on environmental sustainability and human rights. Strong corporate governance ensures that the company enforces responsible sourcing, fair labor standards, and anti-corruption measures. Weak governance, on the other hand, can enable environmental harm, exploitative labor practices, and social injustices within the supply chain, potentially affecting vulnerable communities and ecosystems.	Improved management of compliance and the implementation of more effective grievance mechanisms enhance corporate governance and transparency. Strengthening ethical business practices can improve investor confidence and long-term sustainability. However, potential cases of corruption, failure to protect whistleblowers, and breaches of supplier contracts (e.g., delayed payments) could lead to loss of business, reputational damage, and regulatory scrutiny.

Sustainability Governance

GRI 3-3, GRI 2-9, GRI 2-11, GRI 2-12, GRI 2-13, GRI 2-14

The role of the administrative, management and supervisory bodies

Board of Directors

At Nemak, the Board of Directors and the Executive Team are jointly responsible for senior oversight of sustainability-related topics. The Board is comprised of ten members, all of whom are independent directors. Nemak has appointed one member of its Board of Directors as responsible for overseeing the strategic alignment and integration of the Sustainability Strategy within the overarching Business Strategy. This individual has sustainability expertise and amongst other actions, supported Nemak to carry out its sustainability-linked bond transactions in 2021. The Board regularly discusses topics related to electrification and Net Zero mobility, including the implications of changing climate-related regulations and increasingly stringent restrictions on ICE vehicles for Nemak. Ultimately, the Board ensures that the Company is strategically aligned and responding to market changes

and shifting consumer preferences, such as those outlined in the Paris Climate Agreement. For more information of the Board representation, gender diversity and expertise, please refer to Operating Summary of this report.

Executive Team

Nemak's Executive Team consists of the CEO, the CFO, six Vice Presidents overseeing functions and business divisions, and the Global Human Resources Director. The Vice Presidents represent business divisions across all the regions, as well as the functions of Business Development and Transformation, Manufacturing and Product Development, Purchasing and Sustainability, and Sales and Marketing. All together, they are responsible for the management of Nemak's impacts, risks and opportunities within their subject area of expertise.

Chief Executive Officer

The CEO has overall responsibility for all sustainability-related matters, a role incorporating the determination of long-term strategic decisions, agreement of Company priorities, alignment of roles, and definition of responsibilities related to this topic. The CEO meets monthly with the Vice President (VP) of Purchasing and Sustainability and the Global Sustainability Senior Manager, who report on Nemak's sustainability progress. The CEO provides overarching direction and guidance on the Company's long-term strategic goals, and where necessary, consults with external stakeholders, such as investors and shareholders to better understand medium-to-long-term trends and expectations. The CEO also oversees and evaluates critical decisions based on the climate-related risks and opportunities identified by Nemak. At regular management meetings, the CEO works with the Executive Management Team to review, validate, and discuss the Company's strategic, operational, and sustainability targets,

and due diligence processes. If necessary, the Executive Management Team adjusts its efforts to deliver improvements on a global scale.

Chief Financial Officer

The CFO oversees all financial related decisions, including Capex expenditure, which impact Nemak's ability to implement its Sustainability Strategy. As a key decision-maker, the CFO plays a pivotal role in areas such as the purchase of renewable energy, research and development investments, and other climate-related initiatives. Given that the interest rate on Nemak's Sustainability-Linked Bonds is directly connected to performance against the Science Based Targets, the CFO takes a keen interest in the Company's progress in reducing emissions. With comprehensive oversight and control of investment and funding decisions, the CFO is well positioned to drive activities that align with a 1.5-degree warming scenario.



Vice President of Purchasing and Sustainability

The Vice President (VP) of Purchasing and Sustainability is a C-suite officer responsible for the supervision and implementation of Nemak's Sustainability Strategy, inclusive of climate-related matters and targets, with a direct reporting line to the CEO. Guiding the execution of Nemak's Sustainability Strategy and long-term goals, such as its Net Zero target, the VP of Purchasing and Sustainability creates regional and functional targets. Alignment of senior leadership sustainability priorities at a global level, and ensuring that all departments have the required support and resources for success, also fall within the remit of the VP of Purchasing and Sustainability. By leveraging strong ties with purchasing, the VP of Purchasing and Sustainability can significantly influence supply chain topics related to sustainability, including frameworks for sourcing decisions based on related Scope 3 emissions. Finally, the VP of Purchasing and Sustainability is ultimately responsible for the annual reporting process. Together with the CEO and CFO, the VP of Purchasing and Sustainability conducts the final review and sign-off prior to report publication. Along with externally communicating Nemak's

Sustainability Strategy, the VP of Purchasing and Sustainability is responsible for facilitating internal communication efforts as sponsor of the Climate Commitment in the Transformation Management Office (TMO).

Vice President of Business Development and Transformation

As the market shifts towards new technologies, the Vice President (VP) of Business Development and Transformation is responsible for guiding the long-term transformation of Nemak's sustainability structures to support the strategic alignment, accountability and integration of sustainability principles across all departments and functions. To establish a strong position in the market, the VP of Business Development and Transformation ensures that Nemak's Capex investments are reflective of the Company's long-term objectives. The VP of Business Development and Transformation also plays an active role in the undertaking of long-term decisions such as the process of securing long-term renewable energy purchasing contracts. Directly reporting to the CEO, this individual helps to ensure the alignment of Nemak's Business Strategy and Nemak's Sustainability Strategy.

Global Sustainability Senior Manager

Nemak's Global Sustainability Senior Manager (GSM) leads Nemak's Sustainability Team, Sustainability Reporting and the TMO Climate Commitment pillar. Responsible for the regular review, development, and implementation of the Sustainability Strategy in line with the CSRD and UN Sustainable Development Goals, the GSM also steers external communication efforts, including ESG ratings, annual reporting, and customer and investor requests. The GSM oversees the development and implementation of Science Based Targets, including the execution of Nemak's Climate Strategy on a site-based, regional, and global level. In full alignment, the GSM supervises the Company's ASI Certification, working in collaboration with individual plants and regions to monitor their progress towards targets established in line with Nemak's sustainability goals. To effectively achieve this, the GSM works closely with HSE, Finance, HR, Purchasing and other departments on global, regional and local levels, to facilitate the integration of sustainability topics into Nemak's daily operations.



Organizational Structures

GRI 2-13

To drive Nemak's Sustainability Strategy, the Company has dedicated topic specific Committees. Information on the Sustainability Committee and TMO Climate Commitment can be found in the following section, and for further details on the roles and responsibilities of other committees, please refer to the appropriate topic chapter. Each committee is responsible for the management of impacts, risks and opportunities related to their specific topics and areas of expertise.

Nemak's Executive Sustainability Committee was created to ensure alignment of the Sustainability Strategy across all departments. As the organization strives to optimize the integration of sustainability into daily business functions, the Committee is currently undergoing a restructuring to optimize functionality. As this takes place, the committees' functions have been integrated into topic specific committees. In 2024, Nemak restructured the Executive Sustainability Committee to include the CFO, Regional Operational Directors, and other representatives of top management.

To address the material IRO's specifically within the topic of Climate Change, Nemak has created the TMO Climate Commitment Team, operating as a part of Nemak's Transformation Office. The TMO follows an organizational structure

designed to help manage the Company's strategic transformation in response to rapidly evolving market changes and the shift towards electrification. As the shift implies a change in products and processes for Nemak, the TMO office has established specific goals designed to enhance profitability, strengthen the core of the business, and capture long term growth.

The mission of the TMO Climate Commitment is to integrate the topic of climate change into the organization's transformation. Sponsored by the VP of Purchasing and Sustainability, and led by the Global Sustainability Senior Manager, the Climate Commitment team comprises of leaders from Regional HSE teams, Global Purchasing, Global R&D, Communications, and Sales.

Board of Directors

CEO

Topic Specific Sustainability Committees

- Executive Sustainability Committee
- TMO Climate Commitment
- Decarbonization Capex Committee
- Supplier Risk Committee
- Innovation Steering Committee

- Health and Safety Committee
- Information Security Committee
- Ethics Risk Committee
- Audit Risk Committee

In 2024, the objectives of the TMO Climate Commitment were:

- Development of a Sustainable Value Proposition to integrate sustainability as a unique selling point
- Identification and implementation of operational energy efficiency projects
- Establishment of a preferred customer partnership with one of Nemak's largest suppliers of aluminum
- Implementation of Nemak's Metal Decarbonization Roadmap
- Continued development of Net Zero roadmaps per plant
- Execution of Life Cycle Analysis (LCA) studies



Information provided to, and sustainability matters addressed by, the undertaking's administrative, management and supervisory bodies

Once a year, Nemak conducts a strategic alignment meeting dedicated to discussing the Company's material risks and opportunities, including those not related to sustainability. This meeting includes in excess of 150 individuals, with all employees at the level of senior manager and above invited. The CEO and CFO are responsible for guiding the strategic initiatives over the following 12-month period, supported by specific working groups with defined objectives.



Incentive Schemes

GRI 2-19

Nemak has a compensation plan for senior executives of the Company and its subsidiaries, tied to the performance of Nemak's shares. Under the plan, eligible executives receive cash payments conditional on the achievement of specific quantitative and qualitative metrics based on the following financial measures:

- **Growth in the share price**
- **Improvement in net income**
- **Executive performance within the Company**

Bonuses are paid in cash over a five-year period, with 20% disbursed each year, calculated at the average share price in Mexican Pesos at the end of each year.

Sustainability performance has a direct impact on the Company's revenue; therefore, Nemak's senior executives are incentivized to take action to increase revenue streams (particularly for the new, evolving market segment of electrification), in addition to taking measures to reduce operational costs

(related to energy, cost of capital etc.) to increase profits. Additionally, in order to maintain access to funding and establish a competitive position within the evolving market, it is critical that Nemak positions itself as a high performer in the various ESG ratings in which it participates in.

Aligning employee interests with the continuing performance of the Company, Nemak has a company-wide bonus system that seeks to reward, retain and motivate employees, while measuring against common business standards. Within these standards, individual executives and managers are encouraged to include climate targets and objectives into their performance goals. Specifically, all Nemak Business Unit Directors and Plant Managers are assessed against a 2.8% CO₂e reduction target in line with the annual performance cycle. Additionally, colleagues in Europe and Asia are incentivized through goals linked to reducing energy intensity.

Mobilizing for the Planet

For Nemak, the statement “Mobilizing for the Planet” refers to the pressing issue of climate change and resource depletion. By reducing emissions, embracing renewable energy, and utilizing recycled materials, Nemak contributes to a more sustainable future for all. This translates to cleaner air, reduced reliance on fossil fuels, and minimized waste, benefiting present and future generations. Additionally, Nemak’s focus on innovation leads to the development of eco-friendly mobility solutions, further contributing to a greener transportation sector.





Mobilizing for the Planet

The automotive industry is experiencing a significant shift in focus towards sustainable mobility, all without compromising safety or performance. In its position as a leading producer of components for electric vehicles, which are essential for a sustainable transportation sector, Nemak has a major part to play in making this a reality. In support of the Company's targets and ambitions, Nemak continues to take action to make its operations more energy efficient, pursue renewable energy alternatives, and strengthen its adoption of circular manufacturing principles wherever possible.

Nemak has adopted a balanced approach to sustainability, seeking steady year-on-year improvements, while also encouraging stakeholders to do the same. Aligned with the Paris Agreement and validated by the Science Based Targets initiative (SBTi), the Company is targeting a:

28%
reduction in Scope 1
and 2 by 2030

14% reduction in Scope 3, based on
a 2019 baseline. Nemak is committed to
achieving Net Zero no later than 2050.

Nemak's definition of Net Zero is to reduce emissions as much as possible and offset any residual emissions, resulting in a Net Zero impact for the Company. Altogether, Nemak has ambitions to develop, adopt, and deploy industry best practices, technology, and innovations to reduce Greenhouse Gas (GHG) emissions, prevent pollution, and comply with local environmental regulations.

As a responsible corporate citizen, Nemak continually works to reduce its environmental footprint and limit the risk of adverse impacts from its operations. Dedicated teams and resources are proactively addressing material environmental issues such as climate change & pollution, circularity, waste, and innovation. Looking further than the environmental impact of the transition towards sustainable mobility, Nemak is aware of its role in facilitating a Just Transition, through placing people at the heart of any change. Just Transition principles are embedded throughout the Company's climate and talent development strategies, ensuring the creation of value adding opportunities for stakeholders while the world moves towards Net Zero emissions and a climate resilient economy.

To reinforce its commitment to achieving its Scope 1 and 2 emission reduction targets, and setting ambitious Science Based Targets to achieve sustainability performance targets (SPTs), Nemak issued two Sustainability-Linked Bonds (SLBs) in 2021; one amounts to US\$500 million with a ten-year maturity, while the other amounts to EUR€500 million with a seven-year maturity.

Organization & Responsibilities

GRI 3-3

To achieve success against its ambitions related to the environment, Nemak has ensured that its organizational structure supports its transition to Net Zero and Circular Economy. Ultimately, it is the Company's Board of Directors that has oversight over the strategic direction and the implementation of Nemak's Climate Strategy and decarbonization pathways. In response to shifting market conditions, the C-Suite, including the CEO, suggest updates to the strategy, ensuring that Nemak is always well informed and positioned to respond to broader market trends. In addition, Nemak's Executive Sustainability Committee (ESC) oversee major climate related decisions. Further information on the Governance of Sustainability Topics can be found within the Sustainability Governance Section of this Report.



Nemak has formed a dedicated Decarbonization Capex Committee with the purpose of supporting its climate targets and directing funds towards investments capable of lowering GHG emissions. The Committee is comprised of the VP of Purchasing and Sustainability, the VP of Manufacturing and Product Development, the VP of Business Development and Transformation, and the CFO. It oversees the approval process for climate-related investments, including CO₂e reductions at the Company's manufacturing sites.

The Energy Engineering Community supports the Decarbonization Capex Committee by providing specific inputs for financial and environmental impacts, and contributions to setting standards along the organization regarding energy management. The Energy Engineering Community is led by the Global HSE Team, and is made up of subject matter experts from operations, engineering, and local energy experts. The role and scope of the

Energy Engineering Community is to establish energy policies, set objectives and targets, implement energy saving measures, monitor energy performance, and foster a culture of continuous improvement.

Nemak has identified that the majority of its Scope 3 emissions stem from category 3.1: Purchased Goods and Services. These emissions result from the substantial volumes of aluminum that the Company purchases for the purpose of creating lightweight components and castings. It is the responsibility of the VP of Purchasing and Sustainability, and the Purchasing (Metal) team, to focus on reducing Scope 3.1 emissions. Looking to the supply chain, Nemak is committed to working collaboratively, through education and engagement to reduce environmental impacts at all possible links.

At the operational level, and in relation Scope 1 and 2 emissions under Nemak's control, the local operations management teams are responsible for emission reductions through energy management and execution of decarbonization projects driven by the TMO Climate Commitment. Local operations teams are also engaged in the monitoring of Scope 3 category 3.3, Fuel and Energy Related Activities, and category 3.5, Waste Generated in Operations. In parallel, the Global Sustainability Senior Manager monitors and reports the Company's climate targets related to the SBTi. The Global HSE Department is responsible

for the Greenhouse Gas Emissions Inventory for Scope 1&2 following the GRI/WBCSD GHG protocol Corporate Accounting and Reporting Standard. The Company has developed a rigorous internal procedure to standardize the reporting of GHG emissions across its own sites, which is verified by a third-party against ISO 14064-3. Scope 3 is calculated by various departments and follows the principles of the GHG Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Several sites are active members of local organizations such as the Mexican IPA (Environmental Protection Institute), which is a subsidiary body of CAINTRA (Cámara de la Industria de la Transformación de Nuevo León). These collaborations aim to identify, develop, and implement projects to reduce emissions and improve air quality. Stakeholder engagement is of critical importance to Nemak, and the Company routinely maintains transparent communication channels to identify potential environmental risks, share best practice, and understand areas of concern. Additionally, Nemak regularly conducts environmental risk assessments for topics related to climate, water, and waste, including performing scenario analysis in line with Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. The findings are shared with the Executive Management Team and functional departments, who collaboratively develop and implement risk mitigation action plans.

Policies related to Climate Change Mitigation, Pollution & Circular Economy

GRI 2-23

Nemak has ambitions to develop, adopt, and deploy industry best practices, technology, and innovations to reduce GHG emissions, prevent pollution, and comply with local environmental regulations.

Operating in accordance with ISO 14001 and ISO 50001, all Nemak sites are certified as ISO 14001 compliant and 16 sites are ISO 50001 certified. Adopting a uniform Environmental Management System (EMS) across the globe allows the Company to improve its environmental performance through the efficient use of resources and reduction of waste, in addition to facilitating transparent communication with stakeholders. In support of the EMS, Nemak has developed a comprehensive set of global policies designed to embed environmental operating principles into core business functions. Incorporating Nemak's values of Customer Focus, Trust and Collaboration, Innovation, Respect, and Responsibility, and approved by the CEO, the VP of Manufacturing and Product Development and the VP of Purchasing and Sustainability, the policies include:

Policy	Environmental topics addressed within the Policy
Global HSE Policy & HSE Legal Compliance Policy	Conservation of Resources (Circular Economy), Waste Management, Energy Efficiency, Water, Compliance to Local Laws & Regulations
Global Sustainable Purchasing Policy	Emissions, Conservation of Resources (Circular Economy), Waste Management, Water
Global Code of Conduct	Conservation of Resources (Circular Economy), Waste Management, Energy Efficiency
Global Business Code for Suppliers	CO ₂ e, Conservation of Resources (Circular Economy), Waste Management, Energy Efficiency, Hazardous Materials
Biodiversity and Ecosystem Services Policy	Protection of Biodiversity, Ecosystem Services, Deforestation, World Heritage Conservation

Nemak expects full compliance with the terms of each Policy, and to this end, provides regular training on the adoption of each. Monitoring effective implementation, the Global HSE Management System, in conjunction with local third-party ISO 14001 audits, ensure conformity with the Global HSE Policy and local environmental compliance. Likewise, the Purchasing Business Support Team reviews sustainable purchasing decisions guided by the Global Sustainable Purchasing Policy. The HSE Legal Compliance Policy mandates that all applicable national, state and local requirements shall be identified and complied with. Under this policy, the sites must undergo third-party audits for environmental compliance at least once every three years, ISO 14001:2015 excluded.

Looking to the value chain, Nemak is a member of the Aluminum Stewardship Initiative (ASI), working with aluminum producers, users, and stakeholders to foster responsible production, sourcing, and stewardship. The Company adopts ASI principles to manage sustainability and environmental issues within both its own operations and its supply chain.

In 2024, four Nemak facilities underwent third-party certification audits in line with the ASI Performance Standard, with plans for the next wave of facilities to undergo official audits in 2025. Through the ASI, each site must show evidence of satisfying the ASI criteria for the topics of Greenhouse Gas Emissions, Effluents & Waste, Water Stewardship and Biodiversity & Ecosystem Services. In parallel, 13 of Nemak's key suppliers are certified under the ASI Performance standard. More information related to Nemak's ASI progress can be found in the "ASI as a Foundation" section of this report.

The Role of Life Cycle Assessment (LCA)

Nemak relies on the ISO 14040/44 Life Cycle Assessment (LCA) methodology to estimate a Product Carbon Footprint (PCF) with a Cradle-to-Gate approach. This guides the Sustainability Strategy and improves understanding of the environmental impacts of its products throughout the value chain.

The Cradle-to-Gate approach measures the product environmental and climate impact from the extraction of raw materials, through to delivery to customers. Nemak is also investigating an LCA tool to evaluate the environmental impacts of product in the design phase. This enables the application of LCA methodology before production launches, therefore ensuring that the environmental impact of Nemak's products is reduced at the earliest possible stage within the design phase.

This year, Nemak has continued to enhance its LCA practices as part of its commitment to sustainability and transparency. Reaching a significant milestone, 2024 saw the Company adopt the LCA for Experts software to conduct comprehensive LCA studies for a total of four different product categories.

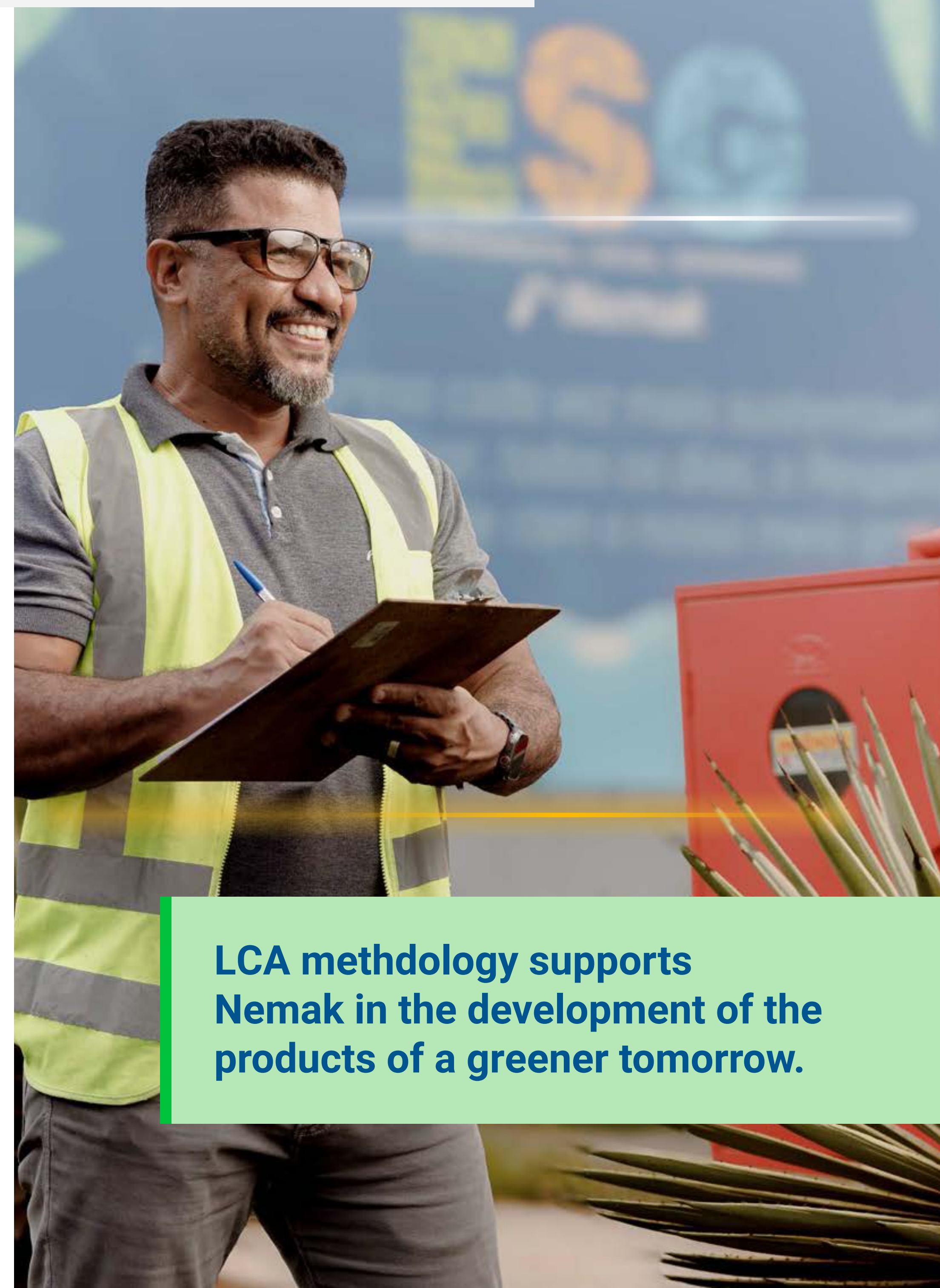
Extending its ambitions further, during the year, Nemak successfully underwent an ASI audit in Poland, Slovakia, Dillingen and Pilsting, where the Company presented a detailed PCF report as supporting evidence. The audit was a key test of the LCA methodology and its implementation, and these efforts represent a significant step forward in establishing

a robust and scalable LCA framework. By the end of the year, Nemak has not only completed these four studies, but also laid the groundwork for integrating additional product types into the LCA software. With a target of incorporating all product types into the software by 2025, this progress is significant in ensuring the availability of quantifiable data to assess Nemak's environmental impact. It will also enable Nemak to systematically identify carbon footprint hotspots across processes, supporting targeted actions to mitigate emissions.

Within its LCA studies, Nemak conducts scenario analysis to compare the impact of different variables, such as sourcing material from different suppliers or improving the recovery rate of scrap aluminum at a site level. Through these assessments, Nemak is able to quantify and measure the environmental benefit of adjusting a variety of input factors, therefore providing a basis for the implementation of future improvements.

Nemak has been able to conclude that the majority of product inputs are derived from melting and casting processes. The contribution of these variables is highly dependent on the type of material used, therefore, the higher the share of secondary and recycled aluminum within Nemak's products, the lower the overall environmental impact.

Nemak has also defined a Life Cycle Assessment Procedure applicable to all Nemak business units. The procedure defines the accountability for LCA's, procedural controls and reporting specifications.



LCA methodology supports Nemak in the development of the products of a greener tomorrow.

Climate Change



Transition Plan for Climate Change

Combatting the impending climate crisis and achieving the target established in the Paris Climate Agreement of limiting the global temperature increase to 1.5°C is one of the key challenges for the automotive industry over the next decade. Nemak has developed an internal business transition plan to shift its product portfolio, and meet OEMs' demands to produce more efficient and zero-emission vehicles with minimal contributions to CO₂e emissions.

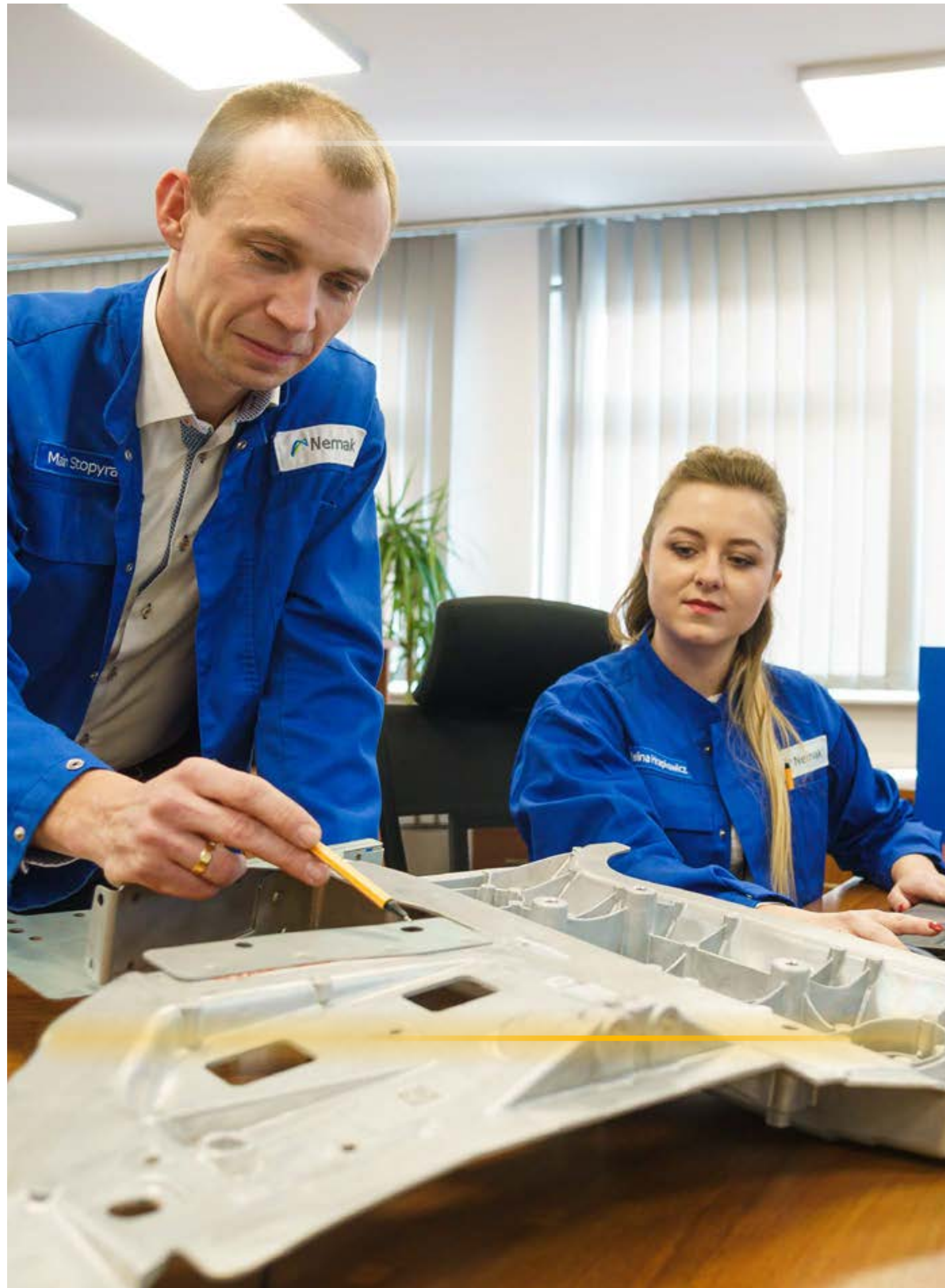
Ultimately, the Board of Directors has oversight of the execution of the long-term electrification strategy as well as Nemak's Climate Strategy. The C-Suite Executives, including the CEO, are accountable in ensuring that the strategy is executed accordingly and that any required strategic adjustments are made based on the present market conditions. On an annual basis, Nemak's long-term strategy is reviewed, and the market projections are adjusted according to the most recent trends and data, creating a flexible and responsive plan covering the whole organization. All financial projections are linked to the prognoses of the market shares towards electrification based on most recent market

insights. Leading the transformation, Nemak appointed a VP of Business Development and Transformation reporting directly to the CEO and dealing specifically with the topic of transitioning the business model of Nemak towards electrification. Nemak's Executive

Management Team is responsible for the approval and implementation oversight of the Company's Climate Transition Plan.

Overall, Nemak's Transition Plan leans on the following pillars:

	Aim	Progress in 2024
Green Products	• Production of components for zero emissions & hybrid vehicles	• 10% of Nemak's revenue from EV / Structural Components
	• Low carbon / Net Zero solutions for customers	• Internal process development to create a systematic approach to manage and excel in customer related ESG requirements
Green Production	• Maximum energy efficiency • Use of sustainable fuel sources, replacing fossil fuels	• Identification and implementation of energy efficiency initiatives: • 200+ project identified in 2024 for potential energy savings • 80+ projects successfully implemented, resulting in energy savings of over 500,000 GJ. • Completion of ASI Performance Standard audits with a focus on emissions, pollution, energy, waste and water management
Green Sourcing	• Sourcing of 100% renewable energy • Increased application of secondary material / green materials	• Increased renewable energy to 30% of total electricity consumption • Reduction of emissions intensity per kg of purchased material by 6% • Reduction of Scope 3.1 emissions by 9%



Nemak's Climate Transition Plan is part of its long-term strategy, as the Company believes that sustainability is a fundamental component of its business operations, and critical to its long-term success. To this end, it has allocated CAPEX primarily towards new product launches in the EV/SC segment. Nemak continues to see electrification as the long term trend and expects overall revenues in this segment to continue to grow. In addition, Nemak evaluates its performance based on its progress against the SBT, its sustainability goals defined in the sustainability roadmap, as well as its performance across several ESG ratings, including the CDP, CSA and EcoVadis.

To execute its long-term strategy and adapt to the 1.5°C world, Nemak prioritizes investment geared towards supporting its customers' lightweighting and electrification plans. To this end, it has allocated CAPEX primarily towards new product launches, with dedicated on its EV/SC segment. Additionally, in 2021, Nemak founded the Decarbonization Capex Committee to achieve its climate targets through strategic investments. This Committee comprises the VP of Purchasing and Sustainability, the VP of Manufacturing, and the CFO. The Committee oversees the approval process for climate-related investments and primarily targets CO₂e reduction efforts at the Company's manufacturing sites. In 2024, the Committee approved the funding for 8 strategic

Nemak's Climate Transition Plan is part of its long-term strategy, as the Company believes that sustainability is a fundamental component of its business operations, and critical to its longterm success.

decarbonization projects. Nemak is currently in the process of preparing for future disclosures of CapEx, OpEx and Revenues in alignment with the EU Taxonomy.

To encourage the adoption of the Company's Climate Strategy, and to translate policies into tangible action, Nemak has introduced climate-related targets into its remuneration through annual performance related bonuses. Aligning employee interests with the continuing performance of the Company, the bonus system seeks to reward, retain and motivate employees, while measuring against common business standards. Within these standards, individual executives and managers are encouraged to include climate targets and objectives into their performance goals. Specifically, all Nemak Business Unit Directors and Plant Managers are assessed against a 2.8% CO₂e reduction target in line with the annual performance cycle. Additionally, colleagues in Europe and Asia are incentivized through goals linked to reducing energy intensity.

Nemak's Climate Transition Plan, as well as the ESG principles of Nemak's Sustainability Strategy are in alignment with the principles of a Just Transition. Nemak is aware that the journey towards decarbonization will have social and economic impacts on various communities, especially those who are already disadvantaged. With the transformation, Nemak continues to emphasize essential social development principles such as human rights protection and due diligence throughout the entire value chain, community engagement and corporate citizenship, as well as to continually engage in a social dialogue with

Nemak has developed a comprehensive Climate Strategy that includes mid-term targets for 2030, and a long-term ambition to achieve carbon neutrality by 2050 or sooner.

its stakeholders and communities. Nemak is dedicated to up-skilling its teams by focusing on employee development and guaranteeing fair working conditions with competitive compensation, facilitating the Company's determination to be a leading lightweight component provider in the Net Zero economy.

With the support of its people and a skilled workforce, emissions reduction and energy efficiency are vital topics for innovation at Nemak. The Company is focused on bringing products to the market designed to thrive in a Net Zero economy. While increasing the fuel efficiency of vehicles and supporting the transition towards Net Zero mobility, Nemak also focuses on reducing its own emissions during the manufacturing process. Based on different projections of volume development, energy consumption, and growth scenarios.

Nemak also recognizes that the shift toward decarbonization will likely have biodiversity impacts. Although Nemak's sites do not have a material impact on Biodiversity, the Company recognizes that transition will result in an increased demand for renewable energy as well as increased mining of critical minerals such as lithium, cobalt and rare earth metals.



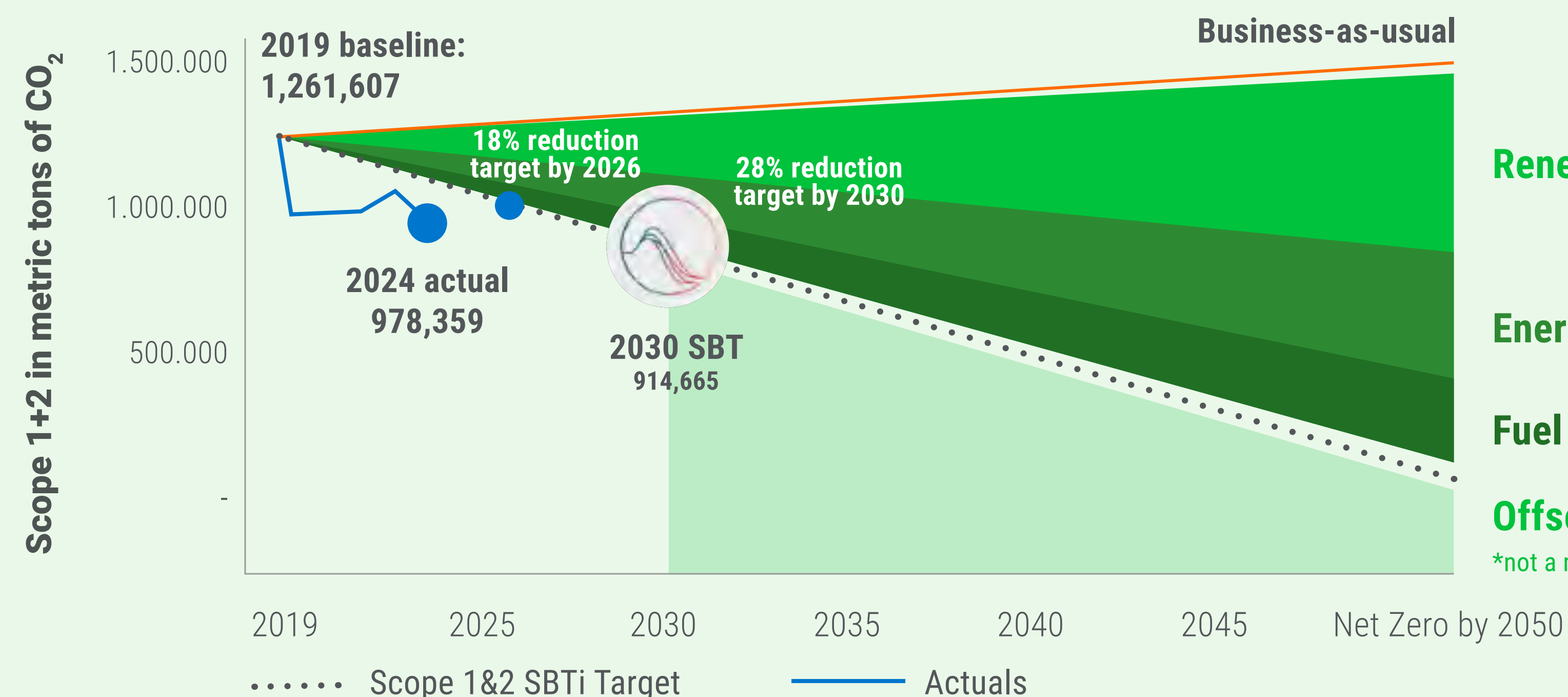
Net Zero by 2050

Nemak has made SBTi commitments to achieve a **28% reduction** in direct Scope 1 and indirect Scope 2 emissions, as well as a **14% reduction** in Scope 3 emissions, by 2030.

Although the SBTi targets are set to a well-below 2°C world, Nemak's overall transition plan and long-term strategy are in line with supporting a 1.5°C world, with its aim to be Net Zero by 2050.

As decarbonization levers, Nemak has developed a Decarbonization Maturity Model, aimed at mitigating the key impacts, risks and opportunities identified through Nemak's Double Materiality Assessment.

Nemak's internal pathway and measures towards decarbonization



Renewable electricity

Energy efficiency

Fuel switch

Offsetting of unavoidable emissions

*not a measure for achieving climate goals according to SBTi

Nemak’s Decarbonization Model

GRI 3-3, GRI 305-5

	Ambition	Progress in 2024	Key actions planned in 2025
LCA's	Developing Cradle-to-Gate Life Cycle Assessments to understand the environmental impact of its products and processes	• New LCA Study Conducted in Dillingen • 10 PCF (Product Carbon Footprint) estimations completed • Validation of LCA approach by ASI auditors	• LCA studies for Linz, Spain, Wernigerode and Mexico • Further generation of internal capabilities and knowledge
Energy Efficiency	Reducing energy use and consumption by increasing operating efficiency and Capex investment in decarbonization projects	• Implementation of 80+ energy efficiency projects • Investigation of on-site renewable generation projects • Approval of 8 strategic decarbonization projects by the Decarbonization Committee	• ISO 50001 certification of Mexican facilities • Continued implementation of energy efficiency projects • As of Q1 2025, over one million USD worth of decarbonization projects approved by the Decarbonization Capex Committee
Renewable Energy	Maximizing the percentage of renewable energy in its overall energy portfolio	• Exceed its target of 25% renewable electricity by 2025, reaching 30% in 2024	• Maintain track to securing 100% renewable energy sources by 2030 • Commencement of a long-term renewable energy strip in 2026, covering 50% of the electricity consumption in the US
Scope 3	Increasing the use of secondary materials in production, and reducing the carbon footprint per tonne of material purchased	• Reduction of the average emissions intensity of aluminum purchased by 6% • Signed a letter of intent with a key supplier • Increasing number of suppliers reporting to EcoVadis to 262, assessing 42 new suppliers • Collaborations with major OEM’s to decrease CO₂e footprint of aluminum alloys • Development of marketing handbook on green aluminum, showcasing Nemak’s Sustainability Value Proposition to Customers	• Continued increase of suppliers participating in EcoVadis screening • Continued R&D into the increased use of secondary alloys while meeting technical requirements
Fuel Switch	Investing in technology that supports the transition to low-carbon energy	• Overview of existing and candidate technologies for melting operation obtained • Supplier day held to assess currently available technologies • Total cost of ownership of electric melting analysis performed	• Ongoing activities focusing on closing knowledge gaps as well as identifying retrofitting solutions for existing assets • Extension to other areas in production, that have significant impact on CO₂e emissions (e.g. heat treatment).
Organization	Creating an effective organizational design to successfully manage the transition towards decarbonization, including attaining relevant qualifications, career paths, and succession plans	• Continued function of the TMO Climate Commitment • Cross functional alignment of roles and responsibilities for sustainability tasks • Improved cooperation between departments • Best practice sharing between facilities through regional HSE meetings	• Increased cross functional collaboration, especially in light of the CSRD. • Further integration of sustainability into daily tasks of other departments (such as Finance)

Climate Related Risks

Through the creation of a comprehensive Climate Transition Plan, Nemak has considered both the requirements of internal and external stakeholders, while also accounting for the inherent risks of climate change and its associated financial impacts.



Transition Risks

Nemak conducts annual climate transition and physical risk assessments, helping to understand and quantify climate-related risks and opportunities. After each assessment, the results are thoroughly analyzed and integrated into future strategic planning and core business management. Since 2021, Nemak has implemented the recommendations of the TCFD within its Sustainability Strategy and continues to improve its management process for climate-related risks and opportunities.

Transition risk and opportunity scenarios are analyzed in relation to the most impactful identified climate-related risks and opportunities. On an annual basis, Nemak refines the process to reflect the most recent market projections and developments, before undertaking the company-wide assessment. Using this depth of knowledge to their advantage, the Global Finance Department, and the Executive Team use the annual scenario analysis process as a decision-making support function. The quantification of climate risks and opportunities also serves to reinforce the development of an informed long-term Climate Strategy.

To expand on a couple of identified transition risks, the first relates to the automotive industry's compelling shift towards vehicle electrification. This poses both an area of risk and opportunity for Nemak, as it seeks to position itself as a leading provider of lightweight components, while making progress against internal decarbonization targets. In 2024, 90% of Nemak's revenue was derived from applications for internal combustion engine (ICE) vehicles, therefore a likely gradual phase out of ICE's will require a dynamic core business shift for the Company in the future. The second refers to the rising costs related to carbon pricing systems, inclusive of carbon taxation and emission trading systems. As Nemak's core business is dependent on purchasing high volumes of electricity, natural gas, and other fuels, the Company has been proactive to act in assessing the potential impacts that carbon pricing may have on future growth ambitions. The Company has already adapted to carbon pricing models in several markets, though fully expects to witness an expansion of similar schemes in the coming years.

Physical Risks

Nemak works together with its insurance provider to assess the likelihood, magnitude, and potential financial impact of physical risks on Nemak sites. To evaluate Nemak's exposure to physical climate hazards, Nemak relies on a combination of engineering data from site visits and the latest insights into climate change.

This includes a breakdown of Nemak's acute and chronic risks at its locations, specified by peril, according to three different climate scenarios, in both the short-term (by 2030) and the long-term (by 2050). The variables assessed include acute risk, chronic risk, extreme precipitations, wind, temperature, drought, and sea level rise. For all variables, Nemak evaluated the locations with the largest exposure to changes in each specific variable in the short term (by 2030), including a breakdown by property value (PV) and business interruption (BI), and an outlook for climate change impacts at those locations in the short term (by 2030). The results of these assessments are reviewed with at a site level, and follow up actions agreed where deemed necessary.

Nemak’s TCFD Index

GRI 201-2

Pillar/Recommendation	Key points
GOVERNANCE	
Describe the board’s oversight of climate-related risks and opportunities.	The Board of Directors evaluates the overall performance of Nemak’s sustainability efforts at least once every two years and considers climate-related risks when reviewing Nemak’s Business Strategy. For example, the Board actively discusses climate-related topics such as emerging environmental regulation, changing market demands, and shifts in the Company’s product portfolio. With the issuance of two Sustainability-Linked Bonds (SLB) in 2021, attention over climate-related topics has increased, as the SLB framework is directly linked to Nemak’s emission abatement performance, processes and frequency by which the board and/or board committees (e.g., audit, risk, or other committees) are informed about climate-related issues.
	A dedicated member of the Board of Directors is responsible for oversight of strategic alignment and integration of the Sustainability Strategy with the overall Business Strategy. This individual’s responsibility is to support long-term plans and investment spending for Nemak’s transition towards becoming a climate-neutral company. The Global HSE department actively monitors the company’s CO ₂ e emissions on a global level and reports on progress against its Science Based Targets to the Global Sustainability Department, who then actively communicating results to management, investors and eventually to the Board of Directors.
Describe management’s role in assessing and managing climate-related risks and opportunities	Nemak’s CEO provides guidelines on the Company’s long-term strategic goals and framework and consults with external stakeholders such as investors and other shareholders to study trends in the mid-to long-term future, including assessing climate-related risks and opportunities. The CEO establishes the Company’s vision, incorporating the results of the climate assessment into his decision-making process.
	Together, the Executive Team is responsible for evaluating the identified climate-related transitional risks and opportunities. The Executive Team remains constantly vigilant of any climate-related risks that need to be considered in the strategic decision-making process. To identify the most pressing and impactful climate-related risks and opportunities, a structured analysis is conducted. The results of this assessment are presented to the VP of Purchasing and Sustainability and reviewed with the CEO and the Chairman of the Board. Based on the identification and confirmation of climate-related risks and opportunities as a collective, the VP is responsible for integrating the results into the sustainability vision, and for implementing sustainability principles into Nemak’s Business Strategy.
	Nemak’s Double Materiality Assessment serves as the basis to identify and assess climate-related risks and opportunities. This process included consultation with wide spectrum of internal experts such as the VP of Purchasing & Sustainability, as well engagement with Nemak’s key suppliers. In addition, the final results were reviewed with the Executive Sustainability Committee, which comprises of all VP’s at Nemak.
	The TMO Climate Team, led by the VP of Purchasing and Sustainability, oversees and assesses the results of identified climate-related risks and opportunities, alongside overseeing Nemak’s Climate Strategy and emission reduction activities. The TMO Climate Team comprises internal environmental, social, and governance leaders and experts. Specific inputs on Nemak’s Scope 1, 2, and 3 emissions are provided by the Energy Management Engineering Community and the Global Purchasing Team. The Global Sustainability Manager supports these processes and oversees the emission target setting, progress, and implementation. In some cases, the Company includes other internal and external resources to support its environmental performance objectives. For more details on the Company’s sustainability governance structure, please see the Sustainability Governance section of this report.

Pillar/Recommendation	Key points
STRATEGY	
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. Time horizons are defined by Nemak as: • Short-term: 1 year • Medium-term: 2 to 4 years • Long-term: 5 to 10 years	Opportunities: • (Medium – Long term) Dynamic market shift towards electrification, opening new markets, new products, new customers, and new technologies • (Short-term) Improvements in operational efficiency and performance • (Short-term) Use of financial instruments linked to sustainability (e.g., Sustainability-Linked Bonds)
	Risks: • (Medium term) Current and emerging regulations on carbon emissions, including implicit and explicit carbon-pricing schemes. • (Short – Medium term) Market and reputation, stringent requirements from customers and stakeholders • (Short – Long term) Acute and chronic physical changes, risks of impacts from extreme weather events and catastrophes, and long-term land changes
Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	The outcome of Nemak's climate-related assessment is discussed at all levels of upper management, including with the CEO, VP of Purchasing as well as the TMO Climate Team. The assessment results in the integration and consideration of all identified climate risks and opportunities in strategic, financial, and mitigation planning.
	Overall, climate-related risks and opportunities have increased the pressure for Nemak to invest in decarbonization within its production, as well as in the value chain. Nemak has begun to adapt its product portfolio and processes to meet the needs of the growing electrification market, as well as to increase its engagement with the supply chain on climate-related topics.
	In response to climate-related issues and the need for global action, Nemak has committed to Net Zero emissions by 2050 and committed to Science Based Targets (SBT) to reduce Scope 1 and 2 emissions by 28%, and Scope 3 emissions by 14% by 2030, based on 2019 levels. To achieve these targets, Nemak has defined a strategy based on three pillars: Green Products, Green Production and Green Sourcing. It has also developed a Decarbonization Maturity Model (DMM), which includes establishing specific targets in the areas of life cycle assessment (LCA), renewable energy share, and various others. With the DMM, Nemak strives to narrow down specific targets based on regional and local circumstances to ensure the decarbonization strategy's implementation is successful on an aggregated global level. However, it is important to take note that as part of Nemak's material issues, the aspects of this strategy apply not only towards Climate Change, but also to Circularity, Waste and Water Management. As a result, Nemak established specific environmental targets in all these areas, outlined in the dedicated sections.
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	Nemak continually improves its understanding of climate related risks by conducting transitional and physical risk assessments. To evaluate the financial impact of climate-related risks and opportunities such as electrification and current and emerging carbon regulations, Nemak conducts a scenario analysis for a business-as-usual scenario and a 1.5-degree Celsius IPCC scenario on an annual basis. Nemak relies on assumptions from diverse sources, such as IEA, World Bank, NGFS climate scenario database, as well as its own market projections. In parallel, Nemak works together with its insurance provider to assess the likelihood, magnitude, and potential financial impact of physical risks on Nemak sites. To evaluate Nemak's exposure to physical climate hazards, Nemak relies on a combination of engineering data from site visits and the latest insights into climate change.
	Based on the results, Nemak can take appropriate actions to mitigate the potential impact of climate-related risks. For example, the physical risk assessment results indicate that the site in Garcia, Mexico is most exposed to potential threats. In the case of heat stress, it is already part of Nemak's risk assessment for all regions and is monitored regularly. To decrease the impact of heat stress, Nemak has taken the responsive actions, for example in in engineering controls through general ventilation and spot cooling by local exhaust ventilation at points of high-heat production. In addition, local weather conditions are checked frequently during the day and non-essential tasks are postponed when heat warnings are issued. Although the geographic location of the site indicates a high risk of wildfire, wildfire risk at the facility itself is low as the area is classified as a desert location, far from forests and preservation areas. The Environmental Management System (EMS) at this site is ISO 14001 certified and the assessment of wildfire risk is integrated within it. In addition, every year the Company performs a flora inventory so that it can monitor and protect species located in the area near the facility.
	Nemak integrates the transitional and physical risk assessment results into short, medium, and long-term strategic, business, financial, and sustainability planning. The company continues to improve and increase the scope of the scenario analysis exercise on a yearly basis to ensure that the impacts of climate related risks and opportunities are well-understood and effective responsive actions can be taken.

Pillar/Recommendation	Key points
RISK MANAGEMENT	
Describe the organization's processes for identifying and assessing climate-related risks	Through the Double Materiality Assessment (DMA), Nemak has created an inventory with all relevant transitional climate-related risks, which is reviewed on a yearly basis. Based on a quantitative evaluation by internal experts, the Global Finance Team and the Legal team, climate-related risks are ranked by likelihood, financial impact and legal impact. In addition, Nemak maintains an ongoing dialogue with its stakeholders that is centered on listening and understanding expectations in relation to the Company's sustainability activities, including any relevant information on climate-related risks. For details on how Nemak identifies and responds to physical climate risks, please refer to the Climate Risks section in this report.
Describe the organization's processes for managing climate-related risks.	The results of Double Materiality Assessment , including climate related risks and opportunities are presented and discussed with the the Executive Sustainability Committee. The ongoing dialogue with external stakeholders on climate-related topics further supports and reaffirms the outcomes of this process. Findings from this multi-dimensional assessment pinpoint the areas that need improvement and those that will have the greatest impact on climate change. The Company uses this information to determine the focus of Nemak's Climate Strategy and goals. The results and impacts of this process, along with the defined Climate Strategy, including Nemak's commitment to SBTi, are further integrated into business, strategic, and financial decisions.
Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	As ESG topics become more relevant, Nemak continuously adapts its Business and Sustainability Strategy in response to market shifts and changing stakeholder expectations. Nemak's Business Development team takes into consideration complex analyses of the trends in automotive market (like electrification) to create a prognosis of the expected demand on Nemak's volumes in the future. With the results of the market analysis as well as the risks identified through the DMA, Nemak actively considers and takes appropriate actions based on the findings to mitigate the impacts of such risks. This includes the integration of climate-related topics, including emissions, water and waste, into the overall process of risk management and business planning. In addition, Nemak locations certified with ISO 14001, 45000 and 50001 have biannual third-party certification audits and surveillance audits in the years between certifications. Overall, Nemak's shifting focus and prioritization of sustainability topics is evident in the Company's performance in ESG ratings such as CDP and Dow Jones Sustainability Index.
METRICS AND TARGETS	
Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	To track its environmental performance, Nemak uses metrics such as its energy intensity, emissions, share of renewable energy, use of secondary and low carbon materials, and more. Nemak recognizes that Circularity, and Waste and Water Management are also critical parts of addressing climate-related issues. As a result, Nemak established specific environmental targets in all these areas, outlined in the corresponding sections of this report. As a powerful tool, Nemak uses insights from the internationally recognized Life Cycle Assessment (LCA) methodology to help the Company understand where most of its global warming impacts originate from. As Nemak's product portfolio evolves, the Company continues to deepen its LCA approach, with the goal of completing LCAs for all product categories in the short term. For more details on Nemak's progress in LCA's, please refer to the Section "The Role of Life Cycle Assessment" in this report.
Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	Please refer to the next page of this report for a detailed breakdown of Nemak's Scope 1, 2 and 3 emissions and the summary table in the Material ESG Impacts, Risks & Opportunities section of this report.
Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	As a fundamental pillar of Nemak's Climate Strategy, the Company has committed to Science Based Targets (SBT) to reduce Scope 1 and 2 emissions by 28%, and Scope 3 emissions by 14% by 2030, based on 2019 levels. To achieve these Scope 1 and 2 goals, Nemak tracks and focuses on environmental management, including energy efficiency under the ISO 50001 standard. Additionally, the Company recognizes the potential of renewable energy in attaining its climate goals and mitigating the impacts of climate-related risks. Based on its Sustainability Roadmap 2030, reach 100% renewable electricity purchase by 2030. For more information on Nemak's emissions progress, please refer to Nemak's Decarbonization Maturity Model. In reference to Scope 3 emissions, Nemak tracks the use of recycled material in its products, which currently stands at 62%. In line with circular economy principles, the Company aims to increase the recycled content quota of new product groups, especially those relevant to the rapidly expanding EV market. Additional investments are being made in R&D to ensure the usability and quality of Nemak products made from recycled alloys. Nemak maintains strong relationships with its suppliers through constant communication, supporting and encouraging them towards higher levels of transparency in ESG topics, including climate change. Additionally, Nemak requires key suppliers to take part in EcoVadis as a screening practice and establishes specific score thresholds for key suppliers to meet. In 2024, Nemak assessed 42 new suppliers through EcoVadis, taking the complete number of supplier assessments to 262. EcoVadis is a comprehensive and globally recognized ESG assessment as a method of increased transparency, as well as encouraging its suppliers toward more proactive action in sustainability topics.

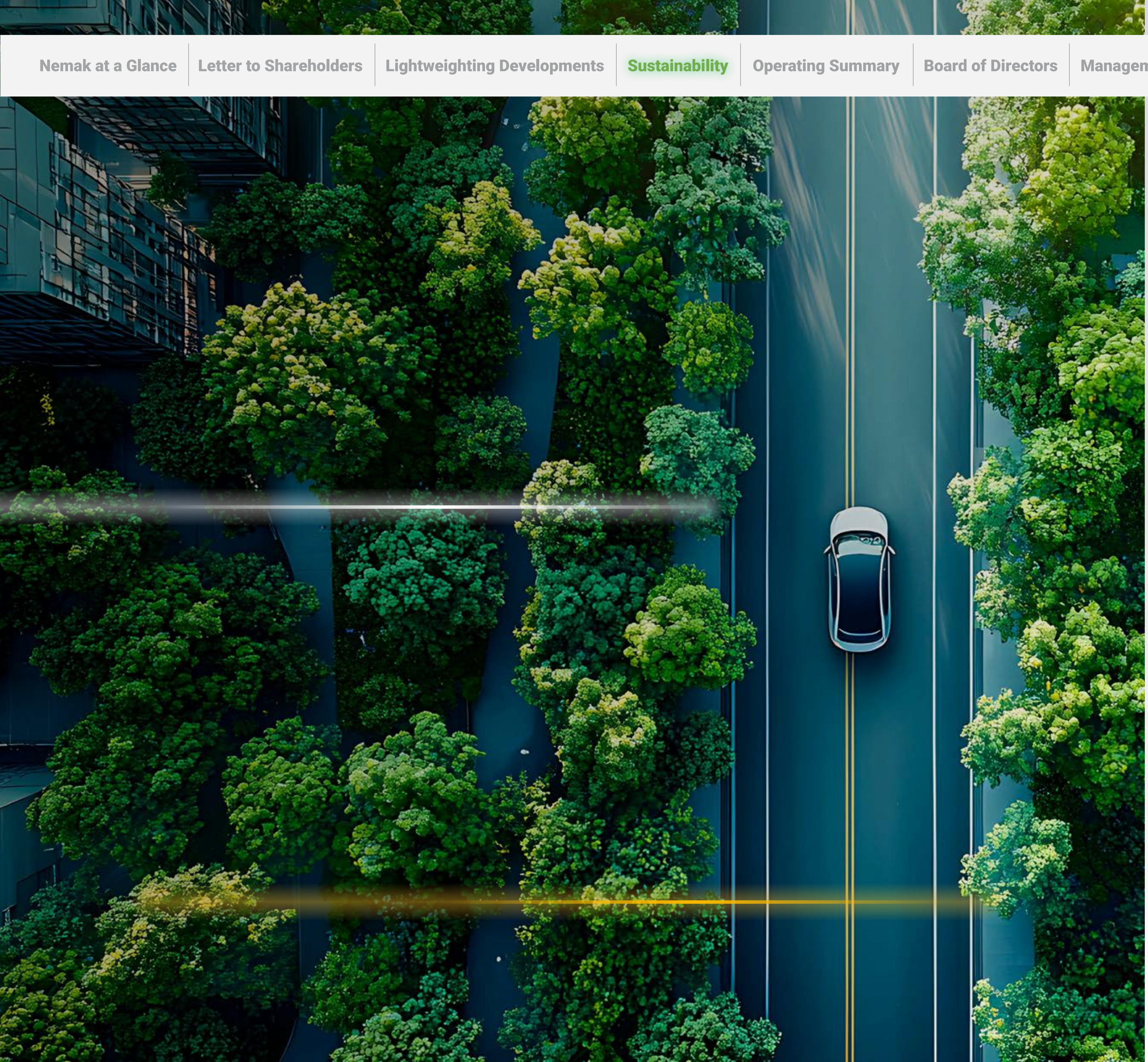
Targets Related to Climate Change

GRI 3-3

Nemak's Climate Strategy incorporates near-term targets for 2026, mid-term targets for 2030, and a long-term ambition to become Net Zero by 2050 at the latest.

These targets have been developed using climate science methodologies, and incorporate projections for differing volume developments, energy consumption, and growth scenarios. In 2021, Nemak submitted its comprehensive strategy for external validation by the SBTi, therefore marking a significant milestone in the Company's climate journey. The validated targets, recertified by the SBTi in 2022, are set to a well-below 2°C world pathway. However, Nemak's greater ambition, and supporting transition plan, are supportive of a 1.5°C world, in line with its aim to be Net Zero by 2050 at the latest. Nemak has set the following targets for reducing its greenhouse gas emissions, all based on a 2019 baseline:

	% of emissions covered by target, based on total emissions in Scope	Baseline values in tons CO ₂ e (2019)	Short term target (2026)	Midterm Targets (2030)	Performance against targets
Scope 1 & 2 (market based) Target (SBTi, well below 2 degrees approved)	100%	1,261,608	18% reduction in CO ₂ e in Scope 1 & 2 by 2026	28% reduction in CO ₂ e footprint in Scope 1 & 2 by 2030	22% reduction of Scope 1 & 2 emissions from 2019
Scope 3 Target (SBTi, well below 2 degrees approved)	80%	3,285,766	n/a	14% reduction in CO ₂ e footprint in Scope 3 by 2030	10% reduction of Scope 3.1 emissions from 2019
Renewable Energy	99% of Scope 2	-	25% renewable electricity purchase by 2025	100% by 2030	Achieved the 2025 goal ahead of time, 30% of renewable electricity purchase in 2024

An aerial photograph of a car driving on a road, flanked by dense green trees. The car is a light-colored sedan, viewed from above, positioned in the center of the road. The road has yellow lane markings. The surrounding area is filled with lush green trees, and a modern building is visible on the left side of the frame.

Climate Mitigation Actions

GRI 3-3

Emissions reduction is the cornerstone of Nemak's Climate Strategy, as such, the Company has publicly committed to achieve measurable results in this area by enhancing energy efficiencies, increasing the use of renewable and alternative fuels, and engaging with suppliers to advance their own reduction pathways.

The Company uses volume development and energy consumption to predict its CO₂e emissions, and based on these results, it plans the necessary measures to achieve its climate reduction targets.

Nemak's approach to emissions reduction can be demonstrated through its Decarbonization Maturity Model (DMM), through which the Company identifies tangible actions that can be implemented at global, regional, and plant levels. More details on the DMM can be found in Nemak's Transition Plan earlier within this Chapter.

Nemak's Actions towards Scope 1 & 2 Decarbonization

GRI 305-5

Energy Efficiency

Nemak's Energy Management Program (EMP) is centered around energy optimization, striving to eliminate all forms of excess waste. The Company's EMP is led by the Energy Engineering Community which is headed by the Global HSE Director and includes engineering managers in central and local operations. The EMP aims to improve Overall Equipment Effectiveness (OEE) and support the ongoing implementation of Nemak's ISO 50001 Energy Management System. The Energy Engineering Community supports manufacturing operations and the Decarbonization Capex Committee by identifying projects promoting energy efficiency, energy technology, and innovation.

Throughout the year, Nemak's site identified more than 200 potential energy efficiency projects. As of the end of the year, more than 80 projects were successfully implemented and resulted in an estimated cumulated reduction of 500,000 GJ, or approximately 30,000 tons of avoided CO₂e emissions.



Driving Results – Energy Efficiency

In 2024, Nemak Mexico introduced a leak detection program for compressed air systems, which was implemented at the shop floor across six plants. The program focused on identifying and repairing compressed air leaks, which are a significant source of energy loss in industrial operations. The implementation of the program involved regular inspections, the use of ultrasonic leak detection equipment, and the development of a standardized process for timely repairs. The resulting reduced energy consumption amounted to c.40,000 GJ, equating to 3,500 tons of avoided CO₂e.

Renewable Energy & Own Power Production

The Company is committed to increasing the percentage of renewables within its energy portfolio. The route for facilitating this is via Nemak's Purchasing Strategy, mainly for Scope 2 electricity, and through the generation of its own energy onsite. In 2024, 30% of Nemak's electricity consumption came from renewable energy sources. This means that Nemak has already met its goal of achieving 25% renewable electricity share by 2025, and is on track for 100% by 2030.

One of the ways to achieve future-orientated and sustainable production is through employing a variety of energy supply concepts. These must guarantee an effective, targeted, and economical supply to Company sites. Nemak therefore, utilizes a portfolio approach that ranges from the use of classic energy supply contracts with renewable energy components, to long-term supply contracts.

The specific choice per location is dependent on variables including politics, technology, and economic efficiency. In line with targets, and to meet customer demand, Nemak will gradually increase the proportion of renewable energies in its energy supply over the coming years. At some locations, the reorganization of the energy supply will require investments for self-supply and, in particular, the associated peripheral systems on the grid side.

Through the purchase of renewable energy certificates and guarantees of origin, these Nemak locations source more than 30% of their electricity consumption from renewable electricity: Podborany (Czech Republic), Linz (Austria), Pilsting, Dillingen and Wernigerode (Germany), Betim (Brazil) and Nanjing (China). In 2024, Nemak's consumption of renewable electricity was more than 1,300,000 GJ, representing an increase of 43%, relative to the GJ's sourced from renewables in 2023.

In 2024, **30%** of Nemak's electricity consumption came from renewable energy sources.

In 2023, Nemak entered into a 10-year contract with Texas Solar Nova 1, LLC for the purchase of renewable energy certificates in the US. The agreement decarbonizes half of the electricity demand of the Company's US sites. Through this agreement, Nemak invested into the development of 5,000 acre solar farm, with an annual production of more than 700,000 MWh. This agreement shall come into effect in 2026.





Nemak's Actions towards Scope 3 Decarbonization

As with many players within the automotive industry, Nemak's largest proportion of emissions can be attributed to Scope 3, its supply chain. With purchased aluminum being the primary source of Scope 3 emissions, Nemak's reduction strategy is centered around the following activities:

- Use of secondary alloy where technical requirements allow
- Investment into Research and Development (R&D) to further the development, and commercial application, of sustainable solutions such as Nermalloy
- Purchase of green aluminum and alloys as a preferred alternative
- Active engagement with suppliers to increase their awareness of, and transparency around, the topic of decarbonization
- Securing commitments from key suppliers to reduce their emissions in line with Nemak's ambition, 28% Scope 1 & 2 reduction by 2030
- Establishing partnerships with suppliers and customers to develop technologies together, and secure strong value chain relationships

In 2024, Nemak reduced its Scope 3 emissions by 10%, in comparison to 2023.

Nemak's Scope 1, 2 & 3 Emission

GRI 305-1, GRI 305-2, GRI 305-3, GRI 305-5

As is commonly the case in the automotive industry, Nemak's Scope 3 emissions from its value chain account for most of its overall emissions. Scope 1 and Scope 2 emissions associated with internal operations account for approximately 22% of Nemak's total carbon footprint, whereas 78% are the result of Scope 3 activities. To proactively address the topic of emissions reductions, the Company relies on the initiatives defined in its Decarbonization Maturity Model, which directly contribute to Nemak's emissions pathway.

In 2024, Nemak achieved a 10% reduction in total emissions (Scope 1, 2 & 3 combined) compared to 2023, driven by key trends (in comparison to 2023):

- Natural gas consumption decreased by 4%
- Electricity consumption decreased by 3%
- Renewable energy procurement increased to 30% of total electricity consumption, surpassing the company's 2025 goal of 25%
- Increased reporting of primary data from suppliers, contributing to a 6% reduction in emissions intensity per kilogram of purchased material

As a result, Scope 1 emissions declined by 4%, while Scope 2 market-based emissions dropped by 18%. Emissions from Purchased Goods and Services also saw a 9% decrease, and Capital Goods emissions fell by 25% compared to 2023. Nemak remains committed to achieving Net Zero by 2050 at the latest, with its current emissions trajectory aligning with its Science-Based Targets initiative (SBTi) goal of a 28% reduction in Scope 1 and 2 emissions by 2030. Based on 2023 data, Nemak has already achieved 22% of this reduction relative to 2019 levels.

Nemak's Emissions in metric tons CO₂e

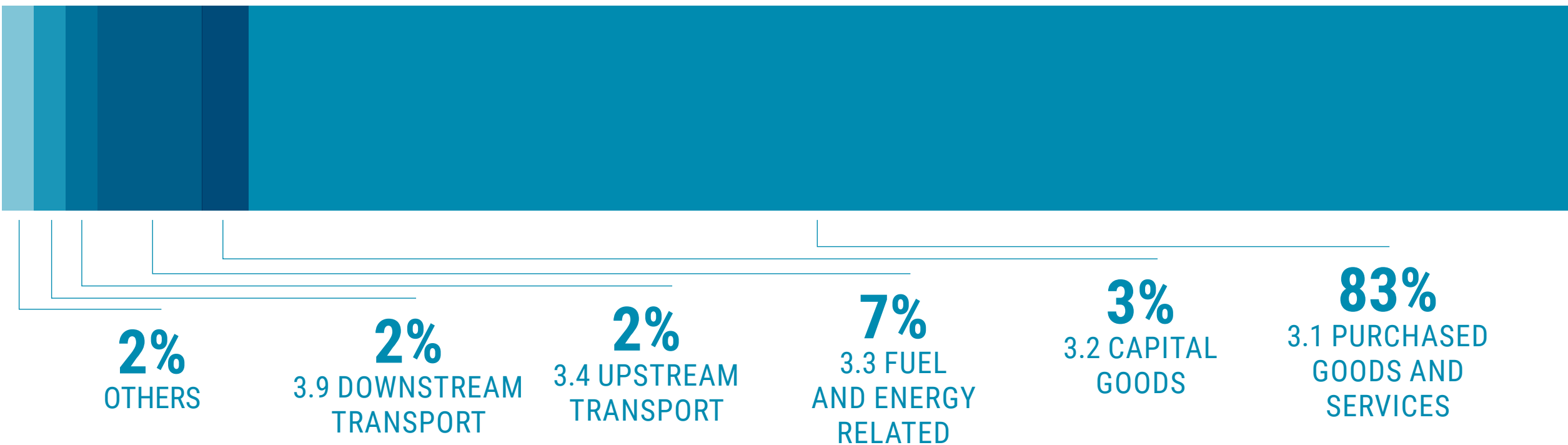
	2024	2023	2022
Scope 1	642,074	666,448*	630,313
Scope 2 (location based)	517,313	539,221	493,904
Scope 2 (market based)	336,285	409,151	377,036
Scope 3	3,552,801	3,931,752	4,176,353
Total Emissions (using Scope 2 location based)	4,712,187	5,137,421	5,300,570
Total Emissions (using Scope 2 market based)	4,531,159	5,007,352	5,183,702

*Historical data was reported with a minor conversion error resulting in an understatement of the value by 90 tons CO₂e. Seeing as the difference from previously reported values is below 5%, the reissuance of verification statements was not mandated.

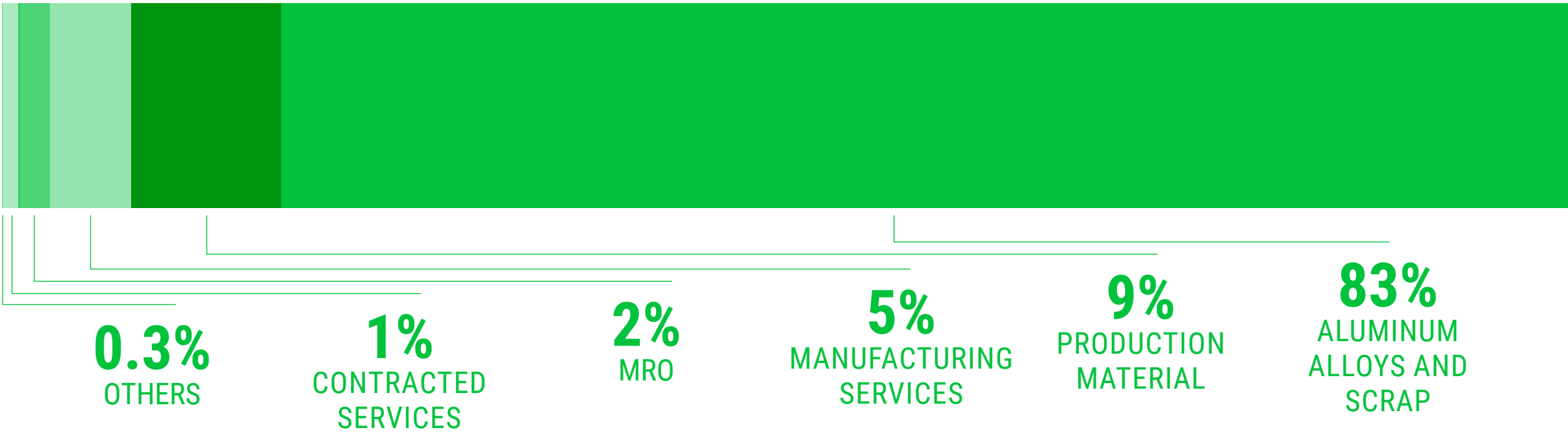


Nemak follows the requirements of the GHG Protocol when calculating Scope 1, 2 and 3 carbon emissions. Scope 1 and 2 emissions are calculated based on invoice data collected from site to site, while 62% of Scope 3.1 emissions are calculated using primary data. Nemak's reporting boundaries are defined as the Company's operational control over its worldwide locations, exclusions include refrigerants and fugitive emissions.

Scope 3 Emissions Breakdown



Scope 3.1 Emissions Breakdown



In 2024, progress against Nemak’s Scope 3 emissions reduction targets included the following:

- Reduction of average CO₂e per kg of aluminum purchased by 6%, compared to 2023 emissions intensity
- Increase of primary data from suppliers
- Continued focus on secondary alloys as the main component input material
- Hosting a number of supplier discussions centered around the topic of decarbonization, including Nemak’s annual Supplier Round Tables, Sustainability Webinars, and Knowledge Forums on the topics like Sustainability Reporting

In 2024, Nemak sought external limited assurance for its Scope 1, 2 and 3 GHG emissions in accordance with ISO 14064-3. Conducted by Apex Companies LLC (Apex), this decision was taken to instill stakeholder confidence in Nemak’s Climate Strategy and related reduction pathways, in addition to promoting accountability and transparency within the value chain. The external verification process included an audit of sample data, review of supporting third-party evidence, and recalculation of GHG emission data. The collection, aggregation, and analysis methodology were also subject to review. Apex confirmed that Nemak had prepared a Scope 1, 2 and 3 GHG emissions statement in accordance with the WRI/WBCSD

GHG Protocol Corporate Accounting and Reporting Standard. For Scope 3, this included the verification of Scope 3.1 – 3.4 categories, representative of 95% of Nemak’s total Scope 3 emissions in 2024.

As of the date of publication of this Report, no Nemak locations are formally regulated under any ETS. A Pilot ETS is currently underway in Mexico, however, due to the trading period opening in October 2024, no credit have been launched as of yet.



In 2024, Nemak reduced Scope 3.1 emissions by 9%, relative to 2023 values.

Energy Consumption Mix

GRI 302-1, GRI 302-3, GRI 302-4

Nemak’s energy consumption is composed mainly of natural gas and electricity, which are essential in powering its operations. Natural gas is primarily used in energy-intensive processes such as melting and casting aluminum, which require high temperatures to transform raw materials into precision-engineered components.

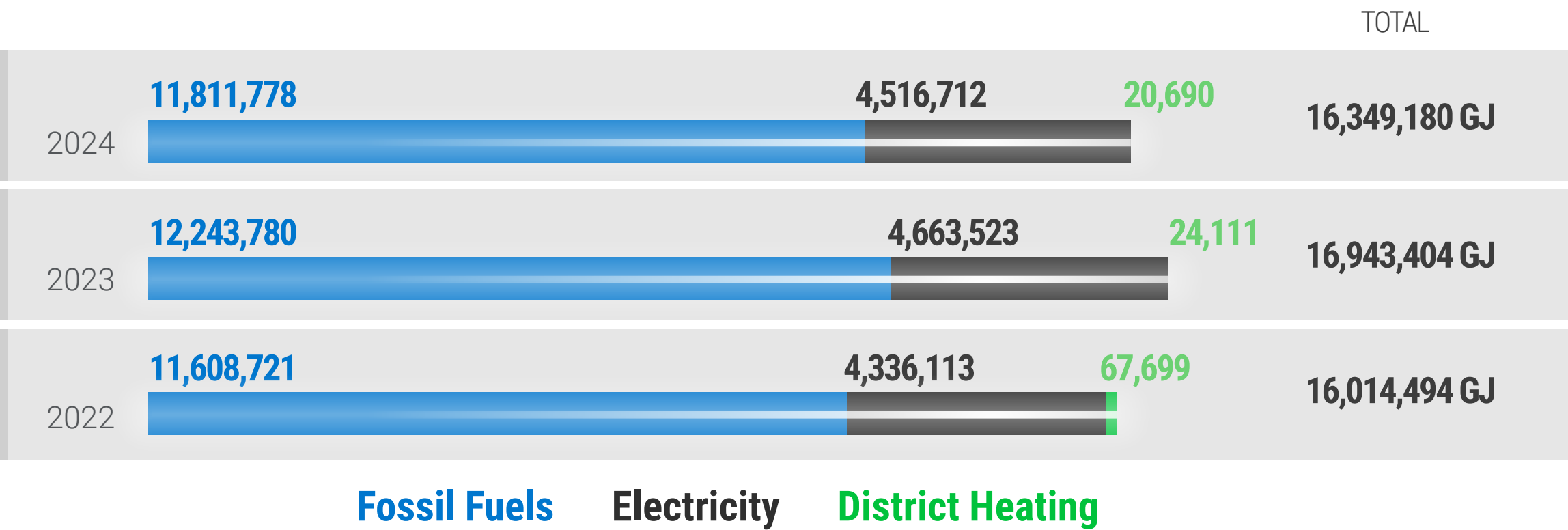


Electricity, on the other hand, supports a wide range of activities including running machinery, powering finishing processes like machining and heat treatment, and maintaining essential plant operations such as lighting, ventilation, and administrative systems. By optimizing energy use and incorporating sustainable practices, Nemak aims to balance operational efficiency with its commitment to reducing its environmental footprint.

30%
of Nemak’s electricity
consumption is covered
by renewable sources

Nemak’s Energy Consumption (in GJ)

	2024	2023	2022
Total energy consumption)	16,349,180	16,943,404	16,014,494
Direct Use (Scope 1)	11,811,778	12,243,780	11,608,721
Natural Gas Consumption	11,178,646	11,546,438	11,048,092
Gasoline Consumption	4,338	4,282	3,895
LPG Consumption	454,574	509,042	405,258
Diesel Consumption	151,803	159,116	151,311
Fuel Oil Consumption	22,417	24,902	167
Indirect Use (Scope 2)	4,537,402	4,699,624	4,405,772
Electricity Consumption	4,516,712	4,663,523	4,336,113
from non-renewable sources	3,147,894	3,880,570	3,604,528
purchased renewable energy	1,368,818	782,954	731,585
Refrigeration Consumption	0	1,987	1,960
District Heating Consumption	20,690	24,111	67,699



Circular Economy

GRI 3-3, GRI 306-2

Nemak seeks to embed circular economy principles into its strategy, underlying processes, and products. The Company is committed to improving the design of its components, incorporating increasing percentages of recycled content into products, while maintaining the highest of safety standards.

With reference to manufacturing, the Company is also taking measures to reduce waste and water usage across its plants. Nemak is committed to adhering to all waste-related regulations, and laws pertaining to pollution. Nemak recognizes all national and local waste regulations for its operations. In Europe, the Company complies with the EU Waste Framework Directive, in the US, aligns to US EPA regulations, in Mexico, follows the laws set by SEMARNAT, and in Brazil, Nemak follows the Brazilian law on Solid Waste. Nemak is committed to waste reduction by eliminating and substituting materials, recovering shop floor by-products for reuse in the manufacturing process, and collecting waste for recycling by third parties.

Nemak is making significant investments in innovative research and development to implement and embed circular design principles across its operations, and within its downstream value chain. Emphasis is placed on the use of secondary or recycled aluminum and other materials, minimization of waste and pollution, and contribution to the regeneration of natural ecosystems where possible. Investment is directed towards protecting the environment, while also ensuring compliance with increasingly stringent safety requirements. For further information on Nemak's Research and Development activities, please refer to the Innovation chapter within this Report. The Company has set qualitative targets for circularity topics in its Sustainability Roadmap 2030, as it takes a more local approach to quantitative targets for waste management.

Due to Nemak producing semi-finished goods, the topic of resource outflow (as defined by the CSRD) is considered as non-material & therefore not disclosed in the scope of this Report. For more information on Nemak's products, please refer to the Innovation section, and the Product Quality sections of this Report.



Aluminum is the ideal material for a circular economy, as it can be recycled indefinitely.

Resource Inflows

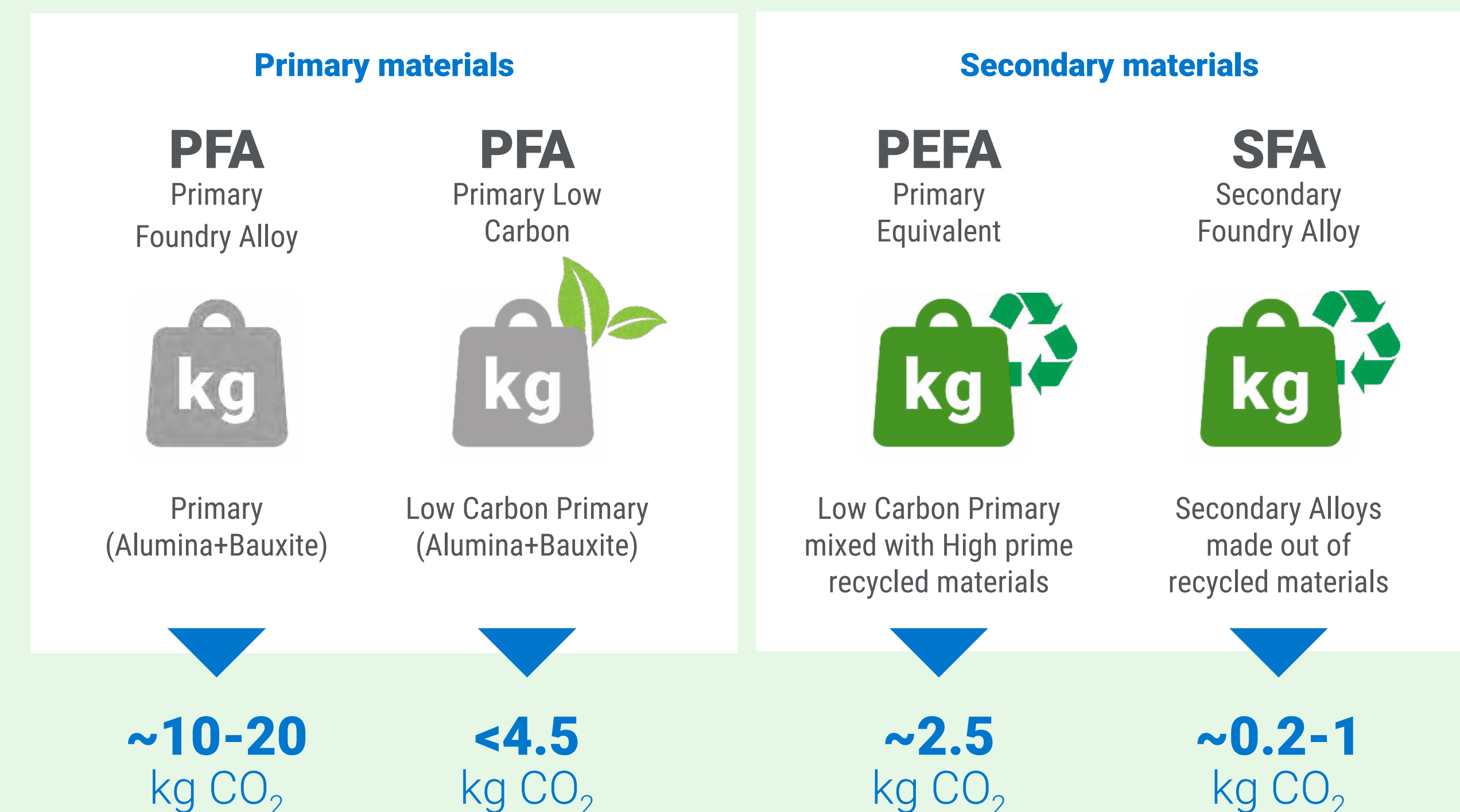
GRI 306-1

Nemak's primary material inflow is aluminum and aluminum alloys, contributing to approximately 83% of its total emissions from Purchased Goods and Services (Scope 3.1). Nemak considers circularity and decarbonization to be closely interconnected, using Scope 3.1 emissions as a key indicator of progress. By enhancing material efficiency and increasing the use of low-carbon inputs, the company continues to reduce its environmental impact across the value chain. As a result, Nemak's top priority in the topic of decarbonization and circularity is the reduction of the average footprint of alloys and ingots used to produce its products.



Nemak relies on a variety of different types of alloys to reduce its environmental impact:

Emissions factors for different types of aluminum used by Nemak (in kg CO₂/kg of material)



Nemak is committed to reusing and recycling all aluminum scraps arising as a result of its production processes. In Mexico, the Company recycles 100% of the aluminum scrap produced during its processes, whereas in Europe, Nemak resells the scrap further down the value chain, ensuring that the aluminum remains in a closed loop system.

Targets related to Resource Inflows

GRI 3-3

Nemak relies on its Scope 3 emissions targets to monitor progress in relation to material inflows due to Nemak’s Scope 3.1 emissions being directly dependent on the share of secondary materials that the Company uses. Nemak tracks the use of recycled aluminium materials in its products, which currently accounts for approximately 62%. Aligned with circular economy principles, the Company aims to increase the proportion of recycled content in new product lines, particularly those that serve the rapidly growing EV market. Additional investments are being made in R&D to ensure the usability and quality of Nemak products made from recycled alloys.



Action related to Resource Inflows

GRI 3-3

Nemak’s Purchasing Team has established a Metals Decarbonization Roadmap, through which it lays out an action plan to reduce Nemak’s Scope 3 emissions related to aluminum production and melting. The main aim of Nemak’s Strategy is to increase the use of secondary alloys and scrap while meeting customer specifications. Within this roadmap, Nemak have identified the following priorities:



Action	Collaborations with major primary aluminum suppliers with a mutual commitment to decarbonization	Encourage suppliers to obtain third party verification for PCF/LCA	Origin validation for primary aluminum, ensuring that it is produced using renewable energy	Collaborations with customers to negotiate wider product specifications requiring lower primary aluminum	R&D into advanced secondary alloys which meet the same technical requirements as primary aluminum
Result	Improved supplier relationships and increased opportunities to innovate together	Improved emissions tracking and reliability, often resulting in a lower carbon footprint through the use of supplier specific emissions factors, rather than average emissions factors. To date, 62% of 3.1 Purchased Goods and Services emissions are calculated using primary data from suppliers		Increased use and application of secondary alloys, therefore reducing the average footprint per product, while still meeting customer specifications	

Metrics related to Resource Inflows

GRI 301-1, GRI 301-2

Purchased Aluminum Alloys and Scrap (in tons)

Materials Used	2024	2023	2022
Total weight of alloys purchased	679,408	705,197	672,336
Primary Foundry Alloys	219,254	205,302	169,780
Recycled input	0	0	0
Non-recycled	219,254	205,302	169,780
Secondary Foundry Alloys	227,732	241,585	235,907
Recycled input	227,732	241,585	235,907
Non-recycled	0	0	0
Master Alloys	45,728	39,985	35,540
Recycled input	9,539	6,362	4,772
Non-recycled	36,189	33,623	30,768
Scrap	186,693	218,325	231,109
Recycled input	186,693	218,325	231,109
Non-recycled	0	0	0

For more details of other materials used in Nemak’s production, please refer to the Nemak 2024 GRI Index.



Waste Management

Targets related to Waste Management

GRI 3-3

Nemak adopts the precautionary principle to its waste management programs, where required by law. Each site is responsible for establishing their own waste reduction targets. For example, Nemak sites in Mexico, Dillingen, and Turkey have defined a 3% year-over-year waste reduction target. On the global level, Nemak has defined its qualitative waste management objectives as detailed in the waste hierarchy below.

Prevention

- Design products with reduced resource consumption
- Minimize energy consumption
- Establishing guidelines with suppliers to substitute plastic packaging with wood pallets
- Usage of secondary aluminum, resulting in fewer primary sources

Reuse

- Internal sand reclaims, recovering more than 90%
- Internal system to reuse the amine in processes
- Closed loop water reuse
- Reusable packaging for transport of parts

Recycling & Recovery

- Use of scrap aluminum as a primary resource for alloys and alloying agents such as copper (62% of aluminum come from recycled/secondary materials)
- Recycling of by-products of production such as aluminum chips
- Collaboration with other industries for the recycling of process by-products such as sand

Disposal

- Where possible, dispose to facilities with energy recovery
- Preference to direct waste to third parties who will recover/reuse the resources
- Limit the number of materials sent to landfill

Actions related to Waste Management

GRI 3-3, GRI 306-2

Nemak's Global Waste Management Standard stipulates that wherever possible, the Company recovers, recycles, and/or reuses aluminum and sand. The Standard applies to all Nemak locations, incorporating minimum waste-related requirements such as developing a waste inventory and a process to plan, organize, and assess significant waste streams.

Approved at a Global level, and then disseminated through to local production sites, HSE Managers are supported by regional and global teams in the execution of the Standard. Wherever possible, the disposal of waste and water is avoided, instead seeking opportunities to reuse and recycle resources. Nemak currently recycles aluminum scrap, which is recovered at a site level, before being sent for treatment and recovery.

In 2024, more than 17 waste reduction projects were implemented at Nemak sites. Initiatives included the installation of chip briquetting machines, and improved management of sand-related waste.

Driving Results – Waste Management

In 2024, Nemak Dillingen installed an automatic robot cell for the purpose of sand recovery. This enabled the capability to return sand back to the start of the process, therefore resulting in a closed loop system, reduced costs, and reduced waste to landfill. As a result of this improvement, the site can reduce sand waste by approximately one ton/per week.



Metrics related to Waste Management

GRI 306-3, GRI 306-4, GRI 306-5

Waste generated by type (in metric tons)

	2024	2023	2022
Total waste generated	961,374	970,217	881,787
Sand-related	796,016	795,875	710,715
Aluminum and metal	97,616	104,018	97,690
Water/ aqueateous solutions or liquid	27,207	25,750	41,418
Oils/lubricants/emulsions	16,053	16,063	10,632
Industrial & commercial wastes not other classified*	22,952	27,305	19,321
Chemicals	1,529	1,207	2,012
Waste diverted from disposal	817,989	782,865	706,752
Waste directed to disposal	143,385	187,352	175,035

About Nemak´s Waste

		2024	2023
% Waste diverted from disposal	▲	85%	81%
% Waste sent to landfill	▼	13%	15%
% Harazdous waste	●	9%	9%

Driving Results – HSE Month and Waste Management

During Nemak’s 2024 HSE Month, the HSE teams organized waste collection campaigns across various sites, including Austria, and Mexico, where over 400kg of waste were collected.



Innovation

Nemak's Global Research and Development Director has overall responsibilities for innovation, with the broader process governed by the Innovation Steering Committee (ISC).

In quarterly meetings with the ISC, the Global R&D team presents innovations for technical impact review, strategic value and prioritization. To ensure consistency of approach, the Nemak Research and Development System Handbook is applicable for the management of innovation across all regions. The Product Engineering Team, under the responsibility of the Product Development Director, place a significant emphasis on both product quality and product innovation, ensuring that high safety standards are always maintained. One such example of how the two interplay, is in relation to material cards and the maintenance of the underlying database. Material cards provide information on how materials react when tested under specific conditions. This knowledge is a crucial enabler of lightweight design through advanced virtual simulation, particularly when increasing the share of secondary or recycled materials in line with circular design ambitions.

The ISC meetings serve to inform the Executive Management Team on the value created by recent innovation projects. Every quarter, plant

managers and critical technical positions receive updates and use this knowledge to incorporate new technologies into their localized processes and operations. The sales and engineering teams attend regional R&D meetings to remain informed on how best to present the latest ideas to customers. Finally, Nemak hosts an annual Company-wide Innovation Day to showcase innovative efforts and recognize innovative employees. At the latest Innovation Day, innovations were promoted and discussed amongst hundreds of attendees on a global level.

The focus areas of Nemak's R&D Agenda are to:

- 1) **Increase the application of secondary alloys while meeting customer requirements**
- 2) **Focus on the decarbonization and resource efficiency of Nemak's production processes**
- 3) **Investigate the end-of-life design and recyclability of Nemak's products**



Targets related to Innovation

Nemak aims for at least 75% of all R&D portfolio projects to include sustainability-related targets. In 2024, the Company exceeded this ambition, with 83% of the portfolio incorporating sustainability elements designed to align with the broader Sustainability Strategy.

Nemak has defined KPIs to measure R&D progress, specifically against the R&D budget and R&D project portfolio. The Company quantifies the impact that its R&D projects have on Nemak's broader sustainability targets, and in 2024, its projects helped to reduce energy consumption in the Company's Sand Core manufacturing technologies and alloy manufacturing.



Actions related to Innovation

Nemak continues to invest in designing, developing, and testing new lightweight components and casting technologies, with the ambition of reducing the environmental footprint of its product range. The Company conducts Life Cycle Assessments for each product category as part of its Sustainability Roadmap 2030.

Research and development spending has accounted for approximately 2% of the Company's sales in the past years, however, in 2024 it was adjusted in 0.3%, derived from the slowdown in electrification adoption. The Company focused on ramping-up awarded programs in the EV/SC segment that had already concluded the development stage, which drives the vast majority of research and development expenses. Despite lower EV sales than anticipated, this continues to be seen as the key technology to decarbonize road transport, and the automotive industry is doubling down on their efforts to provide improved models, with a longer battery life and more sustainable credentials. Nemak still forecasts that its total potential market within the EV/SC category alone will reach US\$26 - 30 billion by 2030. The transformation towards electric mobility is already evident in Nemak's business, as the Company has secured approximately US\$1.8 billion annually in EV/SC contracts.

Nemak's electromobility, structure and chassis applications support global efforts to transition towards sustainable mobility through producing castings, assembled battery housings, and highly integrated

e-motor housings. These innovations reduce vehicle weight, helping automakers reach their CO₂e emission and fuel-efficiency targets. At the same time, lighter-weight vehicles enhance customer satisfaction by improving performance, increasing range, and reducing CO₂e emissions.

Through innovation, Nemak can provide sustainable product options to its customers. With investment in R&D from the Company, increased potential for financing opportunities from investors interested in advancing technological progress, and a highly skilled workforce, Nemak has all the tools necessary to secure a competitive advantage within the industry.

Driving Results – Innovation

In collaboration with a European OEM, Nemak has achieved significant breakthroughs towards sustainability goals, successfully validating the proof of concept for projects focused on CO₂e reduction. Concurrently, with another European OEM, Nemak is validating alloy concepts that meet mechanical property specifications without the need for heat treatment, thereby reducing energy consumption and lowering manufacturing costs.

Metrics related to Innovation

In 2024, Nemak focused on initiatives aimed at reducing the energy consumption of manufacturing processes, which has resulted in a decrease in the overall CO₂e content of the Company's products. This has also enabled Nemak's High Pressure Die Casting process to manufacture lighter components through creating complex hollow structural components in aluminum. These initiatives make it possible for products made from aluminum alloys to contain at least 60% of recycled materials.

Nemak also analyzes inter-company cooperation with 75% of the Company's R&D projects executed at two or more locations, this enables leveraging of resources and local ecosystems, in addition to responding to local market needs. Any projects made with proprietary components are recorded, with patents and intellectual property monitored. In 2024, at the time of drafting this Report, a total of eleven innovations have been submitted for patent applications.

2024 saw further advancement in the broadening of types of secondary materials for chassis and body-in-white applications. In collaboration with Nemak's Global Materials Procurement Team, the Company expanded the types of secondary materials used in the fabrication of alloys, while maintaining quality and performance specifications.

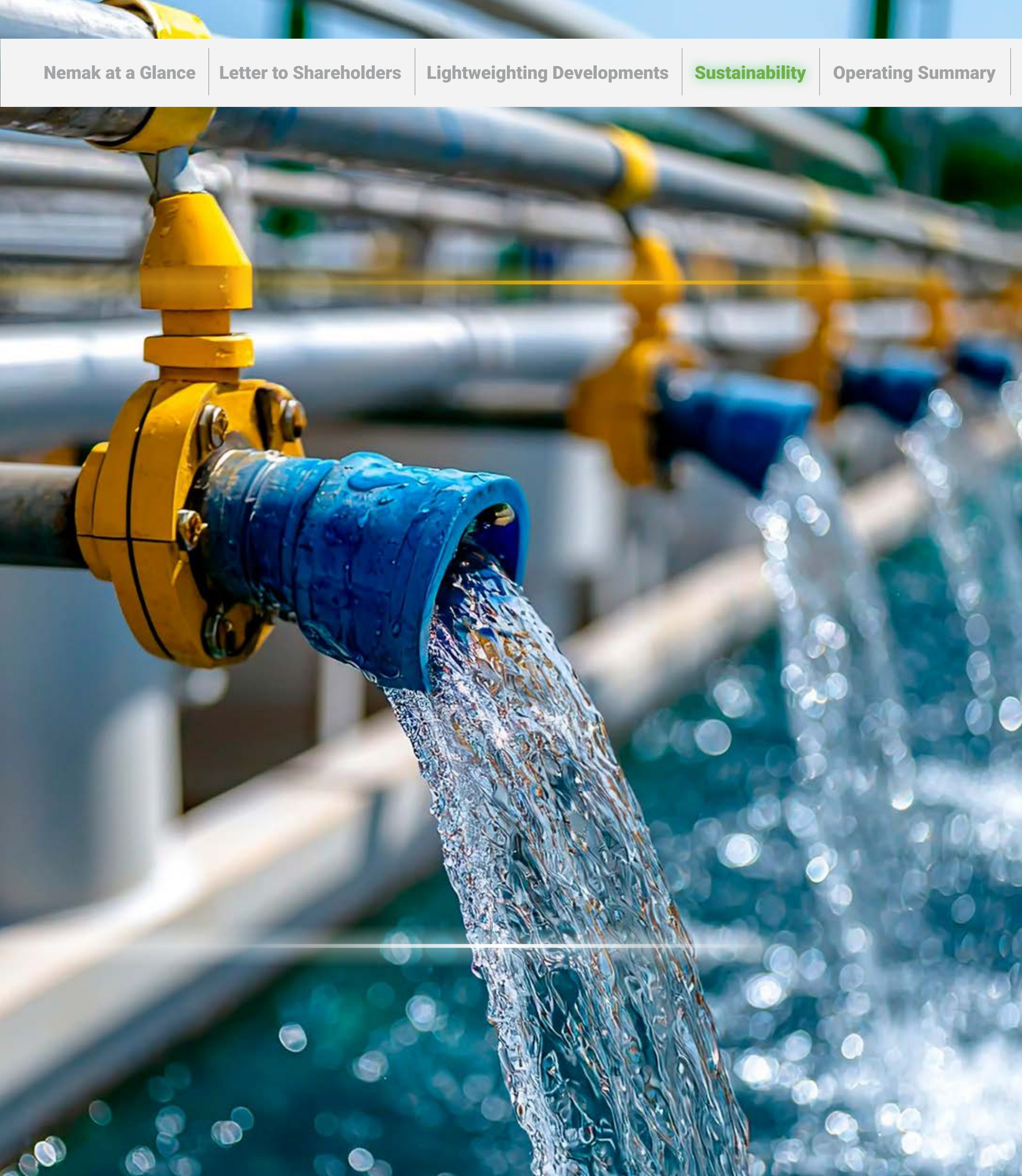
In terms of developing a greater understanding of fundamental corrosion mechanisms, Nemak led collaborations with universities including ÖGI and McMaster University in Austria and Canada, respectively. These collaborations also included the participation of OEMs such as BMW.

Nemak has completed the validation of a significant improvement of the Company's proprietary CPS casting process. Using internally-developed-novel techniques to inject liquid metal into a sand core mould, Nemak are able to reduce the amount of aluminum required to cast an engine block, and the amount of sand to manufacture the moulds. The key benefit, in addition to reducing manufacturing costs, is that less energy is required to manufacture each component.

Driving Results – Innovation

In 2024, Nemak participated in a publicly funded project called EnSuRe. The main goal of the project was to develop knowledge about the recyclability of aluminum and plastics, and ultimately to develop a battery housing concept with a focus on its end-of-life. In 2025, the Company plans to run a Cradle to Grave LCA for this product prototype.





Water Management

GRI 3-3, GRI 303-1, GRI 303-2

Nemak uses water primarily for production cooling processes and sanitary facilities, drawing it from municipal sources, groundwater sources or wells. Each Nemak location has developed water management plans to reduce usage, and remove contaminants from discharge, that meet or exceed local standards.

In line with the Company’s Environmental Management System, local water reduction targets have been established. For example, all sites in Nemak Garcia have established yearly 2% reduction targets. The local HSE managers are responsible for this topic at a site level. The sites carefully measure and monitor water use and discharge by volume, purity, and potential contamination, with all locations having implemented engineering controls to prevent water leakage. To lower discharge rates, some locations recover wastewater for internal reuse, whereas others use natural green spaces to manage surface water runoff.

Although water is only being used for cooling or sanitary purposes, and not in large volumes, Nemak recognizes its role in promoting sustainable water management.

To mitigate the inherent risks that water scarcity poses to the economy and society, Nemak proactively minimizes its water consumption, and maximizes clean water discharge, aiming to protect, restore, and enhance the natural environment.

The Company currently applies the precautionary principle when required by law, taking into account community and employee concerns, as well as other relevant information. While this approach is not yet a global standard, Nemak may consider making it a requirement in the future.

Across its global facilities, Nemak operates 21 wastewater treatment plants and filtration mechanisms designed to purify wastewater by removing contaminants before it is discharged into local networks. Any wastewater that has not been subject to treatment, is sent directly to local third-party facilities, while a small volume of water is included in other regulated waste and collected and shipped for treatment and disposal. Water used but not discharged is lost to evaporation in the manufacturing process.

Metrics related to Water

Nemak conducts a water risk assessment through use of the Aqueduct tool, developed by the World Resources Institute, to identify any water stressed zones in which the Company has operations. The Aqueduct Tool assesses water stress levels in specific locations by examining several factors, including the balance between total water demand and available renewable surface and groundwater resources. It takes into account various water usage sectors such as domestic, industrial, irrigation, and livestock, as well as factors like upstream consumptive water use and the influence of large dams on downstream water availability. Based on these analyses, the tool generates a water stress index, with higher values indicating greater competition for water resources in the area.

Total water withdrawal decreased by 6% in 2024 in comparison to the previous reporting year.

In the reporting year, Nemak flagged the following water stress levels within its regions:

- **Extremely high (>80%):** Saltillo and Monclova (Mexico), Izmir (Turkey), and Chennai (India)
- **High (40-80%):** Garcia (Mexico) and Tennessee (USA)
- **Medium-high (20-40%):** Etxebarria (Spain), Dillingen and Wernigerode (Germany), Bielsko-Biala (Poland), Wisconsin and Kentucky (USA)
- **Low-medium (10-20%):** Most (Czech Republic) and Alabama (USA)
- **Low (<10%):** Žiar nad Hronom (Slovakia), Győr (Hungary), Linz (Austria), Pilsting (Germany), Nanjing and Chongqing (China), Betim (Brazil) and San Agustín (Argentina)

In 2024, water withdrawals from very high and high water-stressed zones represented 13% of the Company's total withdrawals. Nemak is aware that its main site in Monterrey, Mexico, is located in a water stressed area that has historically experienced severe water shortages, such as in 2022. To mitigate the impact of potential water shortages, the site has implemented measures to combat the effects and ensure that operations are not disrupted. Since 2022, Nemak's Monterrey operations have taken proactive steps to supplement water resources in the community by providing 50,000 m³ of clean water for residential use within the community.



Driving Results – Water

In 2024, Nemak Spain invested more than \$ 700,000 for the installation of six new water nozzles. As a result of this modernization, there was a 50% of the water consumption required for the process of cooling of the molds in High Pressure Die Casting Machines. In addition, the improved technology also reduced the amount of water sent to onsite treatment facilities, resulting in further energy and cost savings.

Water withdrawal and consumption in megaliters

GRI 303-3, GRI 303-4, GRI 303-5

	2024	2023	2022
Total water withdrawals	8,505	9,088	7,593
Total water discharge	7,483	7,805	6,481
Total water consumption	1,287	1,283	1,112



Biodiversity

GRI 3-3, GRI 304-1, GRI 304-2

Nemak is committed to conserving and promoting biodiversity across all global sites. Biodiversity principles are a critical component of the Company's Environmental Management System, with associated metrics and targets to monitor progress.

A Global Biodiversity Policy is in force, approved by the VP of Manufacturing and Product Development, in addition to the CEO. The Policy, published in early 2023, meets the requirements of international standards for biodiversity, including Global Reporting Initiative (GRI) disclosure 304. A supporting Biodiversity Standard is in place to facilitate the assessment of operations, analysis of risks, development of action plans to mitigate risks, and reporting the results of conservation and preservation efforts. By integrating biodiversity considerations into its operations and supply chain, Nemak contributes to preserving and protecting biodiversity for future generations.

Nemak has conducted a Biodiversity assessment covering the scope of direct operations. The analysis was conducted using Integrated Biodiversity Assessment Tool (IBAT) and Species Threat Abatement and Restoration (STAR) methodologies. The results indicated that Nemak sites have no significant impacts related to key biodiversity or protected areas. Local laws regarding biodiversity protection were taken into consideration for the analysis of the IBAT results. Nemak is not directly dependent on Ecosystem Services, although it relies on the availability of natural resources such as minerals, bauxite, etc.

Leading change

This pillar addresses the need for transparency and accountability in corporate governance, as well as the development of a reliable, sustainable, and responsible supply chain. Through its focus on Responsible Supply Chain Management and Business Ethics, Nemak goes beyond mere compliance to ensure that the rights of its stakeholders are respected, and its practices and principles lead the change within the industry.

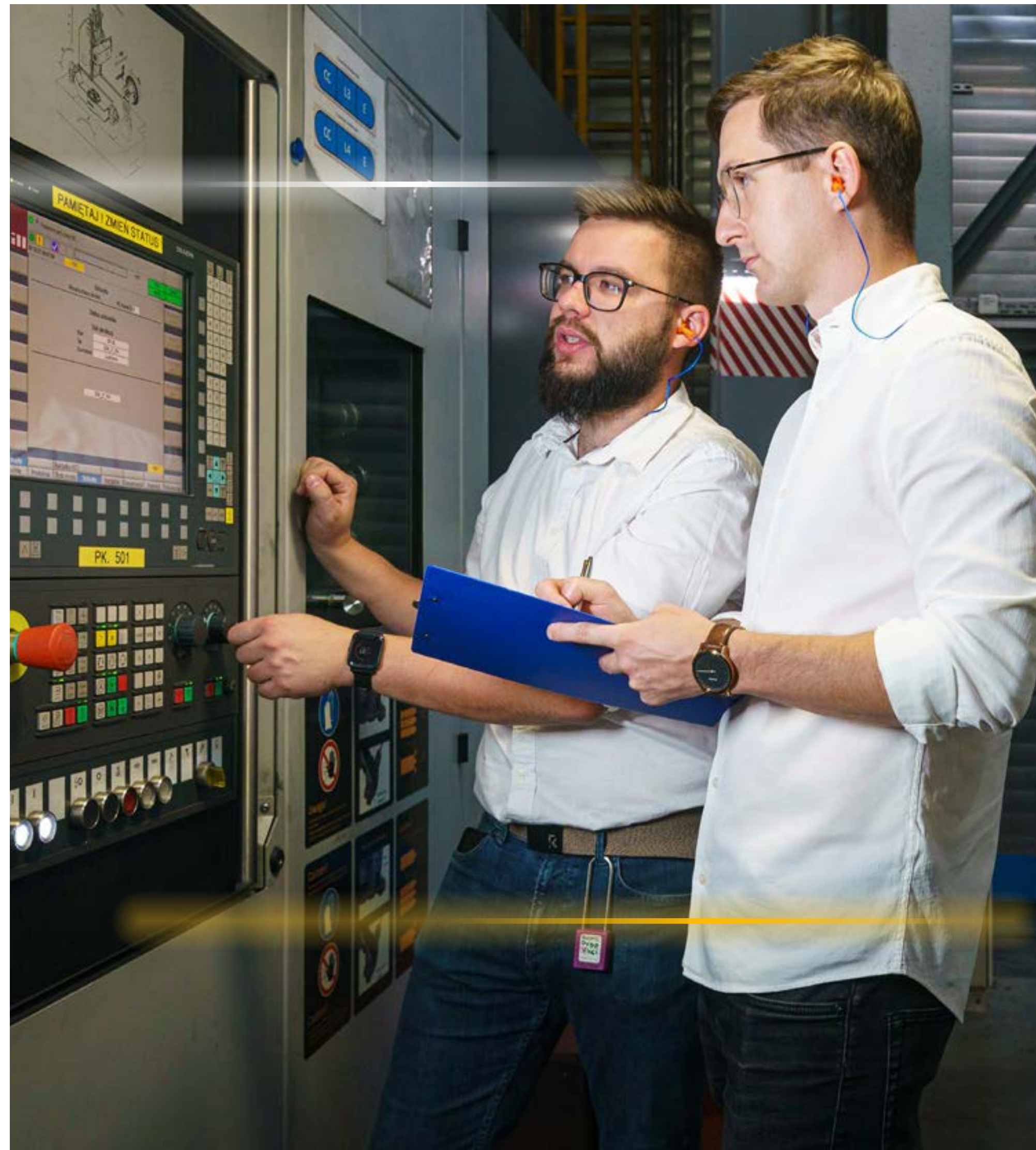


Responsible Supply Chain & Business Ethics

Nemak is steadily expanding its portfolio of assembled components and products, and therefore supply chain stability and transparent business relationships are business priorities. In light of the increased demand for sustainable mobility within the automotive industry, shareholders and investors are placing greater scrutiny on the effectiveness of, and any potential weaknesses within supply chains.

Respect for human rights throughout the entire value chain is a cornerstone of Nemak's operations, as outlined in Nemak's Global Business Code for Suppliers, Code of Conduct, and Sustainable Purchasing Policy. Nemak aims to ensure that 100% of its suppliers commit to respecting human rights by signing and adhering to its Global Business Code for Suppliers. Further information on these policies is available in the policies section of this chapter, while a comprehensive overview of Nemak's Value Chain can be found in the section titled "Nemak's Value Chain".

Nemak is committed to working with suppliers who share and actively uphold similar values. To achieve this commitment, the Company employs screening mechanisms, regular stakeholder engagement, and third-party assessments. The Company's comprehensive screening process evaluates a wide range of sustainability criteria including the environment, labor and human rights, ethics, and sustainable procurement.



Organization & Responsibilities

GRI 3-3

The VP of Purchasing and Sustainability and the Purchasing Business Support Team are responsible for the implementation of sustainable purchasing practices and the management of human rights within the Company and its value chain. The VP of Purchasing and Sustainability is updated on the topic every two months during the Supplier Risk Committee to discuss progress, refine action plans, and address sustainable purchasing decisions. Now in its second year, Nemak's Supplier Risk Committee is tasked with monitoring critical suppliers, with consideration for adverse media, sustainability ratings, financial reporting and business continuity, in order to identify and mitigate against risks in the value chain. Nemak's Purchasing Committee applies similar criteria when awarding new business to suppliers.

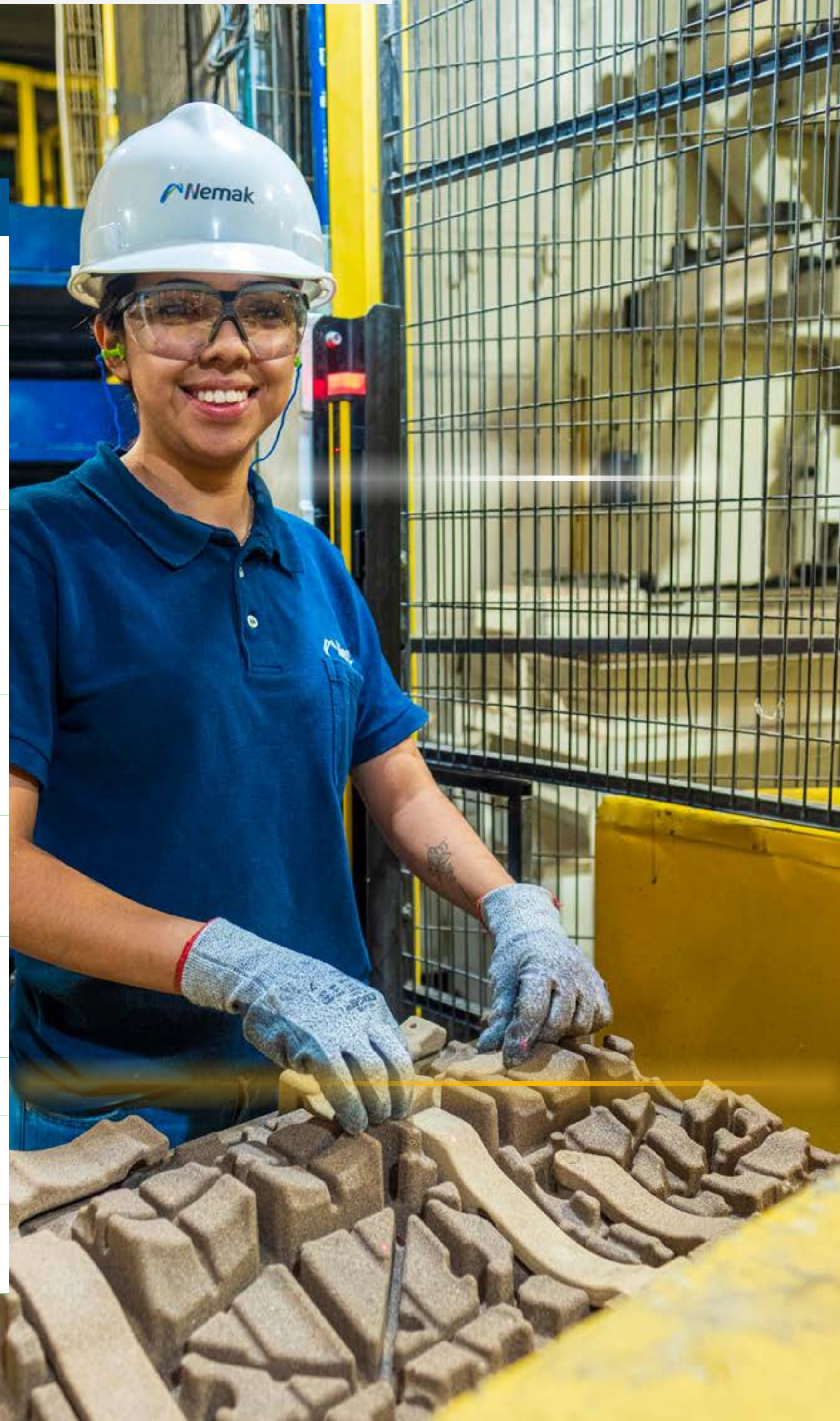
Critical suppliers are defined as suppliers that provide critical materials and services such as direct material, aluminum, alloys, and scrap. The classification also considers additional parameters, including Nemak's annual spend on such suppliers, as well as the supplier industry, location, and profile.

Policies related to Workers in the Value Chain & Business Ethics

GRI 2-23, GRI 2-24, GRI 3-3

The promotion and respect of human rights, both within the Company and across its value chain, are of critical priority to Nemak. A comprehensive set of policies for responsible business conduct have been developed to support this commitment:

Policy	Topics Covered
Global Code of Conduct	Diversity & Inclusion, Anti-Harassment, Health & Safety, Child and Forced Labor, Compensation, Freedom of Association
Global Business Code for Suppliers	Supplier compliance with internationally accepted human rights: Child Labor, Forced Labor, Principle of Non-Discrimination, Diversity & Inclusion, Safe Workplace, Conflict Affected & High-Risk Areas Working Conditions: Occupational Health & Safety, Freedom of Association & Collective Bargaining, Fair Wages, Working Hours
Global Human Rights Policy	Violence & Harassment, Child Labor, Modern Slavery, Forced Labor & Human Trafficking, Health & Safety, Working Conditions, Working Hours, Wages and Benefits, Freedom of Association & Collective Bargaining, Privacy, Vulnerable Groups, Human Rights Management & Due Diligence
Global Sustainable Purchasing Policy	Responsible sourcing of raw materials, including complete avoidance of raw materials containing Conflict Minerals, compliance with Human Rights, Well-being of local communities
Global Diversity and Inclusion Policy	Workplace Diversity, Recruitment & Selection, Career Opportunities, Learning & Development, Communication, Compensation & Benefits, Avoiding Complicity
Global Violence and Harassment Policy	Workplace Violence & Harassment, Physical Violence, Psychological Violence & Harassment, Gender-based Violence & Harassment, Sexual Violence & Harassment
Anti-Corruption Policy	Anti-Corruption, Bribery, Conflicts of Interest
Anti-Trust & Fair Trade Policy	Anti-Trust Laws
Anti-Money Laundering & Sanction Compliance Policy	Anti-Money Laundering Laws



Approved by the CEO, the Global Human Rights Policy reflects the best practice principles set out in the International Bill of Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact (UNGC), the UN Sustainable Development Goals (SDGs), the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multi-National Enterprises (2023). This Policy places particular emphasis on the treatment of vulnerable people, such as women, children, refugees, internally displaced people, stateless persons, national minorities, indigenous people, migrant workers, disabled and elderly persons, people living with HIV and AIDS, members of the LGBTQ+ community, as well as low-income communities, illiterate people, and religious groups. Applicable to all suppliers, contractors, employees, and joint venture employees over which Nemak has management control, the Global Human Rights Policy mandates Nemak to conduct comprehensive human rights due diligence. Nemak has a zero-tolerance approach when it comes to wrongful acts by others that violate international norms of behavior or local laws. The Company also takes preventive measures to mitigate the risk of complicity in such acts through its association with third parties. The Company's Global Business Code for Suppliers mandates all suppliers to

adhere to internationally recognized human rights standards. Under Nemak's terms and conditions, all suppliers are required to sign the Code, and ensure their own suppliers make similar commitments. A regular internal audit is conducted to ensure that Nemak's current suppliers have signed the Code.

Nemak's Global Business Code for Suppliers outlines the minimum standards for working practices, human rights, ethics, anti-corruption, anti-money laundering, and environmental performance expected from its suppliers. Signing the Global Business Code is a mandatory requirement for doing business with the Company. Any instances of non-compliance are subject to a thorough investigation and the development of an action plan, which may involve remediation, mitigation or compensation measures. Although Nemak collaborates with suppliers to support the implementation of the action plan, non-compliance may result in termination of the business relationship.

The Company's Global Code of Conduct reflects its commitment to Business Integrity, outlining the basic principles, behaviors, and policies that employees are expected to uphold. Nemak's Sustainable Purchasing Policy is aligned to the values stated in both the Global Business Code for Suppliers and the Code of Conduct. The Policy applies to suppliers, contractors, employees, and

joint venture employees over which Nemak has management control. The Company is committed to ensuring the responsible sourcing of raw materials and sets clear expectations for its suppliers to comply with all legal regulations, applicable laws, and Nemak policies.

Suppliers are required to adhere to international sustainability standards, and to actively work in favor of developing sustainable business practices in relation to the following key areas:

- **Environment:** track and report environmental practices in relation to waste management, carbon footprint reduction, and conservation of natural resources;
- **Human rights:** provide a safe and legal work environment, with strict compliance to the prohibition of forced and child labor, or discrimination. Foster a culture of inclusion, demonstrating dignity and respect at all times;
- **Community:** strengthen social responsibility and undertake activities to promote well-being in the communities of operation; and
- **Responsible economic growth:** establish and maintain ethical internal business practices, confidential channels to report instances of concern, and demonstrate continuous efforts to combat corruption and bribery.

Nemak has a zero-tolerance approach when it comes to wrongful acts by others that violate international norms of behavior or local laws.



Nemak recognizes its shared responsibility with suppliers and partners to uphold sustainable and responsible business practices. As highlighted throughout this Report, the Company has clear guidelines and policies on topics including responsible purchasing, respecting human rights, and sustainable supplier management.

Any opportunity to engage with the broader supply chain is taken by Nemak, with shared values and ambitions forming the foundations of these relationships. In an industry rapidly accelerating towards making sustainable mobility a reality for all, maintaining a responsible supply chain is crucial to sustaining progress.

Guided by its internal Global Sustainable Purchasing Policy, the Company commits to the following:

- **Complying with applicable law** in its supplier relationships;
- **Enforcing mandatory sustainability requirements** during supplier onboarding through the Purchasing Department. These requirements include, but are not limited to, acceptance and adherence to Nemak's Global Business Code for Suppliers, Global Human Rights Policy, Global Anti-Corruption Policy, Diversity & Inclusion Policy and other applicable supplier policies;
- **Considering sustainable aspects such as economic, social, ethical, and environmental practices** when choosing suppliers, including a review of suppliers' CO₂e emissions, how these are tracked and reported, and associated reduction targets;
- **Setting annual objectives to improve** the sustainability practices of Nemak and its suppliers;
- **Conducting annual assessments** of suppliers' sustainability performance based on critical analyses and priorities outlined in the supplier management process;
- **Identifying, monitoring, and addressing** potential risks through the supplier risk management process; and
- **Supporting locally based community suppliers** whenever feasible.

Responsible Supply Chain



Processes for engaging with Workers in the Value Chain

GRI 2-29, GRI 308-2

With reference to Nemak's value chain, the following workers are believed to be potentially subject to material impact:

- **On-Site Workers (Non-Official Employees)**

Contractors: Temporary or seasonal workers hired to meet production demands during peak times. These workers often perform tasks related to assembly, machining, or maintenance, and may lack access to the full benefits of official employees.

Third-Party Service Providers: Individuals employed by subcontractors but working on Nemak premises, such as cleaners, security personnel, and cafeteria staff.

- **Workers Involved in Upstream Activities**

Raw Material Suppliers: Employees at companies providing raw materials such as aluminum, where mining and refining operations may have significant environmental and social implications.

Foundries and Sub-Suppliers: Workers involved in processing or preparing metals and other components, potentially in countries with lower labor standards.

- **Particularly Vulnerable Workers**

Women and Minority Groups: These groups may face wage disparities or limited opportunities for advancement in a traditionally male-dominated manufacturing industry.

Migrant Workers: In certain regions, workers who have migrated for employment may lack proper documentation or face discriminatory practices.

Low-Skilled Workers: These workers may face job insecurity and lack of training opportunities, making them more susceptible to the impacts of automation or shifts in the industry.

Nemak believes that regular communication is key to building and maintaining transparent relationships within the supply chain. Yearly supplier sustainability roundtables act as an opportunity to take part in face-to-face sessions, benchmark progress, learn from one another, and consider solutions to shared challenges. The Company hosts dedicated sustainability webinars to clarify requirements, align expectations, and hear from selected sustainability subject matter experts.



Driving Results – Supplier Engagement

As a result of Nemak's Sustainability Roundtables, Nemak established a supplier working group specifically for its aluminum scrap suppliers in Mexico. The purpose of this working group is to promote and uphold human rights across the value chain and to create a positive impact on Mexico's industry by following a common code to drive change.

Last year, Nemak participated in the UN Global Compact's Business and Human Rights Accelerator, a six-month program that facilitates participating companies to move from commitment, to action, in relation to human and labor rights. Through identifying salient human rights impacts, establishing an ongoing due diligence process, and developing an action plan, the Business & Human Rights Accelerator empowered Nemak to advance its human rights ambitions. Nemak's Human Rights Policy has been reviewed, strengthening Nemak's commitment to maintaining and promoting the human rights of all individuals and groups who may be affected by its activities, including employees, contractors, suppliers, agencies, partners and local communities. The Company has also developed a Global Human Rights Due Diligence Process.

Nemak's due diligence process is based on key frameworks that define human rights principles for businesses:

- The UN Global Compact's Ten Principles
- UN Guiding Principles on Business and Human Rights
- OECD Due Diligence Guidelines for Responsible Business Conduct (2023)
- German Due Diligence Act (LkSG)

Nemak strictly prohibits the use, sourcing and procurement of conflict minerals, as defined by the OECD as namely tin, tungsten, gold and tantalum. It is also committed to not sourcing aluminum from conflict countries, as defined by the OECD and the U.S. regulations. The Purchasing Department is responsible for ensuring that suppliers comply with all applicable legal requirements, maintain up-to-date permits, and adhere to all guidelines outlined in Nemak's Global Business Code for Suppliers.



Processes to remediate negative impacts and channels for Workers in the Value Chain to raise concerns

GRI 2-26

The Transparency Helpline is available to all stakeholders through the Nemak website, where all allegations are thoroughly investigated to ensure compliance with the Global Code of Conduct and Nemak's values.

To ensure accessibility, a variety of contact mechanisms are available for use, including a web form, email address and contact numbers. Instances of known or suspected non-compliance can be anonymously reported to Nemak's Transparency Helpline. From here, all incidents are directed to Nemak's Global Process Assessment and Governance Senior Manager, and the Senior Management Team. Investigations into violations will be raised if deemed necessary, and all findings will be brought to the attention of the Executive Management Team and the Legal and Compliance Department. Any employees found in violation of the Policy are subject to disciplinary actions and/or termination of their employment contract.

To promote and support the use of the Transparency Helpline, Nemak strictly prohibits retaliation against any individual who accesses the Transparency Helpline. The effectiveness of the Transparency Helpline is monitored by Nemak's Ethics Committee, which includes representatives from different departments, such as Legal and Compliance, Human Resources, and Operations.

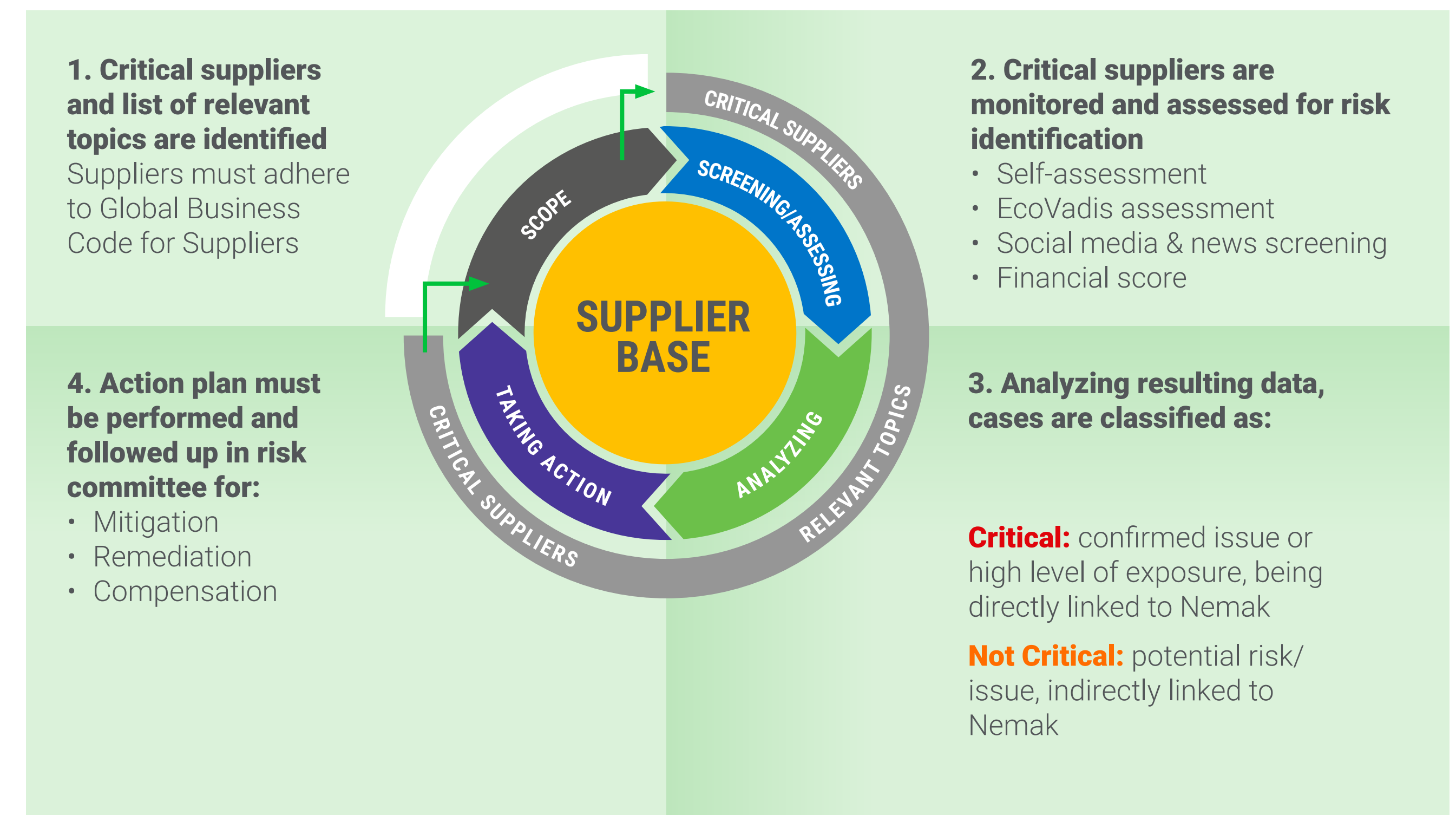
The Company's Global Business Code for Suppliers, along with other contracts and purchase orders, includes a clause requiring suppliers to ensure their employees are granted the same rights and freedoms. Suppliers must provide a mechanism for employees to raise any concerns in locations where these rights do not exist due to legal constraints, similar to the Nemak Transparency Helpline. In addition, the Code mandates that all participants in the production chain must acknowledge and state adherence to the ten principles of the UN Global Compact.

The Company reserves the right to audit and verify suppliers' compliance with the Global Business Code for Suppliers and take appropriate action in the event of violations. Where non-compliance is identified, a thorough supplier investigation is conducted, and an action plan is developed, offering options for mitigation, remediation or compensation. As a final resort, Nemak may phase out or terminate a supplier contract. Nemak strictly prohibits retaliation against anyone who raises concerns in good faith regarding actual or suspected misconduct, or who cooperates in any investigation. Any retaliation will be grounds

for disciplinary action, including potential termination of employment, against those responsible.

Currently, 91% of suppliers are signatories to Nemak's Global Business Code for Suppliers, with any non-compliant suppliers now prohibited from engaging in new business with the Company. In instances where suppliers have their own codes or clauses, Nemak conducts a thorough review of the relevant documents to ensure full alignment with all requirements listed in Nemak's own Code.

Nemak's Due Diligence Process



Taking action on material impacts on Workers in the Value Chain

GRI 3-3

In 2024, Nemak continued its alliance with the Aluminum Stewardship Initiative (ASI). Nemak is using the certification to foster responsible production practices, sourcing, and aluminum stewardship.

To uphold high standards within its supply chain, Nemak requires critical aluminum suppliers to obtain ASI certification, as well as to align their own commitments with those of the Company, report to the CDP, adopt an ISO 50001 compliant energy certification program, and adhere to the principles of the Science Based Targets initiative (SBTi). To date, 13 of Nemak's key Aluminum Suppliers have ASI certification. The Supplier Risk Committee regularly monitors suppliers' progress against these commitments and develops action plans to address any instances of non-compliance.

Further to the above, this year Nemak undertook its first audits against the ASI Chain of Custody (CoC) standard and achieved certification of its facilities in Poland and

Slovakia. At the end of the year, Nemak successfully concluded the audit in its facilities in Dillingen and Pilsting and expects to receive the certification in early 2025. This second ASI standard strengthens the requirements covered in the ASI Performance Standard in relation to supply chain due diligence, focusing specifically on Aluminum suppliers (in alignment with Chapter 7 of the ASI CoC standard) and manufacturing services suppliers (in alignment with Chapter 2 of the ASI CoC standard). The due diligence requirements in the ASI CoC specifically address Anti-Corruption, Responsible Sourcing, Human Rights Due Diligence, Conflict-Affected and High-Risk Areas, and

the cascading of due diligence requirements to the Company's own aluminum suppliers.

Nemak uses an external third-party assessment tool, EcoVadis, to monitor supplier performance and identify any potential risk. Providing a score out of 100 for each supplier subject to assessment, Nemak's goal is for all suppliers to achieve a minimum rating of 45, therefore indicating no high-risk areas of concern.

EcoVadis allows Nemak access to each supplier's corrective action plan, including identified opportunities for improvement, therefore allowing a valuable insight into the ambitions and potential for each organization. The Company considers supplier engagement to be successful when the organization accomplishes 100% of its annual

evaluation plan. Nemak also closely monitors global compliance and the results of external third-party assessments for its active supply base.

Finally, in collaboration with Nemak's provider of third-party assessments, the Company invites suppliers to understand the scoring process, clarify any doubts, and learn how they can improve. The VP of Purchasing and Sustainability also engages with suppliers, communicates Nemak's expectations, and discusses sustainability benchmarks as a member of some customers' sustainability committees. In these roles, the Vice President gains valuable insights into how the Company can best address and support its customers on sustainability issues.



Nemak rigorously assessed 42 new suppliers through EcoVadis in 2024, taking the complete number of supplier assessments to 262, equating to 62% of spend.

Progress in Responsible Supply Chain Management in 2024

GRI 308-1, GRI 414-1

Nemak rigorously assessed 42 new suppliers through EcoVadis in 2024, taking the complete number of supplier assessments to 262, equating to 62% of spend.

No risks of violations related to freedom of association, collective bargaining, or forced and child labor were identified within the reporting period. During the reporting period of 2024, no severe human rights violations were identified in the value chain.

The Purchasing Team has identified critical suppliers with the greatest impact in terms of their carbon emissions. In line with Nemak's ambition to reduce carbon emissions throughout the supply chain, throughout 2024 the Company issued letters of intent to these suppliers, requesting that they measure emissions and implement a reduction roadmap in keeping with Nemak's targets, so far, the Company have received 44 signed letters. Suppliers have reacted well to Nemak's request, with many now disclosing climate-related KPIs as a matter of course. Nemak can now more accurately track its own Scope 3 emissions as a result. Refer to the

Climate Change and Innovation section for more information about Nemak's carbon emissions.

Nemak remains in regular contact with its supply chain, and notably hosts a number of in person and virtual events for its stakeholders throughout the year. In 2024, two face-to-face roundtables took place, one session geared towards European and Asian suppliers, and one for Mexico. Within these roundtables, the Company discussed sustainability-related sourcing requirements in relation to Nemak's carbon emission reduction targets, and reinforced requirements aligned with the UN Global Compact in relation to Diversity & Inclusion and having a robust human rights due diligence process. In addition to the roundtables, Nemak hosted a Sustainability Webinar for suppliers to share an update on Nemak's Journey, and two Knowledge Forum sessions focused on Human Rights and ESG Reporting where the objective was to provide a space to clarify doubts directly with the subject matter experts. In total, 16 of the Company's key suppliers participated in these roundtables, and 183 suppliers joined the webinar.

Management of relationships with suppliers & payment practices

Nemak maintains strong relationships across its value chain, paving the way for strategic alliances and partnerships with key suppliers, enhancing reliability of product supply, and enabling collaboration in achieving decarbonization targets and responsible business practices.

As the industry shifts towards electrification, and the supply chain becomes more complex, Nemak's positive relationships with existing suppliers will be critical in meeting customer demand.

Should a supplier approach Nemak and request financial support, the Company offers a Supply Financing Program. In these cases, suppliers approved for the Program are able to collect invoice payments prior to the contracted payment terms.



Business Ethics

GRI 3-3, GRI 2-15, GRI 2-23, GRI 2-27

Nemak defines Business Integrity as operating with ethics, honesty, and accountability, while continuously striving to improve corporate governance and sustainability practices. The Company has several policies in place to support the practical adoption of these values, including its Global Code of Conduct, Global Business Code for Suppliers, Antitrust and Fair-Trade Policy, Anti-Money Laundering and Sanctions Compliance Policy and Anti-Corruption Policy.

Nemak’s policies and procedures are regularly reviewed and updated, in accordance with any changes in laws and regulations of countries in which the Company conducts business.

Nemak highly values the trust that its stakeholders place in the Company, and as such, promoting and upholding ethical business practices across the value chain is of critical importance.

The Global Code of Conduct and Global Business Code for Suppliers serve as the foundation of the Company’s commitment to business integrity. While these codes set clear expectations, the risk of non-compliance is acknowledged. All employees are required to sign the Global Code of Conduct, and all suppliers, vendors and contractors are required to sign the Global Business Code for Suppliers.

Nemak’s Compliance Business Risk Matrix

The following table provides a high-level extract of Nemak’s risk matrix, which helps the Company identify, assess, prioritize, manage and mitigate compliance risks across the countries in which it conducts business.

Issue	Potential Risks for Nemak
Environmental violations	Nemak operates aluminum foundries and conducts other production activities that require environmental permits and compliance with environmental regulations. Risk: Partial or total closure of operations resulting from lack of environmental permits.
Personal data protection	Nemak handles personal data of employees and suppliers. Risk: Failure to introduce IT systems to safely process personal data, the undue handling of personal data transferred to third parties, inadequate consent, and improper handling of complaints.
Contractual default	Nemak is a Tier I supplier in the automotive industry and has credit facilities in place with banks. Risk: Any default of a contractual compliance provision (i.e., OEMs T&Cs, credit agreements) would trigger a cascade effect or cross-default.
Access to credit	Nemak’s operation, investments and other corporate matters sometimes require the contracting of credit facilities. Risk: Failure to meet compliance guidelines to obtain credit from new sources.
Compliance ecosystem benefits	Nemak’s industry and global presence requires compliance with various laws and regulations. Risk: The absence of a compliance program acting to reduce defense for lawsuits, increase fines, deny leniency access & non-prosecution agreements, and shift enforcement from company to individual.
Bribery	Nemak is subject to antibribery laws in its countries of operation and for those that have an extraterritorial effect. Risk: Dealings with authorities and companies, deemed legitimate or not, but falling within the scope of a bribe (i.e., clarify borderline situations).
Board of Directors’ fiduciary duty	Nemak is a publicly traded company. Risk: Lack of any compliance effort to report to the BoD, therefore restricting members in discharging their fiduciary duty of care.
Securities	Nemak is a publicly traded company. Risk: Insider trading, the disclosure of false, misleading or privileged information, concealment of material information.

The role of the administrative, management and supervisory bodies in Business Ethics

It is the responsibility of Nemak's Legal and Compliance Department to (i) design, update and improve compliance policies, (ii) advise all other teams in relation to the application of compliance regulations and company policies in different scenarios, (iii) implement corrective actions to resolve any identified breaches, and (iv) prepare and regularly update Nemak's risk matrix. With this guidance, each department is therefore equipped to ensure that policies are embedded into daily working practices. In the event of the identification of any concerns, it is an employee's duty to approach the Legal and Compliance Department, Process Assessment and Governance Department, or their Human Resources Manager for guidance on the legality of specific practices or activities. During annual audits, external auditors also assess the Company's compliance with specific legal aspects, such as taxes, accounting, and fraud. All significant instances of non-compliance are reported to the CEO and CFO, who have ultimate oversight over ethics-related matters.

Looking to the value chain, Nemak rigorously examines both new and existing suppliers to ensure ethical and legal alignment. By the end of 2024, Nemak had screened 100% of its suppliers to verify that they were not on the EFOS (Fictitious Invoicing Companies)

list under Article 69 of the Mexican Tax Administration Service (SAT), the Designated Nationals and Blocked Persons (SDN) list and non-SDN lists issued by the Office of Foreign Assets Control (OFAC), the European Union Consolidated List of Sanctions maintained by the European External Action Service (EEAS), and the United Kingdom's Financial Sanctions Target List.

Prior to contracting with new suppliers, Nemak's Purchasing Team performs a thorough onboarding process. This involves collecting specific information dependent on the supplier's category and includes, but is not limited to, business background, technical expertise, financial statements, certifications, quality audits, and logistics information. After carefully assessing and analyzing this information, the team will take a decision on whether to move forward with such supplier. At least once per year, Nemak's purchasing team performs an internal risk assessment on all category 1 suppliers, those with goods directly incorporated into customer products such as alloy components, liners, plugs, inserts and resin, and other critical suppliers, to monitor product, quality, financial or business continuity risks.



Further to the scheduled risk assessments, the team undertakes continuous risk monitoring on all critical suppliers based on external data, including social media, news, financial scores and sustainability assessments.

At least once a month, the Supplier Risk Committee meets to discuss suppliers' risk status, mitigation and action plans, and potential strategic business decisions. The expertise of Nemak's Management and Supervisory board is disclosed in the Financial Section of this Report.

Nemak provides regular training to all employees to ensure that they are familiar with, and understand, Nemak's expectations regarding upholding its values and principles, as outlined in the Global Code of Conduct.

Business Ethics Policies



Compliance

Nemak's Global Code of Conduct, approved by the CEO, reflects its commitment to Business Integrity, and outlines the basic principles and values that all employees are expected to follow. Additionally, this Code helps its employees put these principles and values into practice, by providing guidance on actions and behaviors that support the Company's values. The Company provides regular mandatory training in its Code of Conduct to support understanding and implementation, with completion rates monitored.

The Global Code of Conduct is a comprehensive document, incorporating all principles and behaviors that Nemak expects its employees to demonstrate as responsible corporate citizens, and to ensure safe, fair and equitable conduct throughout all business activities. Areas included are human rights, global purchasing, diversity and inclusion, anti-corruption, anti-bribery and fraud, antitrust, fair trade, anti-money laundering, occupational health and safety, conflict of interest, environment, confidential information, and sanctions compliance. Employees and contractors are prohibited from directly, or indirectly, engaging in, ordering, approving, promising, conspiring to, or inducing, corrupt and fraudulent practices.

All employees are expected to act with integrity, honesty, and accountability in accordance with the Global Code of Conduct, and to comply with the laws and regulations that are applicable in the countries where Nemak operates.

The Company also has policies addressing data privacy and confidentiality, along with accounting policies based on international financial reporting standards and auditing procedures. Should any employee have any queries upon reviewing the Code of Conduct, or supporting policies, each document details contact information for Nemak's Process Assessment and Governance Department, as well as Human Resources Department.

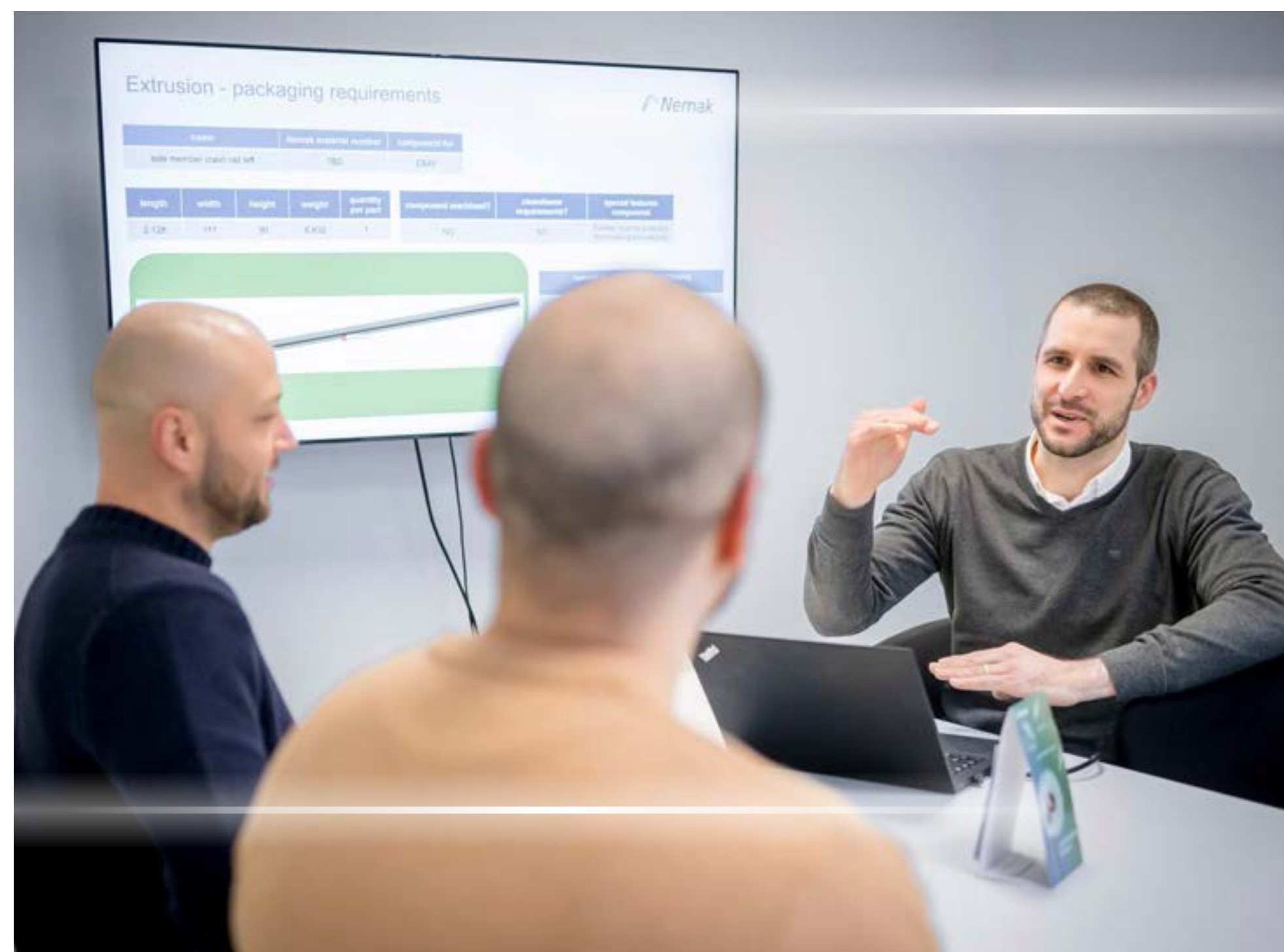
Nemak utilizes a Learning Management System (LMS), and one of its functions is to issue, and require an electronic signature of, the Code of Conduct. In addition to this being a requirement of the employee onboarding process, every two years, all salaried employees receive this electronic communication to reconfirm their commitment. In 2024, 100% of white-collar employees successfully completed the signatory and commitment process.

Nemak provides regular training to all employees to ensure that they are familiar with, and understand, Nemak's expectations regarding upholding its values and principles, as outlined in the Global Code of Conduct. The Company has implemented an alternating training schedule for compliance: in the first year, employees complete Module I, which includes topics such as the Code of Conduct, Anti-Bribery, Avoiding Retaliations, and Giving and Receiving Gifts. The following year, employees complete Module II, which covers Human Rights, Conflict of Interest, Anti-Money Laundering, Global Trade Control, Insider Trading and Anti-Trust and Fair Trade. To reinforce the importance of completing such training, Nemak's CFO has personally participated in awareness campaigns. In 2023, Nemak conducted the Module I training, which was successfully completed by 95% of all salaried employees, ensuring a wide-reaching understanding of these fundamental compliance areas across the Company. In 2024, Nemak rolled-out the Module II training, and to date, 95% of all salaried employees have reviewed and completed this training.

Anti-Corruption and Bribery

GRI 2-26, GRI 205-2

Nemak does not accept corruption at any level, adopting a zero-tolerance approach in all interactions, including its relationships with other companies, institutions and governmental authorities. The Company has a Global Anti-Corruption Policy, aligned with international anti-corruption and anti-bribery legislation, including the Foreign Corrupt Practices Act and the U.K. Anti-Bribery Act, that outlines the basic principles and frameworks for preventing, detecting, investigating, remedying and, if applicable, applying penalties to any employee that accepts bribes or engages in corrupt behavior.



Interactions with suppliers or clients that appear legitimate on the face of the interaction, but due to a lack of understanding, fall under the scope of bribery, are likely to be the most common causes of violation. Since 2022, anti-bribery and corruption has been incorporated into Nemak’s internal audit program.

Instances of known or suspected non-compliance can be anonymously reported to Nemak’s Transparency Helpline. From here, all incidents are directed to Nemak’s Process Assessment and Governance Senior Manager, and the Senior Management Team. Investigations into violations will be raised if deemed necessary, and all findings will be brought to the attention of the Executive Management Team and the Legal and Compliance Department. Any employees found in violation of the Policy are subject to disciplinary actions and termination of their employment contract.

The Transparency Helpline is open to all stakeholders and can be accessed via Nemak’s website. To ensure accessibility, a variety of contact mechanisms are available for use, including a web form, email address and contact numbers. To promote and

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support the use of the Transparency Helpline, Nemak strictly prohibits retaliation against any individual who accesses the Transparency Helpline. The effectiveness of the Transparency Helpline is monitored by Nemak’s Ethics Committee, which includes representatives from different departments, such as Legal and Compliance, Human Resources, and Operations.

Similarly to other Company policies, dedicated training is provided to facilitate the use and understanding of Nemak’s Global Anti-Corruption Policy. This training, available in native languages, is rolled out every second year and made available to all salaried employees, including Executive Managers and the Board of Directors. In order to consolidate their learning, participants are required to undertake a short quiz which also serves as formal acceptance of the Policy.



Anti-Competitive Behavior

GRI 2-23, GRI 206-1

Nemak conducts its business in adherence with fair trade principles and all applicable anti-trust laws. Nemak's Legal and Compliance departments are responsible for the review of all activities deemed at risk of exposing Nemak to anti-competitive behavior.

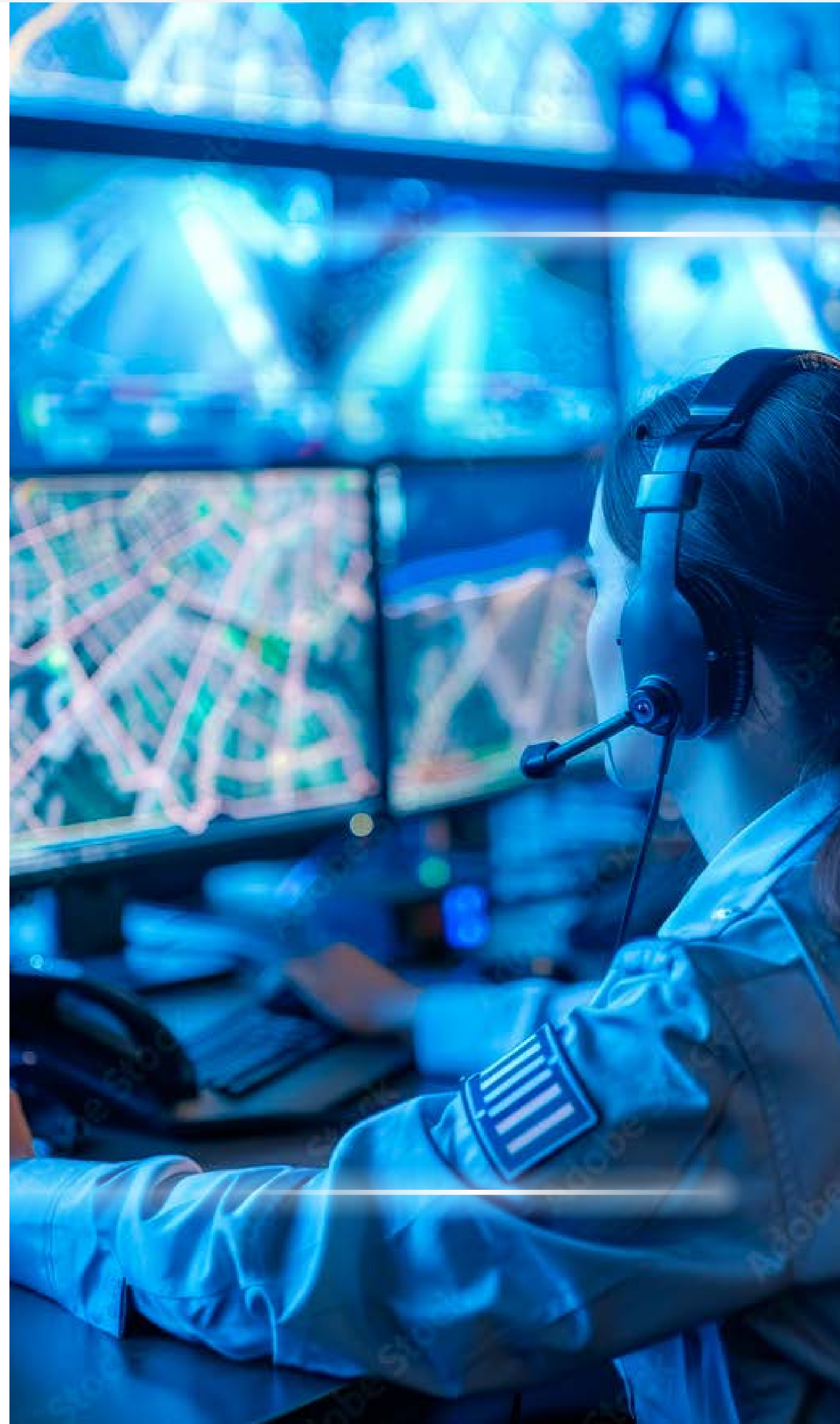
These interactions can range from exclusivity provisions and buying groups, to the sharing of sensitive information, and mergers and acquisitions. The Business Development, Commercial, Legal and Compliance, and Process Assessment and Governance Departments work closely with the Executive Management Team in any instances where doubts may exist, with resultant action plans created to ensure violations of anti-trust or anti-competitive laws do not occur.

Nemak's Global Code of Conduct, along with the Company's Antitrust and Fair-Trade Policy, both cover the topic of anti-competitive conduct. The Antitrust and Fair-Trade Policy, last updated in 2021, assists stakeholder understanding of the situations in which Nemak and/or its employees might intentionally or unintentionally engage in anti-competitive behavior, and establishes the basic principles and framework for preventing, detecting, investigating, remedying, and, if applicable, applying the appropriate penalties to any antitrust violation. These scenarios are then supported with comments from the Legal and Compliance Department, providing advice to ensure that appropriate safeguards are in place to avoid even the perception of anti-competitive behavior.

Whistleblower Protection

GRI 2-25, GRI 2-26

Nemak has established the Transparency Helpline, which provides a secure and trusted channel for all employees, stakeholders, directors, officers, suppliers, contractors, customers and other third parties, to report any situation that is not aligned with, or that may be a violation of, any applicable law or regulation, Nemak's Code of Conduct, or any other of Nemak's values, procedures or policies. The Transparency Helpline is accessible to all stakeholders via the Nemak website, with all allegations thoroughly investigated to ensure the Global Code of Conduct and Nemak's values are followed. The Company reserves the right to audit and verify suppliers' compliance and take appropriate action in the event of violations. Where non-compliance is identified, a full supplier investigation is conducted, and a resulting action plan created with options for mitigation, remediation or compensation. As a final resort, Nemak will phase out or terminate a supplier contract. Nemak strictly prohibits retaliation against anyone who raises concerns in good faith regarding actual or suspected misconduct, or who cooperates in any investigation. Such retaliation would be grounds for discipline, against whoever intends to exercise it, including potential termination of employment. This is in line with the terms of the Global Code of Conduct, and in adherence with all international whistleblower protection laws and standards.



Incidents of non-compliance, corruption or bribery

GRI 205-3

To the best of the Company's knowledge, there were no material fines, judgments, penalties or non-monetary sanctions for failure to comply with applicable law in 2024. Materiality is defined as amounts exceeding 0.8% of total revenue.

In 2024, one case of bribery and corruption was identified, involving four vendors and six Nemak employees. Nemak has since terminated all employment and commercial contracts of the parties involved.

Political influence and lobbying activities

GRI 415 -1

Nemak does not make any direct or indirect financial or in-kind political contributions for political influence or lobbying purposes, as confirmed by the Company's existing audit and assurance systems. To the best of the Company's knowledge, no payments have been made to governments for political purposes or influence, based on the evidence provided by these systems.

Information and Cyber Security

Protecting intellectual property, and employee and customer information, is essential to the Company's success. Therefore, Nemak has established a robust set of policies and procedures in an Information Security Management System (ISMS) to frame the efforts to safeguard the confidentiality, integrity, and availability of information, specifying how Nemak evaluates and mitigates Information Security risks.

Nemak established an Information Security Steering Committee in 2019, recognizing the critical need for robust Information Security throughout the Company. Steering Committee members include the Executive Management Team and functional Vice Presidents. Direction of, and updates to, the Information Security Strategy is provided by the Steering Committee, overseen by the Chief Financial Officer (CFO). The CFO also has responsibility for the allocation of funding to cyber protection technology and services, in addition to supporting employee Information Security awareness raising initiatives.

The Information Security Steering Committee meets regularly to assess Nemak's short and long-term strategy and performance. It is within these regular

meetings that upgrades or changes to the ISMS are discussed and prioritized, in addition to addressing vulnerabilities and security incidents. Any instances of non-conformity or concern are escalated through Nemak's Board of Directors and reviewed by the Audit and Corporate Governance Committee. The Company's IT Security System is ISO 27001 compliant, and includes a robust risk measurement and management system, with an in-built dashboard and reporting mechanism to support continual monitoring and improvement.

Recognizing the importance of promoting Information Security within Nemak, the Steering Committee regularly shares its IT security directives with IT departments around the globe.

Progress and measures

Nemak has a comprehensive Information Security training program, including awareness raising campaigns, that are provided to employees as part of their onboarding process, in addition to regular reinforcement throughout the year. Every year, all Nemak employees are enrolled into mandatory training on Information Classification, ISMS, ISO 27001 and TISAX concepts. The Company also promotes regular communication to provide awareness around cybersecurity threats and phishing.

In 2024, Nemak integrated a new Security Operations Center (SOC), a vital component of the Company's Cybersecurity Strategy. The primary function of the SOC is to monitor, detect, analyze and respond to cybersecurity incidents. With dedicated specialists, the SOC enables a more proactive and agile approach to incident investigation and reduces containment time.

Since 2022, Nemak has conducted a monthly phishing testing program. The purpose of the program is to send generated phishing emails to all employees, with the aim of identifying employees that need training reinforcement to avoid falling victim of phishing in the future. Employees that fall victim to the testing are automatically enrolled in cybersecurity training. The program has been a success to date and has contributed to significantly reduce the level of employee instances that require training reinforcement.

In addition to Information Security training programs, Nemak issues monthly newsletters covering topics such as identifying phishing, using strong passwords, securely sharing files, reporting information security incidents, and providing alerts on recent cyber threats.

Further to the education of employees on their role in supporting Information Security, Nemak has also taken action to implement a Cybersecurity Strategy for Incident Detection and Mitigation. The program utilizes state of the art technology to automatically identify cybersecurity incidents and mitigate them without human intervention when possible. The objective being to identify, detect, and protect before an incident occurs.

Nemak prides itself on maintaining a high standard of IT Security, therefore often works closely with leading international security firms to bring in additional expertise and perspective. Through doing so, Nemak shares its knowledge with peer organizations and remains ahead of any emerging security threats.

The Information Security program includes ISO 27001 internal and external audits, TISAX certifications to comply with customer's requirements, and regular cyber security penetration tests. These are conducted to identify risk mitigation requirements, and opportunities to improve the overall IT infrastructure and systems. Since 2022, the results of the audits have been incredibly positive, and Nemak has identified only minor potential threats that were swiftly mitigated.



Product Quality

Nemak is committed to delivering world class sustainable procurement solutions that meet its customer needs. This requires an associated commitment from the Company's suppliers to provide the same service towards Nemak.

All Nemak locations are certified according to the Automotive IATF 16949 standard, while a Quality Management System allows the Company to demonstrate its ability to consistently provide products that meet customer, and applicable statutory, regulatory and product safety requirements. Regular internal audits ensure full compliance with the standard.

Nemak's Product Safety and Conformity Representative's (PSCR's) are responsible for ensuring product safety. In place at a plant level throughout the Company, the PSCR's ensure that products are safe for consumers or users, that there is full compliance with legal and regulatory requirements, and they have responsibilities for determining and minimizing the risks of liability throughout the product development process.

The Company requires its suppliers to maintain relevant certifications for their products or services. The requirements can be found within Nemak's Supplier Quality Manual, and due to the degree of importance placed on the topic of product quality, a regular review of the validity of these certifications is undertaken via Jaggaer, Nemak's supplier purchasing portal.

Dependent on the service provided, each supplier is required to adhere to the relevant identified best practice standard. Suppliers for components, services and material must have a certification in accordance with ISO 9001/VDA 6.1 as a minimum, and these requirements must be held throughout the entire supply chain. This implies that Nemak's Tier 1, Tier 2, and Tier 3 Suppliers for components, services and material are therefore also required to implement and maintain a comparable quality management system (QMS).

Suppliers that provide materials or services that are directly part of the customer product (Category 1 suppliers), shall have Supplier Development activities towards IATF 16949

Nemak's Tier 1, Tier 2, and Tier 3 Suppliers for components, services and material are required to implement and maintain a comparable Quality Management System (QMS).

accreditation. Suppliers for calibration of measurement equipment, and measurement of products, must have an accreditation according to ISO 17025 or national equivalent, and these requirements must be held throughout the entire supply chain. Finally, suppliers with internal or outsourced "Special Processes" as identified by the Automotive Industry Action Group (AIAG), may be required to show conformance with relevant AIAG Special Process documentation.



In addition, Nemak requires that suppliers producing parts with special characteristics ensure that proper training is provided to its personnel. All of Nemak's suppliers are also required to create work instructions for any operations that impact product quality; the work instructions are to be used for employee training and should be always accessible to the entity's employees. Looking to the value chain, all suppliers to Nemak are responsible for the management and control of their own suppliers. Sub-contractors that provide materials or services with Control Characteristics must implement appropriate documented controls.

Suppliers are also obligated to establish an annual audit program (product and process audits) that includes internal production and subcontracting, to verify compliance related to Nemak contracts. The audit program is prioritized based on the subcontractors, product, and process risk. Nemak and their customers are authorized to check whether the quality assurance measures of the supplier guarantee the Nemak requirements with advance notification through a process, product, or system audit. In case of quality problems, which have been caused by the services and/or deliveries by subcontractors of the supplier, the supplier is required to, on the request of Nemak, carry out an audit at the subcontractor site (if necessary, with participants from Nemak and their customers) and disclose the results to Nemak.

The APQP (Advanced Product Quality Planning) or VDA standard provides guidelines for the development of new products and / or new processes. These guidelines establish requirements which, if they are met with discipline, provide support for the delivery of a quality product or service / processes that satisfies the final customer in accordance with the established technical requirements, the development schedule, and the cost provision for the program. Nemak requires its suppliers to comply with all APQP steps, except when requested by the customer, the use of another new product development methodology (e.g., VDA, APQP, etc.).

Nemak Supplier Quality Assurance (SQA) Team may request evidence from the Supplier that they have verified the effectiveness of their subcontractors QMS, including APQP, problem solving and performance monitoring. All suppliers to Nemak are responsible for the management and control of their own suppliers. This includes ensuring that sub-contractors providing material / services implement appropriate documented controls.

Finally, on-site Quality Managers regularly check the quality of the raw materials arriving at Nemak sites. Final product testing is done postproduction to validate that Nemak products meet the Customer Requirements. These include functional testing, mechanical testing, appearance testing, gaging, visual inspections, etc.

Progress and measures in Product Quality

Nemak's annual supplier audit plan included 135 supplier audits during 2024.

Conducted by Nemak qualified auditors, the identified non-conformities were documented, systematically processed, and monitored. Furthermore, annual requalification tests are carried out at product level to ensure the continued conformity of the products and services supplied.

At Nemak, periodic supplier development and training activities are performed following a risk-based model using the Company's Supplier Performance Scorecard. The Supplier Performance Scorecard takes account of qualitative and quantitative metrics, with a significant weighting placed on product quality metrics and certifications, therefore the Scorecard acts to support Nemak's SQA Team to identify opportunities and potential areas of development and training for suppliers. Due to the nature of the review process, supplier training is implemented on a case-by-case basis. Further to the Scorecard, as per the IATF 16949 requirements, Nemak actively engages with suppliers in relation to QMS development.

In 2025, Nemak plans to hold training sessions focused on Nemak quality expectations with all critical suppliers.

When suppliers do not comply with the required quality standards and there are adverse effects, Nemak initiates a controlled shipping process. This procedure ensures that any product which is suspect or non-conforming for any reason must be properly identified and stored in a defined quarantined area, away from the production flow or shipping areas. The supplier must have a system in place to account for each part in the quarantine area along with a written procedure outlining the process to add or remove parts, requiring approval from a defined responsible party, for example, Quality Manager or Quality Engineer.

As a supplier of components - not finished goods - product recalls related to end products are managed by OEMs. However, Nemak acknowledges that product recalls are an inherent risk within the automotive industry. The company has comprehensive protocols in place to promptly investigate and address any potential quality concerns with its components.



Driving Results – Product Quality

In 2024, Nemak Chongqing (CHQ) participated in the event “Keep the Focus – Quality Management Parts (QMP) Quality Forum 2024” organized by BBAC. Nemak CHQ was selected and recognized by a key customer as one of the three supplier representatives to give the key-note speech among more than 400 key suppliers of the customer. This event highlighted Nemak's performance on product quality improvements over that past 3 years, detailing how the site effectively runs a Quality Management System to establish an effective internal quality management mechanism.

Accelerating Equity

Nemak's success as a leading provider of innovative lightweighting solutions is fundamentally driven by its skilled and motivated workforce. Employees are pivotal to the successful operation of a business, and this is no different for Nemak. A safe, supportive and engaging work environment is necessary to foster good performance and an inclusive culture. Therefore, Nemak is continuously looking for new ways to further enhance employee safety, well-being, equity and diversity.



Accelerating Equity

The current pace of innovation in the automotive industry is unprecedented, with the transition towards sustainable mobility requiring advanced technology, and therefore an increased demand for employees with exceptional skillsets.

Nemak prioritizes the development of its teams, with targeted development and training available across its global production facilities. The Company understands that it has a responsibility and opportunity to be a positive change for its employees, and the communities within which it operates. Nemak is proud to consistently uphold its core corporate values of Trust and Collaboration, Respect and Responsibility, Innovation, and Customer Focus, in all interactions.

In terms of its workforce, Nemak's defines vulnerable groups in accordance with United Nations guidelines. This includes, but is not limited to, women, children, refugees, internally displaced people, stateless persons, national minorities, indigenous people, migrant workers, disabled and elderly persons, people living with HIV and AIDS, members of the LGBTQ+ community, as well as low-income communities, illiterate people, and religious groups.



Organization & Responsibilities

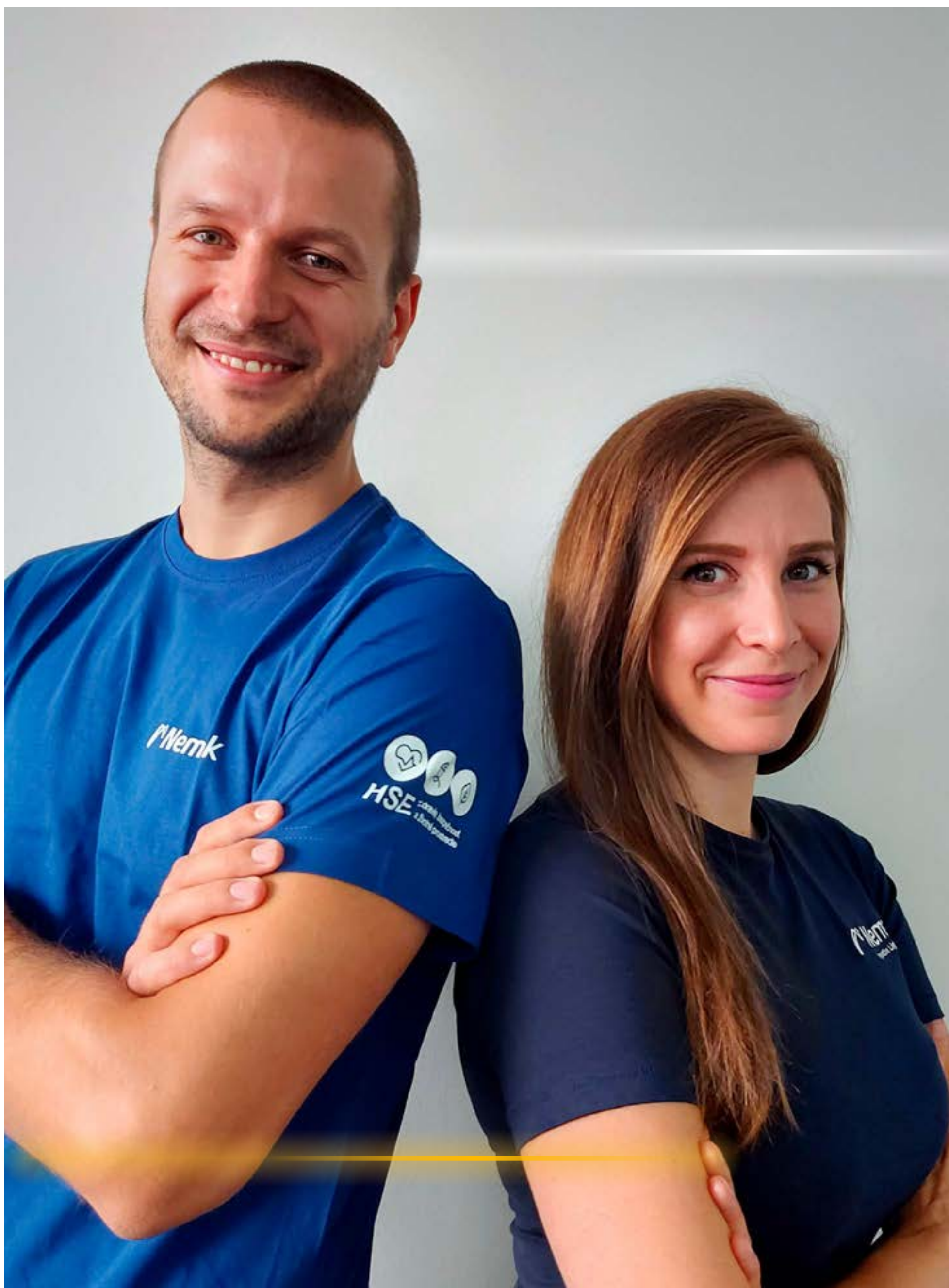
GRI 3-3

The Human Resources Leadership Team has overall responsibility for all employee-related topics, including well-being and talent development, overseen by the Global HR Director.

The Global HR Function, through its Centre of Excellence, defines the Company's Human Resources Strategy, processes and related technologies, facilitates knowledge-sharing and best practice, and provides functional governance. At a country level, regional and local HR teams are responsible for implementing the Global Human Resources Strategy within each geography. The local Human Resource teams are responsible for the review and implementation of employee well-being programs and identifying opportunities for enhancement. Policies are regularly reviewed to ensure the removal of unconscious bias, and to protect employee health, well-being and satisfaction. These teams work in close proximity with Managing Directors and Plant Managers to make decisions

related to talent development, well-being, and training, in order to meet local needs and challenges. In parallel, it is the responsibility of Nemak's Human Resources Department to oversee all measures related to diversity and inclusion, alongside Nemak's CEO as the main sponsor. All strategic initiatives are defined and structured by Nemak's Centre of Expertise of Talent Attraction and Diversity and Inclusion.

The Global HSE Department is responsible for developing a strategy to achieve company objectives for a safe work environment. The strategy relies on the implementation of industry best practice through employee engagement, performance standards, learning, and employee development. At Nemak, local Health and Safety teams proactively address any safety concerns or issues raised by employees or their unions. Local teams identify opportunities for improvement through risk assessments of equipment, machinery, and processes at Nemak facilities.



Policies related to Own Workforce and Affected Communities

GRI 2-23, GRI 2-24, GRI 3-3, GRI 408-1, GRI 409-1

The promotion and protection of the rights of Own Workers, both within the Company and throughout its value chain, is a top priority for Nemak. To support this commitment, Nemak has established a comprehensive set of policies aimed at ensuring responsible business conduct:

Policy	Topics addressed within the Policy
Global Code of Conduct	Diversity & Inclusion, Anti-Harassment, Health & Safety
Global Human Rights Policy	Protection of Identified Salient Human Rights: Violence & Harassment, Child Labor, Modern Slavery, Forced Labor & Human Trafficking, Health & Safety, Working Conditions, Working Hours, Wages and Benefits, Freedom of Association & Collective Bargaining, Privacy, Vulnerable Groups, Human Rights Management & Due Diligence
Global Diversity and Inclusion Policy	Workplace Diversity, Recruitment & Selection, Career Opportunities, Learning & Development, Communication, Compensation & Benefits, Avoiding Complicity
Global HSE Policy	Safe Workplace, Compliance with All Legal Requirements for Organisational Health and Safety – Covering Employee Well-Being and Occupational Health
Global Business Code for Suppliers	Supplier Compliance with Internationally Accepted Human Rights: Child Labor, Forced Labor, Principle of Non-Discrimination, Diversity & Inclusion, Safe Workplace, Conflict-Affected & High-Risk Areas; Working Conditions: Occupational Health & Safety, Freedom of Association & Collective Bargaining, Fair Wages, Working Hours
Global Violence and Harassment Policy	Workplace Violence & Harassment, Physical Violence, Psychological Violence & Harassment, Gender-Based Violence & Harassment, Sexual Violence & Harassment
Global Maternity and Paternity Leave Policy	Global Eligibility, Criteria, and Length of Leave, Benefits, Working Arrangements, Return to Work and Other Conditions Related to Maternity and Paternity Leave
Corporate Citizenship Policy	Corporate Citizenship Activities: Donations, Volunteering, and Activities Related to Supporting Communities; Human Rights, Social Responsibility, Respect of Rights and Interests of Affected Populations and Organizations, Rights of Indigenous People
Leave of Absence Policy	Leave of Absence and Absence Conditions

These policies are implemented through a structured approach that includes training, operational procedures, and ongoing monitoring to ensure compliance at all levels:

1. Integration of each policy by all relevant departments within the Company;
2. Communication of policies and any updates via email and publication on Nemak's corporate website, ensuring all employees are informed. New employees are introduced to these policies during their induction;
3. Corporate periodic training for employees on topics covered within such policies;
4. Regular internal and external audits, coupled with a mechanism to report potential misconduct through the Company's whistleblowing platform, the Transparency Helpline. These audits and reports support Nemak in identifying any gaps in compliance, and inform future adjustments to policies and controls; and
5. Ongoing monitoring of relevant applicable laws to ensure that policies are kept up to date and aligned with legal requirements.

All policies have been approved by the CEO and reflect the best practice principles set out in the International Bill of Human Rights, the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, the United Nations Global Compact (UNGC), the UN Sustainable Development Goals (SDGs), the UN Guiding Principles on Business and Human Rights, and the OECD Guidelines for Multi-National Enterprises (2023).

The Global Human Rights Policy places particular emphasis on the treatment of vulnerable people, such as women, children, refugees, internally displaced people, stateless persons, national minorities, indigenous people, migrant workers, disabled and elderly persons, people living with HIV and AIDS, members of the LGBTQ+ community, as well as low-income communities, illiterate people, and religious groups. Applicable to all suppliers, contractors, employees, and joint venture employees over which Nemak has management control, the Global Human Rights Policy requires that Nemak performs comprehensive due diligence in relation to human rights. Nemak has a zero-tolerance approach when it comes to wrongful acts by others that are inconsistent with, or disrespectful of, international norms of behavior or local laws. The Company also takes preventive measures to avoid the risk of being an accomplice to wrongful acts through its association with third parties.

As stated in the Human Rights Policy and Code of Conduct, Nemak strictly prohibits forced or child labor. While the Company does not employ any person under the age of 18 on full-time contracts, Nemak recognises the need for young people to gain credible work experience and therefore offers younger workers, above the age of 15 (or the legal minimum age if higher in the country in question), approved short-term internships, apprenticeships, or work experience programs. Through signing and accepting the Global Business Code for Suppliers, suppliers confirm that, to remain in business with Nemak, they will also not condone any form of forced or compulsory labor practices. Employment of workers under the age of

Nemak is committed to maintaining and promoting the fundamental human rights of employees by operating under a Global Code of Conduct that:

- Promotes a workplace that is free of discrimination and harassment;
- Strictly prohibits child labor, forced labor, and human trafficking;
- Guarantees fair and equitable wages, benefits, and other conditions of employment in compliance with local regulations;
- Provides humane and safe working conditions; and
- Recognizes and respects employees' rights to freedom of association and collective bargaining.

15 (or the legal minimum age if it is higher in the country in question) is strictly prohibited.

Nemak is aware of and respects the rights and interests of Indigenous Peoples, consistent with international standards, including the ILO Convention 169 and the UN Declaration on the Rights of Indigenous People. In parallel, Nemak is truly committed to maintaining and promoting the fundamental human rights of employees and communities by operating under the Global Code of Conduct and in compliance with its Human Rights Policy.



Processes for engaging with Own Workforce and Workers' Representatives about impacts

GRI 2-29

To engage with its own workforce, and to better understand their perspectives, Nemak relies on the following engagement forms to receive feedback directly from workers:

Type of Engagement with Workforce	Frequency of engagement	Most senior role responsible for the engagement	Assessment of effectiveness of engagement
Employee Survey	Every 2-3 years	Global Talent Development and Learning Manager	% completion rate from the employees
Yearly performance reviews with direct Mangers (facilitation of conversation & the opportunity for employees to raise any potential issues)	Twice a year (mid-year and year-end reviews)	Dependent on employee	% completion rates
Employee training, events & initiatives	Quarterly	Human Resources Director	Participation rates in training and events
Human Resource teams as open line of communication	As needed (incident-based)	Depending on severity of incident, could be escalated to CEO	Resolution of incident
Transparency Helpline	As needed (incident-based)	Depending on severity of incident, could be escalated to CEO	Resolution of incident

The results of Nemak's most recent Employee Survey (2023), YOUR VOICE, demonstrate that, the Company is outperforming the automotive industry's norm in 14 out of 17 assessed categories. Nemak relies on its employee engagement survey 'YOUR VOICE', where individuals, including those in vulnerable groups, can communicate their concerns. All data is processed by an independent consulting firm, in order to guarantee confidentiality for participants. In parallel, the Transparency Helpline provides a secure communication channel for all stakeholders, including employees exposed to greater risks. Specifically for women, Nemak has created a Business Resource Group "Women Belong", providing the opportunity for individuals across the entire organization to connect, discuss, and continue promoting female equity at Nemak.

In 2024, the Company achieved 'Top Employer' recertification in the US, Mexico and Germany, while earning the certification in Brazil and Poland for the first time. This recognition reflects the Company's commitment to excellence in human resources practices. To qualify for Top Employer Certification, Nemak must demonstrate robust practices across six key dimensions: steer, shape, attract, develop, engage, and unite. A critical evaluation of submitted evidence is then undertaken, with the Company's practices compared against an international Top Employer benchmark.

Characteristics of Nemak's Employees

GRI 2-7, GRI 401-1

In 2024, the workforce at Nemak was distributed as follows, based on headcount:

Employees by region

Total Employees (HC)

23,052

Total Permanent Contract

22,727

Total Temporary Contract

325

Mexico

11,250

Europe

7,370

USA

2,149

Asia

1,000

South America

1,283

Permanent Contract

11,250

Temporary Contract

0

Permanent Contract

7,285

Temporary Contract

85

Permanent Contract

2,149

Temporary Contract

0

Permanent Contract

760

Temporary Contract

240

Permanent Contract

1,283

Temporary Contract

0

Male

19,876

Permanent Contract

19,600

Temporary Contract

276

Female

3,176

Permanent Contract

3,127

Temporary Contract

49



Processes to remediate negative impacts and channels for Own Workforce to raise concerns

GRI 2-26

Nemak expects full compliance with its policies by all employees, contractors, and joint venture employees under Nemak's management control. Any known or suspected breaches must be reported, and the Company provides multiple reporting channels for doing so:

- Direct manager or next-level manager
- The Human Resources Manager or Director
- Nemak's Legal and Compliance Department
- Transparency Helpline (accessible via the website)

Nemak adheres to international whistleblower protection standards or laws, and prohibits retaliation against individuals who report concerns in good faith. Retaliation is a violation of Nemak's Global Code of Conduct.

The Transparency Helpline provides a secure and trusted channel for all employees, stakeholders, directors, officers, suppliers, contractors, customers and other third parties, to report any situation that is not aligned with, or that may be a violation of, any applicable law or regulation, Nemak's Code of Conduct, or any other of Nemak's values, procedures or policies. The Transparency Helpline is

accessible to all stakeholders via the Nemak website, with all allegations thoroughly investigated to ensure the Global Code of Conduct and Nemak's values are followed. To ensure accessibility, a variety of contact mechanisms are available for use, including a web form, email address and contact numbers. Employees are informed about the mechanisms of the Transparency Helpline upon commencing their employment, and reminded of the Transparency Helpline on a regular basis through Compliance Training & email messages. To promote and support the use of this channel, Nemak strictly prohibits retaliation against any individual who accesses the Transparency Helpline, as stated in the Transparency Helpline Policy. Such retaliation would be grounds for discipline, against whoever intends to exercise it, including potential termination of employment. The effectiveness of the Transparency Helpline is monitored by Nemak's Ethics Committee, which includes representatives from different departments, such as Legal and Compliance, Human Resources, and Operations.

All incidents are directed to Nemak's Process Assessment and Governance Senior Manager, and the Senior Management Team. Investigations into violations will be raised if

deemed necessary, and all findings will be brought to the attention of the Executive Management Team and the Legal and Compliance Department. Any employees found in violation of the Policy are subject to disciplinary actions and/or termination of their employment contract. The Company reserves the right to audit and verify suppliers' compliance and take appropriate action in the event of violations. Where non-compliance is identified, a full supplier investigation is conducted, and a resulting action plan created with options for mitigation, remediation, or compensation. As a final resort, Nemak will phase out or terminate an employee or supplier contract.

Nemak's remediation process incorporates several steps to ensure that whenever a potential issue is identified, it is addressed promptly and effectively:

- 1.** When a potential issue is identified, whether through an audit, an employee report, or routine monitoring, it is first assessed to determine its severity and scope
- 2.** If there is any significant risk, immediate corrective actions are taken
- 3.** A remediation plan to mitigate such issue is developed by the relevant departments, inclusive of clear actions, timelines and responsibilities
- 4.** The remediation plan is then implemented, and the designated departments are responsible for ensuring that such actions and timelines are completed, and to monitor its ongoing progress





Incidents, complaints, and severe human rights impacts

GRI 406-1

Nemak rejects any type of discrimination and is committed to providing our employees with equal employment opportunities regardless of age, gender, race, ethnic background, national origin, religion, disability or any other status.

Discrimination involves any distinction, exclusion or preference that has the effect of nullifying equality of treatment or opportunity, where that consideration is based on prejudice rather than a legitimate ground. Nemak supports work environments that are free of hostility, and physical or verbal harassment, and does not tolerate under any circumstance, harassment of any kind: sexual, workplace, or physical, among others. Nemak’s Global Diversity and Inclusion Policy and its Global Human Rights Policy make explicit statements against any types of discrimination.

Discrimination	2024	2023
Number of incidents of discrimination	6	4
thereof incidents related to gender discrimination	2	0
thereof incidents involving external employees	0	0
thereof incidents reviewed by organization	6	4
thereof remediation plans being implemented	0	0
thereof remediation plans that have been implemented, with results reviewed through routine internal management review process	3	1
thereof incidents no longer subject to action	3	3
thereof percentage of incidents no longer subject to action	100%	100%

In 2024, Nemak did not have any severe human rights incidents connected to Nemak’s workforce.

Nemak supports work environments that are free of hostility, and physical or verbal harassment, and does not tolerate under any circumstance, harassment of any kind.

Health & Safety

GRI 3-3, GRI 403-1, GRI 403-3, GRI 403-8

At Nemak, the health and safety of its employees and the promotion of environmental protection are top priorities.

To make sustainable mobility possible, Nemak is committed to producing and providing aluminum components for the automotive industry with regard to the highest standards of occupational health and safety, while minimizing environmental impacts. By applying the principles of Operational Discipline, the Company operates in a safe, responsible manner, respecting the environment and the health of its employees, contractors, customers, and the communities where it operates.

The Company recognizes that its business activities pose inherent dangers, and therefore, occupational health and safety is integrated into every aspect of its operations. Nemak's comprehensive occupational health and safety system acts to reduce these risks, and minimize the probability of injury and illness. Everyone has roles and responsibilities within the Occupational Health and Safety Program. At Nemak, working safely is the Company's highest priority.

The Global HSE Department is responsible for developing a strategy to achieve company

objectives for a safe work environment. The strategy relies on the implementation of industry best practice through employee engagement, performance standards, learning, and employee development. At Nemak, local health and safety teams proactively address any safety concerns or issues raised by employees or their unions. These local teams work with key staff to create opportunities for improvement by investigating and analyzing the root causes of any work-related incidents at Nemak's facilities. A dedicated team is responsible for investigation in the event of a work-related incident; the HSE Manager and other key personnel determine the root cause and corrective actions to prevent recurrence.

Nemak's Occupational Health and Safety Management System (OHSMS) covers all Nemak employees. The comprehensive System monitors work-related health issues, identifies and mitigates risks, promotes safe working practices, trains employees, and meets legal obligations. Currently, 56% of the Company's locations are ISO 45001-certified. The remaining locations will be certified within the next three years, with Nemak's Wisconsin and Alabama plants due for certification in early 2025.



A dedicated team is responsible for investigation in the event of a work-related incident; the HSE Manager and other key personnel determine the root cause and corrective actions to prevent recurrence. In 2024, the continued promotion of a global HSE Data Management System achieved improved levels of analysis, data sharing, and performance tracking.



Targets related to Health & Safety

GRI 3-3

Safety performance is measured using the Total Recordable Incident Rate (TRIR), tracking incidents that require medical treatment beyond first aid for every 100 employees.

Nemak seeks to deliver continuous improvement each year, with all locations setting annual targets for, and striving to demonstrate improvement against, the TRIR, Lost Time Case Rate (LTC) and Days Away, Restricted or Transferred (DART). The final metric refers to injuries that result in days away from work, job restrictions or job transfers. Nemak's global aim is to reduce the frequency and severity of incidents, measured in year-over-year reduction of Total Recordable Incident Rate, including incidents that result in lost work days or work restrictions.

Actions related to Health & Safety

GRI 3-3, GRI 403-2, GRI 403-7

While the OHSMS covers all Nemak employees, the requirements stipulated within the system have a broader reach.

In order to maintain a safe working environment, all employees, visitors and contractors, including those working offsite and during business travel, must adhere to the guidelines. Any incidents or risks must be reported immediately to ensure prompt medical care for any injured workers, and to contain the hazard that caused the incident. Nemak requires workers to report unsafe conditions and remove themselves from dangerous situations without retaliation. Weekly training is provided to all employees and contractors in order to increase knowledge and improve the skills necessary to identify potential risks, unsafe acts and hazardous conditions.

To mitigate against potential health and safety concerns, quantitative risk assessments are undertaken by qualified individuals at all Company facilities. Machine safety risk assessments are conducted by the machine manufacturer, contracted machine safety engineers or by Nemak engineers qualified to conduct Functional Machine Safety Risk Assessments based on international engineering standards. Nemak's Walk Observe Communicate (WOC) standard is an auditing program used to report and mitigate unsafe conditions, and promote sustainable working practices.

The following key elements are the framework of the OHSMS:

- Risk Assessment and Corrective Actions
- Internal and external third-party audits and certifications
- Management reviews
- Union, Works Council, and Health and Safety Committee collaboration
- Incident Management
- Employee learning and development
- Personal health screening and medical examinations
- On-site medical services
- Work-related industrial hygiene, psychosocial, and working condition measurements
- Transparency Helpline

All employee health-related information is managed in a private and confidential manner. The Nemak OHSMS complies with international law governing employee privacy, including the Health Insurance Portability and Accountability Act (HIPAA) and the Americans with Disabilities Act (ADA) in the US, and the General Data Protection Regulation (GDPR) in the European Union.

In 2024, Nemak launched an Engineering Community focused on Health and Safety. This community consists of cross-functional teams from Engineering, HSE, IT and Medical Services, with the main goal of updating critical global policies and Performance Standards. Highlights include the deployment of the Molten Aluminum Standard, Incident Management Standards, and updates to the Fall Protection, Mobile Equipment and Ergonomic Management Policies.



Driving Results – Health & Safety

In 2024, Nemak Turkey initiated a forklift & crane safety program. All forklift, manual forklift, and crane operators who are trained, certified, and authorized to operate machinery were presented certificates and QR Code stickers to be visible on their badges. By scanning the QR codes, shift operators and management can now visually validate that the employees using machinery have all the required levels of authorization.

Employee participation in Occupational Health & Safety

GRI 403-4, GRI 403-5, GRI 403-6

At Nemak, employees are not permitted to start operational work until they are trained to perform work safely and have reviewed the Safe Work Instructions.

The Company has also appointed formal joint management-worker Health and Safety Committees, which are managed at a local level. These committees, which are staffed by members from different departments, visit facilities to identify unsafe actions and conditions, and provide corrective steps.

All Nemak employees receive job-specific occupational health, safety, and environmental management training. These training sessions include:

- Risk assessments
- Control of infectious disease
- Principles of organizational safety
- My Commitment to Safety eLearning
- The preventive and correct use of chemicals
- Worker stress and mental health
- Machine safety
- Ergonomics and physical health
- Control of hazardous energy and machine lock-out programs
- First aid
- Emergency response



Nemak has launched an HSE Academy as a global initiative for organizational needs (key roles) and functional competencies (HSE team). For organizational knowledge, the Global HSE team have developed an Operational Discipline course for salaried employees, while continuing the “My Commitment to Safety” training program for salaried and waged employees across all locations. To build functional competencies, the first edition of the HSE Talent Booklet was created to align HSE Competences with the necessary skills and knowledge, according to proficiency levels, in order to support career development.

In addition, Nemak hosts an annual HSE month in order to actively engage on the topic of Health and Safety with employees.

Activities held during HSE Month 2024



Asia

The Learning Week Safety Awareness Program engaged 357 employees in energy awareness, 438 employees in the LOTO / unsafe condition awareness program, and 137 employees in safe handling practices.



Europe

In collaboration with UNICEF International, Nemak hosted mental health education events for employees and their families, along with interactive tools to support children's motor skill development. A total of 500 employees participated.



Americas

Over 600 participants took part in the recycling program “Dame Lata” resulting in the collection of over 400 kilograms of aluminum cans. Additionally, employees engaged in flu vaccinations, AED training for volunteer employees, CPR and First Aid response training and effective management.

Aside from the dedicated month, Nemak believes that ongoing communication is critical in creating and maintaining a safe and healthy workplace. All team members are empowered at Nemak, to report health and safety concerns via the Transparency Helpline, methods outlined within the OHSMS, or via on-site conversations.

Crisis Management

Nemak recognizes the importance of maintaining the highest health and safety standards for its employees, their families, and local communities.

Nemak has applied lessons learned during the COVID-19 pandemic to improve its Crisis Management practices, ensuring an effective response to protect its employees and families, as well as maintain business integrity.

The organizational structure for the plan is as follows:

- Executive Crisis Management Team: CEO and Executive Management Team, supported by the Global Staff
- Business Unit Crisis Management Team: Business Unit Director and staff
- Global Business Continuity Crisis Management Teams: individual teams from Global HSE, Finance, Human Resources, Purchasing, and Commercial Sales
- Operations Crisis Management Teams: plant managers, staff, and employees

In matters of public health and environment, the crisis management plan includes healthcare and environmental experts who develop controls to contain health and environmental impacts.

Metrics related to Health & Safety

GRI 403-9, GRI 403-10

Nemak’s Occupational Health and Safety Management System covers all Nemak employees. The comprehensive System monitors work-related health issues, identifies and mitigates risks, promotes safe working practices, trains employees, and meets legal obligations.

Health & Safety cases for Nemak employees	2024	2023	2022
Number of recordable injuries at the workplace	326	335	301
recordable injuries with serious consequences (excl. fatalities)	1	50	49
recordable injuries involving women	41	32	-
recordable injuries with lost time	113	148	111
fatalities	0	1	2
Number of days lost due to work-related incidents	2,821	4,866	-
Number of work-related illness reported	19	18	105
thereof illness that resulted in fatalities	0	0	0
Lost time case rate (per 100 employees)	0.47	0.55	0.50
Recordable incident rate (per 100 employees)	1.42	1.24	1.26
*Nemak only began reporting injury rates involving women and number of lost days in 2023.			

In the prior year, Nemak reported this metric as combined with non-employees, therefore historically reported values will differ. For a full breakdown of H&S metrics for non-employees, please refer to Nemak’s GRI Content Index.



Nemak has implemented Safety Improvement Plan (SIP) Audits, designed to monitor the effectiveness of the HSE management approach, in addition to verifying the real-time data stored in the HSE Suite.

Working Conditions & Employee Well-Being

GRI 3-3, GRI 2-23, GRI 2-30, GRI 401-2

Nemak continues to satisfy and surpass customers' needs by attracting, developing, and retaining outstanding talent.

Nemak recognizes that its employees will give their best to the Company when their expectations are understood and met. The Company, as a responsible business, prides itself on creating a work environment that as an absolute minimum, achieves occupational health and safety legal requirements. Not only focusing on the physical safety of employees, Nemak also has programs in place to promote the importance of safeguarding, and the protection and maintenance of both the physical and mental health of employees and their families.

Targets related to Working Conditions & Employee Well-Being

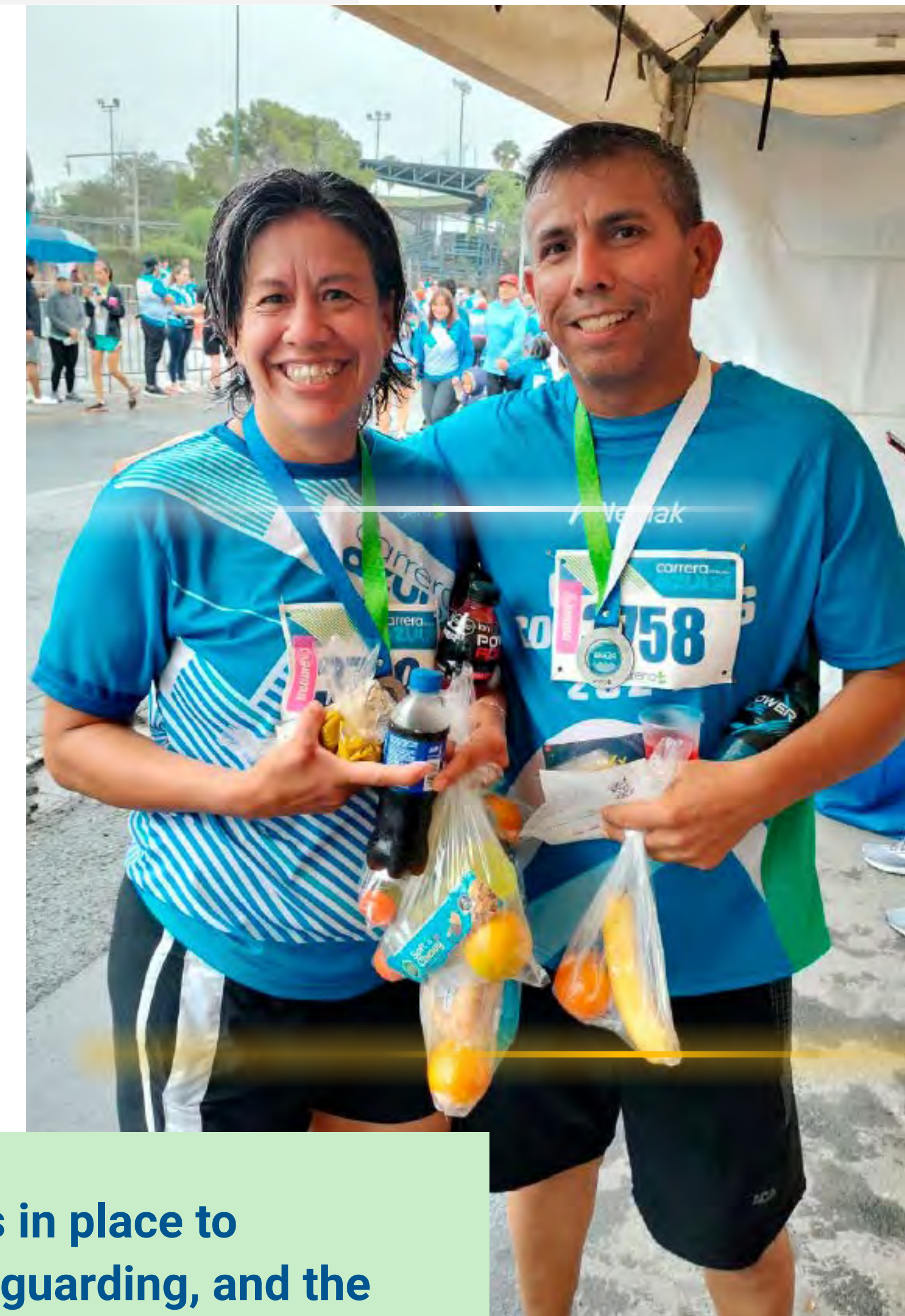
A compelling Employee Value Proposition, balancing the employee's experience with the employer's expectations, and the collection and response to regular feedback, are crucial to maintaining an engaged workforce. In 2023, Nemak conducted its most recent 'YOUR VOICE' Global Engagement Survey to measure progress in strengthening its Employee Value Proposition. Encompassing 17 categories of employee engagement, the survey incorporates global benchmarks from the automotive industry and other top-performing organizations. The Company handles all results and related data with the strictest confidentiality.

The survey registered a record participation rate of 93%, however, the Sustainable Engagement score decreased from 76% in 2021 to 74% in 2023. Despite this decrease being consistent with the trend observed across sectors that are returning to pre-pandemic engagement levels, Nemak's score tracks at 2 percentage points above the industry average. Nemak remains committed to achieving its mid and long-term targets concerning Employee Engagement over the upcoming years. As in previous years, survey results are shared with Nemak's Executive Management Team, before cascading

throughout the Company. Dedicated action plans, at plant and regional levels, are designed to ensure targeted progress and the continued improvement of employee experience. It is through these action plans, that the Company demonstrates the value it places on employee feedback. Nemak has also received external recognition of its efforts and commitment towards creating a best-in-class employee experience.

Nemak's medium-term ambition is to see an improvement to its engagement scores, and achieve results equal to, or ahead of, the automotive industry benchmark. Looking further ahead, Nemak's long-term goal is to benchmark itself in line with the Top-Performing Companies result.

Nemak has numerous programs in place to promote the importance of safeguarding, and the protection and maintenance of both the physical and mental health of employees and their families.



Actions related to Working Conditions & Employee Well-Being

Aside from the delivery of on-demand services, Nemak regularly promotes positive health and well-being through initiatives such as its HSE month and vaccination campaigns. During these weeks, employees can receive an annual health check and boost their immunity against seasonal diseases. To date, the HSE month has facilitated the diagnosis of diabetes, cancer, and high blood pressure. All Nemak employees have direct access to medical services that are either public or paid for by the Company. Individual sites promote well-being through localized initiatives such as nutritional services and healthy canteen meals, fresh fruit deliveries, funds for social activities, recreation and rehabilitation, gym discounts, campaigns on first aid and occupational diseases, initiatives to improve breast cancer awareness, and psychological support.

From 2022 to 2024, Nemak Mexico's total female headcount has increased by 350% (~500 vs. ~1800). Nemak Mexico launched various initiatives seeking to contribute to the organization's strategy to provide a safe, healthy, and more appealing work environment for women & men through its journey of diversity, equity & inclusion. Some examples of the initiatives hosted by Nemak Mexico include:



Driving Results – Employee Well-being Initiatives in Mexico

+20 events

- Men & Women's health
- Visual health
- Mental health
- Preventive health

+5.3K

Workers impacted (+11% vs 2023)

Well-being programs in Mexico in 2024

Nemak's set of programs with the purpose of improving the quality of life of its employees. These programs are intended to improve the working environment and strengthen integration among employees, as well as to enhance the well-being of employees, including their families.

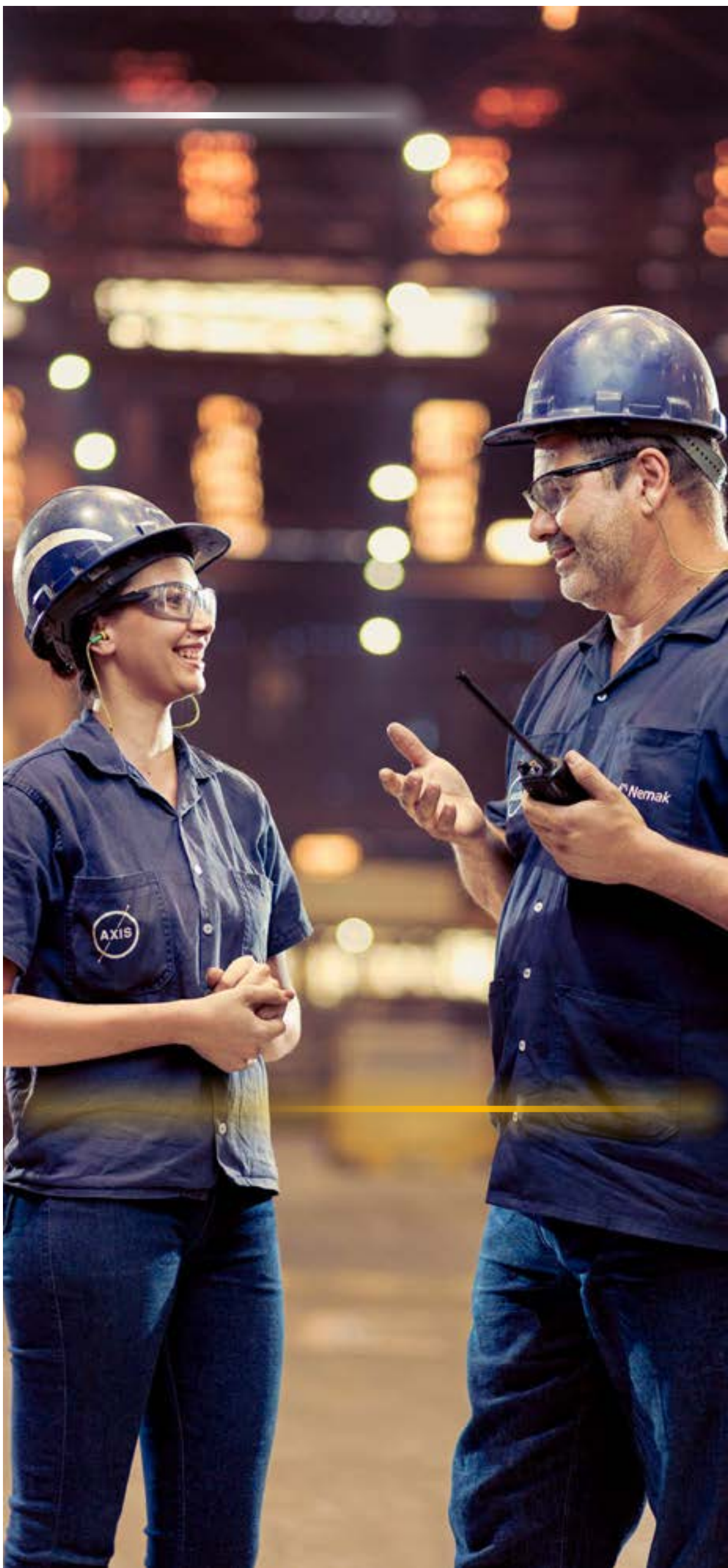
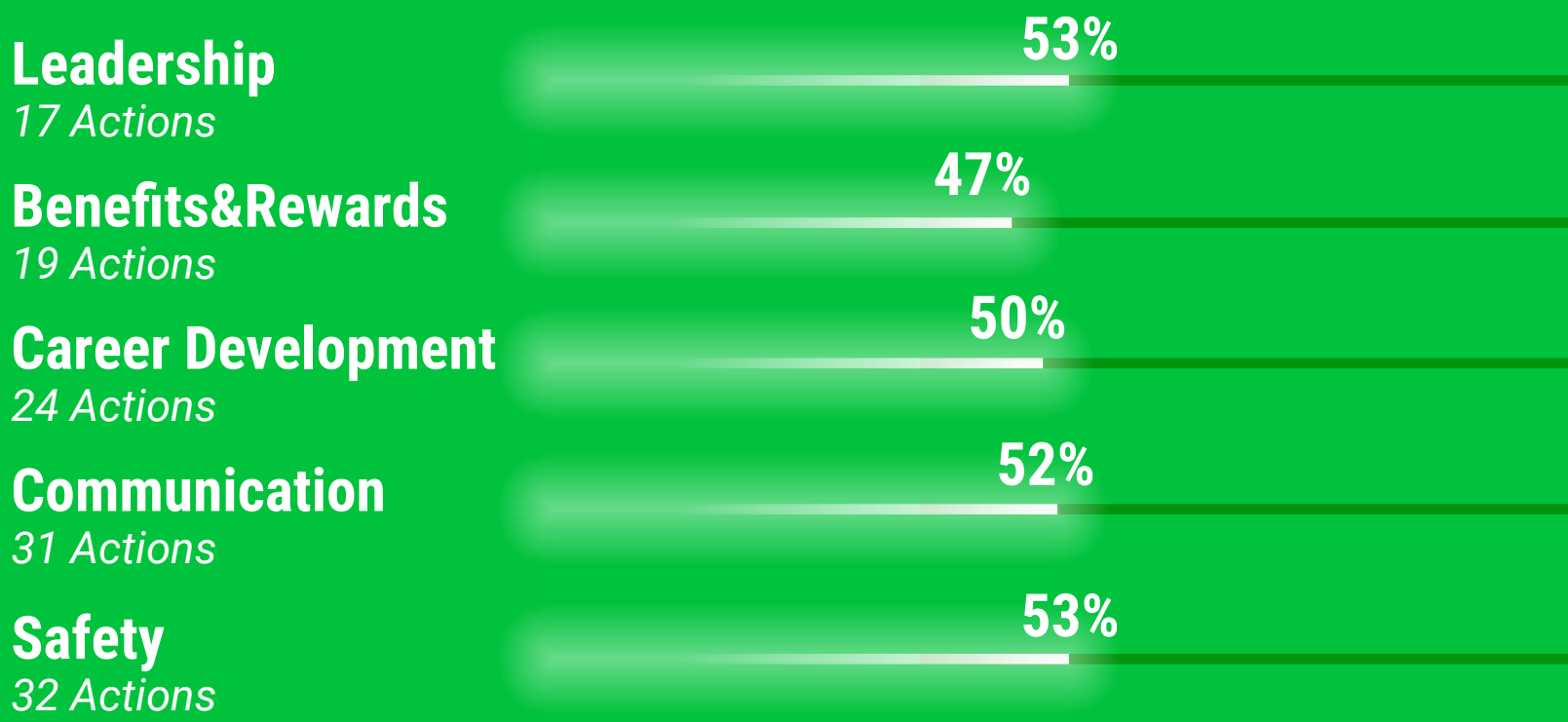
 Financial	 Social	 Physical	 Intellectual	 Emotional	 Occupational
5 Entrepreneurship Fairs impacting 25 small businesses	10 Activities to promote family integration with +11,400 impacted employees & families 5 Volunteering Activities with +1,600 participants 6 Recognition Events with +26,200 participants 3 Open Houses with +350 employees & families	2 Soccer Tournaments impacting 1,703 employees Volleyball & Basketball tournament with 87 participants Running Club event to recognize 71 runners. 11 Races with +2,400 participants 2 Healthy Contests with +200 participants +500 Nutritional Orientations	11 Bookshelves impacting 119 collaborators 3 Entrepreneurship workshops with 85 participants	12 Emotional Well-being talks with +1400 participants +2000 Psychological Sessions for employees & families 7th Generation Retirement Program with 75 participants Emotional Telephone counseling with +3,000 benefited	6 Healthy Corners Food Truck activity with 315 participants Canteens Revamp

“Your Voice” Employee Survey

Based on the results of the employee well-being survey YOUR VOICE, Nemak’s local HR department, as well as Nemak’s Global HR team, are responsible for implementing action plans that enhance engagement. The 2024 – 2025 Plan includes a total of 123 actions, and as of the date of publication of this report, 73% of these actions were either completed or in progress.

One such action was the introduction of the AXIS shop floor management system in Nemak Mexico, South America, and the USA. The primary aim of AXIS is to strengthen the connection between AXIS, HSE and Maintenance teams, with the goal of reinforcing the effectiveness and efficiency of processes. AXIS improves shop floor management through co-defining and reinstalling the basics, while inverting the organization pyramid towards Servant Leadership. It is a flexible and adaptive program that is people oriented and focused on team interactions.

Progress in Nemak’s Action Plans based on employee survey “YOUR VOICE”



Nemak’s shop floor management system introduced across sites in Nemak Mexico, South America and USA



KPIs

SMART Objectives

- Fresh and relevant information on hand
- Information Transparency

Problem Solving Tools

- Empowerment to make decisions
- Reduce bureaucracy
- Adequate tools and trainings
- Clear escalation levels

Meetings & Key Interactions

- Meetings simplification
- Effective coomunication

Roles & Responsibilities

- Realistic daily work routines
- Clear expectations from the role
- Collaboration among areas

Culture

- Communication through every level
- Recognition and celebrations
- Servant Leadership
- Direct support from leadership teams

Adequate Wages, Social Protection & Work-Life Balance

GRI 401-2

Nemak has a clear commitment to promoting fairness and equality, a sentiment that is reflected in its consistent approach to compensation. A standardized job valuation methodology is in place across all regions, therefore ensuring fair pay amongst employees, while a Compensation Policy guarantees competitive remuneration that provides for a decent standard of living. For example, in 2024, the entry level wage of employees in Mexico was 26% higher than the minimum wage defined by local authorities.



The Company also offers performance-related remuneration, awarded through a formal performance management process that includes feedback and support to achieve targeted objectives as well as embodying corporate values.

With regard to Nemak’s ambition to support and improve the well-being of its employees and their families, the Company also offers employee benefits that exceed the minimum regulations and requirements. Benefits packages vary dependent on jurisdiction, however, could include the provision of daycare, lactation rooms, parental leave, fostering remote working wherever possible, and flexible work schedules for employees caring for family members. Both the Americas, and Europe & Asia regions, uphold well-being frameworks that underline Nemak’s principles and ambitions consistently.

All of Nemak’s employees are covered by social protection against loss of income due to sickness, unemployment, employment injury or disability, parental leave, and retirement. Nemak actively demonstrates its dedication to employee health and well-being through its provision of occupational health services. The Company provides medical departments staffed by occupational health service experts, medical attention for the injured, and other specific consultations.

In January 2024, a new Global Maternity and Paternity Policy was deployed. With this policy, Nemak ensures that all locations are in line with, or above the International Labor Organization Standards. Under these standards, the primary caregiver may take a leave up to 18 weeks, while the secondary caregiver may take 2 weeks leave. Nemak is currently in the process of implementing reporting changes to improve the accuracy of its data collection capabilities for this topic, as it strives to report in greater detail in the coming years.



Collective Bargaining coverage and Social Dialogue

GRI 407-1, GRI 2-30

The rights to freedom of association and collective bargaining are respected by Nemak, with 81% of the Company’s employees covered by collective bargaining agreements in 2024. Nemak expects a total of 10 Collective Bargaining Agreement negotiations in 2025.

Employees covered by trade union agreements in 2024	Number	Percentage (of all employees in region)
In Mexico	9,631	86%
In Europe	6,759	92%
In Asia	0	0%
In South America	1,279	99%
In the US	1,108	52%
Total	18,777	81%

Diversity & Inclusion

GRI 3-3, GRI 2-23

In order to thrive in today's modern business environment, organizations must remain innovative, agile, and embrace diversity.

In response, Nemak is building a pool of highly qualified employees from a range of backgrounds. The Company believes that through adopting this approach, with employees offering differing experiences and perspectives, that its customers will ultimately benefit. The Company also recognizes the importance of fostering a culture of respect and responsibility towards people, the environment, and local communities. Nemak is committed to ensuring that all employees, regardless of race, national origin, ethnicity, or other characteristics, can pursue an enriching work experience aligned with their aspirations and the Company's goals. Promoting diversity and inclusion allows every Nemak employee to learn and grow based on their skills and unique attributes.

It is the responsibility of Nemak's Human Resources Department to oversee all measures related to diversity and inclusion, alongside Nemak's CEO as the main sponsor.

All strategic initiatives are defined and structured by Nemak's Center of Expertise of Talent Attraction and Diversity and Inclusion.

Supporting and promoting diversity and inclusion at a local level, the Company has established a Global D&I Champion network. On the ground, these Champions bring together employees from different disciplines across Nemak's regions, aligning local perspectives and objectives with the global strategy, creating accountability, and ultimately extending the sense of belonging and ownership to all team members. The D&I Champion network is critical to building an inclusive network across Nemak's teams at a grassroots level. Recent D&I Champion initiatives have included the launch of a Maternity and Paternity Leave Policy, Coaching Program for Female Talent and Mentoring Program for Female Talent. Further to the new initiatives, the Company continues to promote key dates within the diversity and inclusion calendar such as Women in Engineering and International Women's Days.

Nemak is committed to ensuring that all employees, regardless of race, national origin, ethnicity, or other characteristics, can pursue an enriching work experience aligned with their aspirations and the Company's goals.



Targets related to Diversity & Inclusion

Nemak's Diversity & Inclusion Strategy highlights the importance of creating an inclusive and diverse workplace, supporting the achievement of the Company's 2030 Strategy: Transform to Grow. Nemak's strategic concept, 'I Belong,' encapsulates its diversity and inclusion efforts.

The concept emphasizes the Company's commitment to go beyond representation and inclusion, instead focusing on creating a workplace where every employee feels that their individual characteristics are valued, and they have a strong sense of belonging. A culture free of discrimination and harassment is of paramount importance to Nemak. The Company is an Early Mover of the UN Global Compact Forward Faster initiative, and as such has committed to equal pay for work of equal value by 2030, and equal representation, participation and leadership across all levels of management by 2030. These two targets are in step with Nemak's moves to eliminate barriers that female employees encounter within the automotive industry, particularly in heavy manufacturing roles. Nemak is also a signatory of the UN Women Empowerment Principles (WEPs) and have committed to work on an agenda based on the UN and UN Women's Gender Gap Analysis Tool Assessment.



Nemak leans on the guideline of equal pay for work of equal value by 2030, and equal representation, participation and leadership across all levels of management by 2030

Nemak's diversity and inclusion ambitions for the years ahead center around five milestones:

- building foundations and basics
- creating a common awareness
- focusing on integrating diversity and inclusion into the Company's culture, processes, and systems
- implementing diversity and inclusion as a core element of Nemak's sustainable performance and innovation.

Through living these ambitions at a corporate level, Nemak aims to provide a safe and appealing working environment for all employees and celebrate an increasingly diverse workforce each year.

Actions related to Diversity & Inclusion

Nemak's Global Diversity and Inclusion Policy aims to make the Company more diverse, equitable and inclusive. The Policy contains guidelines regarding recruitment and selection, career opportunities, learning and development, communication, and compensation and benefits.

Underpinning all of these, the Policy also defines Nemak's unwavering commitment to providing equal opportunities, to not perpetuate gender or other stereotypes, and avoiding bias. The Company has adopted clear policies prohibiting discrimination based on age, race, ethnicity, family or marital status, gender identity or expression, sexual orientation, language, nationality, physical and mental ability, political affiliation, religion, socioeconomic status, veteran status, or any other characteristic.

Nemak has set solid foundations for its Diversity and Inclusion Strategy and implementation roadmap for the years ahead, establishing clear milestones, and ensuring steady and meaningful progress towards its goals. The Company continues to grow and evolve its first Business Resource Group, 'Women Belong'. With 198 members, and representation at all

Company locations, 'Women Belong' has its own multidisciplinary structure and agenda, with sponsorship from the Global HR Director. As part of this agenda, Women Belong has held 40 sessions including local coffee breaks, discussion panels, sponsor meetings, webinars, and learning and discovery sessions with members and allies.

Leveraging its membership to the UN Global Compact, Nemak is a participant to the Target Gender Equality Program, and is designated as an Early Mover of their Forward Faster initiative. Nemak also remains a signatory of the UN Women's Empowerment Principles (WEPs). The Company has committed to creating a set of action plans aligned with the WEPs to promote gender equality and female empowerment at work, in the market, and in the community.

Nemak promotes equality in keeping with its enduring commitment to the UN WEPs and based on its dedicated Global Community of D&I Champions. In March 2023, the Female Talent Leadership Journey was created. Throughout 2024, 14 participants from across Nemak

locations undertook dedicated sessions designed to assist them in developing a skillset that will advance their career at Nemak and enable them to feel confident in their leadership abilities. Sessions included communication skills, healthy confidence, business acumen and strategic development, in addition to participating in panel discussions with the business leaders.

Now in its second year, the Nemak Mentoring Program for Female Talent exists to build a culture of internal knowledge transfer, while promoting a collaborative environment for development and social learning. With this commitment, and 20 mentors and 21 mentees across the globe, the Company acknowledges the challenges that females face within the workplace and throughout their careers, including Unconscious Bias and Imposter Syndrome. In addition to regular enablement and guidance sessions between mentors and mentees, throughout the Program, participants receive 2 checkpoints with local talent development and learning teams, and ongoing D&I Champion support.

Driving Results - D&I

Throughout the year, Women Belong has held local Coffee Breaks and Lean In Circles, in addition to Global Leadership Panels. Coffee Breaks are face-to-face sessions led by regular members, aimed at building a sense of community among members of Women Belong while addressing some of the common challenges that women face in the workplace. In 2024, Coffee Breaks were held in March for International Women's Day and again during October - November, impacting over 100 female employees across various locations. Topics discussed included self-care, breast cancer awareness, and how to be an ally to women at work through Lean in Circles.



In 2024, the first wave of the Coaching Program for Female Talent was launched, with the participation of 10 coachees, as a tailored approach to support the individuals to realize their full potential through focusing on behavior change and optimization. The program is delivered by certified coaching professionals from a globally recognized external organization and lasts for a period of 6 months across a minimum of 10 sessions. It is part of the WEPs Action Plan on Gender-Equal Corporate Leadership, aimed at increasing the representation of female talent within senior and top management positions, closing the gender gap in promotions, and strengthening the female leadership pipeline.

Further to the above, since the publication of Nemak's Global Diversity and Inclusion Policy, the company has integrated mandatory training for all of its new hires as part of their onboarding process, in 15 countries and 11 languages. The learning objectives are centered on strengthening the link between diversity and inclusion and Nemak's corporate values, communicating the Company's policies and commitments regarding the topic, uncovering employees' unconscious biases, and broadening their horizons. In 2024, Nemak launched two global campaigns to re-train its employees on the Diversity & Inclusion Policy and Unconscious Bias. The Company's team



supervisors are required to complete mandatory unconscious bias training and are taught how to identify and minimize its impact in the three key processes of talent acquisition, performance evaluation, and talent management.

Nemak is dedicated to advancing fairness and equality, a stance reflected in its consistent approach to compensation. A standardized job valuation methodology across all regions ensures fair pay amongst employees, while a Compensation Policy guarantees competitive remuneration. The Company also has a defined Policy to review and remediate any pay inequities.

As a member of the Center for Automotive Diversity, Inclusion and Advancement (CADIA), Nemak collaborates with other stakeholders on suitable roadmaps and action plans. The Company is involved in the Diversity, Equity & Inclusion Council of the Original Equipment

Driving Results – D&I

In June 2024, Nemak launched an **“I Belong Campaign”**, aimed at fostering collaboration and strengthening the sense of employee belonging. It consisted of a 4-week campaign incorporating internal and external communications that reinforced messages of respect, inclusive behaviours, awareness, and a call to action for Company leaders and employees to explore Nemak's Catalyst courses on Inclusive Leadership and Communication Skills for Dialoguing Across Difference.

Suppliers Association (OESA) and is also a Global Catalyst supporter.

Through Nemak's global D&I dashboard, the Company can track data, metrics and targets for all geographies related to gender ratios across company levels. This degree of granularity allows the Company to take bespoke and targeted actions to improve diversity and inclusion in real time, and to make tangible progress towards Nemak's targets of equal pay for work of equal value by 2030, and equal representation, participation and leadership across all levels of management by 2030.

During the reporting year, Nemak began preparing a global framework for flexible benefits to ensure that individuals from all backgrounds find at Nemak a place where they can thrive according to their needs. To formalize and align this commitment

with WEPs, ASI, and Top Employers certifications, Nemak collaborated with all locations to create local flexible work guidelines under a global framework that consists of three main flexible benefits: mobile work, flexible hours, and caregiver support. These guidelines will be available by January 2025 and will be followed by a deployment and enablement phase to ensure adoption across all locations and employees.

In 2024, the first wave of the Coaching Program for Female Talent was launched, with the participation of 10 coachees, as a tailored approach to support the individuals to realize their full potential through focusing on behavior change and optimization.

Metrics related to Diversity & Inclusion

GRI 2-7, GRI 405-1

Nemak is committed to ensuring that all employees, regardless of race, national origin, ethnicity, or other characteristics, can pursue an enriching work experience aligned with their aspirations and the Company's goals. Promoting diversity and inclusion allows every Nemak employee to learn and grow based on their skills and unique attributes.

Nemak's global workforce consists of approximately 86% men and 14% women. 20% of board positions are filled by women, and women also account for 18% of management and top management positions. During 2024, Nemak promoted 369 employees, 24% females and 76% male. 17 females were promoted to management or top management positions, out of a total of 72 promotions.

In 2024, Nemak reached a significant milestone by reporting the gender pay gap across most of its locations for the first time. At the end of the year, the calculated gap was 4%, based on data that excluded Argentina, Hungary, and its German plants. This achievement highlights Nemak's commitment to transparency and ongoing progress towards pay equity. Nemak does not provide information on the remuneration of its employees to external bodies in compliance with its Corporate Policy.

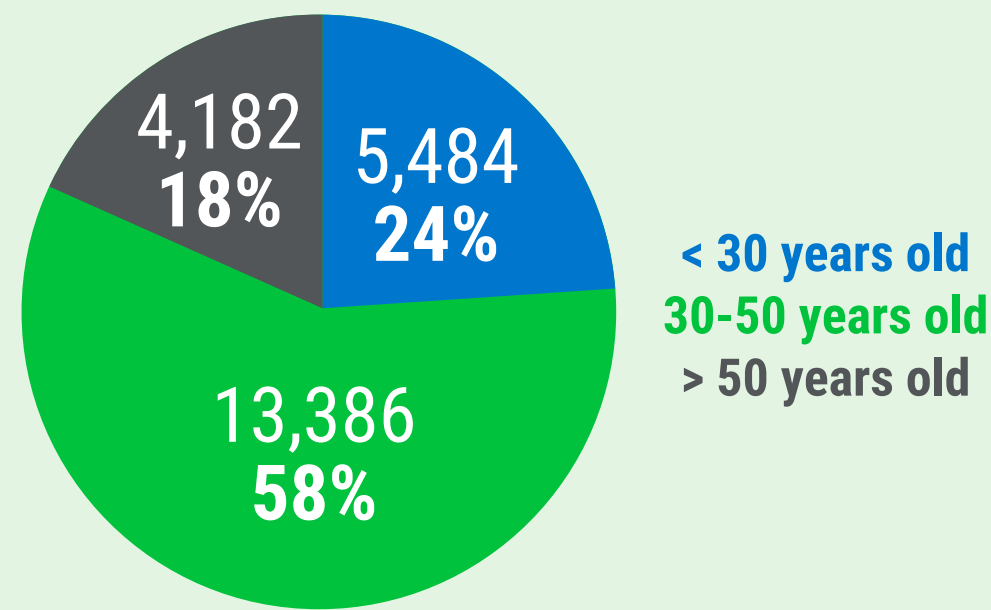
Nemak is currently working on a global integration exercise for information, systems and records in alignment with local regulations and European GDPR. Once complete, the Company aims to report on the topic of gender pay gap and its progress in this area.



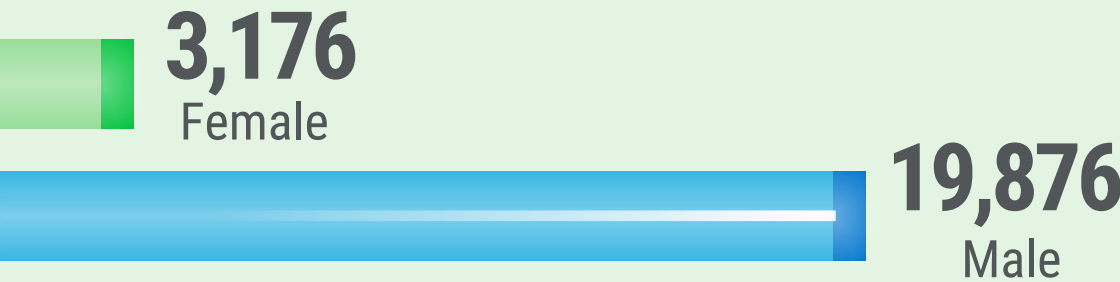
In 2024, Nemak employed 211 people with disabilities, representing 1% of the entire organization. Please note that this number is subject to uncertainty due to the legal restrictions related to data security.

In 2024, there were 6 reported incidents of discrimination at the Company, 3 of which are no longer subject to action, with the remaining incidents having undergone remediation.

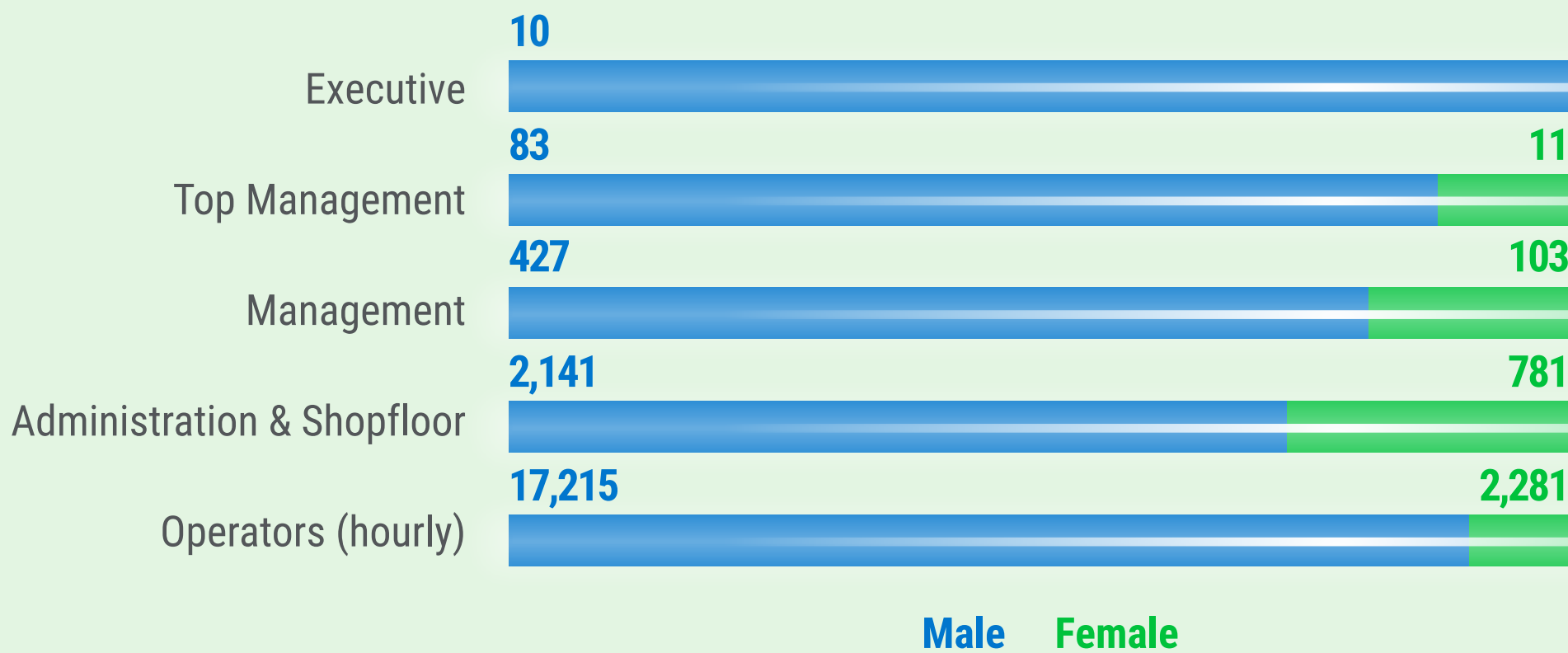
Nemak's Workforce by Age



Nemak Employees by Gender



Breakdown of Nemak's Workforce by gender & function (HC)



Training & Development

GRI 3-3

In order to maintain its leading position in the journey towards sustainable mobility, Nemak recognizes the need to hire and retain talented employees with the requisite knowledge and skills.

Due to the pace of technological advancement, the Company also understands the need to foster existing talent, and is therefore prioritizing the roll out of talent development activities to upskill expertise in areas such as HSE, HPDC, tooling, assembly, quality assurance, Automotive Core Tools, product development, R&D, maintenance, and others.

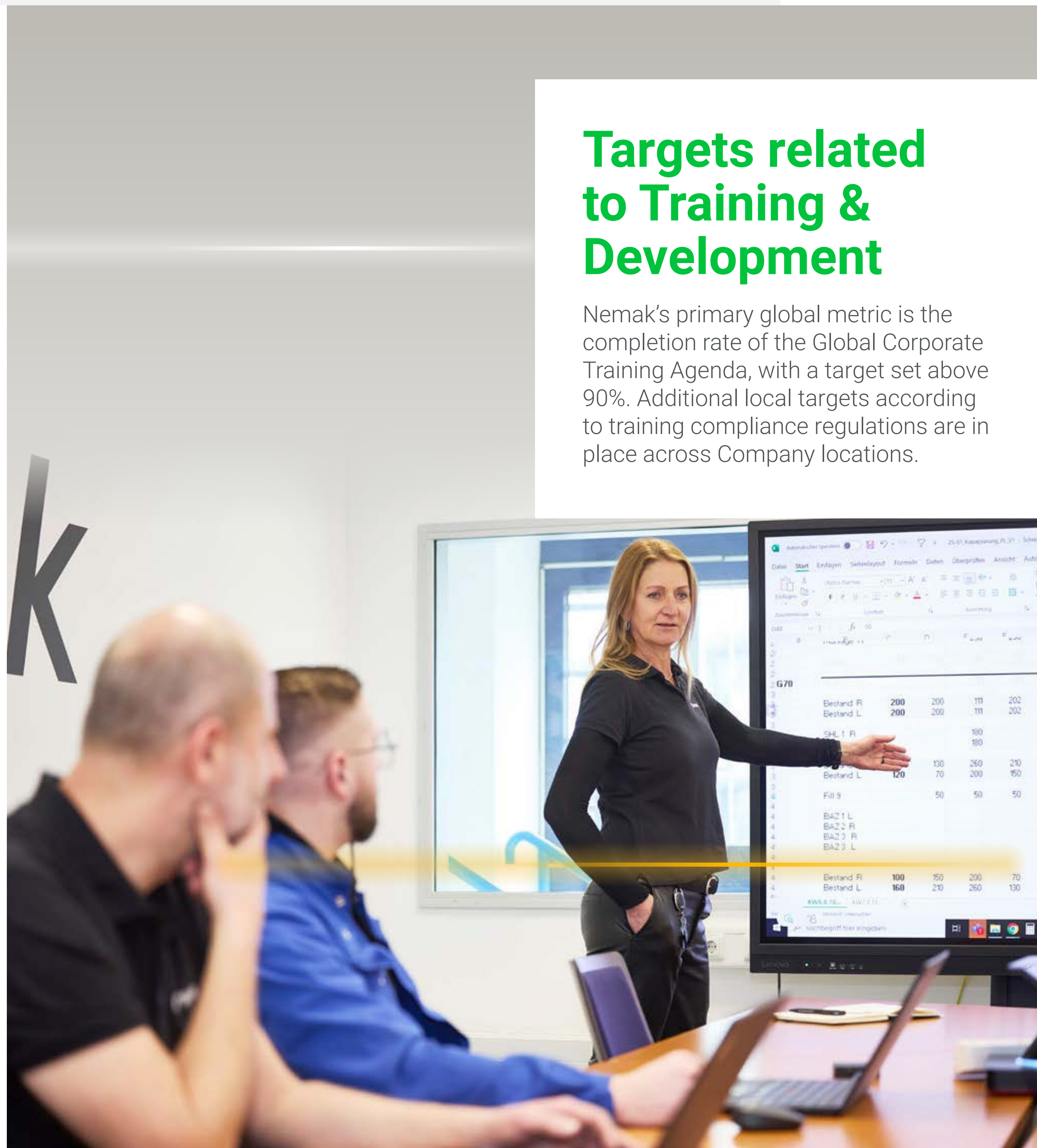
Nemak prides itself on employing a highly skilled workforce, capable of upskilling and adapting to meet changing market demands,

offering innovative ideas that differentiate Nemak from its competitors, and providing the resilience required to future proof the Company against any future challenges. For example, Nemak has been heavily investing in developing in-house skills in artificial intelligence, recognizing its pivotal role in future industrial applications. This includes achieving 4 certifications in AI and Data Analytics with a highly ranked university, participating in 10 software engineering courses for Generative AI development and integration, and empowering over 70 personnel in Generative AI for Productivity.

The Company's Training and Development department have overall responsibility for overseeing employee development.

Targets related to Training & Development

Nemak's primary global metric is the completion rate of the Global Corporate Training Agenda, with a target set above 90%. Additional local targets according to training compliance regulations are in place across Company locations.



Actions related to Training & Development

Nemak's development programs aim to create an optimal organizational environment through combatting industry challenges, enhancing productivity, and retaining talent. In 2024, Nemak invested over US\$3.4 million in training its employees in the Company's core processes and strategic areas. These investments are intended to achieve high levels of functional expertise, develop leaders, and advance collaboration.

The organization offers a comprehensive learning ecosystem that fosters a skilled and agile workforce. The Company's Global Corporate Training Agenda tackles business priorities, including topics such as Sustainability, Safety, Cyber Security, Corporate Compliance, Human Rights, Culture Training, and Global Violence and Harassment Awareness. Complementing these efforts, functional academies take a focused and structured approach to workforce development. By addressing the specific learning needs identified through skill assessments and other analyses, they help to close skill gaps effectively. These academies provide specialized courses in key disciplines such as Engineering, Finance, Human Resources, Purchasing and IT, alongside virtual learning paths that support role-specific capabilities.

The Engineering Academy aims to standardize the knowledge transfer and skillset of Nemak's teams. Its Americas Program is specifically designed to improve collaboration and increase problem solving capabilities. In 2024, 82 engineers graduated from the Americas Program having developed 3 RedX and 19 Six Sigma projects, through which the Company realized savings of US\$1.6 million across its MEX operations. The HPDC Academy, which falls within the Engineering Academy syllabus, is designed to upskill all employees in one of Nemak's crucial technologies: High Pressure Die Casting. In 2024, 85 employees have embarked on this Europe & Asia program, with 42 having successfully completed it.

To support and foster the next generation of leaders, Nemak has created leadership development journeys uniquely tailored to the challenges faced by leaders at different organizational levels. These custom-made pathways are designed to enable maximum impact within the Company, while demonstrating proficiency in Nemak's core and leadership competencies, and embodiment of Company values. In 2024, leadership development efforts continued with a focus on programs for new leaders, shop floor leaders, frontline, mid-level managers, and other relevant leadership groups. In the Americas, 106 salaried employees participated in the Leadership Journey, and 41 were enrolled in the Leadership Excellence program across Europe and Asia.



Driving Results – Talent Development

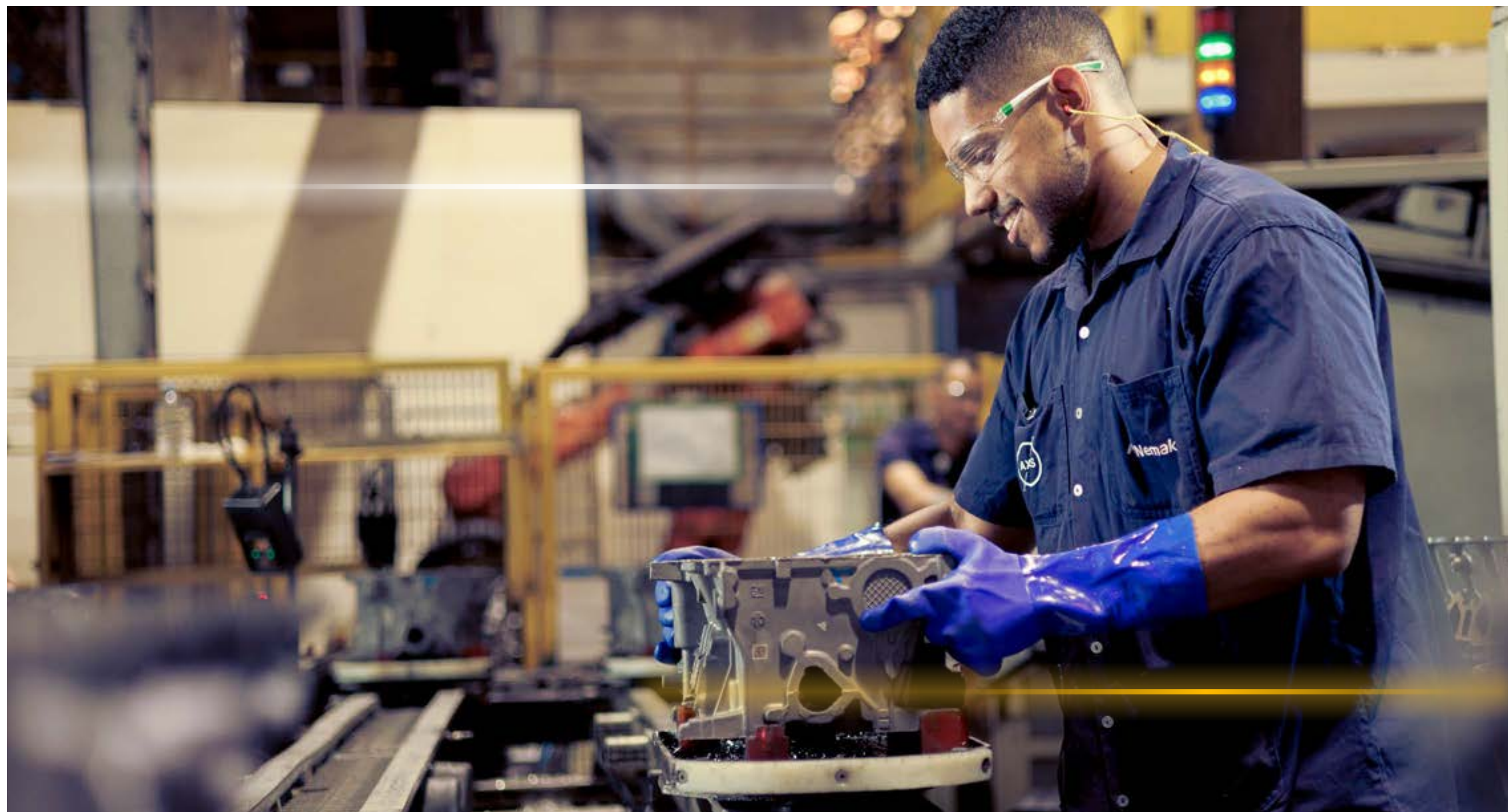
In 2024, Nemak held Development Milestones for Leaders & Managers, a specialized internal leadership program that brought together leaders and managers from Nemak's plants across Europe and Asia. This event, held at the Company's Engineering Center, offered the perfect environment for participants to enhance their leadership skills, exchange insights, and connect with colleagues from various functions.

Nemak has reinforced its commitment to frontline workforce development by strengthening its training programs to meet the needs of a growing and dynamic workforce. As part of this effort, initiatives were rolled out in 2024. To mention some examples, in Poland, a new training center was inaugurated to onboard new employees effectively and to equip them with essential skills. In Mexico, more than 1,100 employees participated in targeted training programs focused on operators, technicians, and shopfloor

employees. These included leadership programs for Group and Team Leaders, technical training for new hires and experienced technicians through structured onboarding and specialized academy programs, as well as practical learning opportunities through internships at the Tech Center facility at Nemak's Monterrey Site. Additionally, educational programs such as the Preparatoria DUAL – Technical High School and university degree tracks provided pathways for long-term growth and professional development.

Demonstrating a strong commitment to the development of its current workforce, Nemak has taken action to fill critical and management roles through internal candidates. In 2024, 62% of salaried positions (excluding entry level positions) were filled by internal candidates. In 2024, Nemak promoted 369 employees, with 24% female and 76% male. The Company's Global Diversity & Inclusion Policy and Internal Job Posting Policy reinforced its commitment to fostering employee growth and development.

In 2024, Nemak successfully launched a Sustainability Training for its salaried employees. The training covered ESG basics, Nemak's Sustainability Framework, and its overall approach towards sustainability. Overall, 3,158 employees completed the training. In 2025, Nemak plans to continue providing sustainability-related training for its employees, including more interactive and e-learning courses.



In Mexico, more than 1,100 employees participated in targeted training programs focused on operators, technicians, and shopfloor employees.

Nemak has been heavily investing in developing in-house skills in artificial intelligence, recognizing its pivotal role in future industrial applications.

Metrics related to Training and Skills Development

GRI 404-1, GRI 404-2, GRI 404-3

At Nemak, all employees receive consistent and meaningful feedback on their performance. The Company has established a performance management process with structured objective-setting, mid-term reviews, and year-end performance evaluations. In 2024, all Company's administrative personnel participated in the Performance Management process.

Average training hours by employee category

Executives & Top Management	18.3
Management	24.2
Administration & shopfloor	22.4
Operators	28.6
Average (All employees)	27.6

Average training hours by gender

Male	26.1
Female	37.2

98%

of Nemak's employees receive training, with an average of 28 hours per employee. A total of 958 hours were dedicated towards Human Rights training, while more than 1,500 towards D&I topics.

100%

of salaried employees participate in regular performance reviews, which represents 15% of the entire workforce.

600

employees participate in employee development programs, with 78 covered by degree programs or certifications. Nemak also provided a total of 171 scholarships to its employees, including those for bachelors, masters and technical degrees.



Communities & Corporate Citizenship

GRI 3-3, GRI 2-23

Nemak is committed to social development and recognizes its responsibility towards its employees and the communities in which it operates. As such, one of the three pillars of Nemak's sustainability framework is dedicated to People & Communities.

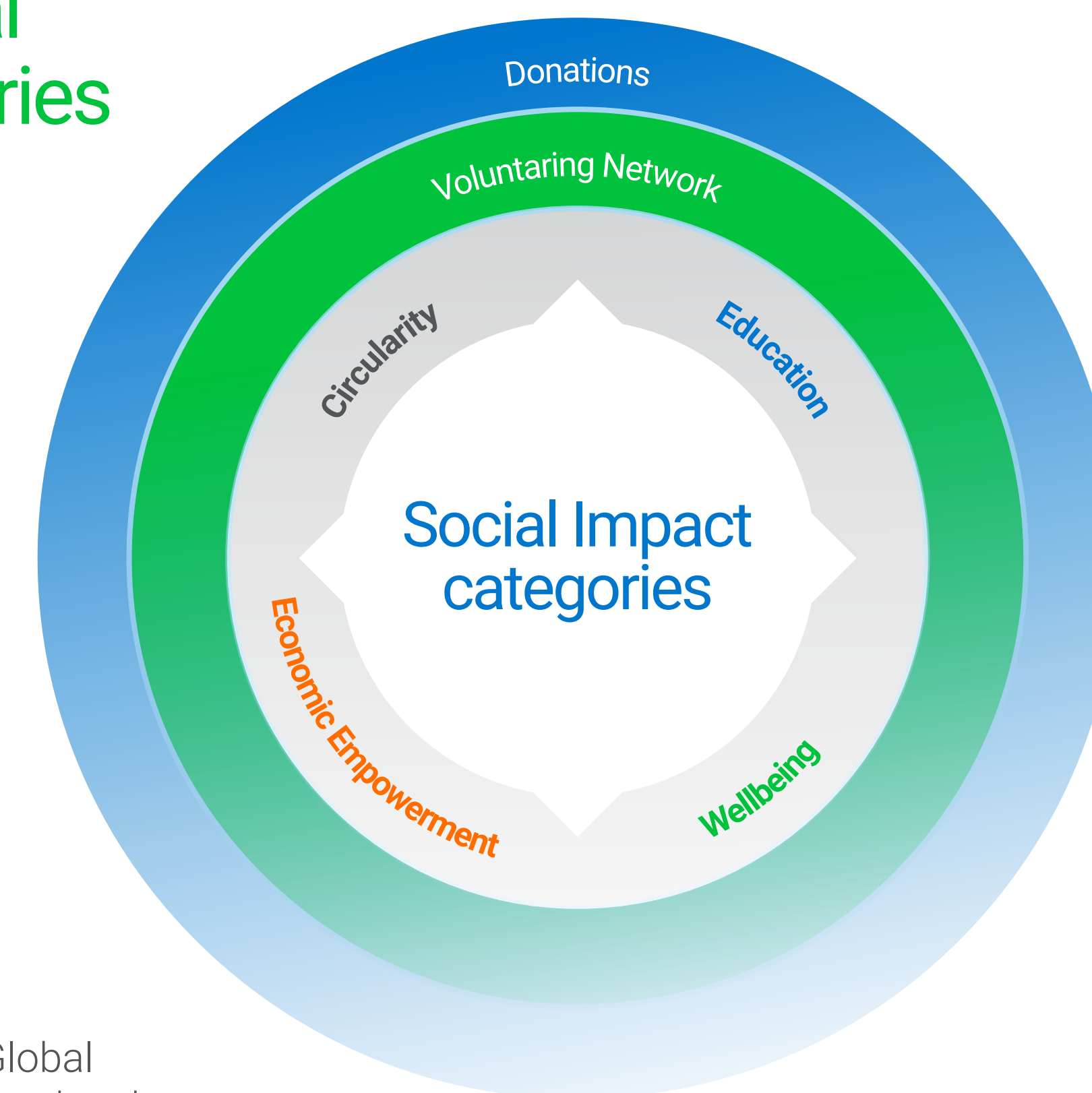
To bring this framework to life, Nemak actively engages in social, cultural, and community projects, with the goal of becoming a trusted local contributor to community development and education, promoting equal employment opportunities and economic empowerment, and supporting the general well-being of the community. Nemak's regional Human Resource Departments have overall responsibility for overseeing associated programs, goals, and progress.

Nemak has an established Global Corporate Citizenship Program with responsibilities for the development, and management of, a Global Corporate Citizenship Strategy. Acting to inform this strategy, in 2023 Nemak concluded a corporate citizenship materiality assessment.

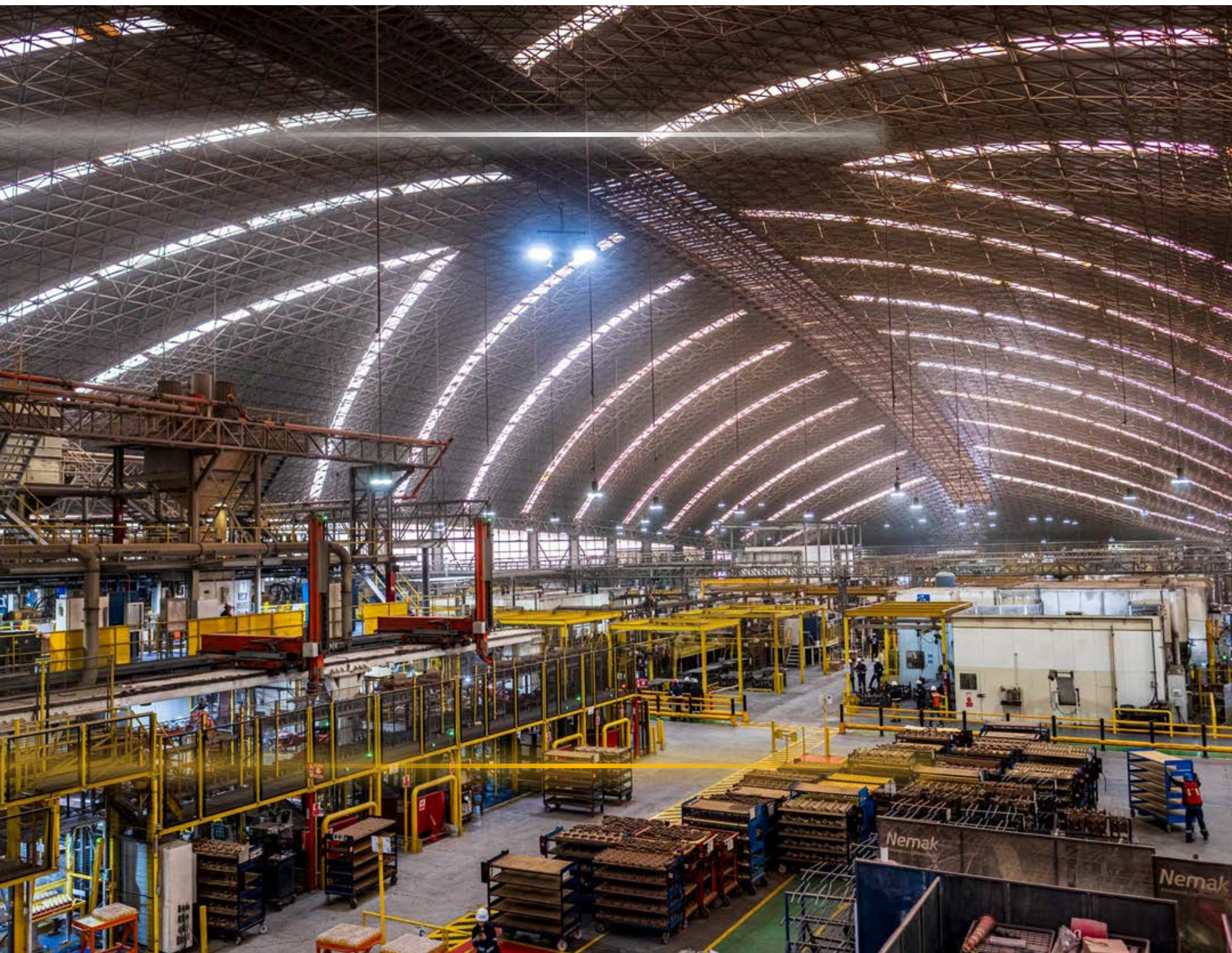
This involved engaging with internal stakeholders from different departments and hierarchical levels, as well as external stakeholders including suppliers, customers, NGOs, Associations, and community representatives. Stakeholder interviews provided feedback regarding the relevance of focus topics across 4 social impact categories: Economic empowerment, Circularity, Well-being and Education, in addition to providing a ranking of associated risks and opportunities. The corporate citizenship assessment, and more than 80 stakeholder interviews, were conducted across all regions in which Nemak operates.

As a result of this exercise, materiality matrixes were created at a regional level, providing Nemak with insights on the variability of its impacts across the globe. Through these conversations, Nemak has become more aware of the community needs specific to each location, and continues to encourage the local communities to provide feedback to the Company. The results of the assessment

Nemak's Social Impact categories



have been used to develop a Global Corporate Citizenship Policy that has been communicated to all Nemak regions, therefore ensuring global alignment, in addition to informing the generation of regional action plans, guidelines and procedures. When developing any strategies or policies, Nemak understands the importance of gathering stakeholder feedback prior to implementation, including internal and external stakeholders, extended to local communities.



Identification of Affected Communities

Through undertaking a stakeholder assessment, Nemak has concluded that the following communities are relevant to, and may be impacted by, the Company's business operations.:

Direct Operations

Industrial / Manufacturing Regions:

Communities located near to Nemak's 40 global production facilities. These areas typically depend on industrial activity for economic sustenance. For example, job creation, infrastructure development, and workforce training. Negative impacts include environmental concerns, such as emissions, waste generation, and risks of industrial accidents.

Urban and Semi-Urban Locations: Some Company facilities are located in semi-urban or suburban areas, where the presence of a manufacturing plant may cause community disturbances related to noise and air pollution.

Vulnerable Communities in Developing

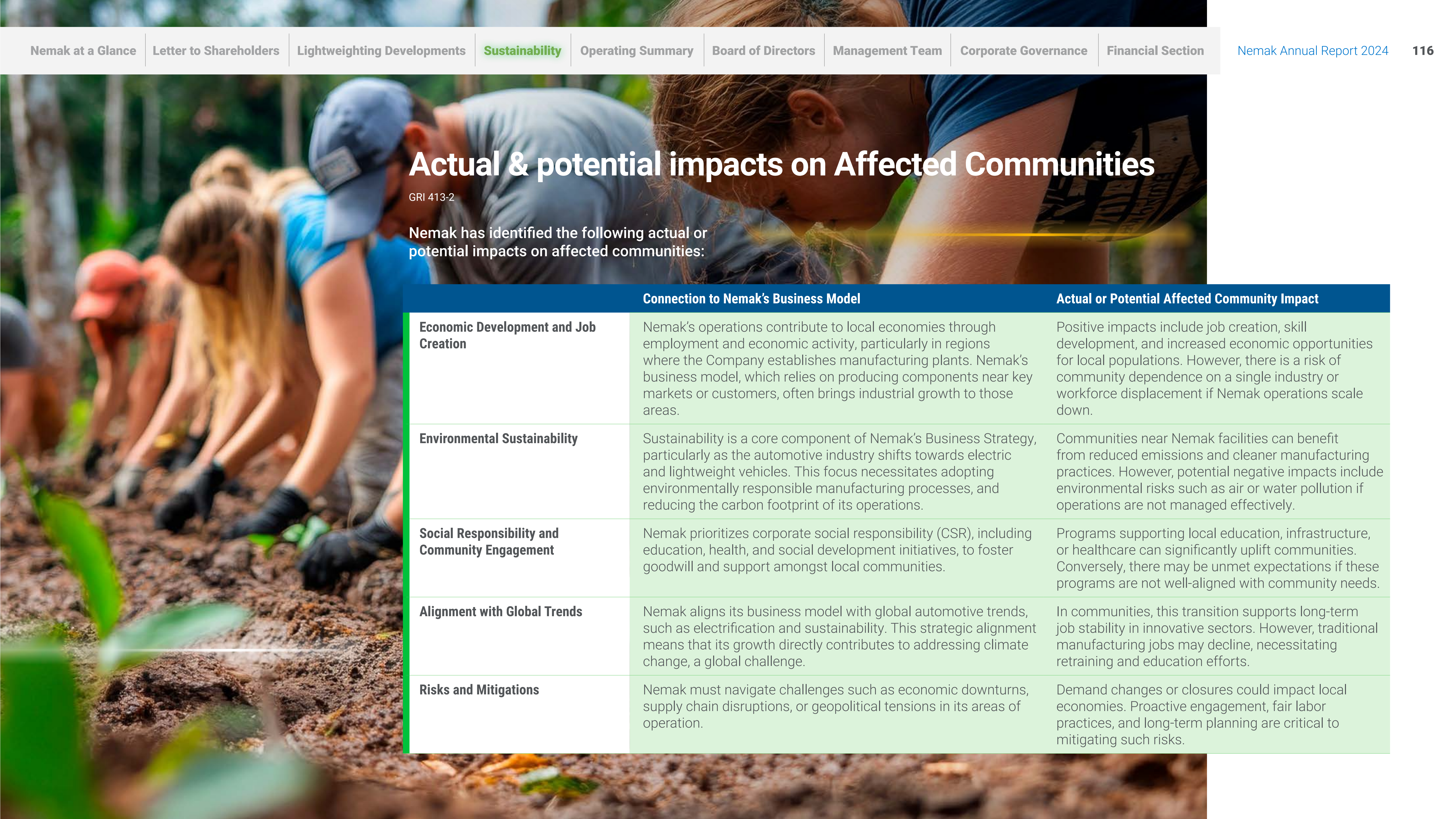
Economies: In regions with lower environmental and regulatory oversight, such as parts of Latin America or Asia, communities may face heightened risks related to industrial emissions, resource depletion, and waste management practices.

Value Chain

Raw Material Supply Communities: Nemak's dependence on aluminum and other raw materials may affect communities located near to mining operations or recycling facilities. Mining operations may lead to deforestation, water contamination, and displacement of indigenous populations.

Customer and Consumer Markets:

Automotive manufacturing hubs are reliant on Nemak's components (e.g., electric vehicle manufacturers). As automotive OEMs pivot toward more sustainable practices, communities must adapt to new technologies, requiring skill upgrades and new infrastructure investments.



Actual & potential impacts on Affected Communities

GRI 413-2

Nemak has identified the following actual or potential impacts on affected communities:

	Connection to Nemak’s Business Model	Actual or Potential Affected Community Impact
Economic Development and Job Creation	Nemak’s operations contribute to local economies through employment and economic activity, particularly in regions where the Company establishes manufacturing plants. Nemak’s business model, which relies on producing components near key markets or customers, often brings industrial growth to those areas.	Positive impacts include job creation, skill development, and increased economic opportunities for local populations. However, there is a risk of community dependence on a single industry or workforce displacement if Nemak operations scale down.
Environmental Sustainability	Sustainability is a core component of Nemak’s Business Strategy, particularly as the automotive industry shifts towards electric and lightweight vehicles. This focus necessitates adopting environmentally responsible manufacturing processes, and reducing the carbon footprint of its operations.	Communities near Nemak facilities can benefit from reduced emissions and cleaner manufacturing practices. However, potential negative impacts include environmental risks such as air or water pollution if operations are not managed effectively.
Social Responsibility and Community Engagement	Nemak prioritizes corporate social responsibility (CSR), including education, health, and social development initiatives, to foster goodwill and support amongst local communities.	Programs supporting local education, infrastructure, or healthcare can significantly uplift communities. Conversely, there may be unmet expectations if these programs are not well-aligned with community needs.
Alignment with Global Trends	Nemak aligns its business model with global automotive trends, such as electrification and sustainability. This strategic alignment means that its growth directly contributes to addressing climate change, a global challenge.	In communities, this transition supports long-term job stability in innovative sectors. However, traditional manufacturing jobs may decline, necessitating retraining and education efforts.
Risks and Mitigations	Nemak must navigate challenges such as economic downturns, supply chain disruptions, or geopolitical tensions in its areas of operation.	Demand changes or closures could impact local economies. Proactive engagement, fair labor practices, and long-term planning are critical to mitigating such risks.

Processes for engaging with Affected Communities about impacts

GRI 413-1



In general, the responsibility for coordinating engagement with affected communities is as follows:

- The Human Resources Department of each Nemak region is responsible for managing donations, volunteering, and activities related to supporting communities
- The Corporate Citizenship Committee regularly reviews the applicability and feasibility of the global strategy and processes, as well as the progress of regional action plans
- The Global Finance Department has approval responsibility for the global budget
- The Finance Department in each Nemak region supports Human Resources, and ensures fiscal transparency according to applicable laws
- The HSE Department manages regional environmental permits, and ensures that activities to be carried out are in accordance with the environmental regulations of each country
- The Communications Department ensures that the information is shared correctly and in the correct channels, to ensure that all stakeholders have full visibility

Engagement with communities occurs directly with legitimate representatives of the local communities, as identified by Nemak's local HR departments.



Processes to remediate negative impacts

GRI 2-25

Nemak's Transparency Helpline provides a secure and trusted channel for all employees, stakeholders, directors, officers, suppliers, contractors, customers and other third parties, to report any situation that is not aligned with, or that may be a violation of, any applicable law or regulation, Nemak's Code of Conduct, or any other of Nemak's values, procedures or policies. Further information on the Transparency Helpline and associated remediation processes

Targets related to Affected Communities

Nemak has a target for 100% of the Company's sites to execute initiatives aligned with the Corporate Citizenship Strategy.



Taking action on material impacts on Affected Communities

GRI 413-1, GRI 203-1

Following the conclusion of Nemak’s corporate citizenship materiality assessment in 2023, Nemak has prioritized the development of regional action plans.

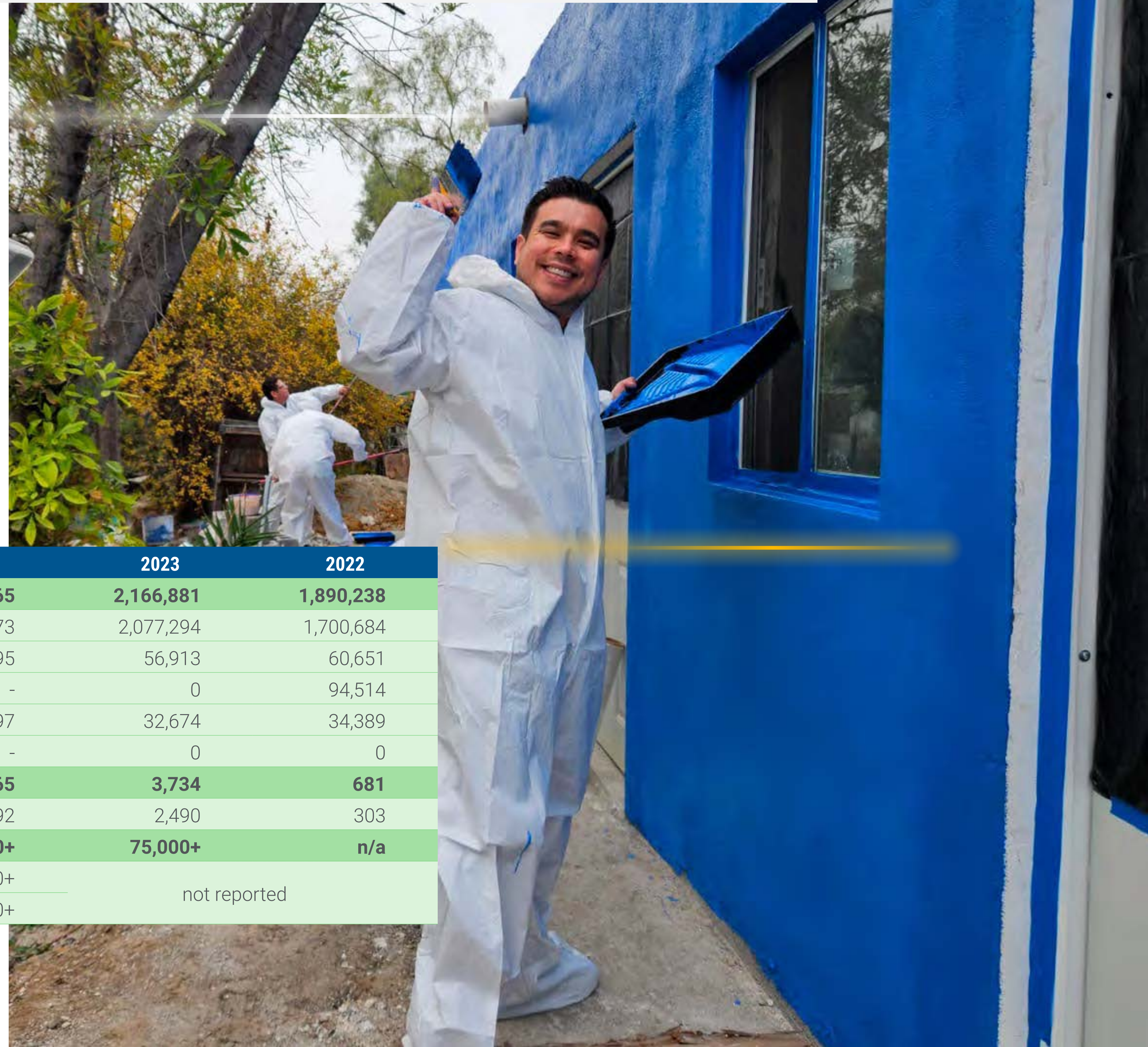
Driven at a local level, Nemak has continued its engagement with local development programs, including community support, environmental campaigns, and educational programs. Each sites’ engagement program is tailored to the needs of their local communities, identified through community engagement and the corporate citizenship materiality assessment. Some of the initiatives that have been carried out in 2024 include:

	MEXICO	ASIA	USA	EUROPE
Environmental   	• Can recycling campaign “Dame Lata” • Reforestation of 500 trees in Arteaga, Coahuila	• Cleaning of mountain trails by employees • Bottle caps collection for charity	• Employees received trees to plant at home • Park cleanup and enhancement on Earth Day	• Volunteers reforested 480 trees in Poland, Slovakia, Linz, and Czech Republic
Wellbeing   	• Charity race • Donations to autism and breast cancer organizations • Donated computers to Alfa Fundación students • Built a home for a vulnerable family • Food donations for 2,000+ vulnerable people	• Women Power” initiative: Female communication meetings & boxing • Diagnostic facility maintenance and subsidies for testing	• Donations for athletic programs & sports tournaments • Volunteering: shop, cook, and serve meals for 1,000+ people	• Support for cancer care, patient rehabilitation, and donations • Support for diabetic women in lower-income groups • Support for elders with dementia • Football club charitable contribution • Charity support for chronically ill children • Donations for flood victims in RS • 477 packages of diapers donated to a cancer support institution
Economic Empowerment  	• Local business support in events • In-kind donations	• Donations for forest, water, and tree projects • Awareness programs on environmental conservation	• Financial support and participation in local Chambers of Commerce • Support for Dickson County Chamber • Donations to civic organizations	• Membership fee payment for the Hungarian Foundry Association
Education  	• “Nemak in Your School” initiative - School for parents • 93 scholarships awarded for college studies (UANL, UDEM, Tecnológico de Monterrey)	• Installation of 15 KW solar power plant • Scholarships for local students • Collaboration with universities for internships and lectures	• Nemak Dual Enrollment Program • Nemak Achiever Scholarships • Support for local schools • Donations for annual school fire prevention	• Donations of educational materials (science equipment, maps, sports gear) • Cash donations for kindergartens’ year-end festivals • Student visits to Nemak Argentina to learn about production processes

Metrics related to Affected Communities

Each initiative is logged on Nemak's dedicated Corporate Citizenship dashboard, tracking the effectiveness of each project through collection of the following data: type of project, investment, impact category, number of benefited people, number of vulnerable groups benefited, number of women benefited. The local sites are responsible for inputting the relevant information, with the regional Corporate Citizenship leaders managing overall progress.

In addition to dedicating time to support local initiatives, Nemak also continues to support philanthropic activities through monetary investments and through the provision of paid leave for employees who wish to volunteer for local projects.



Investments in philanthropic activities	2024	2023	2022
Monetary investments in citizenship/ philanthropic activities total (in US\$)	2,462,965	2,166,881	1,890,238
thereof cash contributions	2,307,573	2,077,294	1,700,684
thereof monetary contributions to projects/partnerships	58,895	56,913	60,651
thereof products/services	-	0	94,514
thereof inkind giving	96,497	32,674	34,389
thereof others	-	0	0
Time investments in citizenship / philanthropic activities total in hours	2,165	3,734	681
thereof for projects/partnerships	1,292	2,490	303
Total number of benefited people in HC	70,000+	75,000+	n/a
thereof males	5,000+	not reported	
thereof females	5,000+		

OPERATING SUMMARY

GRI 201-1



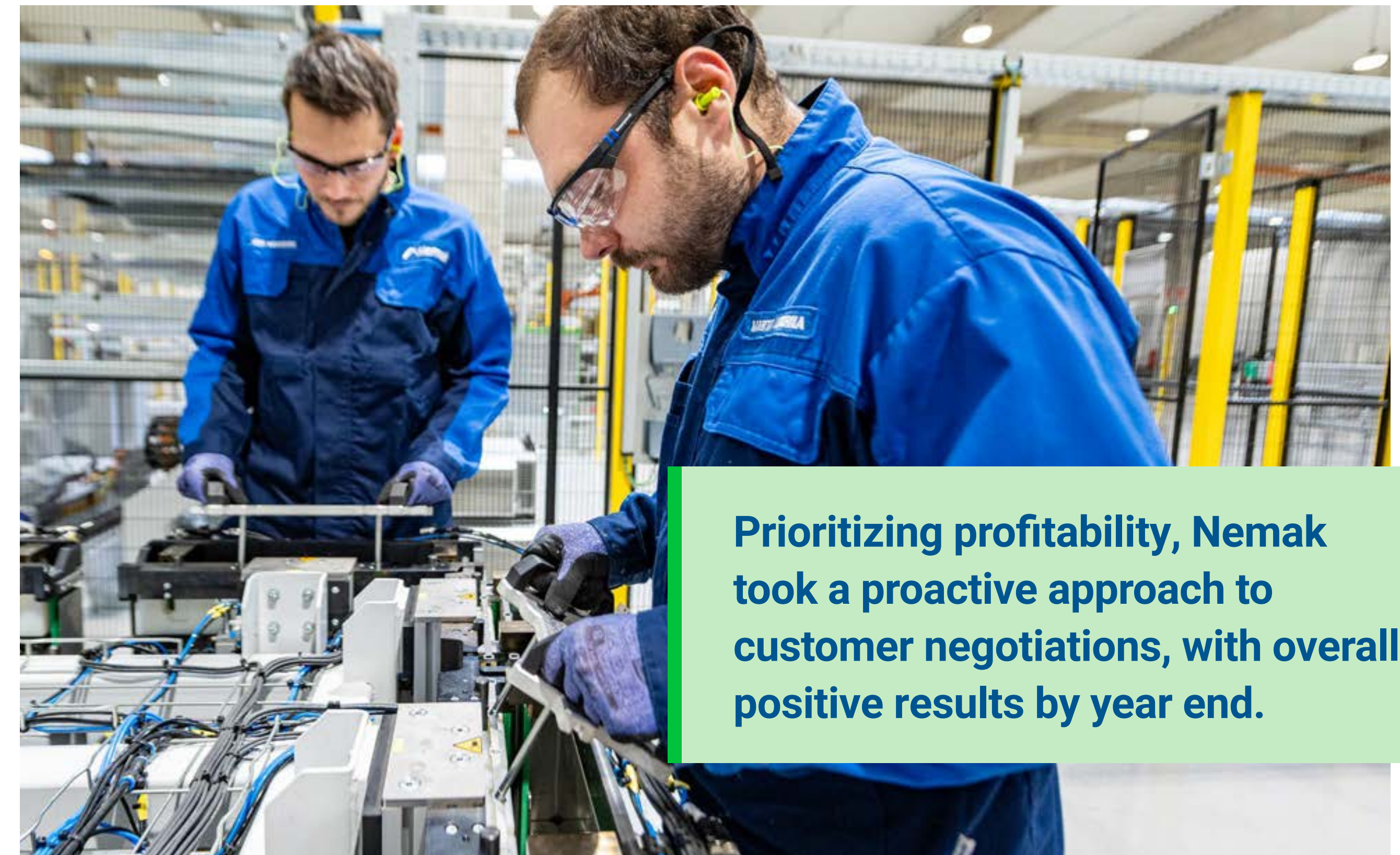
The behavior of the automotive industry in 2024 was largely influenced by the changing rate of electric vehicle (EV) adoption among consumers. In response to the slowing demand, Original Equipment Manufacturers (OEMs) capitalized on emerging opportunities in hybrid vehicles, and extended the lifetime of ICE vehicles.

As dynamics in the automotive industry shifted in 2024, Nemak again proved its ability to pivot and adapt to the changing environment. The Company streamlined its capital investments (CAPEX), and took advantage of the opportunity to produce more parts for ICE vehicles. With this move, Nemak leverages its technology expertise and global footprint, as it maximizes the use of existing production capacity.

Prioritizing profitability, Nemak took a proactive approach to customer negotiations, with overall positive results by year end. These negotiations developed on three fronts: inflation recovery, product repricing, and recovering idle capacity in the e-mobility, structure, and chassis (EV/SC) segment. Despite the lower volume and the consequential decreased revenues, these customer negotiations, in combination with the internal efficiency measures Nemak implemented throughout the year, enabled the Company to deliver strong results and more solid sustainable margins.

Capitalizing on the extended life of its core business in the ICE Powertrain segment, Nemak won new business during the year totaling approximately US\$460 in annual revenue. ICE Powertrain contracts comprised 80% of that new business, while the remaining 20% was in EV/SC. Most of the awarded contracts are related to hybrid vehicles. The Company ramped down the capital-intensive approach it had employed in 2023, streamlining investments to focus on maintenance and selective growth opportunities in the ICE and EV/SC segments. CAPEX was within guidance, reflecting Nemak's commitment to remain profitable as the automotive industry slowly transitions to e-mobility.

In the United States, light-vehicle sales increased 2.7% on the back of healthy consumer demand for vehicles, supported by general incentives from OEMs and the EV incentives from the US government. Light-vehicle production fell 1.4%, as inventory reduction strategies were implemented to rightsize inventory levels. In Europe, light-vehicle sales increased 1.5% on organic demand, mainly for ICE and Hybrid vehicles and, amidst slightly lower EV adoption. Light-vehicle production fell 6.8% due to longer-than-usual customer stoppages.



Prioritizing profitability, Nemak took a proactive approach to customer negotiations, with overall positive results by year end.

During 2024 volume decreased 6.1% y-o-y to 39.5 million equivalent units, reflecting customers' inventory optimization strategies, longer than expected customer plant stoppages, and slower than expected shift toward e-mobility. Revenues decreased 1.7% to US\$4.9 billion, as re-pricing and under-utilized capacity commercial negotiations partially offset volume decline. EBITDA increased by 9.4%, however, to US\$633 million, on the back of cost-optimization measures, customer negotiations and

the depreciation of the Mexican peso. EBITDA per equivalent unit was US\$16.0. Operating income fell 18.1% due to fixed and intangible assets impairment. Net income was US\$25 million, as Nemak benefitted from favorable foreign exchange effects, partially offset by higher income tax and higher financing expenses related to higher debt levels throughout the year. CAPEX was US\$389 million in 2024, highlighting the Company's flexibility to fulfill the market demands.

Regional Operations



North America

Light-vehicles sales in the US were supported by OEM incentives. Light-vehicle production declined slightly, as OEMs put supply management strategies in place to address the inventory levels that had accumulated during the year.

In the United States, the increase in light-vehicle sales was 2.7% y-o-y, as strong customer demand, renewed leases, and OEM incentives continued throughout the year. Light-vehicle production dropped 1.4%, as OEMs continued to manage inventory levels through production output. Certain OEMs implemented substantial reductions in their production schedules, heavily impacting the region's light-vehicle production numbers.

In North America volume fell 11.6% to 20.1 million units, while revenue consequently decreased by 4.9% y-o-y as commercial negotiations partially offset lower volume. EBITDA grew 13.1% in North America, on the back of these commercial agreements, and cost optimization initiatives.



Europe

Light-vehicle sales in Europe improved in relation to 2023, with solid organic demand despite adverse economic conditions in the region. European governments stopped offering incentives for EVs during the year, as well as price sensitivity.

In Europe, light-vehicle sales ticked up by 1.5% to 16.1 million units, despite the lack of incentives and slower EV adoption; this, in turn, benefitted hybrid vehicle sales. Light-vehicle production dropped 6.8% to 15.6 million units on stable-to-lower sales, and the effect of a higher comparison basis.

Nemak's volume in Europe decreased 4.0% to 13.4 million units, impacted by lower OEM production schedules. Revenues dropped 0.5% y-o-y driven by the same factor. EBITDA increased to 2.7%, as customer negotiations and operating efficiencies more than offset maintenance expenses during the second half of the year.



Rest of the World

In South America and Asia, which comprise the Rest of the World (RoW) region, light-vehicle sales were flat, and production showed a slight uptick in China, while Brazil saw an increase y-o-y.

Nemak's results in the RoW were solid, as volume grew 11.9%, revenues increased by 9.5%, and EBITDA rose by 15.1%, y-o-y. These numbers are a reflection of the Company's ongoing operating efficiencies and a richer product mix.

Board of Directors

GRI 2-9

This section contains information on each member of the Board of Directors, highlighting their relevant experience and designation as independent, proprietary, or related proprietary member.

1. Independent Board Member
2. Independent Proprietary Board Member
- A. Audit and Corporate Governance Committee

The members of the Audit and Corporate Governance Committee are also included, noting whether or not they are independent. Members are classified according to the following criteria:

		Automotive Industry	Innovation	Global	ESG	Audit & Risk Management	Operations	Finance	Public Policy	Strategic Planning
Álvaro Fernandez Garza ⁽²⁾ Chairman of the Board of Directors of Nemak	CEO and Chairman of the Board of Directors of Alfa, Co-Chairman of the Board of Directors of Axtel, and Chairman of the Board of Directors of Alpek, Controladora Axtel, and Universidad de Monterrey (UEM). Member of the Board of Directors of Cydsa, Vitro and the Mexican Business Council.	●		●	●			●	●	●
Armando Garza Sada ⁽¹⁾ Chairman of the Board of Directors of Xignux and Pak2Go Chairman of the Audit & Corporate Governance Committee.	Member of the Board of Directors of Alfa, Alpek, Controladora Axtel, Axtel, BBVA México, CEMEX, Lamosa, and Liverpool	●	●	●			●	●	●	●
Mónica Aspe Bernal ⁽¹⁾ CEO of AT&T México and Member of the Board of Directors of Volaris and Banamex	Former Mexican Ambassador to the Organization for Economic Cooperation and Development (OECD), and the International Energy Agency (IEA). Former Undersecretary of Communications in Mexico’s Ministry of Communications and Transportation.			●			●		●	●
Juan Carlos Calderón Rojas ^(2A) Global Director of Employee Experience and Engagement at Sigma	Member of the Board of Directors of Alfa, Coparmex Nuevo León, Grupo Franca y Movimiento Congruencia, Casino de Monterrey, and UDEM.		●		●			●		●
Robert J. Fascetti ⁽¹⁾ Former Vice President of Power Train Engineering at Ford Motor Company	More than 29 years of experience in powertrain and product development at Ford Motor Company.	●	●	●			●			●

Board of Directors

GRI 2-9

		Automotive Industry	Innovation	Global	ESG	Audit & Risk Management	Operations	Finance	Public Policy	Strategic Planning
Antón Fernández Zambrano ^(2A) Commercial Director of Sigma Foodservice	Former Member of the Board of Directors of the National Chemicals Association (ANIQ).		●	●	●	●		●		●
Eugenio Garza Herrera ^(1A) Chairman of the Board of Directors of Xignux and Pak2Go	Member of the Board of Directors of Corporación EG, Cydsa, México Evalúa, the Regional Board of Banco de México, and the Roberto Garza Sada Center for Art, Architecture and Design of the University of Monterrey (UDEM). Member of the Managing Board of Tec de Monterrey.	●					●	●		●
Fabiola Garza Sada ⁽²⁾ Investor	Member of the Board of Directors of Alfa Fundación.	●			●					
Gary Lapidus ⁽¹⁾ Independent Investor and Advisor	Former Institutional Investor-ranked automobile and auto parts Senior Research Analyst at Goldman Sachs Co. and Sanford C. Bernstein & Co. Former Director at Booz-Allen Hamilton.	●		●		●		●		●
Adrián G. Sada Cueva ⁽¹⁾ CEO and Chairman of the Board of Directors of Vitro	Member of the Board of Directors of Alfa, Mexican Business Council, Organización Vida Silvestre and Universidad de Monterrey (UDEM). Former President of the Transformation Industry Chamber of Nuevo León (CAINTRA).	●	●	●	●	●	●	●	●	●
Carlos Jiménez Barrera Secretary										

Nemak is committed to implementing good corporate governance practices. The Company complies with the principles established in the Code of Principles and Best Corporate Governance Practices and is taking steps to improve its corporate governance even further.

Management Team

ARMANDO TAMEZ

CEO



KNUT BENTIN

Vice President Mexico



KLAUS LELLIG

Vice President Europe & Asia



DIRK BARSCHKETT

Vice President of Sales
and Marketing



ALBERTO SADA

Chief Financial Officer



ERNESTO SÁENZ

Vice President of Manufacturing
& Product Development



MARC WINTERHALTER

Vice President of Purchasing
& Sustainability



MARCELO ORTIZ

Vice President Business
Development & Transformation



EDGAR NOYOLA

Global Human
Resources Director



CORPORATE GOVERNANCE

GRI 2-9, GRI 2-12, GRI 2-13, GRI 2-15

Corporate Governance

Nemak operates in accordance with the Mexican Code of Principles and Best Corporate Governance Practices (Código de Principios y Mejores Prácticas de Gobierno Corporativo), which seeks to enhance investor confidence in Mexican companies.

The Code, established in 1999, provides a framework for promoting effective corporate governance practices in Mexican companies, ultimately enhancing investor confidence.

All entities listed on the Mexican Stock Exchange (Bolsa Mexicana de Valores, S.A.B. de C.V.) (BMV) must annually disclose their compliance with the Code. This disclosure requirement is fulfilled by completing a questionnaire available on the BMV's official website.

The questionnaire serves as a standardized tool for listed companies to demonstrate their adherence to the Code's principles and best practices. This transparency initiative promotes accountability and enables stakeholders, including investors, to assess a company's commitment to sound corporate governance. Below is a summary of Nemak's corporate

governance practices, categorized by the key areas addressed in the questionnaire submitted in May 2024:

1. Nemak's Board of Directors comprises ten members, all of whom are independent. Information on individual directors, their independence status, and participation in the Audit and Corporate Governance Committee is available in this report.
2. The Board of Directors is advised by the Audit and Corporate Governance Committee, chaired by an independent member and composed entirely of independent members.
3. The Board convenes regularly (four times a year), with additional meetings held upon request by the Chairman of the Board, the Chairman of the Audit and Corporate Governance Committee, the Secretary of the Board, or at least 25% of its members. At least one meeting each year focuses on medium- and long-term strategic planning.

4. Board members are required to inform the Chairman of the Board of any potential conflicts of interest and abstain from relevant discussions. In 2024, the average attendance at Nemak's Board meetings was 87.5%.
5. Board and Committee meetings were held in a hybrid format (in-person and virtual) during 2024. The videoconferences allowed the board members to interact with each other effectively through the available audio and video formats.
6. Nemak's Audit and Corporate Governance Committee evaluates and recommends on various matters, including external auditor fees, internal audit coordination, accounting policies, and environmental, social, and governance considerations.
7. Nemak's Audit and Corporate Governance Committee also recommends on executive compensation policies, employment terms, severance payments, and succession planning.

8. Nemak maintains internal control systems with general guidelines reviewed by the Audit and Corporate Governance Committee and validated by the external auditor.
9. Nemak's Board of Directors receives guidance from the Administration and Finance Department regarding investment feasibility, strategic positioning, financing alignment, and project review.
10. Nemak maintains an open line of communication with shareholders and investors through various channels, including press releases, financial reports, conference calls, investor meetings, and its website.
11. Nemak promotes corporate social responsibility through its mission, vision, values, and code of ethics.

FINANCIAL SECTION

Independent Auditors' Report and Consolidated Financial Statements as of and for the Years Ended December 31, 2024, 2023 and 2022

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Management's Discussion and Analysis of Results (MD&A)

2024

This MD&A should be read in conjunction with the Letter to Shareholders (pages 6-8), and the Audited Consolidated Financial Statements (pages 132-134). Unless otherwise indicated, numbers are stated in millions of pesos. Percentage variations are presented in nominal terms. Additionally, some numbers are stated in millions of United States dollars (US\$), and some in millions of euros (€).

The financial information in this MD&A is for the results of the last three years (2024, 2023, and 2022), and has been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards). Similarly, the information in this analysis is in accordance with the General Provisions applicable to Securities Issuers and other Securities Market Participants issued by the National Banking and Securities Commission (CNBV), as of December 31, 2024.

This report may contain forward-looking statements and estimates, which are inherently uncertain. Management may make judgments with respect to certain future market conditions. Consequently, results may vary from what is stated in this document.

San Pedro Garza García, Nuevo León, Mexico, on January 31, 2025.

ECONOMIC ENVIRONMENT

In 2024, Mexico and the rest of the world experienced declining inflationary pressures and a decrease in interest rates, alongside increasing trade tensions between the U.S. and China, and geopolitical tensions in the Middle East. Both in Mexico and in major global economies, inflation levels have decreased, although they remain above the targets set by Central Banks. In Mexico, inflation as of December 2024 closed at 4.2%, slightly above the target range of the Central Bank of Mexico (Banxico).

Throughout 2024, global attention was focused on the monetary policy of the U.S. Federal Reserve, dependent on macroeconomic figures such as employment and inflation in the U.S. Presidential elections were held in various countries, with Donald Trump winning in the U.S. and Claudia Sheinbaum, in Mexico.

Believing that inflationary pressures might be under control and to avoid hindering growth, Central Banks, in line with their monetary policy, reduced interest rates. In Mexico, Banxico lowered its reference rate from 11.25% to 10% during 2024. In the U.S., the Federal Reserve reduced its reference rate by 1% during 2024.

The behavior of some of the key variables in Mexico, the U.S., and Europe, which are crucial for better understanding Nemak results, are presented below:

Mexico	2024	2023	Comments
Gross Domestic Product ^(a)	1.2%	3.1%	- GDP reflected a slowdown in the country’s economic activity, attributable to uncertainties in investments due to constitutional changes, the start of a new presidential term, and the trade relationship with the U.S. - Inflation decreased compared to 2023 but remained slightly above Banxico’s target. - Banxico’s monetary policy reduced rates, showing a similar effect in other countries where Nemak operates.
Inflation rate ^(a)	4.2%	4.7%	
Interest rate 28-day TIIE, nominal average ^(b)	11.1%	11.5%	

US	2024	2023	Comments
Gross Domestic Product ^(c)	2.8%	2.5%	- GDP showed a slight improvement on the back of resilient consumer behavior. - Inflation experienced a slight downward adjustment, decreasing compared to 2023. - On average, the Mexican peso depreciated compared to 2023 but remained strong due to exports, remittances, high interest rates, and foreign direct investment.
Inflation rate ^(c)	2.9%	3.4%	
Interest rate SOFR 3M, nominal average ^(b)	5.1%	5.2%	
US\$/MXN Exchange rate, annual average ^(b)	18.33	17.74	

EUROPE	2023	2022	Comments
Gross Domestic Product ^(c)	0.7%	0.5%	- Economic growth in the Eurozone remained moderate, reflecting a gradual recovery following the stagnation observed in 2023. - Inflation continued its downward trend, consolidating the effects of the European Central Bank’s monetary policy. - The euro showed stability against the US dollar in the context of lower interest rates and economic growth.
Inflation rate ^(c)	2.4%	6.5%	
Interest rate ^(c)	3.0%	3.4%	
EUR/MXN exchange rate, annual average ^(c)	19.83	19.18	

Sources
^(a) National Institute of Statistics and Geography (INEGI). January 31, 2025
^(b) Bank of Mexico (“Banxico”)
^(c) Bloomberg.

RESULTS 2024

2024 VS. 2023

(Amounts are presented in Thousands of U.S. dollars, unless otherwise indicated)

In 2024, the automotive industry was influenced by inventory management strategies and the changing rate of electric vehicle (EV) adoption among consumers; extending the lifespan of internal combustion engine (ICE) vehicles, and enabling the Company to capitalize on incremental opportunities with hybrid vehicles. Nemak’s top line decreased in 2024 due to the decline in light-vehicle production in certain regions. However, the Company capitalized on operating efficiencies, cost reduction initiatives, and successful commercial negotiations, which resulted in improved margins compared to 2023. Negotiations with customers helped offset inflationary pressures during the year, rising the initial full-year EBITDA guidance for 2024.

Revenue in 2024 amounted to US\$4,907, representing a 2% decrease from the US\$4,993 reported in 2023. This decrease can be attributed primarily to lower volume, partially offset by the product repricing and customer compensation on under-utilized capacity.

Cost of Goods Sold (COGS), which includes depreciation of fixed assets, decreased 3% over 2023 and closed the year at US\$4,326. The variation was in line with lower volume, as well as operating efficiencies.

Sales, General and Administrative Expenses (SG&A) were US\$351, increasing 2% compared to the \$344 reported in 2023. This was mainly due to maintenance costs, and inflation-related effects.

Operating Income in 2024 was US\$145, a decrease of 18% from US\$176 reported in 2023. This reduction was mainly due to the write-off of fixed and intangible assets in the amount of US\$104 million associated with the strategic adjustment in the EV/SC capacity.

EBITDA grew by 9% y-o-y, to US\$633. This was partly due to operational efficiencies, favorable customer negotiations, and the depreciation of the Mexican peso against the US dollar.

In 2024, the Company recorded a Net Financial Loss of US\$92.7, compared to a loss of US\$178 reported in 2023. This was due to higher interest expenses reflecting the still high interest rates and debt levels throughout the year, offset by foreign exchange gains.

Income taxes expense was US\$30 during 2024, compared to income tax recovery of US\$3 recorded in 2023, due mainly to accounting effects in deferred income taxes.

Net Income in 2024 was US\$25, up compared to US\$4 reported in 2023. This increase was due mainly to the net effect from the aforementioned factors.

Capital Expenditures during the year were US\$389, a 28% reduction from the US\$537 reported for 2023, as the Company continues to streamline its investments, focusing on leveraging existing assets, and allocating resources towards the ICE segment, following the market demands.

Net Debt was US\$1,532 at year-end 2024, 2% below the US\$1,556 reported in 2023, mainly due to cash flow generation throughout the year, as the Company remains committed to reduce its leverage. The ratio of Net Debt to last twelve months (LTM) EBITDA was 2.4 times, compared to 2.7 times at the end of 2023. Meanwhile, Interest Coverage was 4.9 times, up from the 4.7 times reported at year-end 2023.

HIGHLIGHTS 2023

Nemak supplied its 1-billionth powertrain component

Established in 1979 as a company dedicated to producing aluminum cylinder heads, Nemak has evolved and consolidated its presence as a global leader both in the ICE powertrain, and in the e-mobility segments. The Company remains committed to using its full range of advanced casting processes and global footprint to continue supplying ICE powertrain components as long as they are needed.

Refinancing Transactions

To further strengthen its debt profile, throughout the year, the Company successfully concluded debt refinancing transactions for \$450, providing the Company with greater financial flexibility, by reducing short-term amortizations, while maintaining its financial cost.

Changes in Electrification Trends

In response to changes in the adoption of electric vehicles, and OEM production plans, the Company adjusted its operations and project planning in the EV/SC segment. This implied the put-on hold of the launch of the new manufacturing facilities in Mexico and Germany. To mitigate the financial impact of this change, the Company secured commercial agreements with the relevant customers to substantially compensate for the investments made.

AWARDS AND RECOGNITION

Dow Jones Sustainability Indices – MILA Pacific Alliance Index

For the sixth consecutive year, Nemak maintains its position as a member of the Dow Jones Mila Pacific Sustainability Index. Notably, the Company remains as the sole automotive company to be included in this prestigious index, highlighting its commitment to sustainability.

CDP Climate Change Assessment

Nemak obtained a score of “A-” in the CDP’s annual, internationally recognized climate change assessment. This improvement places the Company above the North American regional average, and above the average for the Company’s sector in this area of reporting.

ASI Certification

In 2024 Nemak completed the Performance Standard Certification of six facilities, and achieving the Chain of Custody Certification in two of these plants.

Top Employer Institute Certification Program

During 2024, Nemak operations were granted with the Top Employer certification for their commitment to implementing human resources policies and best practices that prioritize employee well-being. This esteemed recognition, awarded by the Top Employers Institute, represents the third time in the USA and Mexico and the second time in Brazil, Germany, and Poland.

RESULTS 2023

2023 VS. 2022

(Amounts are presented in Thousands of U.S. Dollars unless otherwise indicated)

Nemak’s top line continued to grow in 2023 due to the industry recovery in light-vehicle production, which the Company capitalized on, as well as new product launches in the EV/ SC segment, which resulted in volume growth compared to 2022. Aluminum prices were lower than the previous year, however, higher volume and improved product mix enabled revenue growth; whilst negotiations with customers that helped to offset inflationary pressures during the year, the impact of the Mexican Peso appreciation against the U.S. dollar also weighed on EBITDA. Therefore, Volume, Revenue and EBITDA exceeded full-year guidance for 2023.

Revenue in 2023 amounted to US\$4,993, representing a 7% increase from the US\$4,667 reported in 2022. This growth can be attributed primarily to higher volume and an improved product mix. Additionally, the decrease in aluminum prices throughout the year and the appreciation of the euro against the U.S. dollar contributed to this positive financial performance.

Cost of Goods Sold (COGS), which includes depreciation of fixed assets, increased 7% over 2022 and closed the year at US\$4,456.

The variation was in line with revenue growth, including incremental launching expenses and inflation, which were partially offset by customer negotiations.

Sales, General and Administrative Expenses (SG&A) were US\$344, increasing 17.8% compared to the \$292 reported in 2022. This was mainly due to higher volume, the effect from the appreciation of the Mexican Peso vs U.S. dollar, as well as inflation-related effects.

Operating Income in 2023 was US\$177, a decrease of 4.8% from US\$186 reported in 2022. This reduction was mainly due to the combined impacts of the appreciation of the Mexican Peso against the U.S. dollar, higher depreciation and the impairment of non-operative assets, which more than offset the benefits of higher volume and an improved product mix.

EBITDA grew by 6.6% y-o-y, to US\$578. This was partly due to the stronger volume, the launch of new higher value-added products, despite the appreciation of the Mexican peso against the U.S. dollar and expenses related to new product launches. Customer negotiations helped offset the impact of inflation.

In 2023, the Company recorded a Net Financial Loss of US\$179, compared to a loss of US\$79 reported in 2022. This was due to higher interest expenses reflecting the increase in interest rates as well as adverse currency

effects of the euro and Mexican peso against the U.S. dollar.

Income taxes were US\$3 positive during 2023, compared to US\$56 negative recorded in 2022, primarily due to a favorable accounting adjustment to deferred income taxes.

Net Income in 2023 was US\$4, down compared to US\$51 reported in 2022. This reduction was primarily due to an increase in financial expenses, foreign exchange effects, and the write-off of non-operative assets, which more than offset a favorable accounting income tax adjustment.

Capital Expenditures during the year totaled US\$537, up from the US\$468 reported for 2022. New product launches in the EV/ SC segment remained the primary focus for investments, as Nemak continued to transition existing capacity traditionally used for combustion-engine (ICE) applications to manufacture higher value-added parts for the electric vehicle market. Additionally, the Company continued with the installation of three new plants in Mexico, Germany, and the Czech Republic, where it will focus on delivering cutting-edge lightweighting solutions for fully electric vehicles.

Net Debt was US\$1,556 at year-end 2023, up 25.9% from the US\$1,236 reported in 2022, mainly due to the aforementioned Capex intensity during 2023. The ratio of Net Debt

to last twelve months (LTM) EBITDA was 2.7 times, compared to 2.3 times at the end of 2022. Meanwhile, Interest Coverage was 4.8 times, up from the 7.9 times reported at year-end 2022.

HIGHLIGHTS 2023

CONTINUOUS GROWTH IN THE E-MOBILITY, STRUCTURE AND CHASSIS SEGMENT

Nemak continued its transition into electrification, marking key milestones throughout the year as it secured new contracts to produce parts for electric vehicles, and ramped up production to meet the increased demand. The Company also harnessed newly awarded business to further scale its capabilities in highly specialized joining and assembly processes used in its EV/ SC segment. The year’s highlights included:

- EV/SC segment generated approximately US\$575 million, representing 12% of the Company’s revenue.
- During the year, the Company’s accumulated order book to produce EV/SC applications grew from US\$1.60 to US\$1.75 billion annually.
- Nemak continued with the setup of three new plants in Mexico, Germany, and the Czech Republic. These will be dedicated to the production of battery housings for fully electric vehicles, featuring state-of-the-art joining and assembly.

AWARDS AND RECOGNITION

Top Employers Institute Certification Program

In January 2023, Nemak operations garnered the Top Employer certification for their steadfast commitment to implementing human resources policies and practices that prioritize employee well-being. This esteemed recognition, awarded by the Top Employers Institute, represents the second time in the USA and Mexico and the first time in Germany. Building on this success, Nemak has expanded its accolades by achieving the Top Employer certification in Poland, enhancing its esteemed status alongside certified facilities in Brazil, Germany, Mexico, the United States, and now Poland.

CDP climate change assessment

Nemak maintained a score of “B” in the CDP’s annual, internationally recognized climate change assessment. This score places Nemak above the North American regional average, and above the average for the Company’s sector in this area of reporting.

Dow Jones Sustainability MILA Pacific Alliance Index

For the fifth consecutive year, Nemak proudly maintains its position as a distinguished member of the Dow Jones Mila Pacific Sustainability Index. Notably, we stand out as the sole automotive company to be included in this prestigious index.

Enlighten Awards

Enlighten Awards in association with the Center for Automotive Research (CAR), Altair, distinguished Nemak as runner up in the Module Lightweighting category. This award recognizes the development of the FAAR-WE E-Bracket for BMW through the development of a new alloy material, reducing the component weight by 30%.

PACE Awards

PACE Awards are given to automotive suppliers in recognition of a technological innovation in product or process that has reached the commercial market. Nemak was recognized on it’s 29th edition, as a finalist for its novel lightweighting design.

In the same PACE Awards, in the category of ‘Pilot’, an additional example of finalist innovation is the design of an all-aluminum single piece sub-frame. This proprietary design saves close to 30% of the original weight of the design manufactured by assembling individual steel sub-components, using ca.60% of recycled materials.

Independent Auditors' Report to the Board of Directors and Stockholders of Nemak, S.A.B. de C.V.

Opinion

We have audited the consolidated financial statements of Nemak, S.A.B. de C.V. and Subsidiaries (the "Group" or "Nemak" or the "Company"), which comprise the consolidated statements of financial position as of December 31, 2024, 2023, and 2022, the consolidated statements of income, the consolidated statements of comprehensive income, the consolidated statements of changes in stockholders' equity and the consolidated statements of cash flows for the years then ended, and the explanatory notes to the consolidated financial statements, that include information on material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Nemak, S.A.B. de C.V. as of December 31, 2024, 2023, and 2022, as well as their consolidated financial performance and their cash flows for the years then ended, in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audits in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the Code of Ethics issued by the Mexican Institute of Public Accountants, A.C. ("IMCP Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code and with the IMCP Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matters

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

This matter has not changed 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 2024 consolidated financial statements. 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. We have determined that the issues described below are the key audit matters that should be communicated in our report.

Assessment of impairment tests of goodwill and long-lived assets

As described in Notes 3 I., 10, and 12 to the consolidated financial statements, the Company performs annual impairment tests to its goodwill and its intangible assets with indefinite useful lives. We have identified the recoverable value calculation of long-lived assets and goodwill as a key audit matter, primarily because the calculation involves the application of significant judgments and estimates by the Company's management in projecting revenues and estimated gross margins in the discounted cash flow model and the selection of discount rates used to estimate the recoverable value of cash-generating units ("CGUs"). This requires a high degree of judgment, a significant increase in the degree of audit effort and the involvement of our expert valuation specialists. We performed the following audit procedures on the significant assumptions and data mentioned in the previous paragraph:

- We tested the design and implementation of controls in the determination of the recoverable value and the relevant assumptions and data used.
- With the assistance of our valuation specialists, we evaluated the reasonableness of the methodology for determining the recoverable value of tangible assets, intangible assets with indefinite useful lives and goodwill and challenged the financial projections, including the impacts of negotiations with customers on product prices and other macroeconomic assumptions that impact the recoverable value by comparing it to historical performance and trends and corroborated the explanations for the variations with Management. We also evaluated whether the revenue and the estimated gross margin projections were reasonable with

respect to the budgets approved by the Board of Directors.

- We analyzed the projection assumptions used in the recoverable value, including the estimated gross margin and the long-term revenue growth assumption. We tested the mathematical accuracy, completeness and correctness of the discounted cash flow model to determine the recoverable value. Valuation specialists performed an independent sensitivity analysis to assess whether the relevant assumptions and data used by Management were reasonable.
- We performed an independent evaluation on the discount rates and compared such rates with those used by Management.

Information other than the Consolidated Financial Statements and Auditors’ Report thereon

Additional information includes: i) the information that will be incorporated in the Annual Report that the Company is required to prepare in accordance with Article 33, section I, subsection b) of Title Four, Chapter One of the General Provisions Applicable to Issuers and other Participants of the Stock Market in Mexico and the Instructions that accompany these provisions (the “Provisions”). The Annual Report is expected to be available for our perusal after the date of this audit report; and ii) the other additional information, which is a measure that is not required by IFRS Accounting Standards and has been incorporated to provide an additional explanation to its investors and main readers of its consolidated financial statements to evaluate the performance of each of the operating segments and other indicators on the capacity to meet obligations regarding the earnings before interest, taxes, depreciation, amortization and impairment of assets (adjusted “EBITDA”) of the Company; this information is presented in Note 27. Our opinion on the consolidated financial statements will not cover the additional information and we will not express any form of assurance about it.

In relation to our audit of the consolidated financial statements, our responsibility will be to read the additional information when it becomes available, and when we do so, consider whether the additional information contained therein is materially inconsistent with the consolidated financial statements or with our knowledge obtained during the audit, or that seems to contain a material error. When we read the Annual Report, we will issue the declaration on its reading, required in Article 33 Section I, subsection b) number 1.2. of the Provisions. Additionally, and in relation to our audit of the consolidated financial statements, our responsibility is to read and recalculate the other additional information, which in this case, is a measure not required by IFRS Accounting Standards and in doing so consider whether the other information contained therein is materially inconsistent with the consolidated financial statements or with our knowledge obtained during the audit, or that seems to contain a material error.

If based on the work we have performed, we conclude that there is a material error in the additional information, we would have to report this fact. We do not have anything to inform in this regarding the other additional information.

Responsibilities of Management and those charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, as issued by the IASB, 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 Group’s ability to continue as a going concern, disclosing, as applicable, matters related to Entity’s going concern and using the going concern basis of accounting, unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s consolidated 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 auditors’ 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 ISAs 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 ISAs, 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 knowledge 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 Group’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 Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ 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 auditors’ report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision, and review of the work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the 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 of the Group with a statement that we have complied with applicable ethical requirements regarding independence and have communicated with them all relationships and other matters that may reasonably be expected to affect our independence, and where

applicable, the appropriate safeguards.

From the matters communicated with those charged with governance of the Entity, 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 auditors’ 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.

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Affiliated of a Member Firm of Deloitte Touche Tohmatsu Limited

C. P. C. Jaime Núñez Valdés
Monterrey, Nuevo Leon, Mexico
January 31, 2025

Nemak, S.A.B. de C.V. and Subsidiaries

Consolidated Statements of Financial Position

As of December 31, 2024, 2023 and 2022

In thousands of U.S. dollars

As of December 31,

	Note	2024	2023	2022
ASSETS				
Current assets:				
Cash and cash equivalents	6	\$ 342,077	\$ 322,606	\$ 416,554
Restricted cash	7	664	1,039	1,554
Trade and other accounts receivable, net	8	580,174	605,658	635,873
Inventories	9	820,831	904,049	846,375
Assets held for sale	3u	-	10	5,988
Prepaid expenses	3t	29,759	28,819	19,975
Total current assets		1,773,505	1,862,181	1,926,319
Non-current assets:				
Property, plant and equipment, net	10	2,814,212	2,867,818	2,630,960
Right-of-use assets, net	11	89,861	98,581	88,494
Goodwill and intangible assets, net	12	471,154	549,273	558,205
Deferred income tax	25	57,800	94,173	25,626
Other non-current assets	13	34,423	35,521	34,918
Total non-current assets		3,467,450	3,645,366	3,338,203
Total assets		\$ 5,240,955	\$ 5,507,547	\$ 5,264,522

As of December 31,

	Note	2024	2023	2022
LIABILITIES AND STOCKHOLDERS' EQUITY				
Liabilities				
Current liabilities:				
Debt	15	\$ 83,525	\$ 303,806	\$ 106,971
Lease liability	16	28,931	27,665	15,585
Trade and other accounts payable	14	1,507,351	1,602,056	1,577,166
Income taxes payable		11,436	27,327	80,184
Other current liabilities	17	24,061	25,856	36,534
Total current liabilities		1,655,304	1,986,710	1,816,440
Non-current liabilities:				
Debt	15	1,679,836	1,453,628	1,439,860
Lease liability	16	76,149	86,150	85,180
Employee benefits	18	91,051	89,866	74,304
Deferred income taxes	25	67,923	103,568	113,225
Other non-current liabilities	17	14,859	16,996	7,527
Total non-current liabilities		1,929,818	1,750,208	1,720,096
Total liabilities		3,585,122	3,736,918	3,536,536
Stockholders' equity	19			
Capital stock		420,535	431,734	433,816
Share premium		641,092	641,092	641,092
Retained earnings		960,541	962,516	961,659
Other reserves		(366,335)	(264,713)	(308,581)
Total stockholders' equity		1,655,833	1,770,629	1,727,986
Total liabilities and stockholders' equity		\$ 5,240,955	\$ 5,507,547	\$ 5,264,522

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

Nemak, S.A.B. de C.V. and Subsidiaries

Consolidated Statements of Income

For the years ended December 31, 2024, 2023 and 2022
In thousands of U.S. dollars, except for earnings per share amounts

	Note	2024		2023		2022	
Revenues	27	\$	4,906,656	\$	4,993,358	\$	4,666,892
Cost of sales	21		(4,326,307)		(4,456,287)		(4,162,258)
Gross profit			580,349		537,071		504,634
Administrative and sales expenses	21		(351,777)		(344,181)		(292,232)
Other (expenses) income, net	22		(83,298)		(16,288)		(25,970)
Operating income			145,274		176,602		186,432
Financial income	23		26,681		7,399		5,715
Financial expenses	23		(156,861)		(128,870)		(74,765)
Exchange fluctuation profit (loss), net	23		37,391		(56,377)		(9,787)
Financial results, net	23		(92,789)		(177,848)		(78,837)
Equity in income (loss) of associates recognized using the equity method	13		2,865		2,486		(508)
Income before income taxes		\$	55,350	\$	1,240	\$	107,087
Income taxes	25		(30,301)		3,133		(56,496)
Net consolidated income		\$	25,049	\$	4,373	\$	50,591
Basic and diluted earnings per share, in U.S. dollars		\$	0.0085	\$	0.0014	\$	0.0166
Weighted average outstanding shares (thousands)	19		2,940,877		3,037,820		3,054,812

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

Nemak, S.A.B. de C.V. and Subsidiaries

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2024, 2023 and 2022
In thousands of U.S. dollars

	Note	2024	2023	2022
Net consolidated income		\$ 25,049	\$ 4,373	\$ 50,591
Other comprehensive (loss) income for the year:				
Items that will not be reclassified to the consolidated statements of income:				
Remeasurement of employee benefit obligations, net of taxes	25	(2,399)	(2,334)	487
Items that could be reclassified to the consolidated statements of income:				
Effect of derivative financial instruments contracted as cash flow hedges, net of taxes	25	1,259	2,087	(2,873)
Cumulative translation effect of foreign entities	25	(104,451)	38,489	(48,784)
Total comprehensive (loss) income of the year		(105,591)	38,242	(51,170)
Consolidated comprehensive (loss) income		\$ (80,542)	\$ 42,615	\$ (579)

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

Nemak, S.A.B. de C.V. and Subsidiaries

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31, 2024, 2023 and 2022

In thousands of U.S. dollars

	Capital stock	Share premium	Retained earnings	Other reserves	Total stockholders' equity
Balances as of January 1, 2022	\$ 433,866	\$ 641,092	\$ 910,360	\$ (259,961)	\$ 1,725,357
Transactions with stockholders:					
Others	(50)	-	708	2,550	3,208
	433,816	641,092	911,068	(257,411)	1,728,565
Net income	-	-	50,591	-	50,591
Total other comprehensive loss of the year	-	-	-	(51,170)	(51,170)
Comprehensive loss	-	-	50,591	(51,170)	(579)
Balances as of December 31, 2022	433,816	641,092	961,659	(308,581)	1,727,986
Transactions with stockholders:					
Others	(2,082)	-	(3,516)	5,626	28
	431,734	641,092	958,143	(302,955)	1,728,014
Net income	-	-	4,373	-	4,373
Total other comprehensive income of the year	-	-	-	38,242	38,242
Comprehensive income	-	-	4,373	38,242	42,615
Balances as of December 31, 2023	431,734	641,092	962,516	(264,713)	1,770,629
Transactions with stockholders:					
Others	(11,199)	-	(27,024)	3,969	(34,254)
	420,535	641,092	935,492	(260,744)	1,736,375
Net income	-	-	25,049	-	25,049
Total other comprehensive loss of the year	-	-	-	(105,591)	(105,591)
Comprehensive loss	-	-	25,049	(105,591)	(80,542)
Balances as of December 31, 2024	\$ 420,535	\$ 641,092	\$ 960,541	\$ (366,335)	\$ 1,655,833

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

Nemak, S.A.B. de C.V. and Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2024, 2023 and 2022
In thousands of U.S. dollars

	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income taxes	\$ 55,350	\$ 1,240	\$ 107,087
Depreciation and amortization	383,583	369,966	319,503
Gain on sale of property, plant and equipment	(1,386)	(11,330)	(222)
Impairment of property, plant and equipment and intangible assets	103,790	31,568	36,117
Gain on sale of shares	(11,971)	-	-
Unrealized exchange fluctuation, net	(37,391)	56,377	9,787
Interest expense, net	102,134	90,073	57,543
Other	(14,393)	4,800	17,355
Movements in working capital:			
Trade receivables and other accounts receivable	20,096	71,593	(119,163)
Inventories	(5,808)	(57,720)	(40,857)
Trade and other accounts payable	(48,230)	(32,795)	229,826
Income taxes paid	(81,206)	(145,196)	(36,353)
Net cash flows generated by operating activities	464,568	378,576	580,623

	2024	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest collected	24,659	6,438	5,009
Cash flow in acquisitions of property, plant, and equipment	(343,741)	(488,202)	(408,367)
Cash flow in acquisition of intangible assets	(17,177)	(52,440)	(55,942)
Dividends received	1,436	1,104	1,098
Restricted cash	249	3,018	3,392
Other assets	21,508	2,084	(10,246)
Net cash flows used in investing activities	(313,066)	(527,998)	(465,056)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from debt	881,437	1,890,477	1,152,283
Payments of debt	(811,550)	(1,699,807)	(1,042,016)
Lease payments	(67,844)	(41,924)	(30,937)
Interest paid	(112,039)	(84,729)	(59,258)
Repurchase of shares and others	(11,884)	(1,587)	8,671
Dividends paid	(402)	-	-
Net cash flows (used in) generated by financing activities	(122,282)	62,430	28,743
Net increase (decrease) in cash and cash equivalents	29,220	(86,992)	144,310
Exchange fluctuation of cash and cash equivalents	(9,749)	(6,956)	(9,472)
Cash and cash equivalents at the beginning of the year	322,606	416,554	281,716
Cash and cash equivalents at the end of the year	\$ 342,077	\$ 322,606	\$ 416,554

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

Nemak, S.A.B. de C.V. and Subsidiaries

Notes to the Consolidated Financial Statements

As of and for the years ended December 31, 2024, 2023 and 2022
In thousands of U.S. dollars, except where otherwise indicated

1. General information

Nemak, S.A.B. de C.V. and subsidiaries (“Nemak” or the “Company”), is a leading provider of innovative lightweighting solutions for the global automotive industry, specializing in the development and manufacturing of aluminum components for e-mobility, structure and chassis, and internal combustion engine (“ICE powertrain”) applications. Nemak’s main offices are located at Libramiento Arco Vial Km. 3.8, García, Nuevo León, 66017, Mexico.

When reference is made to the controlling entity Nemak, S.A.B. de C.V. as an individual legal entity, it will be referred to as “Nemak SAB”.

Nemak SAB is a publicly traded corporation whose shares are listed on the Mexican Stock Exchange. The entire subscribed and paid-in capital of Nemak is represented by Class “I” shares in the “A” Series, common, registered, and without par value, which are listed under the ticker symbol “NEMAK”.

In the following notes to the consolidated financial statements, reference to “USD”, dollars, or “\$” refers to thousands of U.S. dollars. Reference to “MXN” or pesos is in relation to thousands of Mexican pesos. Finally, reference to “EUR” or euros will refer to thousands of euros.

2. Significant events

2024

a. Debt transaction for \$200 million

On December 17, 2024, Nemak announced the closing of a \$200,000 green loan facility, which proceeds will be used to refinance existing debt in the same amount. This transaction extends the loan’s maturity from 2027 to 2030. The refinancing was structured as a club deal green loan involving the same two financial institutions that participated in the original 2022 agreement. The facility maintains a 5-year bullet maturity and a variable SOFR-based interest rate.

b. Debt transaction for \$250 million

On September 2, 2024, Nemak announced the completion of a \$250,000 long-term debt transaction. The proceeds of this transaction will be used to refinance short-term debt, extending the maturity of its total debt profile to five years. The transaction was structured as a club deal loan among four financial institutions with a variable SOFR-based interest rate.

2023

c. Change of presentation currency of the consolidated financial statements

As of January 1, 2023, and for each subsequent reporting date, in accordance with the provisions of IAS 21, The Effects of Changes in Foreign Exchange Rates (“IAS 21”) under IFRS Accounting Standards (“IFRS”), the Company changed its presentation currency of its consolidated financial statements from Mexican pesos to U.S. dollars. This change was made primarily considering the following factors and objectives:

- The Company operates in a globalized economic environment and uses the U.S. dollar as its reporting and monitoring currency.
- The change in currency to U.S. dollars aligns the Company’s global strategy and facilitates the understanding of its financial information by international investors and creditors.

The consolidated financial statements, including the comparative amounts and the notes accompanying the consolidated financial statements, are shown as if the new presentation currency had always been the presentation currency of the Company, based on the requirements of IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. Currency translation adjustments were adjusted as of January 1, 2011, the date on which the Company transitioned to IFRS.

The translation effects for the year and the cumulative translation effects have been presented as if the Company had used the U.S. dollar as its presentation currency since January 1, 2011.

The comparative consolidated financial statements and their notes were notified by the change in the presentation currency applying the methodology established by IAS 21, using closing exchange rates for the consolidated statements of financial position and the exchange rates on the date they were accrued for the consolidated statements of income, consolidated statements of comprehensive income and consolidated statements of cash flow.

Historical capital transactions were converted at the exchange rates on the transaction date and subsequently held at historical value.

2022

d. New contracts worth \$350 million annually to supply battery housings for fully electric vehicles

On February 24, 2022, Nemak announced that it obtained new contracts worth \$350,000 a year to produce battery housings for fully electric vehicles of global customers. As a result, the Company plans to install three new manufacturing facilities spanning Europe and North America to support joining and assembly requirements for these products, with a total expected investment of approximately \$200,000.

On December 30, 2024, Nemak announced a strategic adjustment to its operations that involves a reduction in the contracted capacity for the project, which will result in a decrease in the anticipated future revenue of this program within the e-mobility, structure, and chassis applications (“EV/SC”) segment. The Company has decided to put on hold the launch of its new manufacturing facilities in Mexico and Germany, resulting in the impacts mentioned in Note 27.

e. Announcement to idle operations in Russia

On February 24, 2022, Russia launched a military offensive in Ukraine. Shortly thereafter, the automotive sector in Russia began to experience an extensive interruption of business activities, due in part to the imposition of international sanctions on Russia in response to its military actions in Ukraine. On March 3, 2022, Nemak announced its decision to halt production at its manufacturing facility in Russia, in line with similar measures announced by customers in the country. In the following months, the conflict exacerbated constraints along industry supply chains, weighing on customer light-vehicle production, and therefore Nemak volume, primarily in Europe. Additionally, the Company experienced higher energy costs and inflation, attributable in part to indirect effects of the conflict. Nemak’s operations in Russia represent approximately 0.03% and 0.31% of the total revenue and 0.24% and 1.34% of the total assets of the Company for the years ended December 31, 2023, and 2022, respectively.

In line with the Company’s strategy to mitigate the impact of operations in affected regions, the Company completed the sale of its operations in Russia on November 29, 2024.

3. Summary of material accounting policies

The following are the material accounting policies followed by Nemak and its subsidiaries, which have been consistently applied in the preparation of the financial information in the years presented, unless otherwise specified:

a. Basis for preparation

The accompanying consolidated financial statements of Nemak have been prepared in accordance with IFRS Accounting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”). IFRS include all International Financial Reporting Standards, International Accounting Standards (“IAS”) in effect and all related interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”), including those previously issued by the Standing Interpretations Committee (“SIC”).

The consolidated financial statements have been prepared by Management under the assumption that the Company will continue as a going concern.

The consolidated financial statements have been prepared on a historical cost basis, except for the cash flow hedges, which are measured at fair value and the net assets and the results of the operations of the Company in Argentina, an economy that is considered hyperinflationary, which are expressed in terms of the unit of current measurement as of the closing date of the reporting period.

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. Additionally, it requires Management to exercise judgment in the process of applying the Company’s accounting policies.

The areas involving a higher degree of judgment or complexity, or areas where judgments and estimates are significant to the consolidated financial statements are disclosed in Note 5.

b. Consolidation

i. Subsidiaries

The subsidiaries are all the entities over which the Company has control. The Company controls an entity when it is exposed or has the right to variable returns from its interest in the entity and has the ability to use its power over the entity to affect returns. When the Company’s participation in subsidiaries is less than 100%, the share attributed to outside shareholders is reflected recorded as non-controlling interest. The gain or loss of the subsidiaries, as well as their assets and liabilities, are fully consolidated from the date on which control is transferred to the Company and up to the date it loses such control.

The accounting method used by the Company for business combinations is the acquisition method. The Company defines a business combination as a transaction in which it gains control of a business, and through which it is able to direct and manage the relevant activities of the set of assets and liabilities

of such business with the purpose of providing a return in the form of dividends, smaller costs, or other economic benefits directly to stockholders.

The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable acquired assets and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. The Company recognizes any non-controlling interest in the acquiree based on the share of the non-controlling interest in the net identifiable assets of the acquired entity.

The Company accounts for business combinations using the predecessor method in a jointly controlled entity. The predecessor method involves the incorporation of the carrying amounts of the acquired entity, which includes the goodwill recognized at the consolidated level with respect to the acquiree. Any difference between the carrying value of the net assets acquired at the level of the subsidiary and its carrying amount at the level of the Company are recognized in stockholders’ equity.

The acquisition-related costs are recognized as expenses when incurred.

Goodwill is initially measured as excess of the sum of the consideration transferred and the fair value of the non-controlling interest over the net identifiable assets and liabilities assured. If the consideration transferred is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated statement of income.

If the business combination is achieved in stages, the value in books at the acquisition date of the equity previously held by the Company in the acquired entity is remeasured at its fair value at the acquisition date. Any loss or gain resulting from such remeasurement is recorded in income of the year.

Transactions and intercompany balances and unrealized gains on transactions between Nemak companies are eliminated in preparing the consolidated financial statements. In order to ensure consistency with the policies adopted by the Company, the accounting policies of subsidiaries have been changed where deemed necessary.

As of December 31, 2024, 2023 and 2022 the subsidiaries included in the consolidated financial statements of Nemak were as follows:

	Country ⁽¹⁾	Percentage of ownership (%) ⁽²⁾	Functional currency
Nemak, S.A.B. de C.V. (Holding)	Mexico		U.S. dollar
Nemak Mexico, S.A.	Mexico	100	U.S. dollar
Modellbau Schönheide GmbH	Germany	100	Euro
Nemak Canada, S.A. de C.V. (Holding)	Mexico	100	U.S. dollar
Nemak of Canada Corporation	Canada	100	Canadian dollar
Camen International Trading, Inc.	USA	100	U.S. dollar
Nemak Europe GmbH	Germany	100	Euro
Nemak Exterior, S.L. (Holding)	Spain	100	Euro
Nemak Dillingen GmbH	Germany	100	Euro
Nemak Saarlouis GmbH	Germany	100	Euro
Nemak Dillingen Casting GmbH & Co. KG	Germany	100	Euro
Nemak Wernigerode GmbH	Germany	100	Euro
Nemak Wernigerode GmbH & Co. KG	Germany	100	Euro
Nemak Linz GmbH	Austria	100	Euro
Nemak Győr Kft	Hungary	100	Euro
Nemak Poland Sp. Z.o.o.	Poland	100	Euro
Nemak BSEU Sp. Z.o.o.	Poland	100	Euro
Nemak Slovakia, S.r.o.	Slovakia	100	Euro
Nemak Czech Republic, S.r.o.	Czech Republic	100	Euro
Nemak Spain, S.L.	Spain	100	Euro
Nemak Pilsting GmbH	Germany	100	Euro
Nemak Alumínio do Brazil Ltda.	Brazil	100	Brazilian real
Nemak Argentina, S.R.L.	Argentina	100	Argentinean peso
Nemak Nanjing Automotive Components Co., Ltd.	China	100	Chinese renminbi yuan

	Country ⁽¹⁾	Percentage of ownership (%) ⁽²⁾	Functional currency
Nemak Chongqing Automotive Components Co, Ltd.	China	100	Chinese renminbi yuan
Nemak Shanghai Management Co., Ltd.	China	100	Chinese renminbi yuan
Nemak Aluminum Casting India Private, Ltd.	India	100	Indian rupee
Nemre Insurance Pte Ltd. ⁽⁴⁾	Singapore	100	U.S. dollar
Nemak Commercial Services, Inc.	USA	100	U.S. dollar
Nemak USA, Inc.	USA	100	U.S. dollar
Nemak USA Services, Inc.	USA	100	U.S. dollar
Nemak Izmir Döküm Sanayi A.Ş.	Turkey	100	Euro
Nemak Izmir Dis Ticaret A.Ş.	Turkey	100	Euro

⁽¹⁾ Country of incorporation.

⁽²⁾ Direct and indirect ownership percentage of Nemak SAB as of December 31, 2024, 2023 and 2022.

⁽³⁾ During 2024, the Company sold its entire stake in Nemak Rus, LLC.

⁽⁴⁾ During 2024, the Company liquidated its entire stake in Nemre Insurance Pte, Ltd.

As of December 31, 2024, 2023 and 2022, there are no significant restrictions on investment in shares of the subsidiary companies mentioned above.

ii. Absorption (dilution) of control in subsidiaries

The effect of absorption (dilution) of control in subsidiaries, in example, an increase or decrease in the percentage of control, is recorded in stockholders’ equity, directly in retained earnings, in the period in which the transactions that cause such effects occur. The effect of absorption (dilution) of control is determined by comparing the book value of the investment before the event of dilution or absorption against the book value after the relevant event. In the case of loss of control, the dilution effect is recognized in income.

iii. Sale or disposal of subsidiaries

When the Company ceases to have control any retained interest in the entity is re-measured at fair value, and the change in the carrying amount is recognized in the consolidated statement of income. The fair value is the initial carrying value for accounting purposes for any subsequent retained interest in the associate, joint venture, or financial asset. Any amount previously recognized in comprehensive income in respect of that entity is accounted for as if the Company had directly disposed of the related assets and liabilities. This implies that the amounts recognized in comprehensive income are reclassified to income for the year.

iv. Associates

Associates are all entities over which the Company has significant influence but not control, generally, an investor must hold between 20% and 50% of the voting rights in an investee for it to be an associate. Investments in associates are accounted for using the equity method and are initially recognized at cost. The Company’s investment in associates includes goodwill identified at acquisition, net of any accumulated impairment loss.

If the equity in an associate is reduced but significant influence is maintained, only a portion of the amounts recognized in comprehensive income are reclassified to income for the year, where appropriate.

The Company’s share of profits or losses of associates, post-acquisition, is recognized in the consolidated statement of income and its share in other comprehensive income of associates is recognized as other comprehensive income. When the Company’s share of losses in an associate, equals or exceeds its equity in the associate, including unsecured receivables, the Company does not recognize further losses unless it has incurred obligations or has made payments on behalf of the associate.

Each reporting date, the Company assesses whether there is objective evidence that the investment in the associate is impaired.

Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company’s equity in such gains. Unrealized losses are also eliminated unless the transaction provides evidence that the asset transferred is impaired. In order to ensure consistency with the policies adopted by the Company, the accounting policies of associates have been modified. When the Company ceases to have significant influence over an associate, any difference between the fair value of the remaining investment, including any consideration received from the partial disposal of the investment and the book value of the investment is recognized in the consolidated statement of income.

c. Foreign currency translation

i. Functional and presentation currency

The amounts included in the financial statements of the Company should be measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in thousands of U.S. dollars.

When there is a change in the functional currency of one of the subsidiaries, according to IAS 21, this change is accounted for prospectively, translating at the date of the change of functional currency, all assets, liabilities, equity, and income items to the exchange rate on that date.

ii. Transactions and balances

Transactions in foreign currencies are translated into the functional currency using the foreign exchange rates prevailing at the transaction date or valuation date when the amounts are re-measured. Gains and

losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing exchange rates are recognized as foreign exchange gain or loss in the income statement, except for those which are deferred in comprehensive income and qualify as cash flow hedges.

Changes in the fair value of securities or monetary financial assets denominated in foreign currency classified as available for sale are divided between fluctuations resulting from changes in the amortized cost of such securities and other changes in value. Subsequently, currency fluctuations are recognized in income and changes in the carrying amount arising from any other circumstances are recognized as part of comprehensive income.

Conversion differences of non-monetary assets, for example, investments classified as available for sale, are included in other comprehensive income.

Exchange differences of monetary assets classified as financial instruments at fair value through profit or loss are recognized in the consolidated statement of income as part of the gain or loss of fair value.

Translation of recording currency other than the functional currency

The financial statements of the Company having a recording currency different from their functional currency were translated into the functional currency in accordance with the following procedure:

- a. The balances of monetary assets and liabilities denominated in the recording currency were translated at the closing exchange rates.
- b. To the historical balances of monetary assets and liabilities and stockholders’ equity translated into the functional currency there were added the movements occurred during the period, which were translated at historical exchange rates. In the case of the movements of non-monetary items recognized at fair value, which occurred during the period, stated in the recording currency, these were translated using the historical exchange rates in effect on the date when the fair value was determined.
- c. Income, costs, and expenses of the periods, expressed in the recording currency, were translated at the historical exchange rate of the date they were accrued and recognized in the income statement, except when they arose from non-monetary items, in which case the historical exchange rate of the non-monetary items was used.
- d. The exchange differences were recognized in the consolidated statement of income in the period they arose.

Translation of functional currency other than the presentation currency.

The results and financial position of all Nemak entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows, depending on whether the functional currency comes from a non-hyperinflationary or hyperinflationary environment:

Non-hyperinflationary environment

- a. Assets and liabilities for each statement of financial position presented are translated at the closing exchange rate at the closing date;
- b. Stockholders’ equity of each consolidated statement of financial position are translated at historical rates.
- c. Income and expenses for each statement of income are translated at an average exchange rate (when the average exchange rate is not a reasonable approximation of the cumulative effect of the rates of the transaction, to the exchange rate at the date of the transaction is used); and
- d. The resulting exchange differences are recognized in the consolidated statement of other comprehensive income.

Hyperinflationary environment

- a. Assets, liabilities, and equity in the statement of financial position, as well as income and expenses in the income statement, are translated at the closing exchange rate of the statement of financial position, after being restated in its functional currency (Note 3 d.); and
- b. Assets, liabilities, equity, income, and expenses of the comparative period are maintained according to the amount obtained in the translation of the year in question, that is, the financial statements of the preceding period. These amounts are not adjusted to subsequent exchange rates because the Company presents its financial information in U.S. dollars, which correspond to a currency of a non-hyperinflationary environment.

Goodwill and fair value adjustments arising on the acquisition date of a foreign transaction to measure them at their fair value are recognized as assets and liabilities of the foreign entity and are converted to the closing exchange rate. The exchange differences that arise are recognized in the consolidated statement of comprehensive income.

The primary exchange rates in the various translation processes are listed below:

Currencies to U.S. dollars

Country	Local currency	Closing exchange rate at December 31,			Average exchange for the year ended December 31,		
		2024	2023	2022	2024	2023	2022
Canada	Canadian dollar	0.6954	0.7585	0.7377	0.7344	0.7389	0.7690
Mexico	Mexican peso	0.0493	0.0592	0.0516	0.0546	0.0563	0.0497
Brazil	Brazilian real	0.1619	0.2061	0.1892	0.1858	0.1990	0.1943
Argentina	Argentinean peso	0.0010	0.0012	0.0056	0.0011	0.0039	0.0079
Czech Republic	Euro	1.0354	1.1049	1.0666	1.0838	1.0796	1.0541
Germany	Euro	1.0354	1.1049	1.0666	1.0838	1.0796	1.0541
Austria	Euro	1.0354	1.1049	1.0666	1.0838	1.0796	1.0541
Hungary	Euro	1.0354	1.1049	1.0666	1.0838	1.0796	1.0541
Poland	Euro	1.0354	1.1049	1.0666	1.0838	1.0796	1.0541
Slovakia	Euro	1.0354	1.1049	1.0666	1.0838	1.0796	1.0541
Spain	Euro	1.0354	1.1049	1.0666	1.0838	1.0796	1.0541
China	Chinese renminbi yuan	0.1370	0.1408	0.1450	0.1399	0.1409	0.1489
India	Indian rupee	0.0117	0.0120	0.0121	0.0120	0.0121	0.0128
Russia	Russian ruble	0.0088	0.0111	0.0138	0.0108	0.0119	0.0148
Turkey	Euro	1.0354	1.1049	1.0666	1.0838	1.0796	1.0541

d. Hyperinflationary effects on financial statements

As of July 1, 2018, the cumulative inflation from the prior 3 years in Argentina exceeded 100%; consequently, the Argentine peso was classified as a currency of a hyperinflationary economic environment. As a result, the financial statements of the subsidiaries located in that country, whose functional currency is the Argentine peso, have been restated and adjusted for inflation in accordance with the requirements of

the International Accounting Standard 29, Financial Information in Hyperinflationary Economies (“IAS 29”), and have been consolidated in compliance with the requirements of IAS 21.

The purpose of applying these requirements is to consider changes in the general purchasing power of the Argentine peso in order to present the financial statements in the measuring unit effective at the date of the statement of financial position. The financial statements, before including any inflation adjustments, were prepared using the historical cost method. The Company determined the inflation adjustments in its consolidated financial statements in the following manner:

- a. The amounts corresponding to non-monetary items of each statement of financial position, which are not measured at the date of the statement of financial position at their fair value or net realizable value, as the case may be, are restated by applying to their historical cost the change of a general price index from the date of acquisition or the date of its last measurement at fair value, to the date of the statement of financial position;
- b. The amounts corresponding to monetary items of the statement of financial position are not restated;
- c. The components of stockholders’ equity of each statement of financial position are restated:

1) At the beginning of the first period of application of IAS 29, except for retained earnings, by applying the change of a general price index from the dates the components were originated to the date of restatement. Restated retained earnings are derived from all the other balances in the statement of financial position;

2) At the end of the first period and in subsequent periods, all components of stockholders’ equity are restated by applying a general price index from the beginning of the period or the date of contribution, if later.
- d. Revenues and expenses are restated by applying the change in the general price index, from the date on which the expenses and revenues were recognized, up to the reporting date.
- e. Gains or losses arising from the net monetary position are recognized in the consolidated statement of income.

The Company reflects the effects of hyperinflation on the financial information of its subsidiary in Argentina using price indexes that are considered appropriate in accordance with Resolution 539/19 JG (the “Resolution”) of the Argentine Federation of Professional Councils of Economic Sciences. This resolution establishes that a combination of price indices should be used in the calculation of the effects of restatement of financial statements. Therefore, the Company has decided to use the Consumer Price Index (“CPI”) to restate balances and transactions.

The effects of the restatement of the financial statements of the subsidiary located in Argentina were not material, and they were included in the “Financial result, net” line item of the year ended December 31, 2024.

e.Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank deposits available for operations and other short-term investments of high liquidity with original maturities of three months or less, all of which are subject to insignificant risk of changes in value and maintain a high credit quality. Bank overdrafts are presented as loans as a part of the current liabilities.

f. Restricted cash

Cash and cash equivalents whose restrictions cause them not to comply with the definition of cash and cash equivalents given above, are presented in a separate line in the consolidated statement of financial position and are excluded from cash and cash equivalents in the consolidated statement cash flows.

g. Financial instruments

Financial assets

The Company classifies and measures its financial assets based on the Company’s business model to manage financial assets, and on the characteristics of the contractual cash flows of such assets. This way financial assets can be classified at amortized cost, at fair value through other comprehensive income, and at fair value through profit or loss. Management determines the classification of its financial assets upon initial recognition. Purchases and sales of financial assets are recognized at settlement date.

Financial assets are entirely written off when the right to receive the related cash flows expires or is transferred, and the Company has also substantially transferred all the risks and rewards of its ownership, as well as the control of the financial asset.

Classes of financial assets

i. Financial assets at amortized cost

Financial assets at amortized cost are financial assets that i) are held within a business model whose objective is to hold said assets in order to collect contractual cash flows; and ii) the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the amount of outstanding principal.

ii. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss, are financial assets that do not meet the characteristics to be measured at amortized cost or fair value through other comprehensive income, since i) they have a business model different to those that seek to collect contractual cash flows or collect contractual cash flows and sell the financial assets, or otherwise ii) the generated cash flows are not solely payments of principal and interest on the amount of outstanding principal.

Impairment of financial assets

The Company uses a new impairment model based on expected credit losses rather than losses incurred, applicable to financial assets subject to such assessment (i.e. financial assets measured at amortized cost and at fair value through other comprehensive income), as well as lease receivables, contract assets, certain written loan commitments, and financial guarantee contracts. The expected credit losses on these financial assets are estimated from the origin of the asset at each reporting date, taking as a reference the historical experience of the Company’s credit losses, adjusted for factors that are specific to the debtors or groups of debtors, the general economic conditions, and an evaluation of both the current direction and the forecast of future conditions.

a. Trade receivables

The Company adopted the simplified expected loss calculation model, through which expected credit losses during the asset’s lifetime are recognized.

The Company carries out an analysis of its portfolio of accounts receivable from clients, in order to determine if there are significant clients for whom it requires an individual evaluation; on the other hand, customers with similar characteristics that share credit risks (participation in the portfolio of accounts receivable, market type, sector, geographic area, etc.), are grouped to be evaluated collectively.

For the impairment assessment, the Company may include indications that the debtors or a group of debtors are experiencing significant financial difficulties; increase in the probability of debtors entering into bankruptcy or a financial restructuring, as well as observable data indicating that there is a considerable decrease in the estimate of the cash flows to be received, including arrears.

For purposes of the previous estimate, the Company considers that the following constitutes an event of default, since historical experience indicates that financial assets are not recoverable when they meet any of the following criteria:

- The debtor fails to meet the financial covenants; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in its entirety (without considering any guarantee held by the Company).

The Company defined as the default threshold, the period from which the recovery of the account receivable subject to analysis is marginal; in this case, 271 days of delay, which is in line with internal risk management.

b. Other financial instruments

The Company recognizes credit losses expected during the asset’s lifetime of all financial instruments for which credit risk has significantly increased since its initial recognition (assessed on a collective or individual basis), considering all the reasonable and sustainable information, including the one referring to the future. If as of the date of presentation of the credit risk a financial instrument has not significantly increased since its initial recognition, the Company calculates the loss allowance for that financial instrument as the amount of expected credit losses in the following 12 months.

In both cases, the Company recognizes in profit or loss of the period the decrease or increase in the expected credit loss allowance at the end of the period, as an impairment gain or loss.

The Company calculates expected credit losses of a financial instrument in such a way that reflects:

- a. an amount of weighted probability, not biased, which is determined by the assessment of a range of possible results;
- b. the time value of money; and
- c. the reasonable and sustainable information that is available without cost or disproportionate effort at the date of presentation on past events, current conditions and forecasts of future economic conditions.

In measuring the expected credit losses, the Company does not necessarily identify all the possible scenarios. However, it considers the risk or probability that a credit loss occurs, reflecting the possibility that the payment default occurs and does not occur, even if that possibility is very low. In addition, the Company determines the period for the default to occur, and the recoverability rate after default.

Management assesses the impairment model, and the inputs used therein at least once every 3 months, in order to ensure that they remain in effect based on the current situation of the portfolio.

Financial liabilities

Financial liabilities that are not derivatives are initially recognized at fair value and subsequently are valued at the amortized cost using the effective interest method. Liabilities in this category are classified as current liabilities when they must be settled within the next 12 months; otherwise, they are classified as non-current liabilities.

Accounts payable are obligations to pay for goods or services that have been acquired or received by suppliers in the ordinary course of business. Loans are initially recognized at their fair value, net of transaction costs incurred. The loans are subsequently recognized at amortized cost; any difference between the resources received (net of transaction costs) and the settlement value is recognized in the consolidated statement of income over the term of loan using the effective interest method.

Derecognition of financial liabilities

The Company derecognizes financial liabilities if, and only, the Company’s liabilities are met, cancelled, or expired. The difference between the book value of the financial liabilities derecognized and the consideration, is recognized in the consolidated statement of income.

Additionally, when the Company incurs a refinancing transaction and the previous liability qualifies to be derecognized, the incurred costs of refinancing are recognized immediately in the consolidated statement of income at the extinction date of the past financial liability.

Compensation of financial assets and liabilities

Financial assets and liabilities are offset, and the net amount is presented in the consolidated statement of financial position when the right to offset the amounts recognized is legally enforceable and there is an intention to settle them on a net basis or to realize the asset and pay the liability simultaneously.

h. Derivative financial instruments and hedging activities

All derivative financial instruments are identified and classified as fair value hedges or cash flow hedges, for trading or hedging market risks and are recognized in the consolidated statement of financial position as assets and/or liabilities at fair value and subsequently measured at fair value. The fair value is determined based on recognized market prices and using valuation techniques accepted in the financial sector.

The fair value of hedging derivatives is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months.

Derivative financial instruments classified as hedges are contracted for risk hedging purposes and meet all hedging requirements; their designation at the beginning of the hedging operation is documented, describing the objective, primary position, risks to be hedged and the effectiveness of the hedge relationship, characteristics, accounting recognition and how the effectiveness will be measured, applicable to this transaction.

Cash flow hedges

The changes in the fair value of derivative instruments associated to cash flow hedges are recorded in stockholders’ equity. The effective portion is temporarily recorded in comprehensive income, within stockholders’ equity and is reclassified to profit or loss when the hedged position affects them, the ineffective portion is immediately recorded in income.

Net investment hedge in a foreign transaction

The Company applies hedge accounting to currency risk arising from its investments in foreign transactions for variations in exchange rates arising between the functional currency of such transaction and the functional currency of the holding entity, regardless of whether the investment is maintained directly or

through a sub-holding entity. Variation in exchange rates is recognized in the other items of comprehensive income as part of the translation effect when the foreign transaction is consolidated.

To this end, the Company designates the debt denominated in a foreign currency as a hedging instrument; therefore, the exchange rate effects caused by the debt are recognized in other components of comprehensive income, on the translation effects line item, to the extent that the hedge is effective. When the hedge is not effective, exchange differences are recognized in profit or loss.

Suspension of hedge accounting

The Company suspends hedge accounting when the derivative financial instrument or the non-derivative financial instrument has expired, is cancelled, or exercised, when the derivative or non-derivative financial instrument is not highly effective to offset the changes in the fair value or cash flows of the hedged item. The replacement or successive renewal of a hedging instrument for another one is not an expiration or resolution if such a replacement or renewal is part of the Company’s documented risk management objective, and it is consistent with this.

On suspending hedge accounting, in the case of fair value hedges, the adjustment to the carrying amount of a hedged amount for which the effective interest rate method is used, is amortized to income over the period to maturity, in the case of cash flow hedges, the amounts accumulated in equity as a part of comprehensive income, remain in equity until the effects of the forecasted transaction affect income. In the event the forecasted transaction is not likely to occur, the income or loss accumulated in comprehensive income is immediately recognized in the consolidated statement of income. When the hedge of a forecasted transaction is satisfactory and subsequently does not meet the effectiveness test, the cumulative effects in comprehensive income in stockholders’ equity are proportionally transferred to the consolidated statement of income, to the extent the forecasted transaction impacts it.

The fair value of derivative financial instruments reflected in the consolidated financial statements of the Company, is a mathematical approximation of their fair value. It is computed using proprietary models of independent third parties using assumptions based on past and present market conditions and future expectations at the closing date.

i. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined using the average cost method. The cost of finished goods and work-in-progress includes the cost of product design, raw materials, direct labor, other direct costs and production overheads (based on normal operating capacity), it excludes borrowing costs. The net realizable value is the estimated selling price in the normal course of business, less the applicable variable selling expenses. Costs of inventories include any gain or loss transferred from other comprehensive income corresponding to raw material purchases that qualify as cash flow hedges.

j. Property, plant and equipment

Items of property, plant and equipment are recorded at cost less the accumulated depreciation and any accrued impairment losses. Costs include expenses directly attributable to the asset acquisition.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be reliably measured. The carrying amount of the replaced part is derecognized. Repairs and maintenance are recognized in the consolidated statement of income during the year they are incurred. Major improvements are depreciated over the remaining useful life of the related asset.

When the Company carries out major repairs or maintenance of its property, plant and equipment assets, and the cost is recognized in the book value of the corresponding asset as a replacement, provided that the recognition criteria are met, the remaining portion of any major repair or maintenance is derecognized. The Company subsequently depreciates the recognized cost in the useful life assigned to it, based on its best estimate of useful life.

Depreciation is calculated using the straight-line method, considering each of the asset’s components separately, except for land, which is not subject to depreciation. The estimated useful lives of asset classes are as follows:

Buildings and constructions	20 to 50 years
Machinery and equipment	10 to 30 years
Vehicles	4 to 20 years
Furniture and office equipment	6 to 15 years
Other assets	10 to 20 years

The spare parts to be used after one year and attributable to specific machinery are classified as property, plant and equipment in other fixed assets.

Borrowing costs related to financing of property, plant and equipment whose acquisition or construction takes a substantial period to be ready for its use (nine months or more), are capitalized as part of the cost of acquiring such qualifying assets, up to the moment when they are suitable for their intended use or sale.

Assets classified as property, plant and equipment are subject to impairment tests when events or circumstances occur indicating that the carrying amount of the assets may not be recoverable. An impairment loss is recognized in the consolidated statement of income in other expenses, net, for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use.

The residual value and useful lives of assets are reviewed at least at the end of each reporting period and, if expectations differ from previous estimates, the changes are accounted for as a change in accounting estimate.

Gains and losses on disposal of assets are determined by comparing the sale value with the carrying amount and are recognized in other expenses, net, in the consolidated statement of income.

k. Leases

The Company as lessee

The Company evaluates whether a contract meets the criteria for being classified as a lease agreement at the start of the agreement’s term. A lease is defined as an agreement or part of an agreement that conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. The Company recognizes a right-of-use asset and the corresponding lease liability, for all lease agreements in which it acts as lessee, except in the following cases: short-term leases (defined as leases with a lease term of less than 12 months); leases of low-value assets (defined as leases of assets with an individual market value of less than \$5; and lease agreements whose payments are variable (without any contractually defined fixed payment). In these cases, the Company recognizes the rent payments as an operating expense in a straight-line method over the lease period.

The right-of-use asset comprises all lease payments discounted at present value; the direct costs to obtain a lease; the advance lease payments; and the obligations of dismantling or removal of assets. The Company depreciates the right-of-use asset over the shorter of the lease term or the useful life of the underlying asset; therefore, when the lessee will exercise a purchase option, the lessee shall depreciate the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Depreciation begins on the lease commencement date.

The lease liability is initially measured at the present value of the future minimum lease payments that have not been paid at that date, using a discount rate that reflects the cost of obtaining funds for an amount similar to the value of the lease payments, for the acquisition of the underlying asset, in the same currency and for a similar period to the corresponding contract (incremental borrowing rate). When lease payments contain non-lease components (services), the Company has chosen, for some class of assets, not to separate them and measure all payments as a single lease component; however, for the rest of the class of assets, the Company measures the lease liability only considering lease payments, while all of the services implicit in the payments, are recognized directly in the consolidated statement of income as operating expenses.

To determine the lease term, the Company considers the non-cancellable period, including the probability of exercising any right to extend and/or terminate the lease term.

Subsequently, the lease liability is measured increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and reducing the carrying amount to reflect the lease payments made.

When there is a modification in future lease payments resulting from changes in an index or a rate used to determine those payments, the Company measures the lease liability when the adjustment to the lease payments takes effect, without reassessing the discount rate. However, if the modifications are related to the lease term or exercising a purchase option, the Company reassesses the discount rate during the liability’s remeasurement. Any increase or decrease in the value of the lease liability subsequent to this remeasurement is recognized as an adjustment to the right-of-use asset to the same extent.

Finally, the lease liability is derecognized when the Company fulfills all lease payments. When the Company determines that it is probable that it will exercise an early termination of the contract that leads to a cash disbursement, such disbursement is accounted as part of the liability’s remeasurement mentioned in the previous paragraph; however, in cases in which the early termination does not involve a cash disbursement, the Company cancels the lease liability and the corresponding right-of-use asset, recognizing the difference immediately in the consolidated statement of income.

I. Goodwill and intangible assets

Intangible assets are recognized in the consolidated statement of financial position when they meet the following conditions: they are identifiable, provide future economic benefits and the Company has control over such benefits.

Intangible assets are classified as follows:

(i) Indefinite useful life

These intangible assets are not amortized and are subject to annual impairment assessment. As of December 31, 2024, 2023 and 2022, no factors have been identified limiting the life of these intangible assets.

a. Goodwill

Goodwill represents the excess of the acquisition cost of a subsidiary over the Company’s equity in the fair value of the identifiable net assets acquired, determined at the date of acquisition, and is not subject to amortization. Goodwill is shown under goodwill and intangible assets and is recognized at cost less accumulated impairment losses, which are not reversed. Gains or losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

(ii) Finite useful life

These assets are recognized at cost less accumulated amortization and impairment losses recognized. They are amortized on a straight-line basis over their estimated useful life, determined based on the expectation of generating future economic benefits, and are subject to impairment tests when triggering events of impairment are identified.

The estimated useful lives of intangible assets with finite useful lives are summarized as follows:

Development costs	5 to 10 years
Relationships with customers	5 to 17 years
Software and licenses	3 to 11 years
Trademarks and patents	15 to 20 years

b. Development costs

Research costs are recognized in income as incurred. Expenditures on development activities are recognized as intangible assets when such costs can be reliably measured, the product or process is technically and commercially feasible, potential future economic benefits are obtained, and the Company intends and also has sufficient resources to complete the development and to use or sell the asset. Their amortization is recognized in income using straight-line method over the estimated useful life of the asset. Development expenditures that do not qualify for capitalization are recognized in income as incurred.

c. Other relationships with customers

The Company has recognized certain relationships with customers corresponding to the costs incurred to obtain new agreements with certain OEMs (Original Equipment Manufacturers), and which will be recognized as a revenue reduction over the term of these agreements. The amortization method used is based on the volume of units produced. As of December 31, 2024, 2023 and 2022, the Company recorded a reduction in revenues associated with the amortization of these assets of \$5,801, \$7,067 and \$6,907 for this item, respectively.

m. Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not depreciable or amortizable and are subject to annual impairment tests. Assets that are subject to amortization are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset’s fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels at which there are separately identifiable cash flows (cash generating units). Non-financial long-term assets other than goodwill that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

n. Income tax

The amount of income taxes in the consolidated statements of income represents the sum of the current and deferred income taxes.

The amount of income taxes included in the consolidated statements of income represents the current tax and the effects of deferred income tax assets determined in each subsidiary using the asset and liability method, applying the rate established by the legislation enacted or substantially enacted at the consolidated statement of financial position date, wherever the Company operates and generates taxable income. The applicable rates are applied to the total temporary differences resulting from comparing the accounting and tax bases of assets and liabilities, and that are expected to be applied when the deferred tax asset is realized or the deferred tax liability is expected to be settled, considering, when applicable, any tax-loss carryforwards, prior to the recovery analysis. The effect of the change in current tax rates is recognized in current income of the period in which the rate change is determined.

Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable law is subject to interpretation. Provisions are recognized when appropriate based on the amounts expected to be paid to the tax authorities.

Deferred tax assets are recognized only when it is probable that future taxable profits will exist against which the deductions for temporary differences can be taken.

The deferred income tax on temporary differences arising from investments in subsidiaries and associates is recognized unless the period of reversal of temporary differences is controlled by Nemak, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset only when a legal right exists and offset exists when taxes are levied by the same tax authority.

o. Employee benefits

i. Pension plans

Defined contribution plans:

A defined contribution plan is a pension plan under which the Company pays fixed contributions to a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to their service in the current and past periods. Contributions are recognized as employee benefit expense on the date the contribution is required.

Defined benefit plans:

A defined benefit plan is a plan, which specifies the amount of the pension an employee will receive at retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the consolidated statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligation at the consolidated statement of financial position date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using discount rates in conformity with the IAS 19, Employee Benefits, that are denominated in the currency in which the benefits will be paid and have maturities that approximate the terms of the pension liability.

Actuarial gains and losses from adjustments and changes in actuarial assumptions are recognized directly in other comprehensive income in the year they occur.

The Company determines the net finance expense (income) by applying the discount rate to the liabilities (assets) from net defined benefits.

Past-service costs are recognized immediately in the consolidated statements of income.

ii. Post-employment medical benefits

The Company provides medical benefits to retired employees after termination of employment. Eligibility for these benefits usually depends on the employee having worked up to the retirement age and having completed a minimum number of years of service. The expected costs of these benefits are accrued over the period of employment using the same criteria as those described for defined benefit pension plans.

iii. Termination benefits

Termination benefits are payable when the Company terminates the employment contract before the normal retirement date or when the employee accepts voluntary severance in exchange for these benefits. The Company recognizes termination benefits in the first of the following dates: (a) when the Company can no longer withdraw the offer of these benefits, and (b) when the Company recognizes the costs from restructuring within the scope of the IAS 37, Provisions, Contingent Liabilities and Contingent Assets and it involves the payment of termination benefits. If there is an offer that promotes the termination of the employment relationship voluntarily by employees, termination benefits are valued based on the number of employees expected to accept the offer. Benefits that will be paid in the long-term are discounted at their present value.

iv. Short-term benefits

The Company provides benefits to employees in the short-term, which may include wages, salaries, annual compensation, and bonuses payable within 12 months. Nemak recognizes an undiscounted provision when it is contractually obligated or when past practice has created an obligation.

v. Employee participation in profit and bonuses

The Company recognizes a liability and an expense for bonuses and employee profit sharing when it has a legal or assumed obligation to pay these benefits and determines the amount to be recognized based on the profit for the year after certain adjustments.

p. Provisions

Liability provisions represent a present legal obligation or a constructive obligation as a result of past events where an outflow of resources to meet the obligation is likely and where the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the value of money over time and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as an interest expense.

When there are a number of similar obligations, the likelihood that an outflow will be required for settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any item included in the same class of obligations may be remote.

Provisions for legal claims are recognized when the Company has a present obligation (legal or assumed) as a result of past events, it is likely that an outflow of economic resources will be required to settle the obligation, and the amount can be reasonably estimated.

A restructuring provision is recorded when the Company has developed a formal detailed plan for the restructure, and a valid expectation for the restructure has been created between the people affected, possibly for having started the plan implementation or for having announced its main characteristics to them.

q. Share-based payments

The Company has compensation plans based on the market value of Nemak’s shares in favor of certain senior executives and subsidiaries (Note 20). The conditions for granting such compensation to the eligible executives include compliance with certain financial metrics such as the level of profit achieved and remaining in the Company for up to 5 years, among other requirements. The Board of Directors has appointed a technical committee to manage the plan, and it reviews the estimated cash settlement of this compensation at the end of the year. The payment plan is always subject to the discretion of the senior management of Nemak. Adjustments to this estimate are charged or credited to the consolidated statement of income.

The fair value of the amount payable to employees in respect of share-based payments which are settled in cash is recognized as an expense, with a corresponding increase in liabilities, over the period of service required. The liability is included within other liabilities and is adjusted at each reporting date and the settlement date. Any change in the fair value of the liability is recognized as a compensation expense in the consolidated statement of income.

r. Capital stock

Nemak SAB’s common shares are classified as capital stock within stockholders’ equity. Incremental costs directly attributable to the issuance of new shares are included in equity as a reduction from the consideration received, net of tax. Upon the occurrence of a repurchase of its own shares, they become treasury shares, and the amount is presented as a reduction to stockholders’ equity at the purchase price. These amounts are stated at their historical value. As of December 31, 2024, 2023 and 2022, \$11,199, \$2,082 and \$50 were repurchased, respectively.

s. Revenue recognition

Revenues comprise the fair value of the consideration received or to receive for the sale of goods in the ordinary course of the transactions, and are presented in the consolidated statements of income, net of the amount of variable considerations, which comprise the estimated amount of returns from customers, rebates and similar discounts.

To recognize revenues from contracts with customers, the comprehensive model for revenue accounting is applied, which is based on a five-step approach consisting of the following: (1) identify the contract; (2) identify performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to each performance obligation in the contract; and (5) recognize revenue when the company satisfies a performance obligation.

Contracts with customers are given by commercial agreements with the OEM and complemented by purchase orders, whose costs comprise the promises to produce, distribute and deliver goods based on the contractual terms and conditions set forth, which do not imply a significant judgment to be determined. When there are payments related to obtaining new contracts, they are capitalized and amortized over the term of the contract obtained.

The Company evaluates whether the agreements signed for the development of tooling, in parallel with a production contract with the OEMs, should be combined as a single contract. In cases where the two contracts meet the characteristics to be combined, the Company’s Management evaluates whether the development of tooling represents a performance obligation, or a cost to fulfill a contract.

Based on the above, when determining the existence of separable performance obligations in a contract with customers, Management evaluates the transfer of control of the good or service to the customer, for the purpose of determining the moment of revenue recognition related to each performance obligation.

When there are modifications to the transaction price, it is recognized as an adjustment to income (increase or reduction) on the date of the contract modification, that is, the adjustment to income is made on a difference recovery basis with the accumulated figures.

Prices assigned to production are based on prices set forth in our customers’ purchase orders that represent the stand-alone selling price. Prices are subject to adjustment for changes in aluminum raw material prices.

Changes in raw material prices are monitored, and revenues are adjusted as changes in the raw material price occur. Raw material prices are based on the raw material index at the start of the contract. Price changes are monitored, and revenues are adjusted as changes in the raw material index occur.

Revenues from changes in energy costs, labor costs, inflation, as well as compensations for not meeting consumption volume are recognized as they are negotiated with customers.

If the products have not been delivered by the date of the modification to the transaction price, the Company accounts for the effects of the modification on unsatisfied performance obligations. The Company accounts for the modification of the contract as if it were the termination of an existing one and the creation of a new one, if the pending products are different from those transferred on the date of its modification or before.

Moreover, the payment terms identified in the majority of the sources of revenue are in the short-term, with variable considerations primarily focused on discounts and rebates of goods given to customers, without financing components or significant guarantees. These discounts and incentives to customers are recognized as a reduction to income; therefore, the allocation of the price is directly on the performance obligations of production, including the effects of variable considerations.

The Company recognizes revenue from the sale of goods at a point in time when the goods have been transferred to the customer. The transfer of control occurs at the time of delivery and acceptance of the promised goods to the customer, according to the negotiated contractual terms, which mostly occurs upon delivery of the goods at the Company’s facilities. Therefore, an account receivable is recognized when the performance obligations have been met, recognizing the corresponding revenue.

The Company recognizes revenue from tooling (when identified as a performance obligation) at a point in time when the tooling is contractually accepted by the OEM. At the point when the OEM agrees to the performance of the tooling, a payment right is created for the Company to receive the consideration attributable to the investment incurred by the Company. At that point, when the production stage has been initiated, the primary beneficiary of the tooling output is the OEM, and this indicates that control has been transferred, and gross profit is recognized in cost of sales.

t. Advanced payments

Advanced payments mainly comprise insurance and the corporate fee paid to suppliers. These amounts are recorded based on the contractual value and are carried to the consolidated statement of income on a monthly basis during the life to which each advanced payment corresponds: the amount that corresponds to the portion to be recognized within the next 12 months is presented in current assets and the remaining amount is presented in non-current assets.

u. Assets held for sale

Assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the asset (or disposal group) is available for immediate sale in its present condition and Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

v. Earnings per share

Earnings per share are calculated by dividing the profit attributable to the stockholders of the parent by the weighted average number of common shares outstanding during the year. As of December 31, 2024, 2023 and 2022, there are no dilutive effects from financial instruments potentially convertible into shares.

w. Changes in accounting policies and disclosures

i. New standards and changes adopted.

In the current year, the Company has applied a number of amendments to IFRS issued by the IASB that are mandatorily effective for an accounting period that begins on or after January 1, 2024. The conclusions related to their adoption are described as follows:

Amendments to IFRS 16 – Lease Liability in a Sale and Leaseback

In September 2022, the IASB issued amendments to IFRS 16, adding subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require the seller-lessee to determine ‘lease payments’ or ‘revised lease payments’ such that the seller-lessee does not recognize a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognized by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognized a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have

been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15 is a lease liability.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

The Company evaluated the amendments to IFRS 16 and determined that the implementation of these amendments had no effect on its financial information, since it does not have any sale and leaseback transactions.

Amendments to IAS 7 and IFRS 7 – Supplier Finance Arrangements

In May 2023, the IASB issued amendments to IAS 7 and IFRS 7 to clarify the characteristics of supplier financing arrangements and require additional disclosures about such arrangements.

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity’s liabilities and cash flows. In addition, IFRS 7 is amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity’s exposure to concentration of liquidity risk.

The amendments contain specific transition provisions for the first annual reporting period in which the Company applies the amendments.

The Company applied these amendments to disclose the impact on its liabilities and cash flows, specifically addressing liquidity risk and associated risk management in Note 4 to its consolidated financial statements.

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

In January 2020 and November 2022, the IASB issued amendments to IAS 1 to specify the requirements for classifying liabilities as current or non-current and the classification of debt with covenants.

The amendments affect the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of assets, liabilities, income or expenses, or the information disclosed about those items.

The amendments seeks to clarify that liabilities are classified as current or non-current based on rights that exists at the end of the reporting period and that classification is unaffected by the entity’s expectations to defer settlement of a liability, explains that rights exist if covenants are met at the end of the reporting period, and introduces a definition of ‘settlement’ to clarify that it refers to the transfer of cash, equity instruments, or other assets or services to the counterparty.

The amendments also specify that only covenants that an entity must meet at or after the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date (and should be considered in assessing the liability’s classification as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed after the reporting date.

The Company evaluated the amendments to IAS 1 and reviewed the classification of its liabilities as necessary to reclassify between current and non-current and did not identify that these amendments to IAS 1 affected its current accounting policies applicable to its financial information, since it already classifies its liabilities according to contractual terms, without considering future refinancing plans defined in its liquidity financial risk management strategy.

Amendments to IAS 1 - Non-current Liabilities with Covenants

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity is only required to comply with the covenant after the reporting date. However, if the entity’s right to defer payment of a liability is subject to compliance with covenants within twelve months after the reporting date, it should disclose information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of the related liabilities, and the facts and circumstances, if any, that indicate that the entity may have problems complying with the covenants.

The Company evaluated the amendments to IAS 1 and classifies liabilities as current or non-current based on what is expected to occur at the end of the period and discloses information about its covenants in Note 15 to its consolidated financial statements.

ii. New, revised and issued IFRS, but not yet effective.

As of the date of these consolidated financial statements, the Company had not applied the following amendments to the IFRS that have been issued, but are not yet effective, and the adoption of these amendments, except for IFRS 18, is not expected to have a material impact on the consolidated financial statements in future periods, considering that they are not of significant applicability. The amendments to the IFRS are included below:

- Amendments to IAS 21 – Lack of Exchangeability ⁽¹⁾
- Amendments to IFRS 7 and IFRS 9 – Classification and Measurement of Financial Instruments ⁽²⁾
- Amendments to IFRS 7 and IFRS 9 – Nature-dependent Electricity Contracts ⁽²⁾
- IFRS 19 – Subsidiaries without Public Accountability: Disclosures ⁽³⁾

⁽¹⁾ Effective for annual reporting periods beginning on January 1, 2025

⁽²⁾ Effective for annual reporting periods beginning on January 1, 2026

⁽³⁾ Effective for annual reporting periods beginning on January 1, 2027

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33.

IFRS 18 introduces new requirements to:

- Present specified categories and defined subtotals in the statement of profit or loss
- Provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements
- Improve aggregation and disaggregation

The IFRS 18 is effective for annual periods beginning on or after 1 January 2027. Early adoption is permitted. The amendments to IAS 7, IAS 33, IAS 8 and IFRS 7 are effective when an entity first adopts IFRS 18. An entity is required to apply IFRS 18 retrospectively by applying the temporary specific terms.

The Company is conducting an analysis to determine the applicable amendments to the presentation of the consolidated income statement and the consolidated statement of cash flows, and to identify the MPMs to be disclosed within its consolidated financial statements.

4. Financial instruments and financial risk management

The Company’s activities expose it to various financial risks; market risk (including exchange rate risk, price risk, and interest rate variation risk), credit risk and liquidity risk.

The Company has a general risk management program focused on the unpredictability of financial markets and seeks to minimize the potential adverse effects on its financial performance. The objective of the risk management program is to protect the financial health of its business, considering the volatility associated with foreign exchange and interest rates. The Company uses derivative financial instruments to hedge certain exposures to risks, including hedges of input prices.

The proposed transactions must meet certain criteria, including hedges that are lower than established risk parameters, and that they are the result of a detailed analysis and are properly documented. Additionally, sensitivity analysis and other risk analyses should be performed before the operation is conducted.

The Company’s risk management policy indicates that the hedging positions should always be lower than the projected exposure to allow an acceptable margin of uncertainty. Unhedged operations are expressly prohibited. The Company’s risk management policy indicates the maximum percentages must be hedged with respect to the projected exposure:

	Maximum coverage (as a percentage of the projected exposure) Current year
Commodities	100
Energy costs	75
Exchange rate for operating transactions	80
Exchange rate for financial transactions	100
Interest rates	100

Capital management

The Company’s objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns to stockholders and benefits to other stakeholders, as well as maintaining an optimal capital structure to reduce cost of capital.

To maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to stockholders, return equity to stockholders, issue new shares or sell assets to reduce debt.

Nemak monitors capital based on a leverage ratio. This percentage is calculated by dividing total liabilities by total equity.

The financial ratio of total liabilities / total equity was 2.17, 2.11 and 2.05 as of December 31, 2024, 2023 and 2022, respectively, resulting in a leverage ratio that complies with the Company’s management and risk policies.

Financial instruments by category

Below are the Company’s financial instruments by category:

As of December 31, 2024, 2023 and 2022, financial assets and liabilities consist of the following:

	2024	2023	2022
Cash and cash equivalents	\$ 342,077	\$ 322,606	\$ 416,554
Restricted cash	4,439	5,657	8,053
Financial assets measured at amortized cost:			
Trade and other accounts receivable	508,750	564,275	611,032
	\$ 855,266	\$ 892,538	\$ 1,035,639
Financial liabilities measured at amortized cost:			
Debt	\$ 1,763,361	\$ 1,757,434	\$ 1,546,831
Lease liability	105,080	113,815	100,765
Trade and accounts payable to related parties	1,009,673	1,125,662	1,161,958
	\$ 2,878,114	\$ 2,996,911	\$ 2,809,554

Fair value of financial assets and liabilities measured at amortized cost

The amount of cash and cash equivalents, restricted cash, customers and other accounts receivable, other current assets, trade and other accounts payable, current debt, other current liabilities approximate their fair value, because their maturity date is less than twelve months. The net carrying amount of these accounts represents the expected cash flows to be received as of December 31, 2024, 2023 and 2022.

The carrying amount and estimated fair value of non-current financial assets and liabilities valued at amortized cost is presented below:

	As of December 31, 2024		As of December 31, 2023		As of December 31, 2022	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities:						
Non-current liabilities before issuance and obtaining costs	\$1,693,966	\$1,537,217	\$1,495,464	\$1,353,666	\$1,466,216	\$1,255,223

Estimated fair values as of December 31, 2024, 2023 and 2022, were determined based on a discounted cash flow basis. Measurement at fair value for the financial debt is considered within levels 1 and 2 of the hierarchy.

Market risks

(i) Exchange rate risk

The Company operates internationally, and is exposed to foreign exchange risk, primarily derived from the transactions and balances that the subsidiaries conduct and have in foreign currency, respectively. A foreign currency is that which is different from the functional currency of an entity. In addition, the Company is exposed to changes in the value of financial instruments arising from foreign exchange variations.

The respective exchange rates of the U.S. dollar, the Mexican peso and the Euro are very important factors for the Company due to the effect they have on its consolidated results. Nemak estimates that approximately 53% of its sales are U.S. dollars denominated, 34% in Euros, and the remaining 13% in other currencies since the price of its products is set based on such currencies.

The main risk of the Company associated with its financial instruments comes from its debt in foreign currency, mainly in euros, held by entities whose functional currency is the U.S. dollar. In addition, the Company maintains assets and liabilities denominated in foreign currency in relation to the functional currency of the subsidiaries in Mexican pesos and Euros. The monetary position in Euros and Mexican pesos have been converted to thousands of U.S. dollars at the closing exchange rate of December 31, 2024:

	EUR	MXN
Financial assets	\$ 487	\$ 122,058
Financial liabilities	102,466	115,044
Financial position in foreign currency	\$ (101,979)	\$ 7,014

The exchange rate used to convert the financial position in foreign currency from EUR and MXN to USD is described on Note 3c.

Based on the monetary positions in foreign currencies that the Company maintains, a hypothetical variation of 10% in the exchange rate MXN/USD and EUR/USD, maintaining all the other variables constant, will result in an effect of \$24,602 in the consolidated statement of income and of \$9,496 in equity.

Financial instruments to hedge net investments in foreign transactions

The Company designates certain non-current debt instruments as hedges to net investments in foreign transactions in order to mitigate the variations in exchange rates arising between the functional currency for such transactions and the functional currency of the holding or sub-holding company that maintains these investments.

The Company formally designated and documented each hedging relationship establishing objectives, Management’s strategy to cover the risk, the identification of the hedging instrument, the hedged item, the nature of the risk to be hedged, and the methodology to assess the effectiveness. Given that the exchange rate hedging relationship is clear, the method that the Company used to assess the effectiveness consisted of a qualitative effectiveness test by comparing the critical terms between the hedging instruments and the hedged items. The hedging effectiveness results confirm that the hedging relationships are highly effective due to the economic relationship between hedging instrument and hedged items. For its part, when the value of the net assets of the foreign transaction is less than the notional value of the designated debt, the Company performs a rebalancing of the hedging relationship and recognizes ineffectiveness in the statement of income.

The Company maintains the following hedging relationships:

As of December 31, 2024							
Holding	Functional Currency	Hedging Instrument	Notional Value		Covered item	Net assets of the hedged item (millions of Euros)	
Nemak, S.A.B. de C.V.	USD	Sustainability-Linked Bonds	EUR	329	Nemak Dillingen GmbH	EUR	194
					Nemak Linz GmbH		42
					Nemak Győr Kft.		135
					Nemak Slovakia, S.r.o.		97
					Nemak Wernigerode GmbH		71
					Nemak Czech Republic, S.r.o.		55
					Nemak Poland Sp.z.o.o.		35
					Nemak Spain, S.L.		33
					Nemak Pilsting GmbH		14
					Nemak Izmir Dokum Sanayi A.S.		78
			EUR	329		EUR	753

As of December 31, 2023

Holding	Functional Currency	Hedging Instrument	Notional Value		Covered item	Net assets of the hedged item (millions of Euros)	
Nemak, S.A.B. de C.V.	USD	Sustainability-Linked Bonds	EUR	275	Nemak Dillingen GmbH	EUR	179
					Nemak Linz GmbH		38
					Nemak Győr Kft.		138
					Nemak Slovakia, S.r.o.		85
					Nemak Wernigerode GmbH		75
					Nemak Czech Republic, S.r.o.		57
					Nemak Poland Sp.z.o.o.		45
					Nemak Spain, S.L.		29
					Nemak Pilsting GmbH		14
					Nemak Izmir Dokum Sanayi A.S.		75
			EUR	275		EUR	735

As of December 31, 2022

Holding	Functional Currency	Hedging Instrument	Notional Value		Covered item	Net assets of the hedged item (millions of Euros)	
Nemak, S.A.B. de C.V.	USD	Sustainability-Linked Bonds	EUR	297	Nemak Dillingen GmbH	EUR	160
					Nemak Linz GmbH		34
					Nemak Győr Kft.		138
					Nemak Slovakia, S.r.o.		75
					Nemak Wernigerode GmbH		73
					Nemak Czech Republic, S.r.o.		58
					Nemak Poland Sp.z.o.o.		50
					Nemak Spain, S.L.		27
					Nemak Pilsting GmbH		14
					Nemak Izmir Dokum Sanayi A.S.		54
			EUR	297		EUR	683

The average coverage ratio of the Company amounted to 31.97%, 32.44% and 34.94% for the years ended December 31, 2024, 2023 and 2022, respectively. Therefore, the exchange rate fluctuation generated by the hedging instruments for the years ended December 31, 2024, 2023 and 2022 represented a net profit (loss) of \$17,803, \$13,509 and \$(11,575), respectively, which was recognized in other comprehensive income compensating the translation effect by each foreign investment. The results of the effectiveness of each hedging instrument confirm that the hedging relationships are highly effective due to the economic relationship between the hedging instruments and the hedging items.

(ii) Price risk commodities

a. Aluminum

Nemak utilizes significant amounts of aluminum in the form of scrap, as well as ingots as its main raw material. In order to mitigate the risks related to the volatility of the prices of this commodity, the Company has entered into agreements with its customers, whereby the variations of aluminum prices are transferred to the sales price of the products through a pre-established formula.

However, there is a residual risk since each OEM uses its own formula to estimate aluminum prices, which normally reflects market prices based on an average term that may range from one to three months. As a result, the basis used by each OEM to calculate the prices of aluminum alloys may differ from the ones used by the Company to buy aluminum, which could negatively or positively impact its business, financial position, and the results of its operations.

b. Natural gas

Nemak is an entity that uses natural gas to carry out its operating processes and develop its products. This consumption has grown as the volume of their end products increases, which causes that an increase in the price of natural gas creates negative effects on the operating cash flows. In order to mitigate its exposure to the price of this material, the Company conducts some natural gas hedging transactions using derivative instruments. Therefore, according to its risk management program, the Company enters into hedges against the exposure to the increase in natural gas prices, for future purchases by entering into swaps where variable prices are received, and a fixed price is paid. A strategy called roll-over has been implemented, through which it is analyzed each month if more derivatives should be contracted to extend the time or the amount of hedging. Given the volatility of gas prices, in November 2023, the Company entered into hedges for Mexico and the USA, that represented on average 32% of its consumption of 2024; during 2024, the Company also entered into hedges for both regions, that represented 35% of its consumption of 2025. As of December 31, 2024, 2023 and 2022, the fair value of the derivative financial instruments was \$416, \$1,971 and \$4,913, respectively.

Interest rate risk

The Company is exposed to interest rate risk mainly for long-term loans bearing interest at variable rates. Fixed-interest loans expose the Company to interest rate risk at fair value, which implies that Nemak might be paying interest at rates significantly different from those of an observable market.

As of December 31, 2024, if interest rates on variable rate are increased or decreased by 100 basis points in relation to the rate in effect, the income and stockholders’ equity of the Company would change by \$18,684.

Credit risk

Credit risk represents a potential loss due to non-compliance of counterparts in their payment obligations. Credit risk is generated by cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to customers, including receivables and committed transactions.

The Company is managed on a group basis and credit risk profile, the significant clients with whom it maintains a receivable, distinguishing those that require an individual credit risk assessment. For the rest of the clients, the Company carries out its classification according to the type of market in which they operate, according with the business management and the internal risk management. Each subsidiary is responsible for managing and analyzing credit risk for each of its new customers before setting the terms and conditions of payment. If wholesale customers are qualified independently, these are the qualifications used. If there is no independent qualification, the Company’s risk control assesses the customer’s credit quality, taking into account its financial position, previous experience and other factors. The maximum exposure to credit risk is given by the balances of these items as presented in the consolidated state of financial position.

Individual risk limits are determined based on internal and external ratings in accordance with limits set in the financial risk management policy. The use of credit risks is monitored regularly. During 2024, 2023 and 2022, credit limits were not exceeded.

In addition, the Company performs a qualitative evaluation of economic projections, with the purpose of determining the possible impact on probabilities of default and the rate of recovery that it assigns to its clients.

During the year ended December 31, 2024, there have been no changes in the techniques of estimation or assumption.

Liquidity risk

Projected cash flows are determined at each operating subsidiary of the Company and subsequently the finance department consolidates this information. The finance department of the Company continuously monitors the cash flow projections and liquidity requirements of the Company ensuring that sufficient cash and liquid investments are maintained to meet operating needs, and that some flexibility is maintained through unused uncommitted and committed credit lines.

The Company regularly monitors and makes decisions to ensure that the limits or covenants set forth in credit agreements are not breached. Projections consider the financing plans of the Company, compliance with covenants, compliance with minimum liquidity ratios and internal legal or regulatory requirements.

The Company’s treasury department invests those funds in time deposits, with high credit quality whose maturities or liquidity allow flexibility to meet the cash flow needs of the Company.

The following table analyzes the non-derivative financial instruments, grouped according to their maturity, from the date of the consolidated statement of financial position to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows, including future non-accrued interests and sustainability-linked bonds.

	Less than a year	From 1 to 5 years	More than 5 years
As of December 31, 2024			
Trade and accounts payable to related parties	\$ 1,009,673	\$ -	\$ -
Debt (excluding debt obtaining costs)	92,352	734,543	74,273
Lease liability	28,931	73,013	3,136
Sustainability-linked bond (excluding issuance costs)	32,129	128,696	1,027,254
Interest payable	10,684	-	-

	Less than a year	From 1 to 5 years	More than 5 years
As of December 31, 2023			
Trade and accounts payable to related parties	\$ 1,125,662	\$ -	\$ -
Debt (excluding debt obtaining costs)	325,101	360,945	223,603
Lease liability	27,665	56,001	30,149
Sustainability-linked bond (excluding issuance costs)	32,129	141,766	1,081,014
Interest payable	10,545	-	-

	Less than a year	From 1 to 5 years	More than 5 years
As of December 31, 2022			
Trade and accounts payable to related parties	\$ 1,161,958	\$ -	\$ -
Debt (excluding debt obtaining costs)	125,662	123,751	187,021
Lease liability	15,598	42,249	42,918
Sustainability-linked bond (excluding issuance costs)	31,041	153,036	1,081,321
Interest payable	7,089	-	-

The Company expects to meet its obligations with cash flows generated by operations. Additionally, Nemak has access to credit lines with various banks to meet possible requirements.

As of December 31, 2024, 2023 and 2022, the Company has uncommitted short-term credit lines unused of more than \$688,126, \$423,856 and \$532,000, respectively. Additionally, as of December 31, 2024, 2023 and 2022, Nemak has committed medium-term credit lines available of \$402,660, \$422,800 and \$525,000, respectively.

Supplier finance arrangements

The Company operates the following types of supplier finance arrangements:

In order to ensure easy access to credit for its suppliers and facilitate early settlement, the group has entered into supplier finance arrangements that permit the suppliers to obtain payment from the banks for the amounts billed up to 7 days before the invoice due date subject to a discount between 5% and 12%. The arrangements permit the banks to early settle invoices up to the total amount published. The discount represents less than the trade discount for early repayment commonly used in the market. The group repays the banks the full invoice amount on the scheduled payment date as required by the invoice. As the arrangements do not permit the group to extend finance from the banks by paying them later than the group would have paid its suppliers, the group considers amounts payable to the banks should be presented as part of trade and other accounts payables. As of 31 December 2024, 28% of trade payables were amounts owed under these arrangements.

Below is a detailed account of supplier financing agreements and their presentation within the consolidated statement of financial position:

	December 31,	
	2024	2023
Presented as part of “Trade and other accounts payables”:	\$ 417,683	\$ 422,249
Trade payables for which suppliers have already received payment from the finance provider	\$ 347,190	

Below is a breakdown of the payment date ranges for supplier financing agreements as of December 31, 2024:

	Days
For liabilities presented as part of “Trade and other accounts payables”:	
Liabilities that are part of supplier finance arrangements	96
Comparable trade payables that are not part of supplier finance arrangements	89

Changes in liabilities that are subject to supplier finance arrangements are primarily attributable to additions resulting from purchases of goods and services and subsequent cash settlements. There were no material non-cash changes in these liabilities.

The Company does not face a significant liquidity risk as a result of its supplier finance arrangements given the limited amount of liabilities subject to supplier finance arrangements and the group’s access to other sources of finance on similar terms.

Fair value hierarchy

The following is an analysis of financial instruments measured in accordance with the fair value hierarchy. The 3 different levels of the fair value hierarchy are presented below:

- Level 1: Quoted prices for identical instruments in active markets.
- Level 2: Other valuations including quoted prices for similar instruments in active markets, which are directly or indirectly observable.
- Level 3: Valuations made through technics where one or more of their significant data inputs are unobservable.

The Company’s assets and liabilities that are measured at fair value as of December 31, 2024, 2023 and 2022, are classified within the level 2 of the fair value hierarchy.

There were no transfers between Levels 1 and 2 or between Level 2 and 3 during the period.

The specific valuation techniques used to value financial instruments include:

- Market quotations or trader quotations for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of estimated future cash flows based on observable yield curves.
- The fair value of forward exchange agreements is determined using exchange rates at the closing balance date, with the resulting value discounted at present value.
- Other techniques such as the analysis of discounted cash flows, which are used to determine fair value of the remaining financial instruments.

5. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

a. Estimated impairment of goodwill

The Company conducts annual tests to determine whether goodwill and intangible assets with indefinite useful lives have suffered any impairment (Note 12). For impairment testing, goodwill and intangibles assets with indefinite lives are allocated to those cash generating units (“CGU”) for which the Company has considered that economic and operational synergies of the business combinations are generated. The recoverable amounts of the groups of CGUs were determined based on the calculations of their value in use, which require the use of estimates, within which, the most significant are the following:

- Future gross and operating margins according to the historical performance and expectations of the industry for each CGU group.
- Discount rate based on the weighted cost of capital (“WACC”) of each CGU or CGU group.
- Long-term growth rates.

b. Recoverability of deferred tax assets

The Company has tax losses to be utilized, derived mainly from significant foreign exchange losses, which may be used in the subsequent years (Note 25). Based on income and tax revenue projections Nemak will generate in subsequent years through a structured and robust business plan, which includes the sale of non-strategic assets, new services to be provided to its subsidiaries, among others, the Company’s Management has considered that its tax loss carryforwards will be used before they expire and therefore it has been deemed appropriate to recognize a deferred tax asset for such losses.

c. Contingent liabilities

Management also makes judgments and estimates in recording provisions for matters relating to claims and litigation. Actual costs may vary from estimates for several reasons, such as changes in cost estimates for resolution of complaints and disputes based on different interpretations of the law, opinions and evaluations concerning the amount of loss.

Contingencies are recorded as provisions when it is likely that a liability has been incurred, and the amount of the loss is reasonably estimable. It is not practical to estimate sensitivity to potential losses if other assumptions were used to record these provisions, due to the number of underlying assumptions and the range of possible reasonable outcomes regarding potential actions by third parties, such as regulators, both in terms of loss probability and estimates of such loss.

d. Long-lived assets

The Company estimates the useful lives of long-lived assets in order to determine the depreciation and amortization expenses to be recorded during the reporting period. The useful life of an asset is calculated when the asset is acquired and is based on past experience with similar assets, considering anticipated technological changes or any other type of changes. Were technological changes to occur faster than estimated, or differently than anticipated, the useful lives assigned to these assets could have to be reduced. This would lead to the recognition of a greater depreciation and amortization expense in future periods. Alternatively, these types of technological changes could result in the recognition of a charge for impairment to reflect the reduction in the expected future economic benefits associated with the assets.

The Company reviews the impairment indicators for depreciable and amortizable assets annually, or when certain events or circumstances indicate that the book value may not be recovered in the remaining useful life of those assets. On the other hand, intangible assets with an indefinite useful life are subject to impairment tests at least every year and provided there is an indication that the asset could have been impaired.

To evaluate the impairment, the Company uses cash flows, which consider the administrative estimates for future transactions, including estimates for revenues, costs, operating expenses, capital expenses and debt service. In accordance with IFRS, discounted future cash flows associated with an asset or CGU would be compared to the carrying amount of the asset or CGU in question to determine whether an impairment or a reversal of impairment exists whenever such discounted future cash flows are less than their carrying amount. In such case, the carrying amount of the asset or group of assets is reduced to its recoverable amount.

e. Estimation of default probabilities and recovery rate to apply the model of expected losses in the calculation of impairment of financial assets

The Company assigns to customers with whom it maintains an account receivable at each reporting date, either individually or as a group, an estimate of the probability of default on the payment of accounts receivable and the estimated recovery rate, with the purpose of reflecting the cash flows expected to be received from the outstanding balances on such date.

f. Estimation of the discount rate to calculate the present value of future minimum income payments

The Company estimates the discount rate to be used in determining the lease liability, based on the incremental loan rate (“IBR”).

The Company uses a three-tier model, with which it determines the three elements that make up the discount rate: (i) reference rate, (ii) credit risk component and (iii) adjustment for characteristics of the underlying asset. In this model, Management also considers its policies and practices to obtain financing, distinguishing between that obtained at the corporate level (that is, by the holder), or at the level of each subsidiary. Finally, for the real estate leases or in which there is significant and observable evidence of its residual value, the Company estimates and evaluates an adjustment for the characteristics of the underlying asset, taking into account the possibility that said asset be granted as collateral or guarantee against the risk of default.

g. Estimate of the lease term

The Company defines the term of the leases as the period for which there is a contractual payment commitment, considering the non-cancelable period of the contract, as well as the renewal and early termination options that are likely to be exercised. The Company participates in lease agreements that do not have a definite forced term, a defined renewal period (if it contains a renewal clause), or automatic annual renewals, therefore, to measure the lease liability, it estimates the term of the contracts considering their contractual rights and limitations, their business plan, as well as the administration’s intentions for the use of the underlying asset. Additionally, the Company considers the early termination clauses of its contracts and the probability of exercising them, as part of its estimate of the lease term.

6. Cash and cash equivalents

Cash and cash equivalents presented in the consolidated statements of financial position consist of the following:

December 31,				
	2024	2023	2022	
Cash on hand and in banks	\$ 158,482	\$ 149,735	\$ 110,471	
Short-term bank deposits	183,595	172,871	306,083	
Total cash and cash equivalents	\$ 342,077	\$ 322,606	\$ 416,554	

7 Restricted cash

The value of restricted cash is composed as follows:

December 31,				
	2024	2023	2022	
Current	\$ 664	\$ 1,039	\$ 1,554	
Non-current (Note 13)	3,775	4,618	6,499	
Restricted cash ⁽¹⁾	\$ 4,439	\$ 5,657	\$ 8,053	

⁽¹⁾ In accordance with the provisions of a credit agreement, the Company has made long-term cash deposit pursuant to a preferential loan arranged in order to participate in a financing by a United States agency to promote investment in rural / low-development regions in the USA.

8. Trade and other accounts receivables, net

December 31,				
	2024	2023	2022	
Trade accounts receivable	\$ 382,603	\$ 416,631	\$ 475,919	
Due from related parties (Note 26)	9,979	11,323	10,296	
Recoverable taxes	71,424	41,383	24,841	
Sundry debtors	122,417	150,142	137,221	
Allowance for impairment of trade accounts receivable and related parties	(6,249)	(13,821)	(12,404)	
	\$ 580,174	\$ 605,658	\$ 635,873	

Movements in the allowance for impairment of trade accounts receivable are as follows:

	2024	2023	2022	
Opening balance as of January 1	\$ (13,821)	\$ (12,404)	\$ (11,061)	
Allowance for impairment of trade and related parties	(2,886)	(854)	(1,295)	
Receivables written off during the year	10,063	739	392	
Other	395	(1,302)	(440)	
Final balance as of December 31	\$ (6,249)	\$ (13,821)	\$ (12,404)	

The net change in the estimate of impairment of accounts receivable for the years ended December 31, 2024, 2023 and 2022 were \$7,572, \$1,417 and \$1,343, respectively, it was mainly due to changes in the estimation of probabilities of default and the percentage of recovery, allocated to different customer groups in which the Company operates, which reflected an increase in credit risk over these financial assets.

The following describes the probability of default ranges and recovery rates allocated to the main customer segments with which the company has balances receivable in its different businesses:

As of December 31, 2024		
Clients or group of clients	Probability of default range	Severity of loss
Automotive	0.0% - 1.27% ⁽¹⁾	99.04%
Related parties	0.0% - 0.51%	99.94%
As of December 31, 2023		
Clients or group of clients	Probability of default range	Severity of loss
Automotive	0.0% - 1.18% ⁽¹⁾	99.29%
Related parties	0.0% - 0.36%	99.84%
As of December 31, 2022		
Clients or group of clients	Probability of default range	Severity of loss
Automotive	0.0% - 5.16% ⁽¹⁾	99.42%
Related parties	0.0% - 1.93%	99.90%

⁽¹⁾ As of December 31, 2024, 2023, and 2022, the maximum probability of default range belongs to a single client. All the other clients of the Company maintain a maximum probability of default of 0.22%, 0.59% and 1.38%, respectively.

Increases and decreases in customer impairment estimation, when they do not imply the legal loss of an account receivable, are recognized in the consolidated statement of income within the heading of sales costs. On the other hand, when collection rights are legally lost, the Company cancels the accumulated doubtful collection estimate, with the gross amount of the account receivable.

The company does not maintain any significant collateral or guarantees that mitigate exposure to the credit risk of its financial assets.

9. Inventories

December 31,			
	2024	2023	2022
Raw material and other consumables	\$ 410,714	\$ 502,910	\$ 428,609
Work in process	289,643	278,741	270,116
Finished goods	120,474	122,398	147,650
	\$ 820,831	\$ 904,049	\$ 846,375

For the years ended on December 31, 2024, 2023 and 2022, damaged, slow-moving and obsolete inventory was charged to cost of sales in the amount of \$(726), \$1,798 and \$2,285, respectively.

As of December 31, 2024, 2023 and 2022, there were no inventories pledged as collateral.

10. Property, plant, and equipment, net

	Land	Buildings and constructions	Machinery and equipment	Vehicles	Furniture and equipment	Constructions in progress	Other fixed assets	Total
For the year ended December 31, 2022								
Opening balance, net	\$ 81,828	\$ 428,227	\$ 1,638,949	\$ 1,607	\$ 28,387	\$ 328,606	\$ 51,678	\$ 2,559,282
Translation effect	(1,705)	(11,367)	(30,885)	(62)	(793)	11,075	(1,467)	(35,204)
Additions	-	134	51,837	50	121	346,135	10,090	408,367
Disposals	(4)	(156)	(17,691)	(10)	(34)	(60)	(3,601)	(21,556)
Impairment charge recognized in the year	-	-	(36,117)	-	-	-	-	(36,117)
Depreciation charge recognized in the year	-	(23,953)	(210,202)	(931)	(7,902)	-	(824)	(243,812)
Transfers	43	24,437	211,057	1,075	9,946	(249,064)	2,506	-
	\$ 80,162	\$ 417,322	\$ 1,606,948	\$ 1,729	\$ 29,725	\$ 436,692	\$ 58,382	\$ 2,630,960
As of December 31, 2022								
Cost	\$ 80,162	\$ 811,878	\$ 4,523,634	\$ 12,364	\$ 142,407	\$ 436,692	\$ 65,827	\$ 6,072,964
Accumulated depreciation	-	(394,556)	(2,916,686)	(10,635)	(112,682)	-	(7,445)	(3,442,004)
Net carrying amount as of December 31, 2022	\$ 80,162	\$ 417,322	\$ 1,606,948	\$ 1,729	\$ 29,725	\$ 436,692	\$ 58,382	\$ 2,630,960
For the year ended December 31, 2023								
Opening balance, net	\$ 80,162	\$ 417,322	\$ 1,606,948	\$ 1,729	\$ 29,725	\$ 436,692	\$ 58,382	\$ 2,630,960
Translation effect	1,107	(15,267)	33,161	591	978	42,820	1,118	64,508
Additions	-	86	29,823	56	504	441,309	12,472	484,250
Disposals	(1,162)	(2,281)	(5,447)	(15)	(17)	-	-	(8,922)
Impairment charge recognized in the year	-	(4,487)	(18,942)	-	(49)	(6,346)	(360)	(30,184)
Depreciation charge recognized in the year	-	(25,332)	(235,812)	(694)	(8,909)	-	(2,047)	(272,794)
Transfers	97	38,673	311,298	237	13,768	(364,901)	828	-
	\$ 80,204	\$ 408,714	\$ 1,721,029	\$ 1,904	\$ 36,000	\$ 549,574	\$ 70,393	\$ 2,867,818
As of December 31, 2023								
Cost	\$ 80,204	\$ 813,646	\$ 4,745,688	\$ 12,586	\$ 156,884	\$ 549,574	\$ 80,095	\$ 6,438,677
Accumulated depreciation	-	(404,932)	(3,024,659)	(10,682)	(120,884)	-	(9,702)	(3,570,859)
Net carrying amount as of December 31, 2023	\$ 80,204	\$ 408,714	\$ 1,721,029	\$ 1,904	\$ 36,000	\$ 549,574	\$ 70,393	\$ 2,867,818
For the year ended December 31, 2024								
Opening balance, net	\$ 80,204	\$ 408,714	\$ 1,721,029	\$ 1,904	\$ 36,000	\$ 549,574	\$ 70,393	\$ 2,867,818
Translation effect	(2,587)	(16,249)	(11,767)	(97)	(2,323)	9,680	(5,414)	(28,757)
Additions	-	196	5,166	121	588	358,088	7,446	371,605
Disposals	-	(640)	(13,520)	(14)	(9)	-	(17)	(14,200)
Impairment charge recognized in the year (Note 27)	-	-	(90,838)	-	(1,415)	-	(1,228)	(93,481)
Depreciation charge recognized in the year	-	(27,189)	(248,637)	(740)	(10,455)	-	(1,752)	(288,773)
Transfers	1,827	36,176	402,899	758	16,426	(458,795)	709	-
	\$ 79,444	\$ 401,008	\$ 1,764,332	\$ 1,932	\$ 38,812	\$ 458,547	\$ 70,137	\$ 2,814,212
As of December 31, 2024								
Cost	\$ 79,444	\$ 811,588	\$ 4,888,621	\$ 12,735	\$ 165,768	\$ 458,547	\$ 80,561	\$ 6,497,264
Accumulated depreciation	-	(410,580)	(3,124,289)	(10,803)	(126,956)	-	(10,424)	(3,683,052)
Net carrying amount as of December 31, 2024	\$ 79,444	\$ 401,008	\$ 1,764,332	\$ 1,932	\$ 38,812	\$ 458,547	\$ 70,137	\$ 2,814,212

As of December 31, 2024, 2023 and 2022, the Company capitalized borrowing costs to qualifying assets for \$9,042, \$7,470 and \$2,970, respectively, which were not significant.

Of the total depreciation expense, \$275,321, \$258,897 and \$229,086 were charged to cost of sales, \$129, \$131 and \$108, to selling expenses and \$13,323, \$13,766 and \$14,618, to administrative expenses in 2024, 2023 and 2022, respectively.

As of December 31, 2024, 2023 and 2022, there were property, plant and equipment pledged as collateral (Note 15).

The other fixed assets are mainly made up of spare parts and long-term improvements.

11. Right-of-use assets, net

The Company leases a different set of fixed assets including buildings, machinery and equipment, vehicles, and computer equipment. The average term of the lease contracts as of December 31, 2024 is 3 years.

a) The right of use recognized in the consolidated statement of financial position as of December 31, 2024, 2023 and 2022, and in the consolidated statements of income for the years ended December 31, 2024, 2023, 2022, are as follows:

	Buildings	Machinery and equipment	Vehicles	Other fixed assets	Total
Final balances as of December 31, 2022	\$ 75,521	\$ 3,931	\$ 6,316	\$ 2,726	\$ 88,494
Final balances as of December 31, 2023	\$ 74,160	\$ 5,388	\$ 15,729	\$ 3,304	\$ 98,581
Final balances as of December 31, 2024	\$ 65,354	\$ 5,800	\$ 16,305	\$ 2,402	\$ 89,861
Depreciation expense 2022	\$ (11,279)	\$ (3,031)	\$ (13,664)	\$ (1,740)	\$ (29,714)
Depreciation expense 2023	\$ (14,408)	\$ (3,062)	\$ (15,303)	\$ (2,331)	\$ (35,104)
Depreciation expense 2024	\$ (13,269)	\$ (3,333)	\$ (14,793)	\$ (2,417)	\$ (33,812)

The additions to the net book value of the right of use assets for the years ended December 31, 2024, 2023 and 2022 amounted \$28,947, \$44,041 and \$28,385, respectively.

b) Expenses recognized in the consolidated statements of income for the years ended December 31, 2024, 2023 and 2022, are as follows:

	December 31,		
	2024	2023	2022
Rent expenses from short-term and low-value asset leases	\$ 16,701	\$ 16,749	\$ 12,670

The Company has not signed lease contracts, which at the date of the consolidated financial statements have not started.

During the year, the Company did not realize significant extensions to the term of its lease contracts.

12. Goodwill and intangible assets, net

	Development costs		Relationships with customers		Software and licenses		Intellectual property rights		Goodwill		Others		Total	
Cost														
As of January 1, 2022	\$	583,071	\$	121,353	\$	17,458	\$	5,400	\$	296,147	\$	25,108	\$	1,048,537
Translation effects		(28,471)		(2,554)		(753)		-		(11,736)		379		(43,135)
Additions		55,337		-		313		-		-		292		55,942
Disposals		(7,690)		(451)		(95)		-		-		(299)		(8,535)
As of December 31, 2022	\$	602,247	\$	118,348	\$	16,923	\$	5,400	\$	284,411	\$	25,480	\$	1,052,809
Translation effects		5,854		2,012		235		-		6,351		(237)		14,215
Additions		48,166		3,269		595		-		-		410		52,440
Disposals		(2,676)		-		(113)		-		-		(298)		(3,087)
As of December 31, 2023	\$	653,591	\$	123,629	\$	17,640	\$	5,400	\$	290,762	\$	25,355	\$	1,116,377
Translation effects		(12,891)		(2,023)		(1,253)		-		(11,571)		(369)		(28,107)
Additions		15,959		-		798		-		-		420		17,177
Disposals		(6,046)		(3,762)		(209)		-		-		(533)		(10,550)
As of December 31, 2024	\$	650,613	\$	117,844	\$	16,976	\$	5,400	\$	279,191	\$	24,873	\$	1,094,897
Accumulated amortization														
As of January 1, 2022	\$	(344,399)	\$	(84,652)	\$	(14,679)	\$	(5,400)	\$	-	\$	(21,507)	\$	(470,637)
Amortizations		(44,454)		(7,083)		(928)		-		-		(419)		(52,884)
Disposals		6,664		440		95		-		-		299		7,498
Translation effects		15,804		4,915		801		-		-		(101)		21,419
As of December 31, 2022	\$	(366,385)	\$	(86,380)	\$	(14,711)	\$	(5,400)	\$	-	\$	(21,728)	\$	(494,604)
Amortizations		(60,868)		(7,046)		(749)		-		-		(472)		(69,135)
Impairment		(1,374)		-		(10)		-		-		-		(1,384)
Disposals		2,450		-		93		-		-		299		2,842
Translation effects		(2,183)		(2,534)		(197)		-		-		91		(4,823)
As of December 31, 2023	\$	(428,360)	\$	(95,960)	\$	(15,574)	\$	(5,400)	\$	-	\$	(21,810)	\$	(567,104)
Amortizations		(59,774)		(5,801)		(756)		-		-		(468)		(66,799)
Impairment (Note 27)		(10,309)		-		-		-		-		-		(10,309)
Disposals		2,587		1,719		209		-		-		533		5,048
Translation effects		8,650		5,593		929		-		-		249		15,421
As of December 31, 2024	\$	(487,206)	\$	(94,449)	\$	(15,192)	\$	(5,400)	\$	-	\$	(21,496)	\$	(623,743)
Net carrying amount														
Cost		602,247		118,348		16,923		5,400		284,411		25,480		1,052,809
Accumulated amortization		(366,385)		(86,380)		(14,711)		(5,400)		-		(21,728)		(494,604)
As of December 31, 2022	\$	235,862	\$	31,968	\$	2,212	\$	-	\$	284,411	\$	3,752	\$	558,205
Cost		653,591		123,629		17,640		5,400		290,762		25,355		1,116,377
Accumulated amortization		(428,360)		(95,960)		(15,574)		(5,400)		-		(21,810)		(567,104)
As of December 31, 2023	\$	225,231	\$	27,669	\$	2,066	\$	-	\$	290,762	\$	3,545	\$	549,273
Cost		650,613		117,844		16,976		5,400		279,191		24,873		1,094,897
Accumulated amortization		(487,206)		(94,449)		(15,192)		(5,400)		-		(21,496)		(623,743)
As of December 31, 2024	\$	163,407	\$	23,395	\$	1,784	\$	-	\$	279,191	\$	3,377	\$	471,154

Of the total amortization expense, \$79,337, \$80,278 and \$61,960, were charged to cost of sales, \$15,239, \$16,678 and \$13,514, to administrative expenses, \$234, \$216 and \$217 to selling expenses, and \$5,801, \$7,067 and \$6,907 decreasing the revenues to costs incurred to obtain new agreements with clients in 2024, 2023 and 2022, respectively.

Impairment testing of goodwill

Goodwill is allocated to operating segments that are expected to benefit from the synergies of the business combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those units or groups of units, as follows:

	North America	Europe	Total
Balance as of January 1, 2022	\$ 106,812	\$ 189,335	\$ 296,147
Translation effect	18	(11,754)	(11,736)
Balance as of December 31, 2022	\$ 106,830	\$ 177,581	\$ 284,411
Translation effect	(18)	6,369	6,351
Balance as of December 31, 2023	\$ 106,812	\$ 183,950	\$ 290,762
Translation effect	-	(11,571)	(11,571)
Balance as of December 31, 2024	\$ 106,812	\$ 172,379	\$ 279,191

The estimated gross margin has been budgeted based on past performance and market development expectations. The growth rate used is consistent with the projections included in the industry reports. The discount rate used is before taxes and it reflects the inherent risk in future cash flows.

The recoverable amount of all cash generating units has been determined based on fair value less costs of disposal considering a market participant’s perspective. These calculations use cash flow projections based on pre-tax financial budgets approved by Management covering a 5-year period. Cash flows beyond the 5-year period are extrapolated using the estimated growth rates stated below.

The key assumptions used in calculating the value in use in 2024, 2023 and 2022 were as follows:

	2024		
	North America	Europe	Rest of the World
Estimated gross margin	15.59%	12.61%	15.68%
Growth rate	2.00%	1.50%	2.50%
Discount rate	11.60%	10.85%	12.96%

	2023		
	North America	Europe	Rest of the World
Estimated gross margin	15.86%	14.02%	13.38%
Growth rate	1.50%	1.50%	2.50%
Discount rate	14.64%	12.24%	16.01%

	2022		
	North America	Europe	Rest of the World
Estimated gross margin	15.51%	14.74%	8.92%
Growth rate	1.50%	1.50%	2.50%
Discount rate	14.08%	12.26%	14.44%

The Company performed sensitivity analyses considering a potential change individually in the key assumptions, increasing the discount rate by 100 basis points, decreasing the long-term growth rate and reducing the estimated gross margin. As a result, the sensitivity analyses did not indicate a potential risk that the carrying value would exceed the recoverable value as of December 31, 2024.

13. Other non-current assets

	December 31,		
	2024	2023	2022
Restricted cash (Note 7)	\$ 3,775	\$ 4,618	\$ 6,499
Equity investments ⁽¹⁾	-	-	3,644
Investments in associates	23,903	22,276	18,071
Other assets	6,745	8,627	6,704
Total other non-current assets	\$ 34,423	\$ 35,521	\$ 34,918

⁽¹⁾ Equity investments are investments in shares of non-publicly traded companies. No impairment loss was recognized as of December 31, 2024, 2023 and 2022.

The accumulated summarized financial information for investments in associates accounted for under the equity method and that are not considered material, is as follows:

	2024	2023	2022
Net income (loss), recognized using the equity method	\$ 2,865	\$ 2,486	\$ (508)

There are no contingent liabilities or commitments related to the Company's investments in associates.

14. Trade and other accounts payable

December 31,

	2024	2023	2022
Trade account payable	\$ 1,001,421	\$ 1,120,172	\$ 1,156,457
Advances from customers	31,196	44,799	45,329
Other social security fees and benefits	102,033	108,248	97,673
Related parties (Note 26)	8,252	5,490	5,501
Other payables	364,449	323,347	272,206
	\$ 1,507,351	\$ 1,602,056	\$ 1,577,166

15. Debt

December 31,

	2024	2023	2022
Current:			
Bank loans ^{(1) (2) (3)}	\$ 68,874	\$ 264,145	\$ 86,593
Current portion of non-current debt	3,967	29,116	13,289
Interest payable ⁽¹⁾	10,684	10,545	7,089
Total current debt	\$ 83,525	\$ 303,806	\$ 106,971
Non-current debt:			
Secured bank loans	\$ 4	\$ 73	\$ 130
Unsecured bank loans	676,237	442,966	432,763
In U.S dollars:			
Sustainability-linked bonds / Senior Notes	500,000	500,000	500,000
In Euros:			
Sustainability-linked bonds / Senior Notes	517,725	552,425	533,323
Non-current debt before debt issuance and obtaining costs	1,693,966	1,495,464	1,466,216
Less: Debt issuance and obtaining costs	(10,163)	(12,720)	(13,067)
Less: current portion of other debts	(3,967)	(29,116)	(13,289)
Non-current debt	\$ 1,679,836	\$ 1,453,628	\$ 1,439,860

⁽¹⁾ As of December 31, 2024, 2023 and 2022, short-term bank loans bore interest at an average rate of 4.65%, 5.87% and 4.51%, respectively. The short-term interest payable as of December 31, 2024, 2023, and 2022 amounted to \$801, \$741 and \$826.

⁽²⁾ The fair value of bank loans approximates their current book value, due to their short maturity.

⁽³⁾ During 2022, the Company made payments on current bank debt for an amount of \$70,000. This credit was fully settled at the March 2022 close.

The carrying amounts, terms and conditions of non-current debt were as follows:

Description	Contractual currency	Value (USD)	Debt issuance and obtaining costs	Interest payable	Balance as of December 31, 2024	Balance as of December 31, 2023	Balance as of December 31, 2022	Inception date MM/DD/YYYY	Maturity date MM/DD/YYYY	Interest rate
Brazil	BRL	\$ 4	\$ -	\$ 1	\$ 5	\$ 74	\$ 130	12/15/2020	01/25/2025	6.00%
Total secured bank loans		4		1	5	74	130			
Bancomext LP ⁽¹⁾	USD	-	-	-	-	-	182,785	12/23/2019	12/23/2029	6.30%
Bancomext LP 2023 ⁽¹⁾	USD	198,320	951	3,460	200,829	202,422	-	11/04/2023	11/04/2033	7.75%
Club Loan 2024 ⁽²⁾										
The Bank of Nova Scotia	USD	61,500	441	95	61,154	-	-	08/16/2024	08/15/2029	SOFR 3M + 2.10%
Scotiabank Inverlat	USD	1,000	5	1	996	-	-	08/16/2024	08/15/2029	SOFR 3M + 2.10%
BBVA Mexico	USD	62,500	446	96	62,150	-	-	08/16/2024	08/15/2029	SOFR 3M + 2.10%
Bank of America	USD	62,500	446	96	62,150	-	-	08/16/2024	08/15/2029	SOFR 3M + 2.10%
Sumitomo	USD	62,500	446	96	62,150	-	-	08/16/2024	08/15/2029	SOFR 3M + 2.10%
Green Loan 2024 ⁽³⁾										
The Bank of Nova Scotia	USD	95,000	449	146	94,697	98,914	99,218	12/17/2024	01/13/2030	SOFR 3M + 2.10%
Scotiabank Inverlat	USD	5,000	23	7	4,984	-	-	12/17/2024	01/13/2030	SOFR 3M + 2.10%
BBVA Mexico	USD	100,000	472	153	99,681	98,784	99,218	12/17/2024	01/13/2030	SOFR 3M + 2.10%
The Bank of Nova Scotia ⁽³⁾	USD	-	-	-	-	98,914	99,218	12/22/2022	12/19/2027	SOFR 1M + 2.15%
BBVA México ⁽³⁾	USD	-	-	-	-	98,784	99,218	12/22/2022	12/19/2027	SOFR 1M + 2.15%
Scotiabank Turkey	EUR	12,425	-	-	12,425	6,917	13,377	12/27/2024	12/27/2028	0.50%
Spain	EUR	1,688	-	-	1,688	2,305	2,685	12/02/2020	02/01/2028	1.50%
USA	USD	13,804	2,332	-	11,472	29,309	28,562	10/31/2020	12/21/2025	1.31%
Total unsecured bank loans		676,237	6,011	4,150	674,376	438,651	425,845			
Total bank loans		676,241	6,011	4,151	674,381	438,725	425,975			
Sustainability-linked bond / Senior Notes	USD	500,000	2,388	-	497,612	498,254	498,412	06/28/2021	06/28/2031	3.63%
Sustainability-linked bond / Senior Notes	EUR	517,725	1,764	5,726	521,687	555,570	534,979	07/20/2021	07/20/2028	2.25%
Total Senior Notes		1,017,725	4,152	5,726	1,019,299	1,053,824	1,033,391			
Total		1,693,966	10,163	9,877	1,693,680	1,492,549	1,459,366			
Less: current portion of non-current debt		(3,967)	-	-	(3,967)	(29,116)	(13,274)			
Non-current debt (including non-current interest debt payable)		\$ 1,689,999	\$ 10,163	\$ 9,877	\$ 1,689,713	\$ 1,463,433	\$ 1,446,092			

⁽¹⁾ In 2023, the Company secured a financing with Bancomext for \$200,000 for a 10-year term at a variable rate of SOFR + 2.50. The funds received were used to prepay the unpaid balance of a loan contracted with the same institution.

⁽²⁾ In 2024, the Company secured a club loan for \$250,000 with a 5-year term at a variable rate of SOFR 3M + 2.10. The proceeds from this loan were used to repay the balance of uncommitted credit facilities.

⁽³⁾ In 2024, the Company secured a green loan for \$200,000 with a 5-year term at a variable rate of SOFR 3M + 2.10. The proceeds from this loan were used to pay off the loans of the same amount from BBVA and The Bank of Nova Scotia secured during 2022.

As of December 31, 2024, the annual maturities of non-current debt, gross of debt issuance and obtaining costs are the following:

	2025	2026	2027	2028	2029	2030 and thereafter	Total
Bank loans ⁽¹⁾	\$ 17,489	\$ 5,200	\$ 8,400	\$ 26,512	\$ 267,600	\$ 351,040	\$ 676,241
Sustainability-linked bonds ⁽²⁾	-	-	-	517,725	-	500,000	1,017,725
	\$ 17,489	\$ 5,200	\$ 8,400	\$ 544,237	\$ 267,600	\$ 851,040	\$ 1,693,966

⁽¹⁾ Interest on bank loans will be paid quarterly.
⁽²⁾ Interest on Sustainability-linked bonds will be paid semiannually.

Some of the loan contracts and debt agreements contain restrictions, primarily regarding the compliance with certain financial ratios, including:

- a. Interest coverage ratio: which is defined as EBITDA (Note 27) for the period of the last four complete quarters divided by financial expenses, net, for the last four quarters, which shall not be less than 3.0 times.
- b. Leverage ratio: which is defined as consolidated debt at that date, being the gross debt or net debt appropriate, divided by EBITDA (Note 27) for the period of the last four complete quarters (1), which shall not be more than 3.5 times.

During 2024, 2023 and 2022, the financial ratios mentioned above were calculated in accordance with the established formulas in the credit agreements.

In 2021, the Company issued two Senior Notes with the characteristic of “Sustainability-Linked Bonds”:

The first one was issued in June for \$500,000 with a fixed rate of 3.625% and a 10-year maturity, and its use was to prepay the Senior Notes issued for the same amount in January 2018.

The second one was issued in July for EUR 500,000 with a fixed rate of 2.25% and a 7-year maturity, and its use was to prepay the Senior Notes issued for the same amount in March 2017.

Both issuances were contracted without financial obligations and without joint and several obligors under an investment grade structure.

Both issuances incorporate a measurement for the year concluding December 31, 2026 to achieve at least an 18% reduction of CO2 emissions, if the goal is not achieved, the interest coupons shall increase 25 basis points as of June 28, 2027, with respect to the Sustainability-Linked Bonds in dollars and as of July 20,

2027, with respect to the Sustainability-Linked Bond in euros. This goal is consistent with our sustainability commitment to reduce GHG emissions in 28% by 2030, which were approved by the Science-Based Targets initiative (“SBTi”) in 2021.

In 2022, the Company secured a loan of \$200,000 with two banks featuring a five-year bullet repayment. Under the terms of the loan, the banks provided \$100,000 each. This transaction represents the Company’s first-ever green bank loan, with the proceeds being used to finance the installation of new plants dedicated to the production of components for electric vehicles of global customers. These plants are located in Mexico, Germany, and the Czech Republic.

In August 2024, the Company secured a term loan with four banks for \$250,000 over five years with a single payment at maturity. In this credit facility, each bank contributed \$62,500. The proceeds were mainly used to pay short-term debt.

In December 2024, the Company secured a green loan from two banks in the amount of \$200,000 for a term of five years, repayable in a single payment upon maturity. In this credit facility, each bank contributed \$100,000. The proceeds from this loan were used to pay a green loan for the same amount secured in 2022.

As of December 31, 2024, 2023 and 2022 and the date of issuance of these consolidated financial statements, the Company is in compliance with all obligations and affirmative and negative covenants contained in its credit agreements; such obligations, among other conditions are subject to certain exceptions, and require or limit the ability of the Company to:

- Provide certain financial information;
- Maintain books and records;
- Maintain assets in appropriate conditions, except for those that cannot be expected to have a substantially adverse effect;
- Comply with applicable laws, rules and regulations, whose compliance may have a substantially adverse effect;
- Incur additional indebtedness, except if it is in compliance with affirmative and negative covenants in credit agreements;
- Pay dividends (only applicable to Nemak SAB), except if it is in compliance with affirmative and negative covenants in credit agreements;
- Grant liens on assets when the amount of secured obligations exceeds a percentage of total consolidated assets, as defined in each case;
- Enter into certain transactions with affiliates that are not in market conditions;

- Perform a consolidation or merger, except if the Company is the surviving one, and
- Carry out sale of assets, including sale and leaseback operations, whose value exceeds the amount determined in each case, except if it involves obsolete or abandoned assets, or such sale is performed according to ordinary course of business, fair market price and market conditions.

As of December 31, 2024, 2023 and 2022, there are no assets pledged as collateral for any of the subsidiaries, except for some assets, pledged as collateral in a long-term debt granted by a Brazilian government entity to promote investment (by its acronym in Portuguese, “BNDES”). As of December 31, 2024, the outstanding balance and the value of the pledged assets are approximately \$4 and \$253, respectively. As of December 31, 2023, the outstanding balance and the value of the pledged assets are approximately \$73 and \$307. As of December 31, 2022, the outstanding balance and the value of the pledged assets are approximately \$100 and \$304, respectively.

16. Lease liability

December 31,			
Current portion:	2024	2023	2022
USD	\$ 14,974	\$ 13,114	\$ 5,929
EUR	10,082	9,282	8,642
Other currencies	3,875	5,269	1,014
Current lease liability	\$ 28,931	\$ 27,665	\$ 15,585
Non-current portion:			
USD	\$ 38,532	\$ 41,411	\$ 26,040
EUR	49,437	52,380	52,437
Other currencies	17,111	20,024	22,288
	105,080	113,815	100,765
Less: Current portion of lease liability	(28,931)	(27,665)	(15,585)
Non-current lease liability	\$ 76,149	\$ 86,150	\$ 85,180

As of December 31, 2024, 2023 and 2022, changes in the lease liability related to the financing activities in accordance with the statement of cash flows consist of the following:

	2024	2023	2022
Beginning balance	\$ 113,815	\$ 100,765	\$ 101,185
New contracts	28,947	44,041	28,385
Write-offs	(72)	(281)	(434)
Interest expense from lease liability	6,779	7,234	4,203
Lease payments	(67,844)	(41,924)	(30,937)
Exchange loss (income)	23,455	3,980	(1,637)
Ending balance	\$ 105,080	\$ 113,815	\$ 100,765

The maturity of the lease liability that include non-accrued interest is analyzed as follows:

December 31,	
	2024
Less than 1 year	\$ 28,931
Over 1 year and less than 3 years	57,079
Over 3 year and less than 5 years	15,934
Over 5 years	3,136
Total	\$ 105,080

17. Other liabilities

December 31,

	2024	2023	2023
Current:			
Other taxes and withholdings	\$ 10,889	\$ 11,233	\$ 12,157
Statutory employee profit sharing	12,289	11,841	18,446
Share-based payment (Note 20)	373	775	890
Derivative financial instruments (Nota 4)	416	1,971	4,913
Others	94	36	128
Total	\$ 24,061	\$ 25,856	\$ 36,534
Non-current:			
Other⁽¹⁾	\$ 14,859	\$ 16,996	\$ 7,527
Total	\$ 14,859	\$ 16,996	\$ 7,527

⁽¹⁾ It includes share-based payments (Note 20).

18. Employee benefits

The valuation of employee benefits for retirement plans is based primarily on their years of service, current age, and estimated salary at retirement date.

Subsidiaries of the Company have established funds for the payment of retirement benefits through irrevocable trusts.

Employee benefit obligations recognized in the consolidated statement of financial position are shown below:

December 31,

Country	2024	2023	2022
Mexico	\$ 54,321	\$ 52,809	\$ 40,961
Canada	4,807	4,992	3,168
Poland	11,655	12,314	10,878
Austria	9,653	10,259	8,305
Germany	6,820	6,569	5,394
Other	3,795	2,923	5,598
Total	\$ 91,051	\$ 89,866	\$ 74,304

Below is a summary of the primary financial data of these employee benefits:

December 31,

	2024	2023	2022
Obligations in the consolidated statement of financial position:			
Pension benefits	\$ 85,894	\$ 84,511	\$ 66,560
Post-employment medical benefits	5,157	5,355	7,744
Liability recognized in the consolidated statement of financial position	91,051	89,866	74,304
Charge in the consolidated statements of income for:			
Pension benefits	2,536	5,531	(8,168)
Post-employment medical benefits	(206)	241	(235)
	2,330	5,772	(8,403)
Remeasurements from employee benefit obligations recognized in other comprehensive (loss) income for the year			
Pension benefits	(3,366)	(3,176)	(1,282)
Post-employment medical benefits	22	65	1,871
	(3,344)	(3,111)	589
Remeasurements accumulated in stockholders' equity	\$ (12,716)	\$ (9,372)	\$ (6,261)

The Company manages post-employment medical benefits, primarily in Mexico and Canada. The accounting method, assumptions and frequency of valuations are similar to those used for benefits defined in pension schemes.

Amounts recognized in the consolidated statement of financial position are determined as follows:

December 31,

	2024	2023	2022
Present value of the obligations	\$ 120,826	\$ 119,070	\$ 101,108
Fair value of plan assets	(29,775)	(29,204)	(26,804)
Net liabilities in the consolidated statement of financial position	\$ 91,051	\$ 89,866	\$ 74,304

The movement in the defined benefit obligation during the year was as follows:

	2024	2023	2022
As of January 1	\$ 119,070	\$ 101,108	\$ 106,226
Current service cost	7,556	6,689	7,360
Interest cost	4,022	5,457	2,867
Contributions from plan participants	24	28	25
Remeasurements:			
Actuarial remeasurements	11,407	3,216	(6,334)
Settlements	(2,109)	946	(2,290)
Benefits paid	(20,525)	(7,825)	(4,565)
Exchange differences	1,381	9,451	(2,181)
As of December 31	\$ 120,826	\$ 119,070	\$ 101,108

The movement in the fair value of plan assets for the year was as follows:

	2024	2023	2022
As of January 1	\$ (29,204)	\$ (26,804)	\$ (35,611)
Interest income	(1,062)	(1,129)	(1,114)
Remeasurements – return from plan assets, net	(974)	(1,230)	5,553
Exchange differences	(34)	(1,459)	3,800
Contributions from plan participants	(799)	(872)	(2,685)
Employee contributions	24	(28)	25
Benefits paid	2,274	2,318	3,228
As of December 31	\$ (29,775)	\$ (29,204)	\$ (26,804)

The primary actuarial assumptions were as follows:

	December 31,		
	2024	2023	2022
Mexico:			
Inflation rate	4.21%	4.66%	7.82%
Wage increase rate	6.00%	5.50%	5.00%
Future wage increase	3.75%	5.50%	3.50%
Medical inflation rate	7.00%	7.00%	7.00%
Discount rate:			
Mexico	10.50%	9.75%	9.25%
Canada	4.65%	4.62%	5.14%
Austria	4.25%	4.45%	4.00%
United States	5.15%	5.50%	5.10%
Germany	3.62%	3.68%	3.15%
Poland	5.30%	5.20%	6.70%

The sensitivity analysis of the main assumptions for defined benefit obligations discount rate were as follows:

	Impact on defined benefit obligations		
	Change in assumptions	Increase in assumptions	Decrease in assumptions
Discount rate	1%	\$ 4,335	\$ 23,732

Pension benefit assets

Plan assets are comprised of the following:

	2024	2023	2022
Equity instruments	\$ 5,330	\$ 8,387	\$ 7,706
Short and long-term fixed-income securities	24,445	20,817	19,098
	\$ 29,775	\$ 29,204	\$ 26,804

19. Stockholders’ equity

At December 31, 2024, 2023 and 2022, the fixed, capital stock of \$420,535, \$431,734 and \$433,816, respectively, was represented by 2,940,877, 3,037,820 and 3,054,812 thousand registered common shares, “Class I” of the Series “A”, without face value, fully subscribed and paid, respectively.

As of December 31, 2022, the shares were represented as follows:

Number of shares		
Stockholder	(In thousands)	Amount
Public investors	3,055,292	\$ 433,866
Repurchase of shares	(480)	(50)
Balances as of December 31, 2022	3,054,812	\$ 433,816
As of December 31, 2023, the shares were represented as follows:		
Public investors	3,054,812	\$ 433,816
Repurchase of shares	(16,992)	(2,082)
Balances as of December 31, 2023	3,037,820	\$ 431,734
As of December 31, 2024, the shares were represented as follows:		
Public investors	3,037,820	\$ 431,734
Repurchase of shares	(96,943)	(11,199)
Balances as of December 31, 2024	2,940,877	\$ 420,535

The movement in outstanding shares for the year was as follows:

Number of shares (In thousands)	
Shares as of January 1, 2022	3,055,292
Repurchase of shares	(480)
Shares as of December 31, 2022	3,054,812
Repurchase of shares	(16,992)
Shares as of December 31, 2023	3,037,820
Repurchase of shares	(96,943)
Shares as of December 31, 2024	2,940,877

The profit for the period is subject to the legal provision requiring at least 5% of the profit for each period to be set aside to increase the legal reserve until it reaches an amount equivalent to 20% of the capital stock. As of December 31, 2024, 2023 and 2022, the legal reserve amounted to \$61,992 (MXN 1,256,471), \$73,766 (MXN 1,246,171), and \$61,351 (MXN 1,187,853), respectively, which is included in retained earnings.

Dividends paid are not subject to ISR tax if paid from Net Tax Profit Account (“CUFIN”, for its acronym in Spanish). Any dividends paid in excess of this account will cause a tax equivalent to 42.86% if they are paid in 2024. This tax is payable by the Company and may be credited against its income tax in the same year or the following two years or, if applicable, against the flat tax of the period. Dividends paid from profits, which have previously paid income tax are not subject to tax withholding or to any additional tax payment. As of December 31, 2024, the tax value of the consolidated CUFIN and value of the Capital Contribution Account (“CUCA”) amounted to \$1,457,737 (MXN 29,545,856) and \$536,117 (MXN 10,866,183), respectively.

The incentive is applicable provided that such dividends or profits were generated in 2014, 2015 and 2016 and are reinvested in the legal entity that generated such profits, and consists of a tax credit equal to the amount obtained by applying the dividend or profits distributed, which corresponds to the year in which such amounts are distributed as follows:

Year of distribution of dividend or profit	Percentage of application to the amount of dividend or profit distributed.
2022	5%
2023	5%
2024 onwards	5%

The tax credit will be used against the additional 10% income tax that the Company must withhold and pay.

To apply the tax credit, the Company must meet the following requirements:

- Must identify in its accounting records the corresponding records to the profits or dividends generated in 2014, 2015 and 2016 and the respective distributions.
- Present in the notes to the consolidated financial statements information for the period in which profits were generated, dividends that were reinvested or distributed.

Entities distributing dividends or profits in respect of shares placed among the investing public should inform brokerage firms, credit institutions, investment firms, the people who carry out the distribution of shares of investment companies, or any other intermediary, the necessary details for these brokers to be able to make the corresponding withholding. For the years ended December 31, 2024, 2023 and 2022, the Company generated taxable income of \$25,049, \$4,373 and \$50,591, respectively, which may be subject to this withholding.

In the case of a capital reduction, Mexican tax law establishes that any excess of stockholders' equity over capital contributions be given the same tax treatment as applicable to dividends.

20. Share-based payments

The Company has a compensation plan relating to the value of its shares for senior executives of Nemak and its subsidiaries. According to the terms of the plan, eligible executives will receive a cash payment conditional on the achievement of certain quantitative and qualitative metrics based on the following financial measures:

- Improved share price
- Improvement in net income
- Tenure of the executives in the Company

The bonus will be paid in cash over the next five years, i.e. 20% each year based on the average price per share for the month of December of each year. The average share's price considered for the compensation's measurement in U.S. dollars in 2024, 2023 and 2022 was \$0.11 (MXN 2.32), \$0.25 (MXN 4.19) and \$0.3 (MXN 5.78), the measurement is considered to be within level 1 of the fair value hierarchy.

Short and long-term liability are included in Other liabilities (Note 17) and are integrated as follows:

December 31,			
	2024	2023	2022
Short-term	\$ 373	\$ 775	\$ 890
Long-term	983	1,907	2,007
Total carrying amount	\$ 1,356	\$ 2,682	\$ 2,897

21. Expenses classified by nature

The total cost of sales and administrative and sales expenses, classified by nature, were as follows:

December 31,			
	2024	2023	2022
Raw materials	\$ (2,057,701)	\$ (2,156,650)	\$ (2,218,264)
Maquila (production outsourcing)	(301,881)	(316,057)	(275,668)
Employee benefit expenses (Note 24)	(1,077,313)	(1,043,245)	(848,878)
Personnel expenses	(3,308)	(5,972)	(4,508)
Maintenance	(257,917)	(245,537)	(213,125)
Depreciation and amortization	(383,583)	(369,966)	(319,503)
Freight charges	(45,154)	(47,221)	(26,689)
Advertising expenses	(529)	(780)	(586)
Consumption of energy and fuel	(222,240)	(296,903)	(272,964)
Travel expenses	(8,518)	(11,030)	(9,169)
Operating leases	(16,701)	(16,749)	(12,670)
Technical assistance, professional fees and administrative services	(114,363)	(129,667)	(108,803)
Other	(188,876)	(160,691)	(143,663)
Total	\$ (4,678,084)	\$ (4,800,468)	\$ (4,454,490)

22. Other (expenses) income, net

	2024	2023	2022
Gain on sale of property, plant, and equipment ⁽¹⁾	\$ 1,386	\$ 11,330	\$ 222
Impairment of property, plant, and equipment (Note 27)	(103,790)	(31,568)	(36,117)
Other income	19,106	3,950	9,925
Total other (expenses) income, net	\$ (83,298)	\$ (16,288)	\$ (25,970)

⁽¹⁾ For the year ended as of December 31, 2023, the gain on sale of property, plant and equipment corresponds mainly to the sale of building of the subsidiary Nemak of Canada Corporation

23. Financial results, net

	2024	2023	2022
Financial income:			
Interest income in short-term bank deposits	\$ 4,559	\$ 5,116	\$ 1,722
Financial income with related parties (Note 26)	406	507	341
Other financial income ⁽¹⁾	21,716	1,776	3,652
Total financial income	\$ 26,681	\$ 7,399	\$ 5,715
Financial expenses:			
Interest expense on bank loans ⁽³⁾	\$ (108,372)	\$ (84,911)	\$ (55,409)
Other financial expenses ⁽²⁾	(48,489)	(43,959)	(19,356)
Total financial expense	\$ (156,861)	\$ (128,870)	\$ (74,765)
Exchange fluctuation gain (loss), net:			
Exchange fluctuation gain	\$ 322,764	\$ 112,851	\$ 224,706
Exchange fluctuation loss	(285,373)	(169,228)	(234,493)
Total exchange fluctuation gain (loss), net	\$ 37,391	\$ (56,377)	\$ (9,787)
Financial results, net	\$ (92,789)	\$ (177,848)	\$ (78,837)

⁽¹⁾ It includes interest on plan assets (Note 18) and other items.

⁽²⁾ It includes the financial cost of employee benefits (Note 18).

24. Employee benefit expenses

	2024	2023	2022
Salaries, wages and benefits	\$ 906,438	\$ 890,828	\$ 716,656
Contributions to social security	152,003	142,075	112,314
Employee pension benefits (Note 18)	7,556	6,689	7,360
Other contributions	11,316	3,653	12,548
Total	\$ 1,077,313	\$ 1,043,245	\$ 848,878

Holiday Labor Reform

On December 27, 2022, the amendments of the articles 76 and 78 of the Federal Labor Law (“LFT”, by its acronym in Spanish) were published in Mexico and is effective as of January 1, 2023. The amendments resulting from this labor reform consider the increase in the minimum annual vacation period for workers with more than one year of service.

The Company evaluated the accounting impacts generated by this labor reform and determined that the increases in the vacation and vacation premium provision, as a result of the increase of vacation days, were not significant as of December 31, 2024, 2023 and 2022.

25. Income taxes

The Company is subject to income tax, whose rate is 30% in Mexico. The statutory income tax rates applicable to the main foreign subsidiaries were as follows:

	2024	2023	2022
Germany	30%	30%	30%
Austria	23%	24%	25%
Brazil	34%	34%	34%
China	25%	25%	25%
Spain	24%	24%	24%
Slovakia	21%	21%	21%
United State of America	21%	21%	21%
Hungary	9%	9%	9%
Poland	19%	19%	19%
Turkey	25%	20%	23%

a) Income tax recognized in the consolidated statements of income:

	2024	2023	2022
Current tax	\$ (23,261)	\$ (75,304)	\$ (62,496)
Deferred tax	(7,040)	78,437	6,000
Income tax expensed	\$ (30,301)	\$ 3,133	\$ (56,496)

The Company adopted in 2023 the amendments to IAS 12, Income Taxes, applicable to income taxes arising from tax laws enacted or substantially enacted to implement the Pillar Two model rules published by the Organization for Economic Cooperation and Development (“OECD”), including tax laws implementing qualified national minimum taxes described in those standards.

The Company continues to apply the temporary exception to the accounting requirements for deferred taxes in IAS 12, so the Company does not recognize or disclose information about deferred tax assets and liabilities related to Pillar Two model income taxes.

The Company does not estimate material effects; however it will continue to evaluate the impact of the Pillar Two model income tax legislation on its future financial performance.

b) The reconciliation between the statutory and effective income tax rates was as follows:

	2024	2023	2022
Income before taxes	\$ 55,350	\$ 1,240	\$ 107,087
Equity in losses of associates recognized through the equity method	(2,865)	(2,486)	508
Income (loss) before interests in associates	52,485	(1,246)	107,595
Statutory rate	30%	30%	30%
Taxes at statutory rate	(15,746)	374	(32,279)
(Add) less tax effect on:			
Inflation adjustments	(7,423)	(4,826)	(34,417)
Non-deductible expenses	(19,613)	(23,255)	4,099
Non-taxable exchange effects	(1,970)	18,299	3,658
Other	14,451	12,541	2,443
Total income tax expense	\$ (30,301)	\$ 3,133	\$ (56,496)
Effective rate	58%	251%	53%

c) The detail of the deferred income tax asset and liability is as follows:

December 31,

	2024	2023	2022
Inventories	\$ (1,730)	\$ 1,044	\$ -
Property, plant and equipment	(44,675)	78,234	(7,539)
Intangible assets	(36,846)	(34,337)	(8,549)
Provisions	54,863	48,528	10,226
Tax loss carryforwards	34,324	(2,674)	1,783
Other temporary differences, net	51,864	3,378	29,705
Deferred tax asset	\$ 57,800	\$ 94,173	\$ 25,626
Inventories	\$ 296	\$ (516)	\$ 210
Property, plant and equipment	(69,901)	(130,120)	(96,722)
Intangible assets	(12,811)	(32,528)	(24,799)
Provisions	42,318	44,652	77,267
Tax loss carryforwards	494	3,184	24,069
Other temporary differences, net	(28,319)	11,760	(93,250)
Deferred tax liability	\$ (67,923)	\$ (103,568)	\$ (113,225)

Tax losses as of December 31, 2024 expire in the following years:

Expiration year	Amount
2025	\$ 12,630
2026	11,382
2027	-
2028	14,182
2029 and thereafter	5,545
No maturity	296,602
	\$ 340,341

Additionally, as of December 31, 2024, the Company holds tax loss carryforwards of \$224,280 and has decided to reserve the total amount.

d) The tax charge/(credit) related to comprehensive (loss) income is as follows:

	2024			2023			2022		
	Before taxes	Tax charged/(credited)	After taxes	Before taxes	Tax charged/(credited)	After taxes	Before taxes	Tax charged/(credited)	After taxes
Translation effect of foreign entities	\$ (104,451)	\$ -	\$(104,451)	\$ 38,489	\$ -	\$ 38,489	\$(48,784)	\$ -	\$(48,784)
Remeasurements of obligations for employee benefits	(3,344)	945	(2,399)	(3,111)	777	(2,334)	589	(102)	487
Derivative financial instruments designated as cash flow hedges	1,766	(507)	1,259	2,942	(855)	2,087	(4,044)	1,171	(2,873)
Other comprehensive (loss) income items	\$ (106,029)	\$ 438	\$ (105,591)	\$ 38,320	\$ (78)	\$ 38,242	\$ (52,239)	\$ 1,069	\$ (51,170)

26. Transactions with related parties

Transactions with related parties during the years ended December 31, 2024, 2023 and 2022, which were carried out at market values, were as follows:

	2024	2023	2022
Interest revenue:			
Alfa	\$ 318	\$ 388	\$ 218
Associates	88	119	123
Other revenue:			
Associates	18,982	17,541	20,932
Affiliates	889	863	845
Total	\$ 20,277	\$ 18,911	\$ 22,118

Administrative services expenses:

	2024	2023	2022
Administrative services expenses:			
Alfa	\$ 9,324	\$ 11,074	\$ 9,208
Affiliates	2,898	2,960	2,660
Associates	13	-	-
Other expenses:			
Affiliates	2,620	1,687	1,160
Total	\$ 14,855	\$ 15,721	\$ 13,028

For the years ended December 31, 2024, 2023 and 2022, wages and benefits received by senior management of the Company were \$8,403, \$9,400, and \$7,801, respectively, an amount comprising base salary and other benefits associated with the Company’s share-based payment plans.

As of December 31, 2024, 2023, and 2022, the balances with related parties are as follows:

December 31, 2024
Loans with related parties

	Accounts receivable	Capital and Interest	Currency	Maturity date MM/DD/YYYY	Interest rate	Accounts payable
ALFA	\$ -	\$ 4,920	MXN	12/31/2025	12.10%	\$ 6,333
Associates	2,734	2,061	EUR	08/03/2025	4.35%	1,170
Affiliates	257	7	MXN			749
Total	\$ 2,991	\$ 6,988				\$ 8,252

December 31, 2023
Loans with related parties

	Accounts receivable	Capital and Interest	Currency	Maturity date MM/DD/YYYY	Interest rate	Accounts payable
ALFA	\$ -	\$ 5,565	MXN	12/31/2024	12.50%	\$ 4,706
Associates	3,112	2,242	EUR	08/03/2025	4.25%	784
Affiliates	339	65	MXN			-
Total	\$ 3,451	\$ 7,872				\$ 5,490

December 31, 2022
Loans with related parties

	Accounts receivable	Capital and Interest	Currency	Maturity date MM/DD/YYYY	Interest rate	Accounts payable
ALFA	\$ -	\$ 4,501	MXN	12/31/2023	11.50%	\$ 3,950
Associates	3,229	2,155	EUR	08/03/2023	4.25%	1,488
Affiliates	409	2	MXN			63
Total	\$ 3,638	\$ 6,658				\$ 5,501

27. Segment financial information

Segment information is presented consistently with the internal reporting provided to the chief executive officer who is the highest authority in operational decision-making, resource allocation and assessment of operating segment performance.

The Company manages and evaluates its operation through its primary operating segments, which are:

- North America, in which Mexican and United States operations are grouped.
- Europe operations include the plants in Germany, Spain, Hungary, Czech Republic, Austria, Poland, Slovakia, and Turkey.
- Operating segments that do not meet the threshold established by the standard itself to be reported separately, such as Asia (including plants in China and India), South America (including plants in Brazil and Argentina), and other less significant operations, are added and shown under the “rest of the world”.

Transactions between operating segments are performed at market value and the accounting policies with which the financial information by segments is prepared are consistent with those described in Note 3.

The Company evaluates the performance of each of the operating segments based on income before financial results, income taxes, depreciation and amortization (“EBITDA”), considering that this indicator is a good metric to evaluate operating performance and the ability to meet principal and interest obligations with respect to indebtedness, and the ability to fund capital expenditures and working capital requirements. Nevertheless, EBITDA is not a measure of financial performance under IFRS and should not be considered as an alternative to net income as a measure of operating performance or cash flows as a measure of liquidity.

The Company has defined the Adjusted EBITDA by also adjusting for the impacts of asset impairment.

Below is the condensed financial information on these operating segments as of and for the years ended December 31, 2024, 2023 and 2022:

For the year ended December 31, 2024

	North America	Europe	Rest of the world	Eliminations	Total
Statement of income					
Income by segment	\$ 2,610,290	\$ 1,756,181	\$ 633,642	\$ (93,457)	\$ 4,906,656
Inter-segment income	(29,363)	(62,771)	(1,323)	93,457	-
Income from external customers	\$ 2,580,927	\$ 1,693,410	\$ 632,319	\$ -	\$ 4,906,656
EBITDA					
Operating income	\$ 71,442	\$ 28,325	\$ 45,507	\$ -	\$ 145,274
Depreciation and amortization	225,731	124,895	32,957	-	383,583
Impairment ⁽¹⁾	30,651	71,136	2,003	-	103,790
Adjusted EBITDA	\$ 327,824	\$ 224,356	\$ 80,467	\$ -	\$ 632,647
Capital investments (Capex and intangibles)	\$ 201,081	\$ 132,766	\$ 27,072	\$ -	\$ 360,919

⁽¹⁾ As part of a strategic adjustment in its operations during 2024, the Company decided to postpone the launch of its new production facilities, originally intended to support the production of battery housings for fully electric vehicles. Nemak recognized an impairment charge of \$69,866, \$18,733, \$11,918 and \$3,273 in the operations in Germany, the United States, Mexico and other countries, respectively.

For the year ended December 31, 2023

	North America	Europe	Rest of the world	Eliminations	Total
Statement of income					
Income by segment	\$ 2,736,969	\$ 1,764,320	\$ 578,668	\$ (86,599)	\$ 4,993,358
Inter-segment income	(23,281)	(62,314)	(1,004)	86,599	-
Income from external customers	\$ 2,713,688	\$ 1,702,006	\$ 577,664	\$ -	\$ 4,993,358
EBITDA					
Operating income	\$ 64,814	\$ 69,968	\$ 41,820	\$ -	\$ 176,602
Depreciation and amortization	228,346	113,409	28,211	-	369,966
Impairment	6,073	25,495	-	-	31,568
Adjusted EBITDA	\$ 299,233	\$ 208,872	\$ 70,031	\$ -	\$ 578,136
Capital investments (Capex and intangibles)	\$ 316,089	\$ 200,857	\$ 23,695	\$ -	\$ 540,641

For the year ended December 31, 2022

	North America	Europe	Rest of the world	Eliminations	Total
Statement of income					
Income by segment	\$ 2,614,396	\$ 1,574,639	\$ 563,654	\$ (85,797)	\$ 4,666,892
Inter-segment income	(25,555)	(59,742)	(500)	85,797	-
Income from external customers	\$ 2,588,841	\$ 1,514,897	\$ 563,154	\$ -	\$ 4,666,892
EBITDA					
Operating income	\$ 125,404	\$ 72,192	\$ (11,164)	\$ -	\$ 186,432
Depreciation and amortization	183,158	105,660	30,685	-	319,503
Impairment	2,971	11,852	21,294	-	36,117
Adjusted EBITDA	\$ 311,533	\$ 189,704	\$ 40,815	\$ -	\$ 542,052
Capital investments (Capex and intangibles)	\$ 298,135	\$ 125,804	\$ 40,370	\$ -	\$ 464,309

The reconciliation between “Adjusted EBITDA” and income before tax is as follows:

	2024	2023	2022
Adjusted EBITDA	\$ 632,647	\$ 578,136	\$ 542,052
Depreciation and amortization	(383,583)	(369,966)	(319,503)
Impairment	(103,790)	(31,568)	(36,117)
Operating income	145,274	176,602	186,432
Financial results, net	(92,789)	(177,848)	(78,837)
Equity in associates	2,865	2,486	(508)
Income before taxes	\$ 55,350	\$ 1,240	\$ 107,087

For the year ended December 31, 2024

	Property, plant and equipment, net	Goodwill	Intangible assets and right of use
North America	\$ 1,703,088	\$ 106,812	\$ 145,036
Europe	918,936	172,379	111,267
Rest of the World	192,188	-	25,521
Total	\$ 2,814,212	\$ 279,191	\$ 281,824

For the year ended December 31, 2023

	Property, plant and equipment, net	Goodwill	Intangible assets and right of use
North America	\$ 1,646,128	\$ 106,812	\$ 183,927
Europe	1,014,421	183,950	140,098
Rest of the World	207,269	-	33,067
Total	\$ 2,867,818	\$ 290,762	\$ 357,092

For the year ended December 31, 2022

	Property, plant and equipment, net	Goodwill	Intangible assets and right of use
North America	\$ 1,486,474	\$ 106,830	\$ 181,809
Europe	937,615	177,581	143,795
Rest of the World	206,871	-	36,684
Total	\$ 2,630,960	\$ 284,411	\$ 362,288

Nemak’s clients are automotive companies, known as OEMs, some of them consolidate into major automotive groups. The Company has the following global clients whose transactions represent more than 10% of the consolidated sales: Ford 28%, 24%, and 24%, General Motors 15%, 15%, and 18%, Stellantis 10%, 10%, and 11% and Volkswagen Group 11%, 13% and 12%, each in 2024, 2023 and 2022, respectively.

28. Commitments and contingencies

In the normal course of its business, the Company is involved in disputes and litigation. While the outcomes of these disputes cannot be predicted, as of December 31, 2024, the Company does not believe that there are any current or threatened actions, claims or legal proceedings against it or affecting the Company that, if determined adversely to the Company, would significantly damage its individual or overall results of operations and/or financial position.

As of December 31, 2023 and 2022, the Company had the following contingency:

Nemak México, S.A. received a claim from the Canada Revenue Agency (“CRA”) for a tax credit for approximately \$77,800 (including interest) related to alleged Goods and Services Tax (“GST”) and the Harmonized Sales Tax (“HST”) liabilities on certain assets delivered in Canada. However, the Company disputed the claim before the CRA’s Audit Division arguing that its clients in Canada acted as importers and that the deliveries occurred outside Canadian territory. As of December 31, 2024, the contingency with the CRA has been resolved favorably for Nemak, and it is no longer an active contingency.

As of December 31, 2024, the Company had the following contingency:

The Brazilian Federal Tax Authority issued a notice stating that Nemak Alumínio do Brasil Ltda. Made incorrect deductions of costs (fictitious purchases of aluminum) for the calculation of income tax and improperly claimed value-added tax credits for \$60,000. At the request of the Tax Authority, the Company provided all supporting documentation to prove that the transactions are legitimate and in compliance with the law. The procedure is still in the administrative phase and the Company has already submitted its response. Nemak, together with its legal advisors, believes the case will conclude favorably, and therefore, no provision has been recognized in its statement of financial position.

29. Subsequent events

In preparing the consolidated financial statements the Company has evaluated the events and transactions for recognition or disclosure subsequent to December 31, 2024, and through January 31, 2025, (issuance date of the consolidated financial statements), and has concluded that there are no subsequent events that require recognition or disclosure.

30. Authorization to issue the consolidated financial statements

The issuance of the consolidated financial statements was authorized on January 31, 2025, by Armando Tamez Martínez, as Chief Executive Officer and Alberto Sada Medina, as Chief Financial Officer.

These consolidated financial statements are subject to the approval of the Company’s shareholders’ meeting.

For more information visit us at

<http://www.nemak.com>

<http://investors.nemak.com>



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Investor Relations

investor@nemak.com
Libramiento Arco Vial Km 3.8,
García N.L., 66017, México
+52 (81) 8748-5200

Media Relations

inquiries@nemak.com
Libramiento Arco Vial Km 3.8,
García N.L., 66017, México
+52 (81) 8748-5200

Independent Auditor

Galaz, Yamazaki, Ruiz Urquiza, S.C.
Affiliated of a Member Firm of Deloitte Touche
Tohmatsu Limited
Av. Juárez 1102, Piso 40
Col. Centro
Monterrey, Nuevo León
C.P. 64000, México

Stock exchange and ticker

Nemak S.A.B. de C.V.

Trades on the Mexican Stock Exchange under
the ticker "Nemak"



