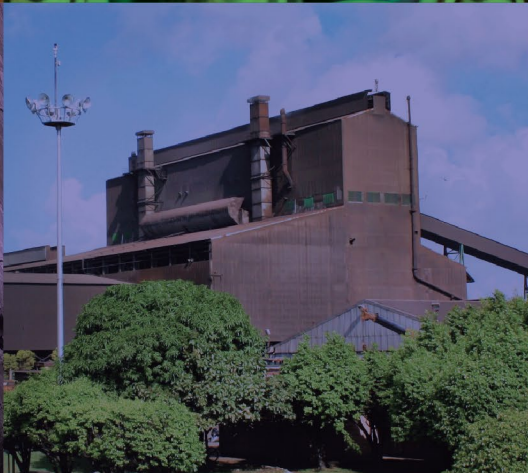
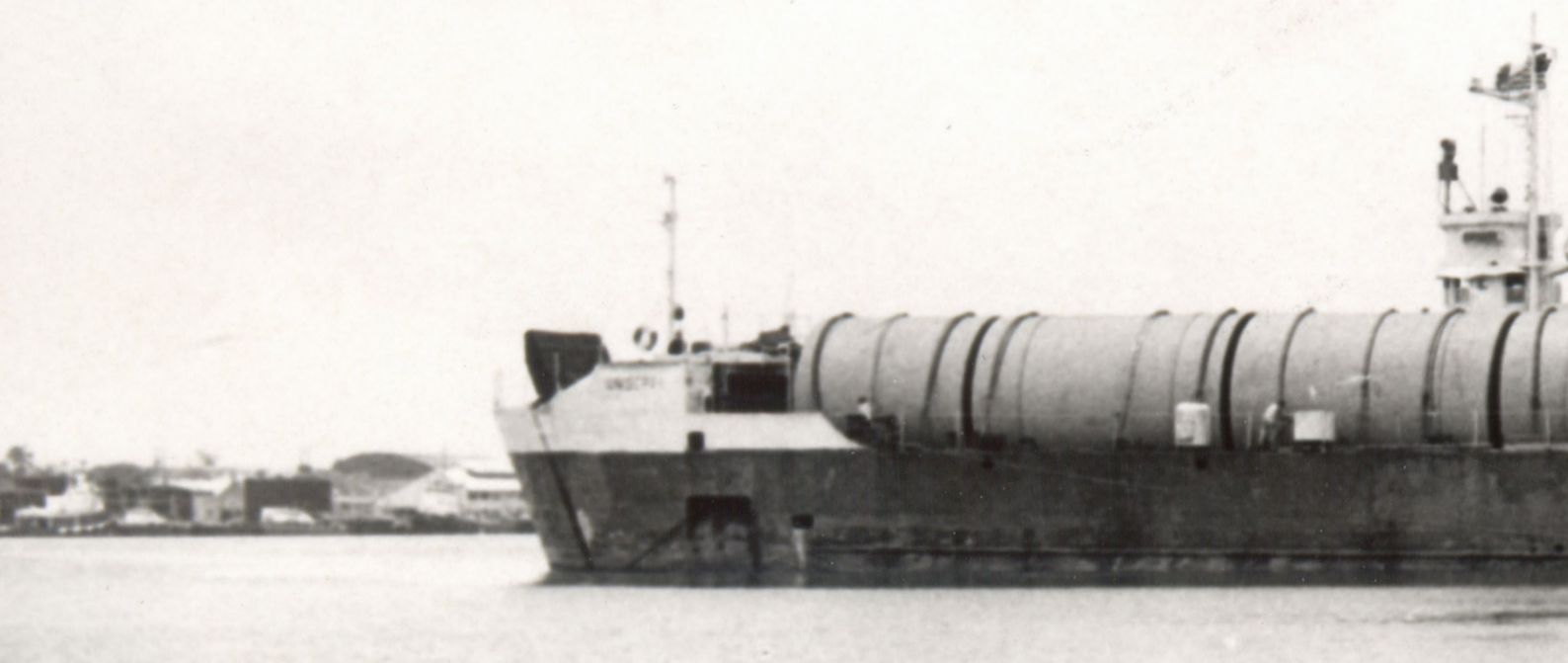




ANNUAL REPORT 2023

DRIVING TOMORROW'S RESOURCES





1953

Founding of the company in 1953, dedicated to exploit a manganese mine in San Francisco, in the municipality of Autlán, in the state of Jalisco. Pioneering as the first mining enterprise in the country managed by Mexicans.

1960

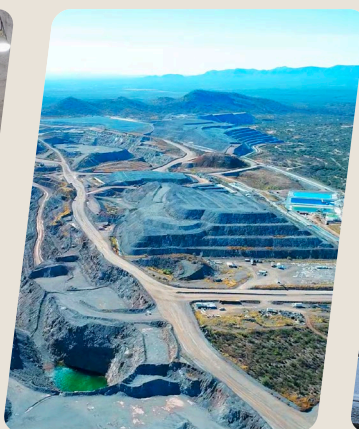
Exploration and exploitation activities in the Molango Manganese District in the state of Hidalgo began, with the Molango and Nonoalco units. All company operations were consolidated in the state of Hidalgo.

1970

Strategic acquisition of Ferroaleaciones Teziutlán S.A. de C.V. in the state of Puebla and inauguration of the Tamós Ferroalloy Plant, in the state of Veracruz.

1990

Transitioning to the private sector. Autlán initiated operations at the Gómez Palacio Ferroalloy Plant, Durango, consolidating the presence of Autlán as the nation's leader in ferroalloys. Autlán achieved ISO 9001 certification across all facilities and embarked on exploration activities at the Naopa mining unit in Hidalgo.



2011

Autlán took control of CEM, marking the establishment of the Energy Division, a strategic move to achieve profitability and sustained growth.

2018

Autlán acquired full ownership of Metallorum Holding, aligning with its strategic growth objectives in the precious metals mining sector.

2020

The company expanded its global footprint by acquiring an important plant in the Basque Country, Spain, that produces electrolytic manganese dioxide (EMD), forming the Autlán EMD unit. Autlán established its business units as: Autlán Manganese, Autlán Metallorum, Autlán Energy, and Autlán EMD.

2023

Autlán's 70th anniversary. Autlán's Molango Unit and Tamós Plant were honored with the prestigious Silver Helmet Award. Recognized for the fourth consecutive year with the Ethics and Values in the Industry Award. Autlán has proudly earned the ESR distinctive for 14 consecutive years.



Innovation & Leadership *to cement the future*

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Message from the CEO



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Operations



Managerial Efficiency



Financial Results



Sustainability & Communities



Corporate Governance



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ANNIVERSARY

Financial Performance

Millions of US dollars

December 31st

P & L	2022	2023
Net sales	624.2	365.4
Operating income	73.8	14.1
Operating margin	11.8%	-3.9%
Net revenues (loss)	27.7	-39.0
Net margin	4.4%	-10.7%
EBITDA*	214.2	34.4
EBITDA margin	34.3%	9.4%

*Operating Income + Depreciation and Amortization.

BALANCE	2022	2023
Current assets	375.7	282.8
Total assets	820.3	725.9
Debt with cost	203.9	214.1
Net debt	87.2	137.1
Total liabilities	467.9	435.3
Stockholders' equity	352.4	290.6
Total liabilities and equity	820.3	725.9

MESSAGE FROM THE CHAIRMAN OF THE BOARD

Without doubt, 2023 presented more complexities than expected. However, Autlán has consistently demonstrated its ability to overcome the diverse challenges of the market, emerging as a stronger organization committed to improving our operations in both Mexico and the Basque Country.

During the year, the adverse effects of several factors beyond the company's control demanded greater creativity and innovative solutions from each of us in our respective roles.

Among these factors, I would like to emphasize the substantial decline in the international prices of our commodities, the rise in cost of a number of inputs, the slowdown in crude steel production, lower demand worldwide, the appreciation of the Mexican peso and a global manganese oversupply, to name just a few, presenting deep challenges for the company.

Autlán is not an isolated case, as world markets in general experienced a complex scenario in many aspects during 2023. As anticipated, the global economy performed less favorably compared to previous years, and several market analysts forecast a further decline in 2024.

Thus, major economies such as China, the US and Europe faced formidable hurdles of different magnitudes and natures during the year. In particular, the economic slowdown that China experienced in 2023 had a negative effect on many commodities, including ferroalloys, manganese ore and EMD.

Additionally, emerging nations such as India are beginning to play a more prominent role that will undoubtedly reshape the economic and trade forces of the steel and ferroalloy industries.

“

The coincidence of several adverse factors demanded greater creativity and effort from each of us.





The resilience of Autlán's people has been pivotal in order to maximize benefits.

In Mexico, we witnessed the collapse of crude steel production mainly due to the shutdown of an important steel company, as well as reduced activity in several steel-consuming sectors. This had a negative impact on Autlán's sales volumes and revenues during 2023, which, coupled with aggressive ferroalloy import prices and adverse macroeconomic conditions, left us with numerous lessons learned during the year.

Despite the difficulties described above, the resilience of Autlán's people has been pivotal in maximizing benefits and reducing risks. Fortunately, we have an excellent team of collaborators who have fully embraced three key elements that are part of Autlán's DNA to overcome adversity: discipline, efficiency and effectiveness.

The future is uncertain, but we must not forget that the manganese industry is cyclical, so periods of difficulty are not permanent. Autlán is always ready to react quickly to market junctures with the aim of making the company a successful and consolidated entity.

As we go forward, we will capitalize on the expansion plans of several Mexican steel mills which will counterbalance crude steel production reduction. In fact, there are well-founded expectations that there will be a recovery in national crude steel production over time, benefitting the demand and prices of the products that Autlán markets. Moreover, we envision opportunities for manganese in the electric mobility industry in the future.

Given the current global outlook, we view the coming years with realistic optimism. For this reason, Autlán will continue to prepare itself to remain the best manganese and ferroalloy supply option, not only in Mexico, but also beyond our borders. In this regard, we must bear in mind that, in 2024, there will be changes in the executive power of our country and also presidential elections in the US, which will be of great relevance to all industrial sectors.

Finally, I can only express my gratitude for the dedication and commitment of all Autlán employees and urge them once again to do their best to continue to overcome the market challenges. I also want to reiterate my sincere thanks to our customers, suppliers, communities and shareholders for the trust they placed in Autlán during 2023.

José A. Rivero

Chairman of the Board of Directors



**Autlán
Manganese**



**Autlán
EMD**



**Autlán
Energy**



**Autlán
Metallorum**

MESSAGE FROM THE CEO

Autlán's story began on October 5, 1953, with a crucial goal: to lead the Mexicanization of the nation's mining sector. Since then, we have worked consistently on our mission to deliver exceptional products and services across the entire value chain, and have become a significant player in the steel sector, prioritizing national production over imports dependence. Moreover, we firmly believe that true business success incorporates an awareness of environmental impact.

Over seven decades, Autlán has evolved into a world-class organization, ensuring high standards of competitiveness and operational excellence, while fostering social responsibility and employee welfare.

Additionally, we have become an important source of job generation, particularly within our local communities, and a significant contributor to the economies of nine Mexican states and the Basque Country.

Completing 70 years as Mexico's manganese industry leader has inevitably come with challenges, but Autlán's resilience is solid evidence of our adaptability, driven by the unity, creativity and tenacity of our employees. Thus, despite economic, political and market hurdles, we have thrived, recognizing the important role of our work teams in overcoming every obstacle.

In 2023, we faced a challenging outlook nationally and internationally. Global ferroalloy and manganese ore prices dipped from their 2022 peaks, and reduced steel production in Mexico and pandemic-driven inventory surges dampened the demand for our products.





In addition, reduced rainfall at our Hydroelectric Power Plant, coupled with energy cost spikes, high inflation and unprecedented exchange rate volatility, posed further challenges.

These factors severely impacted our financial and operational performance. With regard to net sales and EBITDA: the company's revenues amounted to US\$365.4 million dollars, representing a net loss of US\$39.0 million dollars compared to the financial results of 2022, while EBITDA was US\$34.4 million dollars, a significant decrease of 84% year-on-year.

While the above results reflect the challenging environment, I am proud to state that Autlán had the honor of receiving diverse awards during the year, reaffirming our mission to maintain virtuous practices for the betterment of society. For instance, the Molango Unit and the Tamós Plant received the Silver Helmet Award from CAMIMEX for their excellent industrial safety standards; the Naopa Unit celebrated 365 accident-free days; and, in March, the Gómez Palacio Plant achieved 550 days without accidents, surpassing the previous record of 405 days in 2011.

One of our main clients, DeAcero, recognized our excellent commercial service during the second edition of its "Suppliers Day" in September, and CONCAMIN awarded us the "Ethics and Values in Industry Award" and the "Outstanding Practices in Social Responsibility Award". Autlán also received the Socially Responsible Company designation for the fourteenth consecutive year. These distinctions underscore Autlán's commitment to transparency, ethics and service to all our stakeholders, thereby contributing to the sustainable development of Mexico.

Furthermore, two executives received important recognition for the quality of their work. Forbes magazine ranked our CFO as one of Mexico's best CFOs, and our director of government relations received the Ostotakani Award from the organization "Mundo Minero" for her contributions to Mexican mining.

Among other actions, I would like to highlight the historic record manganese carbonate production at the Naopa Open Pit, which surpassed the previous 2020 record, as well as the implementation of various improvement projects to maximize the operational efficiency of the Atexcaco Hydroelectric Power Plant, which faced severe drought throughout the year. Also, I wish to emphasize the efforts of the commercial team to meet our customers' needs in Mexico and abroad, despite the challenging environment, and the imposition of provisional duties on EMD from China, a country whose unfair competition has significantly affected the European market. We expect the outcome of the corresponding investigation during 2024.



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The Molango Unit and the Tamós Plant received the Silver Helmet Award for their excellent industrial safety standards.



Autlán is undergoing a transformation process that will move it towards new horizons. We have maintained a spirit of union that has always enabled us to overcome the challenges we have had to face.

Autlán is undergoing a transformation process that will move it towards new horizons. Aligned with our mission to promote tomorrow's resources sustainably, the Autlán Metallorum division achieved positive results in operational projects with its discovery of the "Buquibava deposit" and is currently in the process of quantifying its potential. Additionally, we successfully concluded technical tests to produce high-purity manganese sulfate, which will enable us to start up a pilot plant and test the great potential of our deposit in markets different from steel.

2024 presents a challenging environment, not only due to the macroeconomic trends we have already been monitoring and mitigating, but also because there are worries about abrupt changes in mining regulations in Mexico. Autlán has dedicated, and will continue to dedicate, efforts to promote the nobility of mining activities and the shared and widespread value they generate, as long as they are carried out with knowledge, environmental consciousness and dedication. Additionally, we will continue to engage in, and trigger, conversations with government authorities to generate a better understanding of our activities and their positive impact for the nation.

We are very proud of Autlán's great prestige, because the 70 years of history that we have built together is a story of countless efforts, from our operational units and plants in Mexico and the Basque Country, to our corporate offices. Despite being geographically dispersed, we have maintained a spirit of union that has always enabled us to overcome the challenges we have had to face. If we maintain this spirit of teamwork, I am convinced that 2024 and the subsequent years will be better for Autlán. With that in mind, let us move forward and build another 70 years of history together.

Pedro Rivero
CEO

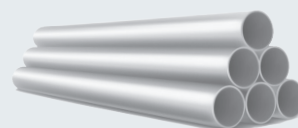
Economic Outlook

The 2023 economy was mainly marked by high inflation rates, geopolitical tensions and moderate economic performance in the major economies, to name but a few characteristics, all of which had an impact on global steel markets. In particular, the steel and manganese industries were significantly affected by great contrasts in production volumes, demand and prices across all continents.

Crude steel production data confirmed the generally negative trend, with few exceptions, such as India and a number of other countries. Thus, crude steel volumes showed a minimal 0.1% increase globally. The economy in China was affected by a lack of activity in the real estate sector, which impacted crude steel production, resulting in an annual decrease of 0.4% in steel output.

However, crude steel production in India increased 12%, while the US closed 2023 with a 1% increase year-on-year.

In Mexico, the closure of one of the country's main steel producers, which strongly restricted domestic supply, aggravated market fundamentals. Consequently, crude steel production fell 12% with respect to the previous year. In this context, consumption was also affected by the weak demand from steel consuming sectors.

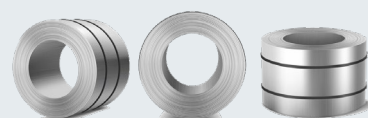


World Crude Steel Production

1,891

Million metric tonnes

Source: WSA

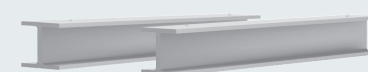


China Crude Steel Production 2023

1,015

Million metric tonnes

Source: WSA



Mexican Crude Steel Production 2023

16.2

Million metric tonnes

Source: CANACERO

\$

CHINA'S MANGANESE
ORE BENCHMARK
PRICES

4.82	JANUARY
5.42	FEBRUARY
6.00	MARCH
5.85	APRIL
5.40	MAY
5.00	JUNE
4.90	JULY
4.70	AUGUST
4.60	SEPTEMBER
4.55	OCTOBER
4.60	NOVEMBER
4.40	DECEMBER

SUS / MTU CIF
CHINA 46% Mn

SUS / MTU CIF
CHINA 44% Mn

Source: The Tex Report

During the year, the average prices of hot-rolled sheet decreased 10% compared to 2022. However, prices in the US market recovered in the second half of the year, mainly due to the limited supply.

With respect to manganese ore, after the downward trend in Chinese benchmark prices at the end of 2022, a slight rebound was observed during the first quarter of 2023. Despite this, downward pressures remained during the rest of the year, due to lower consumption by the steel industry and higher manganese inventories at Chinese ports. As a consequence, as of yearend 2023, manganese prices were 22% below the previous year. In this regard, it is important to note that the global benchmark for high-grade ore has declined from 46% to 44% manganese content, implying that the natural grade of the ore is decreasing.

Manganese ferroalloy prices remained at low levels for much of the year due to the lack of commercial activity in the US spot market, combined with aggressive competition from imported material at lower prices, mostly from Asian countries. These factors triggered an oversupply that exceeded demand levels. Thus, ferroalloy minimum prices decreased annually by more than 40%.

Similarly, throughout the year, EMD domestic prices in China trended downwards, due to lower domestic demand caused by the slowdown in the country's economy. As a result, 2023 alkaline EMD quotes in China fell 11% annually.

Operations

In the context of our 70th anniversary, we are proud to affirm that Autlán is solidly positioned as North America's primary producer of manganese ore, one of the few producers of electrolytic manganese dioxide in the Western world, and the largest producer of manganese ferroalloys in the American continent. Moreover, the company has diversified into the renewable energy industry, as well as precious metals. Consequently, our current business configuration encompasses the following units: Autlán Manganese, Autlán EMD, Autlán Energy and Autlán Metallorum.

Across the operational landscape of 2023, our organization faced the natural market cycles of the manganese industry. Despite the challenges, Autlán's resilience was pivotal and, with our talented team, we upheld our commitment to being a world-class organization, complying with all regulations, respecting the environment and being socially responsible towards our local communities.

A review of the company's operational results is presented below:

Manganese Mining

Our Manganese Mining Division, operating with new regulatory rules in the Mexican mining legislation, posted outstanding results. For example, the historic record production of manganese carbonate at the Naopa Unit, in Hidalgo, exceeding the previous 2020 record by 14%, is noteworthy. Additionally, the cost of our manganese nodules decreased in 2023, thanks to the optimization of mining at Naopa and the greater mechanical availability of the Nodulization Plant.

The Division implemented Lean Six Sigma methodology during the year, training more than 30 project leaders in order to grow the number of continuous improvement initiatives across all operational processes. The components of the new VAC-2 machine were installed in their totality; this technology will come into operation after the first furnace maintenance stoppage in 2024, enhancing energy efficiency. In addition, ore reserves increased by more than one million tons of manganese carbonates.

Two important milestones in the area of industrial safety were the Molango Unit obtaining the Silver Helmet award for its excellent safety indicators, including a low accident rate and the achievement of one more year without rock-fall accidents.



Historical record of manganese carbonate production in the Naopa Unit, exceeding the previous record obtained in 2020 by 14%.



Ferroalloys

Throughout 2023, Autlán's Ferroalloy Division faced a challenging market environment, putting the resilience and adaptability of our three plants to the test. These plants worked diligently to maintain operational activity at economically viable levels, in accordance with our business objectives.

In this context, sustained investments were made in the machinery of the Tamós Plant to anticipate and confront challenging scenarios with assets in optimal condition. Thanks to these efforts, all maintenance programs were carried out timely, reinforcing both primary and auxiliary equipment to provide certainty to our clients in a challenging profitability environment. Other equally important projects involve testing with different raw materials, seeking an appropriate balance between minimizing our environmental footprint and reducing operating costs.

As previously communicated, the Gómez Palacio Plant was temporarily idled due to decreased activity in the domestic and global steel sectors. Nevertheless, we updated the technology of Furnace 16, and fulfilled all other obligations regarding labor, environmental and social matters.

In terms of safety, the Tamós Plant reported the lowest accident rate in the last 20 years to IMSS (the Mexican Social Security Institute), received the Silver Helmet Award from CAMIMEX for the fifth time in its history, and continued to adhere to the Self-Management System of the Bureau of Labor and Social Welfare (PASST). The Teziutlán Plant achieved another year without accidents and participated in Civil Protection drills. Additionally, in July, the Gómez Palacio Plant completed 550 days without disabling accidents.



In the area of health, vaccination campaigns were conducted throughout the year. Specifically, the "PREVENIMSS" campaign was implemented for all personnel at the Teziutlán Plant, with the aim of promoting health awareness. In Tamós, the National Council for Standardization and Certification of Labor Competencies awarded the members of the Safety and Hygiene Commission with the "EC0391.91 labor competency standard" certification.

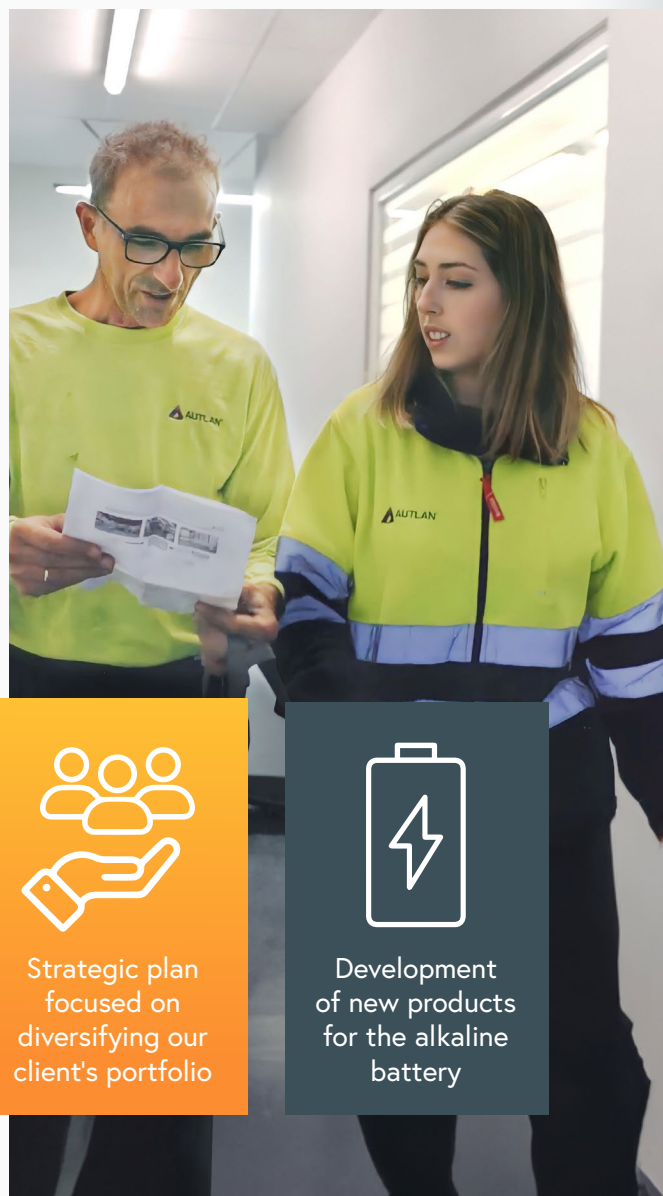
All three ferroalloy plants successfully obtained recertifications in ISO 9001, ISO 14001, and ISO 45001 standards. Notably, the Mexican Accreditation Entity (EMA) accredited the Tamós Plant as a testing laboratory and the Gómez Palacio Plant maintained its SiMn product certification.

EMD

2023 presented challenges in different areas of EMD operations. The EMD and alkaline batteries markets faced a complex environment which had an operational impact on the Oñati Plant, resulting in lower production. In addition, the high levels of raw-material and finished-product inventories exerted significant pressure on the results of the first half of the year. Consequently, efforts were made to enhance efficiency and reduce working capital.

To face the second half of the year, we implemented a renewed strategic plan focused on diversifying our portfolio, among other actions. In particular, we reinforced research, innovation and development, especially new product development for the alkaline battery market and new markets such as electric batteries, which are strongly linked to the world's electromobility plan through LMO (lithium-manganese oxide) batteries. Among the diversification actions carried out during the year, the supply of our standard EMD, the approval of standard EMD for new clients and the development of the new EMD HD are particularly noteworthy. Additionally, Autlán EMD strengthened its network of allies in order to develop LMOs for electric batteries.

The unit closed 2023 with a feeling of stability and confidence in the plant's recovery. For example, the increase in two of our main clients' product needs in the second half of the year led to a recovery in production compared to the first half. Looking ahead to 2024, specific agreements with clients, where competitive commercial conditions, stable energy cost forecasts and normalized cost levels are being negotiated, will enable us to exercise the budget efficiently. In addition, we will continue to deter China's unfair trading practices in Europe.



Strategic plan
focused on
diversifying our
client's portfolio



Development
of new products
for the alkaline
battery



Supply Chain

Throughout 2023, Autlán's entire supply chain operated in an economic context marked by weak global demand for raw materials, which affected the price of most crucial commodities. However, the price of certain minerals essential to our industry, such as coal and coke, remained high compared to that of others.

With regard to international logistics, the extreme drought in the Panama Canal reduced its capacity, enforced operational restrictions and prolonged transit times.



The Purchasing and Warehouse Departments maintained control and optimization of working capital.

This situation triggered an increase in rates for both bulk and container ships. Moreover, in the Middle East, due to the terrorist attacks on Red Sea shipping, it was crucial to avoid the Suez Canal. This caused delays and further increases in logistics costs. In Mexico, a surge in demand for services met a limited supply of transportation units, exacerbated by a shortage of operators. This combination not only resulted in increased logistics rates but also raised truck prices. Despite the challenges, we met our delivery objectives within established timelines, achieving an 11% reduction in material haulage compared to 2022.

In parallel, the Purchasing and Warehouse Departments controlled and optimized working capital (with close collaboration with suppliers crucial for this endeavor). For instance, expanding our supplier network -many SMEs- mitigated supply risks, which was important for controlling and optimizing capital. Opportunities for improvement were also identified, enhancing the management of slow-moving materials.

Furthermore, 26 construction projects were undertaken for the Mining, Ferroalloys and Energy Divisions. Notable projects included "Furnace 16" at the Gómez Palacio Plant, the "Naopa Road Stage 3+350 to 4+520 in Hidalgo" and the "Expansion of the Industrial Mechanical Repair Station at the Teziutlán Plant". Additionally, we laid the groundwork for 11 future projects.

Managerial Efficiency

11%

In 2023, there was an 11% reduction in material hauling compared to 2022.

Construction projects

26

Projects for the Mining, Ferroalloys, and Energy divisions.

IN THE MANGANESE MINING DIVISION, NEW MARKETS WERE EXPLORED FOR MANGANESE NODULES IN EUROPE.

Commercial

Manganese ferroalloy sales were affected by the significant decline in domestic steel production and some nations' unfair foreign trade practices that seriously harmed the Mexican steel industry.

With this backdrop of a year full of challenges, the Commercial Area remained committed to the entire satisfaction of clients in Mexico and abroad. Proof of this is the special recognition that the company "DeAcero", one of our main clients, gave us for our excellent customer service.

Among other actions, it is worth noting that we covered the US market effectively, such that, despite aggressive competition from India, ferroalloy sales to the United States grew.

The Manganese Mining Division explored new markets in Europe for its manganese nodules, while sales of the Noalco Unit grew thanks to the commercial strategy of positioning food-grade manganese dioxide in the Mexican market. In addition, the business unit began to commercialize ceramic-grade and battery-grade manganese dioxide in the US market.

The company's trading efforts were also significant in 2023, making it possible to diversify the product portfolio, both in local and international markets. This will enable us to capitalize on new opportunities and maintain our commitment to be the best supply option for manganese and other types of ferroalloys.

Energy

Faced with the lowest year of water resources, and therefore power generation, that has historically been recorded in the Division, correct energy management was crucial in 2023. Consequently, our Atexcaco Hydroelectric Power Plant reduced its downtime hours for corrective maintenance by 50% in order to optimize the available water.

Moreover, some operational improvements made during the year are remarkable, such as the redesign of mechanical components, and the introduction of ceramic coatings that decrease generation loss due to stoppages and better temperature monitoring mechanisms in certain strategic equipment.



DeAcero recognized our excellent commercial service.





In terms of social responsibility in Autlán Energy, we continued social programs such as Adopt a Tree, Trash with a Cause, Summer Camp and Health Fair.



Other achievements include: carrying out the first major maintenance of Generator 1; a rotor repair; and the automation of certain hydraulic-system gates and other system operations, enabling remote control.

In terms of social responsibility and the environment, we continued some mainstream programs, such as: "Adopt a Tree", which planted nearly 15 thousand trees in 2023; "Trash with a Cause", recycling polluting waste; the third edition of our summer camp, benefiting 80 children from neighboring communities; and the third edition of the "Health Fair", offering a wide variety of free medical services. The requests of PROFEPA (the Mexican environmental protection authority) were also attended to, and the power plant was given ISO 9001, ISO 14001 and ISO 45001 certifications.

At the corporate level, we signed a new clean energy contract to supply electricity to our ferroalloy plants at a competitive fixed price for four years, and put out a tender for new energy supply in order to ensure supply in the medium term. In addition, reinforcement works with "CFE Transmission" (the state-owned power company) for the project to increase supply at the Teziutlán Plant were completed and progress was made with the upgrading of measuring equipment at our ferroalloy plants.

Despite the context mentioned above, during the year, we implemented innovations to diversify the use of our manganese. High-purity manganese sulfate (HPMSM) samples were successfully generated from our mineral, suggesting the viability of building a pilot plant. Throughout the year, we continued technical and commercial talks with the potential clients and investors of this project.

Metallorum

For the second consecutive year, our precious metals unit made significant progress with operational projects. Actions taken included the implementation of effective strategies to reduce operating costs, as well as the completion of successful negotiations to reduce land costs and other contractual commitments with property owners.

With regard to geology and management, specialized software for geological modeling was introduced, and a number of critical processes, such as generation and budget control, and the management of unsafe conditions, were successfully automated through the development of internal apps. These and other efforts contributed to a positive year in terms of safety, with zero disabling accidents. It is also important to note the increase in gold resources compared to 2022.

Managerial Efficiency

Throughout 2023, our teams demonstrated exceptional resilience and adaptability, facing the year's challenges with determination, creativity and commitment. This focus ensured administrative efficiency despite the economic environment described in previous sections. In the following paragraphs, we outline the key milestones achieved by our Human Capital, Corporate Services, and Institutional Relations Departments.

Human Capital and Corporate Services

Autlán reaffirms the paramount importance of its human capital. We proudly boast a talented, specialized and united workforce strategically distributed across our units in Mexico and Spain to provide the best support for our operations and corporate offices.

Under this framework, the department implemented enhancement initiatives with a new strategic approach, identifying and prioritizing areas of opportunity and challenges to overcome. Moreover, significant efforts were made to enhance the overall well-being of our employees through platforms and benefits that encourage healthy habits. Noteworthy improvements were also made in technological connectivity and security at our Oñati Plant, including the introduction of better surveillance mechanisms to safeguard our assets.

The implementation of our renovated work team program at the Tamós Plant yielded positive results, signaling the beginning of an initiative to promote greater cooperation between all areas and leveraging knowledge to enhance operational efficiency. Another significant highlight of 2023 was an event held at our Tamós facilities, in which Union representatives acknowledged our operational practices and the positive work environment for employees.

Regarding training and development, new talent identification and evaluation processes were implemented during the year, enhancing our development plans and boosting employee performance. Noteworthy is our "Evolutionary Leadership" program aimed at key managers, to promote learning and best leadership standards. Additionally, a meeting was held for the company's executive team, focused on corporate culture and effective management skills.





In Autlán, we pride ourselves on having a highly skilled, specialized, and cohesive workforce, committed to providing unparalleled support to both our operational endeavors and corporate initiatives.

Our asset protection department remained updated with programs covering diverse aspects of their functions, from emergency responses to fire prevention, surpassing legal requirements. During the year, all our plants and mines received certifications under ISO standards, underscoring our firm commitment to employee safety, quality and environmental protection.

The Legal Department implemented a renewed legal risk mitigation strategy at Autlán's Heritage Department. Additionally, operations were consolidated with Autlán EMD's management, and the Administration Department completed diverse projects, and implemented technological improvements and more efficient administrative controls for the operations.



We commemorated Autlán's 70th anniversary with a virtual event, bringing together colleagues from Mexico and Spain to reflect on our heritage and the core values that shape our organization.

Institutional Relations

Throughout 2023, our department focused on deterring unfair trade practices while safeguarding and advocating for Autlán's interests amidst new mining industry reforms.

During the year, we made significant progress with our efforts against unfair foreign trade practices. We confronted illegal ferroalloy imports into Mexico by successfully lobbying to implement a new anti-dumping duty on HC FeMn from India and extending measures against SiMn imports from that country for another five years. Additionally, following extensive collaboration with the European Commission authorities, provisional tariff measures were imposed on Chinese EMD imports to protect the European market from unfair foreign trade practices.

In terms of marketing, we conducted customer satisfaction surveys, receiving positive feedback with regard to the quality of the products that Autlán sells in Mexico and abroad. Furthermore, corporate communication and the institutional image of the company were strengthened through the implementation of a 360° communication strategy. This strategy highlights our corporate values, as well as the relevance of our industry,

not only for Mexico and the North American value chain, but also for the economic and social development of our country.

Within the context of Autlán's 70th anniversary and in collaboration with the Human Capital team, we held a virtual event uniting employees from Mexico and the Basque Country. This provided an opportunity to reflect on Autlán's history and reinforce our corporate values.

Regarding institutional representation, efforts continued to enhance and consolidate our strategic alliances with various stakeholders, both nationally and internationally. To this end, we actively participated in governing boards and led different working committees.

In 2023, we witnessed a year of intense legislative efforts with the Federal Government, aimed at fostering a deeper understanding of the importance of our industry for the country. Our active engagement with chambers and institutions was particularly noteworthy, serving to safeguard Autlán's interests amidst the challenges posed by new government reforms. These efforts ensured that our activities remained unaffected.



Financial Results



Autlán exhibited effective management by generating a working capital flow.

In 2023, Autlán navigated a difficult financial scenario characterized by several adverse factors impacting its operations and outcomes. Despite facing declining international product prices, sluggish local demand, the appreciation of the Mexican peso against the US dollar, high interest rates and inflation in certain inputs, the company successfully met all its financial, operational and investment obligations.

Net sales decreased by 41%, to US\$365.4 million. However, cost-cutting initiatives produced positive results and, despite the challenging circumstances, EBITDA totaled US\$34.4 million for the year. The final outcome was a net loss of US\$39.0 million, partly attributable to a US\$29.0 million foreign exchange loss stemming from the appreciation of the Mexican peso. On the balance sheet, total assets declined by 12%, to US\$725.9 million, while stockholders' equity was US\$290.6 million, reflecting the net loss for the year.

Despite these hurdles, Autlán managed the situation effectively, generating a working capital flow of US\$87.4 million and renewing maturing short-term senior notes ("Certificados Bursátiles") on the Mexican Stock Exchange. The Net Debt to EBITDA leverage ratio was 4.0 times as of year-end 2023, reflecting a decline in EBITDA generation rather than an increase in debt compared to the previous year. This was recognized by credit rating agencies, which maintained the company's credit ratings but revised the outlook from stable to negative.

Autlán remains committed to enhancing its financial resilience to enhance profitability in order to continue being a strategic player in the manganese industry.

Sustainability & Communities

Autlán continues to reaffirm its commitment to ESG (Environmental, Social and Corporate Governance) criteria by implementing best practices, complying with the highest standards in the industry and generating value for stakeholders. For instance, during 2023, we completed our second Sustainability Report, a public version which is currently being reviewed by Fitch Ratings. This report not only disseminates Autlán's sustainability-related indicators, but also measures performance and identifies gaps to enable the preparation of short-, medium- and long-term plans.

As part of this initiative, the 2022 materiality analysis (which is updated every two years) identified five material aspects to be addressed at a global level, which served as the basis for Autlán's sustainability model development.

1. Community investment and community impact management.

In March, the "Agreement for Coordination and Collaboration for the Sustainable Development" of the communities within the Manganese District's area of influence was signed in a public event between the Government of the State of Hidalgo and Autlán. Thus, Hidalgo's Governor, Julio Menchaca, the president of the Autlán Board of Directors, José Rivero, and Pedro Rivero, Autlán's CEO, endorsed the company's commitment to partnering for the social development of our local communities. The governor affirmed that prosperity and development are achievable through investments and operations that respect the environment, local communities and workers, with the joint efforts of public and private sectors being a crucial element in the endeavor.

Autlán has implemented a citizen participation mechanism to promote sustainable projects that are established and operated by the communities themselves. This mechanism and the Sustainable Development Fund triggered 87 projects that contribute to the following Sustainable Development Goals (SDGs):

Through the Fund for the 2030 Agenda, contained in the Collaboration Agreement with the state of Hidalgo:



Through the Sustainable Development Fund (fourth edition) in the state of Hidalgo:



Moreover, the Autlán Energy Division in Puebla held its third Health Fair in collaboration with volunteers from the Fresnillo Mexican Social Security Institute, in Teziutlán, and the Rotary Club from the same municipality. This made possible the following achievements:

- 300 applications of fluoride for children from six to 12 years old.
- 550 applications of deworming medication for children, employees and parents.
- 550 oral rehydration serums.
- 110 influenza vaccines for adults and children.
- 70 COVID-19 vaccines.
- 40 ophthalmological consultations.
- 35 prescription glasses delivered to the community.

In parallel, for the second consecutive year, the "Garbage with a Cause" recycling program collected one ton of electronic waste in partnership with local governments, schools and society in general. The profits were donated to health institutions to support children with different diseases. Moreover, approximately 20 packages of plastic lids were collected and donated to the "Banco de Tapitas" to help children with cancer, and more than 100,000 recycled PET bottles generated sufficient funds for the acquisition of teaching materials and rehabilitation of 10 schools in the municipalities of Teziutlán, Yaonáhuac and Hueyapan.

This year our "Community Attention and Response System" reported one of the best performance indicators since its instigation. Through our sustainability committees, stakeholder's concerns were attended, improving our indicator by more than 76%.

2. Actions to reduce emissions and impact climate change.

Throughout 2023, we made the second Corporate Inventory of Emissions of Compounds and Greenhouse Gases (Scope 1 and 2). Unlike 2022, when only our Ferroalloy, Manganese Mining and Energy Divisions were considered, on this occasion all units were included. Regarding Scope 3, screening was expanded from seven categories evaluated last year to nine in 2023 (the Science Based Target methodology considers 15). Meanwhile, we made a comparative analysis between 2019 and 2022 base year inventories to identify gaps and certify that our mitigation measures are adequate. Other reports were also designed, as well as a Data Management System from which training was carried out for the areas involved in the process. The Supply Chain Department was one of the most important in this initiative.

Considering all the scopes, Scope 1 emissions represented 52% of the total, Scope 2 emissions 22% due to our Atexcaco Hydroelectric Power Plant which provides clean energy to certain business units, and finally Scope 3, 26% of total emissions based on the information available at the time of the inventory.

3. Promote and provide a safe work space for employees.

We work with a total commitment to our employees' safety. Consequently, we have implemented practices and standards that allow us to provide safer workspaces. These efforts were recognized twice in 2023, with our Molango Unit, in Hidalgo, and the Tamós Plant, in Veracruz, obtaining the Mexican Mining Chamber's Silver Helmet Award for their excellent safety indicators. This distinction is the highest award that the Chamber grants to its member companies for success in industrial safety.

4. Efficient use of water and the promotion of biodiversity projects (such as reforestation).

In line with our commitment to the environment and compliance with the regulatory framework related to our activities, we manage water responsibly. Our treatment plants enable us to reuse water to meet operational needs and we work closely with the authorities on water quality monitoring.

Furthermore, our Atexcaco Hydroelectric Power Plant in Puebla is tangible proof of our responsible use of water, generating clean energy while preserving the natural course of the river that feeds it, while our reforestation campaigns, in which the community participates using trees produced in our nurseries, are another area of importance.



The Atexcaco Hydroelectric Power Plant generates clean energy using water responsibly.



Safe Spaces

We are totally committed to the safety of each and every one of our employees.



Responsible Usage

Our treatment and potabilization plants reuse water to meet our operational needs.



Environment

Our reforestation campaigns involve the community planting trees produced in our nurseries.



80% of Autlán's suppliers are from the states where we operate, a figure that surpasses the industrial average for local procurement.



5. Local suppliers support.

Currently, approximately 80% of Autlán's suppliers belong to our surrounding communities. This figure is higher than the 30% average local supplier hiring rate for the industry in general. Also, Autlán and CAINTRA (a Mexican industrial chamber) have developed a training program on topics related to ESG criteria aimed at SMEs. This 100% free, online program is available for the entire supply chain that makes up this industrial chamber.

Autlán seeks to hire and purchase most of the products and services required within the regions where it operates. For example, the mineral haulage from the Nonoalco, Naopa and Molango mining units is carried out by small businesses and local transporters.

Throughout the year, various transport units were improved, and inspections were made to address unsafe conditions in the vehicles that provide our haulage services. Going forward, we will repeat this initiative annually.

In addition, in 2023, people in our local regions obtained credits to acquire or improve their transportation units, thanks to the coordinated work of Autlán and a number of financing companies. With this initiative, the one-man-and-a-truck fleet on long-haul trips increased by approximately 50%. Credentialing talks were also held during the year, training transport operators on topics such as industrial safety and environmental standards, positive relationships with communities and emergency recommendations.

Corporate Governance

Board of Directors

José Antonio Rivero

Chairman

José Antonio Rivero Jr.

Vice Chairman

Fernando Canales

Everardo Elizondo

Antonio Elosúa

Dionisio Garza

Francisco Garza

María Guadalupe González

Oscar Maldonado

Kevin O'Kane

Pedro Reynoso Jr.

Esteban Rivero

María Rivero

Ricardo Sada

Audit Committee

Ricardo Sada

Chairman

Antonio Elosúa

Member

Pedro Reynoso Jr.

Member

Juan Pablo del Río

Secretary (Not Member)

Corporate Practices Committee

Antonio Elosúa

Chairman

Ricardo Sada

Member

Pedro Reynoso Jr.

Member

Juan Pablo del Río

Secretary (Not Member)

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